Event Summary

[Company Name]	UNITED ARROWS LTD.	
[Event Name]	Presentation on the 2026-2028 Mid-Term Management Plan	
[Number of Speakers]	5	
	Yoshinori Matsuzaki	Representative Director, President, CEO
	Takeo Nakazawa	Director, Executive Managing Officer, CFO
	Haruhiko Ito	Executive Officer, CSO, General Manager, Corporate Strategy Division
	Kazuyasu Tanaka	Director, Executive Managing Officer, Chief Operating Officer (COO)
	Mariko Yamasaki	Senior Executive Officer, Chief Human Resource Officer (CHRO) General Manager of Human Resources Division

Matsuzaki: Once again, my name is Matsuzaki. Thank you for your support. Thank you very much for gathering here today for this briefing on our medium-term management plan. For those of you who attended the previous financial results briefing, please note that there is probably some duplication of content.

The slide shows our corporate philosophy.

Since our founding, we have continued our business activities with the goal of becoming a standard for Japanese lifestyle culture, and this desire has been carried on in this corporate philosophy. The medium-term management plan that we are presenting today is a statement of our commitment to further expand our business beyond apparel and into other areas of the world, and is based on our strong determination to take further steps toward realizing our philosophy.

The Beautiful Company
UNITED ARROWS

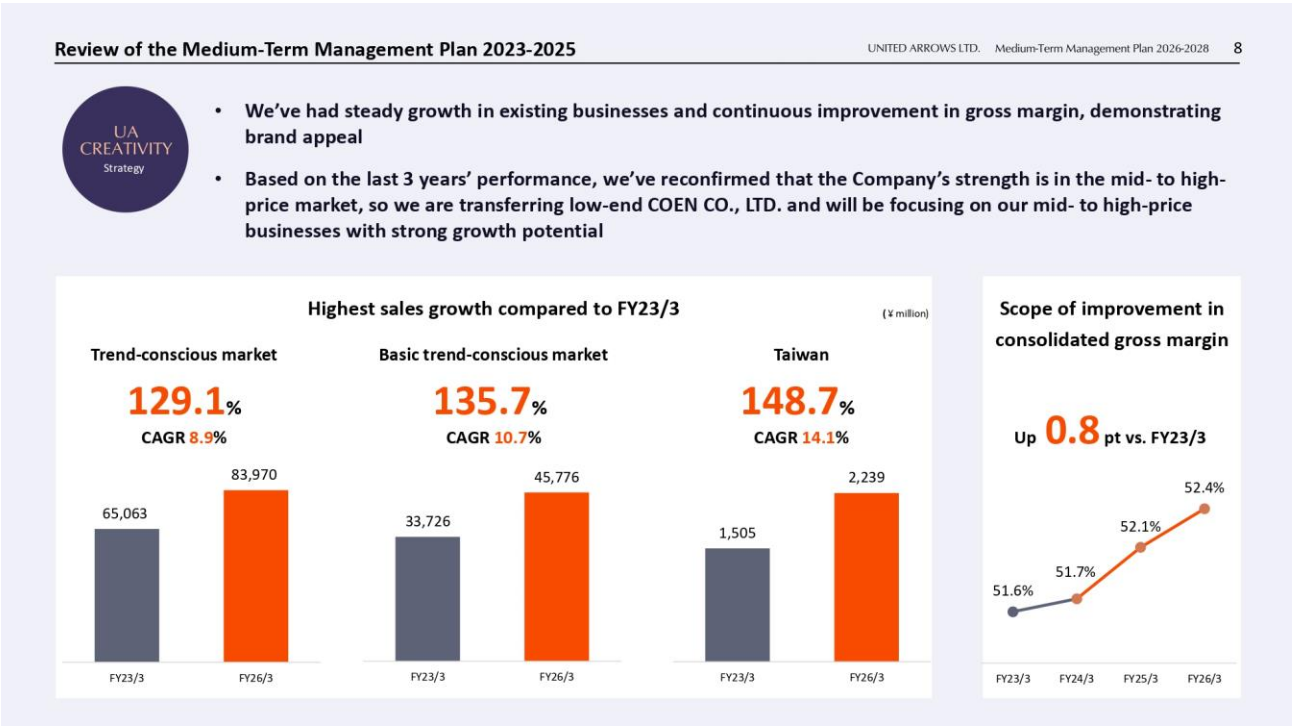
As a milestone, we have set forth The Beautiful Company UNITED ARROWS in our long-term vision that lasts until the fiscal year ending March 31, 2033.

Since our founding, we have continued to find beautiful things from around the world, create superior products, and offer them to our customers through our clothing. The essence will remain the same, and what we will continue to do is to deliver truly beautiful products to our customers with good conduct.

What will change in the future is that we will not limit ourselves only to clothes, nor will we limit ourselves only to Japan, but we would like to expand the scope of our activities and become the one and only corporate group that is useful to our customers and indispensable to them.

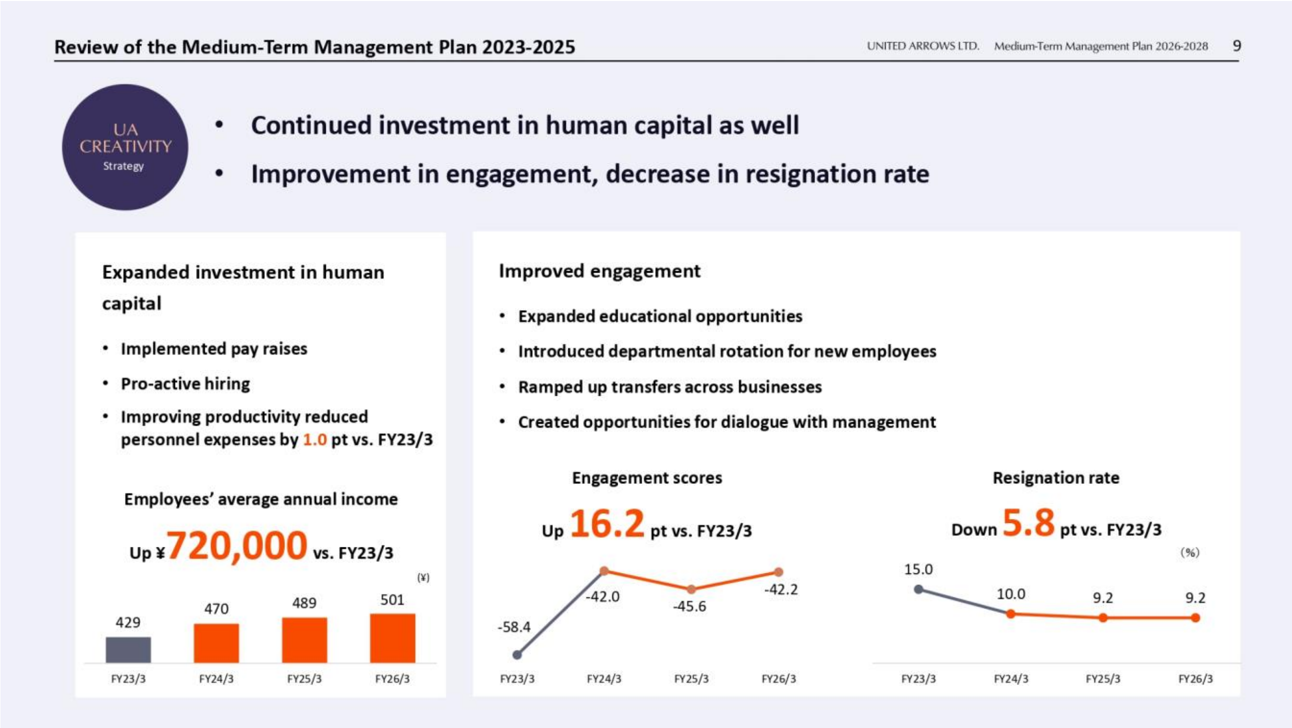
First of all, I would like to offer a review of the medium-term management plan, which ended in the previous fiscal year.

In the last three years, we have promoted three strategies: the UA CREATIVITY strategy, the UA MULTI strategy, and the UA DIGITAL strategy.



Regarding the first, the UA CREATIVITY strategy, the gross profit margin, which indicates the strength of our brand, also improved by 0.8 percentage points from the previous mid-term plan to 52.4%, which is the highest level since the fiscal year ended March 2015.

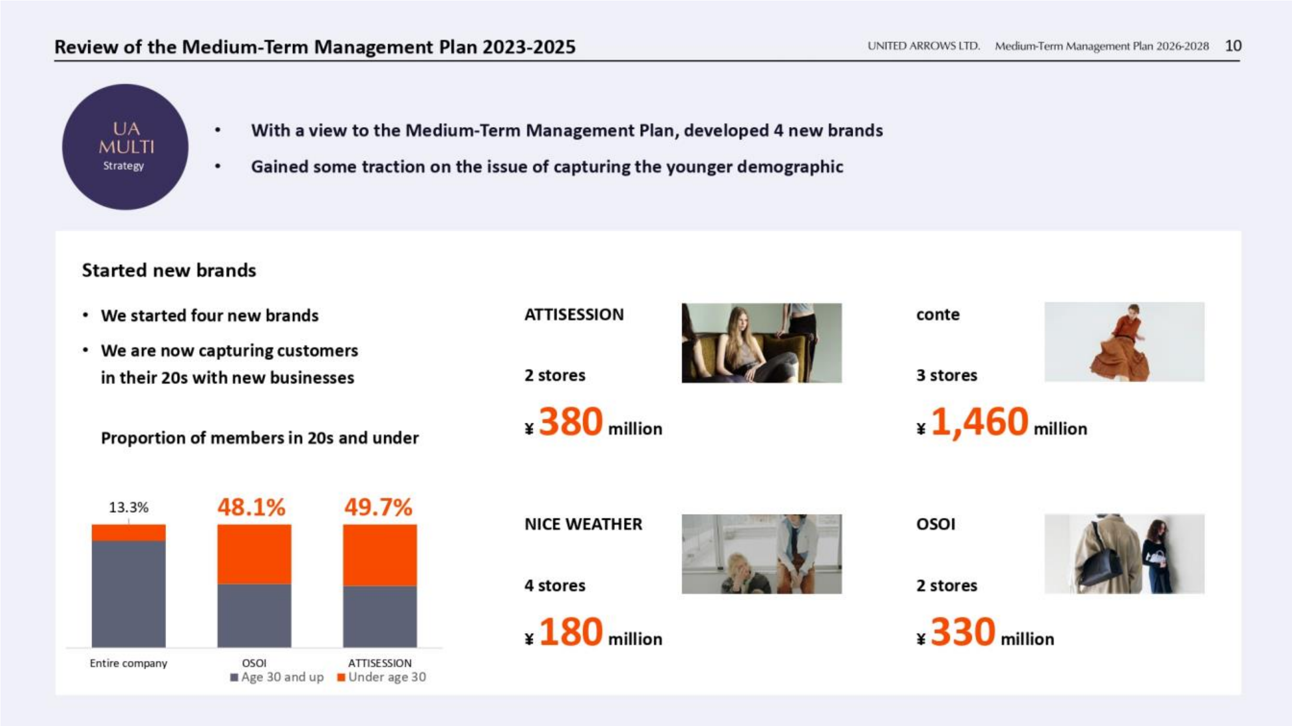
This track record has allowed us to reaffirm that our strength lies in selling high value-added products in the mid- to high-end price range market, and we have decided to sell our shares in COEN, which covered the low-price range market.



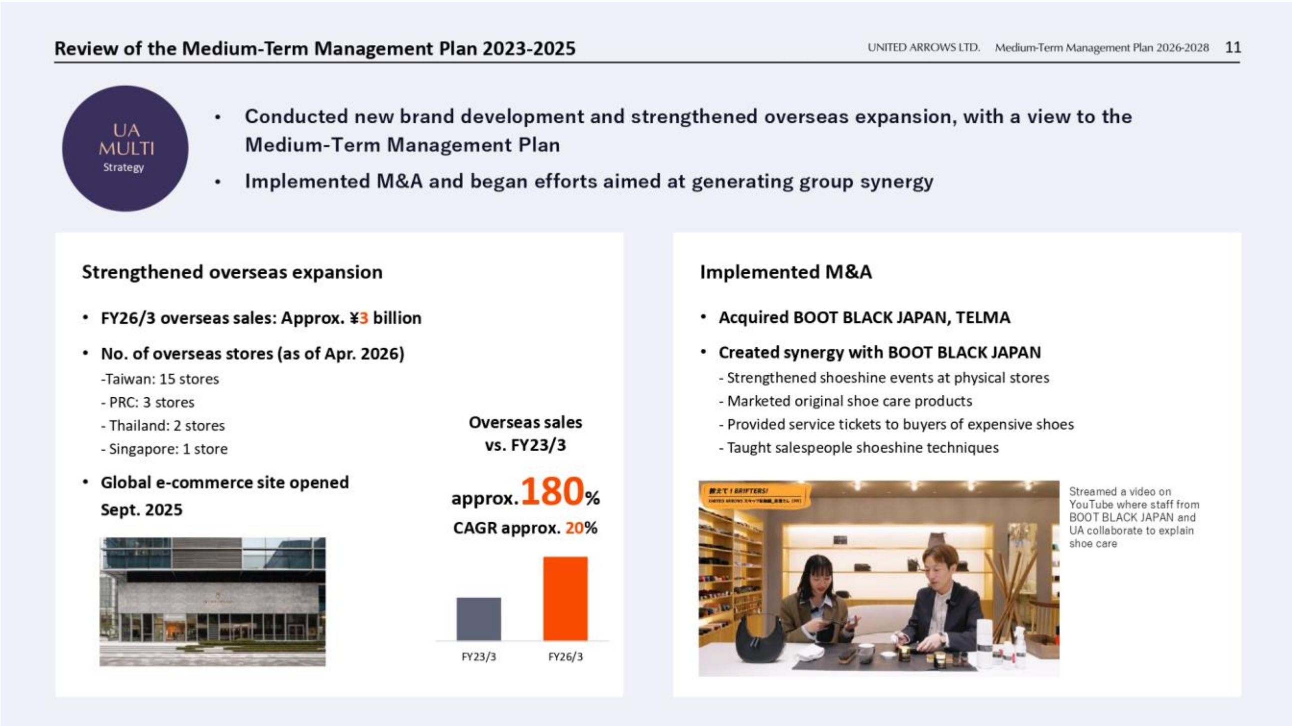
We continue to invest in human capital. In addition to implementing base increases, we have actively recruited and increased the average annual salary of our employees, secured employees, particularly sales members, and expanded training opportunities to improve member engagement.

In addition, efforts to activate departmental rotations and inter-business transfers of new graduates or to actively create opportunities for dialogue with management have led to improved engagement scores and lower turnover rates.

As a result, productivity gains more than offset higher labor costs, reducing the personnel cost ratio by 1 percentage point from the end of the previous mid-term, confirming that human capital investments are leading to improved performance.



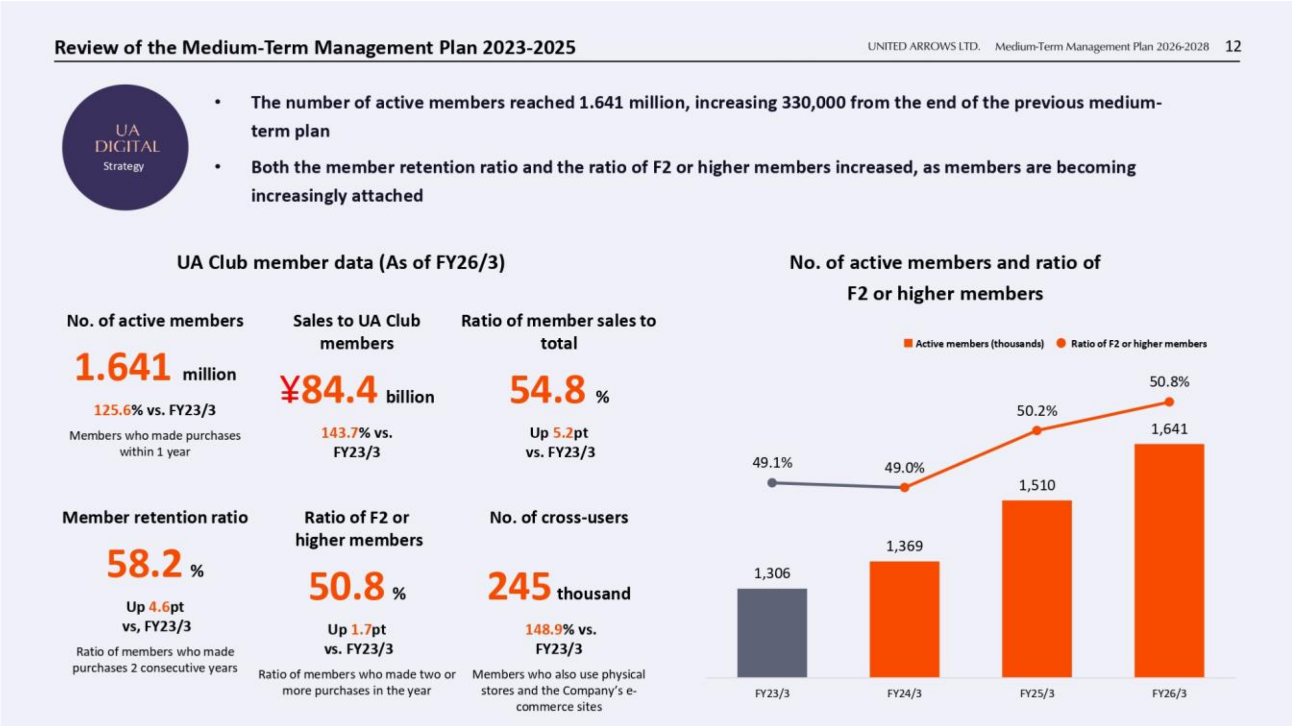
Second, regarding the second UA MULTI strategy, we are developing four new brands with a medium- to long-term perspective. Although the scale of sales for each of these services is small, the percentage of members in their 20s or younger is higher than the company average for ATTISESSION and OSOI, which was one of our issues to address in order to attract members in their 20s.



In addition to the opening of more stores in Taiwan and the first store in mainland China, the Company has taken various measures overseas, including expansion in Thailand and Singapore and the start of cross-border e-commerce, bringing total consolidated overseas sales to approximately JPY3 billion, with an average annual growth rate of more than 20% over the past three years. In the current medium-term plan, which is now underway, we will further expand these businesses.

Regarding M&A, BOOT BLACK JAPAN, a shoe shine service, and TELMA, a high-end women's brand, have joined our group. Efforts are already underway to create synergies with BOOT BLACK JAPAN, leading to enhanced services for our highly sensitive customer base.

Although this is not a large project, we believe that this type of content and branding will be very effective not only for domestic clients, but also for our future overseas expansion.



Finally, regarding the third UA DIGITAL strategy, the UA Club is achieving favorable results. The number of active members exceeded 1.6 million, an increase of 330,000 customers since the end of the previous medium-term plan. In addition, membership retention rates and the percentage of members who purchase more than twice a year are steadily increasing, further solidifying our customer base.

UA DIGITAL Strategy

- The number of excellent customers and the ratio of member sales to the total increased, as our customer base is growing stronger

UA Club members making large-sum purchases
(Customers making purchases of ¥100,000 or more per year)

No. of members

approx. **180**k

Vs. FY23/3

approx. **160**%

Share of sales

50.9 %

Vs. FY23/3

Up **4.3** pt

The number of members with annual purchases of JPY100,000 or more increased approximately 160% from the end of the previous plan, and its share of total member sales reached 50.9%, up 4.3 percentage points from the end of the previous plan. While increasing the overall number of members, we are also expanding the ratio of loyal customers.

UA DIGITAL Strategy

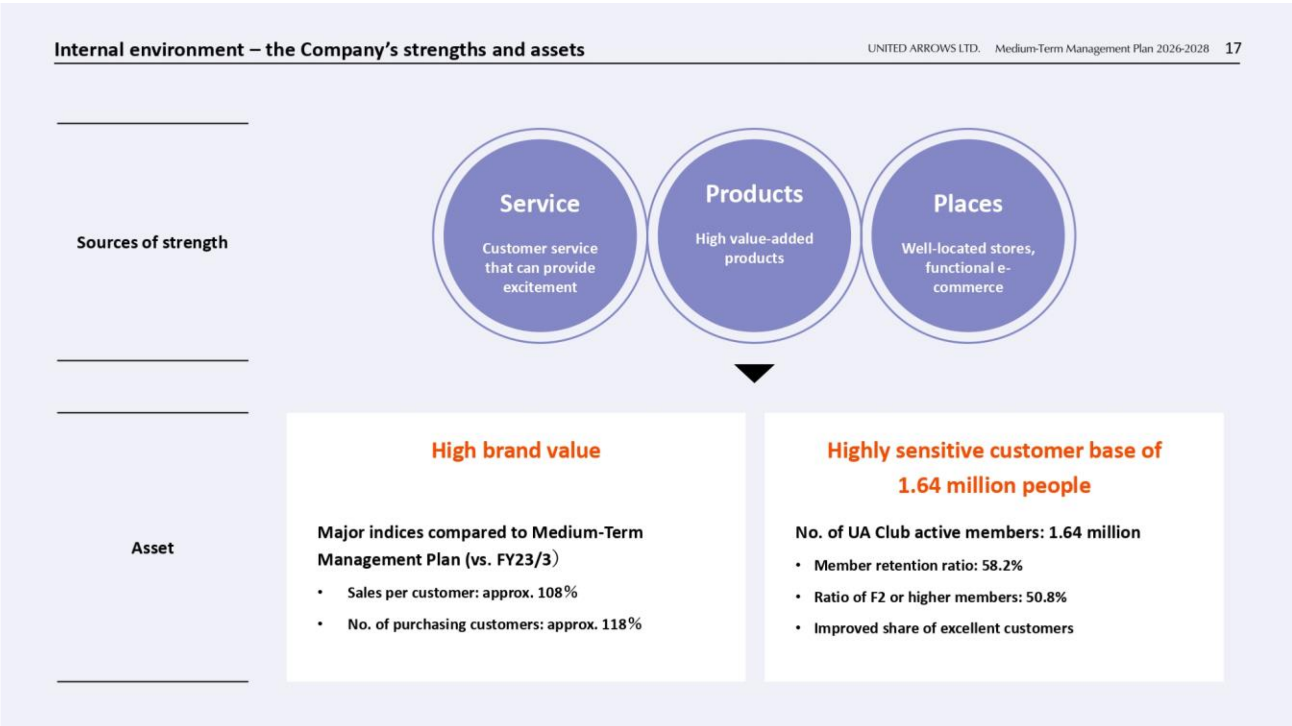
- Investments made in infrastructure geared toward sales growth and improving profitability
- The Medium-Term Management Plan 2026-2028 will bring about phased quantitative effects

	The core product management system (UA3.0)	Distribution
Investment target	• Aggregated management of production information • Decreased cost ratio • Improved precision of inventory allocation	• Additional deployment of logistics robots • Enhancement of efficient storage infrastructure • Labor-saving operations
Anticipated effects	Improved gross profit margin Decreased ratio of distribution costs to sales	Increased storage capacity Increased no. of items shipped Decreased shipping cost

On the infrastructure side, we also invested in a core product management system and in a distribution center. These expected quantitative effects, as we have discussed in previous briefings, will be demonstrated in stages in the new medium-term management plan.

	FY23/3	FY26/3	Vs. FY23/3
Consolidated sales	130,135	164,603	126.5 %
Consolidated operating profit	6,362	9,126	143.4 %
Consolidated operating margin	4.9 %	5.5 %	+0.6 pt
ROE	13.6 %	15.3 %	+1.7 pt

As a result of these efforts, we were able to achieve our targets for the final year of the medium-term management plan in terms of net sales, operating profit, and ROE. We would like to take this opportunity to thank you for your support.



I would like to continue with a few words about the internal and external environments that provide the background for the discussion of the new medium-term management plan.

With regard to the internal environment, the results of the initiatives I have just reported have once again confirmed that our service, products, and places have been the source of our strength over the past three years. The strength of our service is our ability to serve and sell customers in a way that delights them, the strength of our products is our ability to procure and develop high value-added products, and the strength of our places is a well-located store environment and a functional online shopping site.

These are a complex intertwining and synergistic combination of foundations of strengths that other companies cannot easily imitate, creating non-financial assets in the form of our high brand value and highly sensitive customer base of over 1.64 million people.

External environment – Domestic apparel UNITED ARROWS LTD. Medium-Term Management Plan 2026-2028 18

Expected growth potential of the mid- to high-price market amid increasing inflation

Increase in selective consumption that seeks a balance between price and value

Well-balanced consumption*

As inflation continues, people increasingly tend to proactively spend on areas that help them feel fulfilled, such as hobbies and entertainment.

*Source: METI Journal – Finance June 2025 issue

Trend-conscious market

A growing group of buyers are willing to accept unit price increases

Basic trend-conscious market

A growing group of customers emphasize a balance between price and value and seek better quality items

Indices by market vs. FY23/3

	Sales	No. of purchasing customers	Sales per customer
Trend-conscious market	129.1 %	109.1 %	116.9 %
Basic trend-conscious market	135.7 %	136.2 %	100.5 %
GLR only	129.5 %	119.3 %	108.5 %

*Sales are business unit results, whereas no. of purchasing customers and sales per customer are retail results.

Regarding the external environment, we feel that expectations for growth in the mid- to high-end price range that we are working on are rising as the inflationary environment continues to prevail. More customers look for better items in areas that make them feel fulfilled such as hobbies and entertainment, which is good news for our brand. In the trend-conscious market, more customers are willing to accept higher unit prices, and in the basic trend-conscious market, more customers are demanding higher quality products in the mid-price range.

As a result, the trend-conscious market saw an increase of approximately 17% in average spend per customer, and the basic trend-conscious market saw an increase of approximately 36% in purchasing customers compared to the previous medium-term plan. Each market has been a driver of sales expansion, resulting in high growth rates in all markets. We recognize that our core businesses, UA, BY, and Green Label, have each been able to reliably capture this change in market conditions.

We have verified the potential of the mid- to high-price market in mainland China

Capturing highly sensitive customers through opening flagship store in Shanghai

- With our sights set on the still-growing mid- to high-price market in Asia, we opened a flagship store in Shanghai
- Sales have exceeded our plan in the first year

Achieving high sales per customer results

- Sales per customer results surpass ¥50,000
- Same level as UA Roppongi store and other high-priced stores in the trend-conscious market

High expectations for private label products

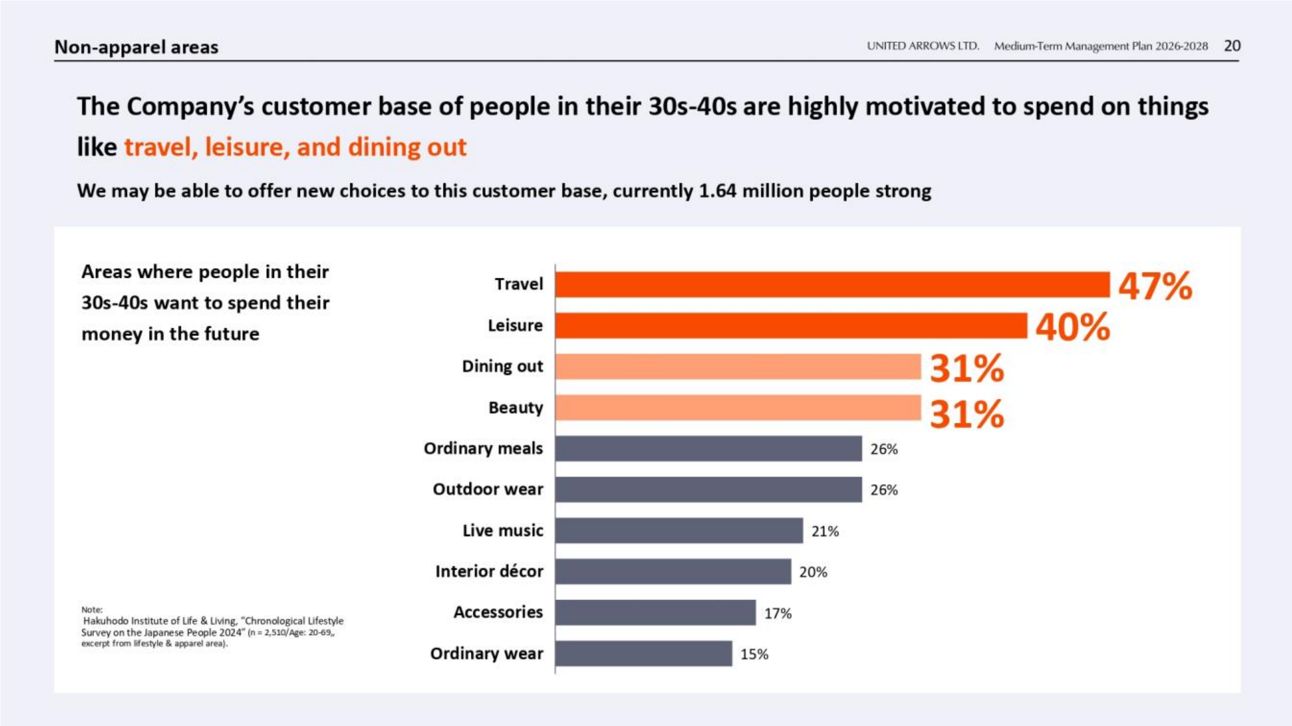
- The high quality of private label products, such as the material and sewing quality, etc., is highly regarded

Example of hot-selling products at the Shanghai store: High-priced private label products do well

Local price approx. ¥100,000　　Local price approx. ¥ 200,000

Regarding the overseas situation, the first mainland China store in Shanghai has been performing well, and sales for the first year have exceeded the plan. Sales per customer exceed JPY50,000, which is on the same level as the trend-market, high-priced stores in Japan, such as the UA Roppongi store in Japan, demonstrating the high potential of the mid- to high-end price range in mainland China.

Our products are highly evaluated for the quality of materials and sewing, and we are also receiving high praise for our service strength, including hospitality, which we mentioned earlier. These factors have led to a promising start in terms of earnings in the future.



As for areas other than apparel, data shows that people in their 30s and 40s, our main customer base, are highly motivated to spend in areas such as travel, leisure, and dining out, and we see potential to increase lifetime value by offering our highly sensitive customer base new options in the lifestyle area.

Against this backdrop, in our new medium-term management plan, we have decided to specialize in the mid- to high-end price range market, where we can leverage our strengths and assets, and promote highly sensitive and high value-added strategies in our domestic apparel, overseas apparel, and non-apparel businesses.

Based on these considerations, I would like to present an overview of our Medium-Term Management Plan 2026 to 2028.

The theme of the new medium-term management plan is “Become a high-sensitivity, high value-added group with global scope and Japanese pride.” As I explained earlier, we have three competitive advantages in terms of service, products, and places: a high level of customer service that can provide excitement, the ability to procure and develop high value-added products, and a network of well-located physical stores and a functional online shopping platform.

In addition to these strengths, the Company has non-financial assets, such as high brand value and a highly sensitive customer base of more than 1.6 million customers. We will make the most of this strength to promote high-sensitivity and high value-added strategies in the domestic apparel business, overseas apparel business, and lifestyle business, including non-apparel products, in the mid- to high-end price range market.

First, in the domestic apparel business, we will promote a growth strategy centered on existing businesses under the theme “Become the number one brand for highly sensitive customers’ satisfaction.” Further sales growth and improvement in gross margin will be pursued to both increase market share and improve profitability.

In the overseas apparel business, under the theme “Spread highly sensitive customers around the world,” we will expand overseas sales by opening more stores, mainly in China and Taiwan, as well as promoting wholesale development with an eye on other global markets.

In the lifestyle area, which includes non-apparel items, we will develop businesses that enable us to propose new lifestyles to our customer base, considering aggressive expansion of M&A, under the theme “Create new contact points with highly sensitive customers.”

Targets of Long-Term Vision 2032 and Medium-Term Management Plan 2026-2028

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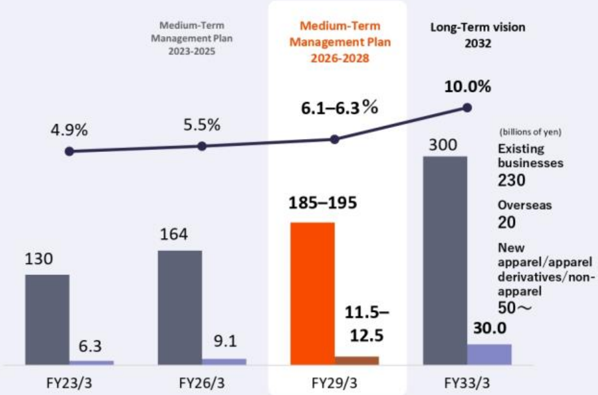
In light of the current business environment and future M&A possibilities, we are revising the long-term target for sales upward to ¥300 billion.

As a milestone for the long term, in the new medium-term management plan, we will aim for sales of ¥185–195 billion.

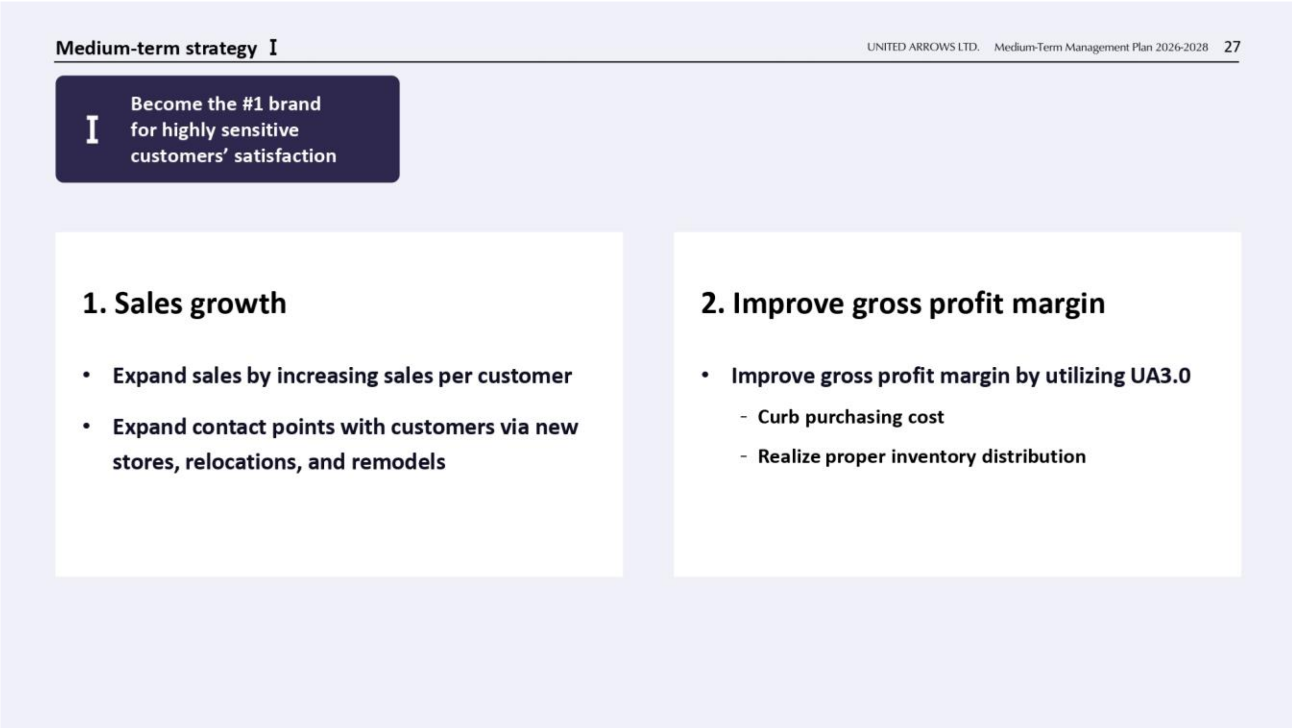
	Long-term vision 2032		Medium-Term Management Plan 2026-2028
	23/5 Initial plan	26/5 Revision	
Consolidated sales	¥250 billion	¥300 billion	¥185–195 billion
Consolidated operating profit	¥25 billion	¥30 billion	¥11.5–12.5 billion
Consolidated operating margin	10.0 %	10.0 %	6.1–6.3 %
ROE	–	–	14.3–15.7 %



In response to these changes, we are preparing to take advantage of our strengths and concentrate management resources on the mid- to high-end price market, which has high growth potential, with an eye to capturing the non-apparel market, including through M&A. We are also preparing to become a holding company.

Against this backdrop, we have revised our long-term sales target upward from JPY250 billion to JPY300 billion, and in the new medium-term management plan, which will serve as a milestone toward the long term, we aim to achieve consolidated sales of JPY185 billion to JPY195 billion, operating profit of JPY11.5 billion to JPY12.5 billion, and ROE of 14.3% to 15.7% by the fiscal year ending March 2029.

The executive officer in charge of the lead role will continue with an explanation of each initiative.



Tanaka: Next, I will explain each of the initiatives.

First, let's talk about "Become the number one brand for highly sensitive customers' satisfaction."

In the previous medium-term management plan, the domestic existing business greatly exceeded the initial forecast, leaving a non-consolidated result of JPY154.1 billion. This amount is at the level initially set as the target when the long-term vision was achieved, indicating the high potential of the existing domestic business.

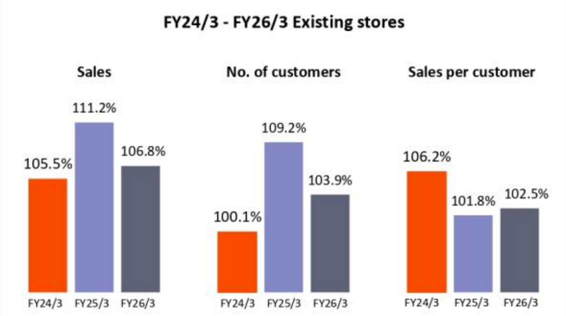
In this medium-term management plan, we will continue to drive the entire group by expanding domestic existing business sales and improving gross profit margin.

Ⅰ Become the #1 brand for highly sensitive customers' satisfaction

1. Sales growth

Expand sales by increasing sales per customer

- **In the previous medium-term management plan, we increased sales per customer while also increasing the number of customers**
- **By revising prices in line with quality improvements, we will continue to increase sales per customer**



To achieve sales growth, we will work to increase the price per customer. During the past three years of rapid inflation, we were able to achieve sales growth without reducing the number of customers while raising the price per customer. We will continue to improve the quality of our products and services, and by revising our prices to satisfy our customers, we will be able to increase both the average spend per customer and the number of customers.

Ⅰ Become the #1 brand for highly sensitive customers' satisfaction

1. Sales growth

Expand contact points with customers via new stores, relocations, and remodels

- **Open new stores**
  - UA will open mostly women's stores, while BY and GLR will open stores primarily in high-sensitivity shopping complexes in the capital area
- **Strengthen relocations and remodels**
  - Secure favorable site conditions
  - Aim to increase customers by remodeling to suit the characteristics of the site and the customers

	New store openings	Relocations & remodels
Trend-conscious market	approx. 30	approx. 20
Basic trend-conscious market	approx. 25	approx. 15
Outlets	-	approx. 5

Medium-Term Management Plan 2023-2025

- Non-consolidated sales vs. FY23/3
  130.1 % (CAGR 9.2%)
- Buoy effect from new stores (58 stores)
  13.8 pt

- Average YoY sales at relocated and remodeled stores
  approx. **118 %**
  Comparison of 1 year before and after relocations and remodels, excluding decreased operation period; average for 18 stores excluding outlets and stores whose area was reduced

In our store opening strategy, in addition to new store openings, we will aggressively relocate and renovate stores in the future. In the previous medium-term management plan, non-consolidated sales were 130.1% of the end of the previous period. Of this increase in revenue, 13.8 points is attributable to the boost from new store openings over the past three years.

Furthermore, the relocated and remodeled stores have been a driver of growth, with YoY sales growth of approximately 118%, far exceeding existing store growth. These relocated or remodeled stores have favorable location and rent conditions, and have a good understanding of the demographics of the customer base that currently visits their stores. By implementing layouts and interiors that can solve the problems of the current store environment, customer satisfaction has been further enhanced, leading to an increase in the number of purchasing customers.

In this medium-term management plan, we plan to open about 55 new stores in total in the trend-conscious and basic trend-conscious markets, and about 40 stores for relocation and remodeling, including outlets. We will aim to increase sales by further improving the value of the purchasing experience as well as increasing points of contact with customers through the effects of new stores and relocations and renovations.

Regarding gross profit margin, we will make effective use of the merchandise management core system UA3.0, which began operating in April 2025. Visualization of the cost structure of our products based on production-related information allows us to precisely grasp the situation of each business. Without compromising quality based on visualized production-related information, we will select optimal suppliers based on procurement stability and cost advantages to reduce the procurement cost ratio.

In addition, the Company will also work to optimize inventory allocation, aiming to improve product consumption rate and inventory turnover. Based on the characteristics of the brand, seasonal progression, and sales policies, we will set a standard inventory level for each store and establish the optimal level through repeated hypothesis and verification for each season. By creating a situation where the products you want are available where you want them, we can reduce lost sales opportunities and improve gross profit margins by increasing the product digestion rate. An increase in the consumption rate will lead to a reduction in the consumption of past inventory at outlets and stabilize the gross profit margin.

Medium-term strategy Ⅰ UNITED ARROWS LTD. Medium-Term Management Plan 2026-2028 31

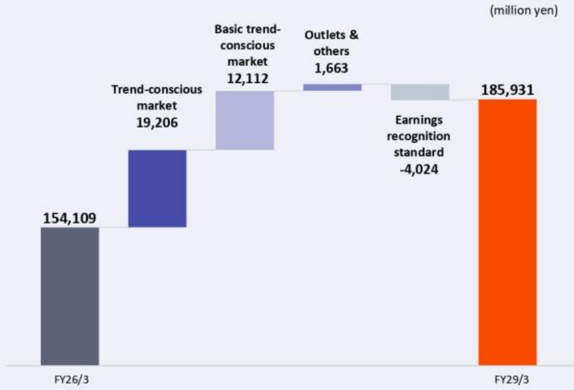
Ⅰ Become the #1 brand for highly sensitive customers' satisfaction

Targets of Medium-Term Management Plan 2026-2028 (Non-consolidated)

Sales 185.9 billion (CAGR 6.5%)

Gross profit margin 53.1 % (1.2pt up)

	FY29/3 target	vs. FY26/3
Non-consolidated total	¥ 185.9 billion	120.6 %
Trend-conscious market	¥ 103.1 billion	122.9 %
Basic trend-conscious market	¥ 57.8 billion	126.5 %
Outlets & others	¥ 28.8 billion	106.1 %
Gross profit margin	53.1 %	+1.2 pt



Through these efforts, we forecast non-consolidated sales of JPY185.9 billion and average annual growth of 6.5% in the final year of the medium-term management plan. The gross profit margin improved by 1.2 percentage points from the end of the previous mid-term plan to 53.1%, and we aim to further improve the gross profit margin over the long term.

Medium-term strategy Ⅱ UNITED ARROWS LTD. Medium-Term Management Plan 2026-2028 32

Ⅱ Spread highly sensitive customers around the world

- **Proceed with store openings in China and Taiwan, and aim for ¥7 billion in overseas sales.**
- **Build our overseas business's foundation during this medium term, and in the next medium term make it profitable.**

China

Capture high-sensitivity market by expanding store openings

- Expand store openings of UA, BY, and Drawer mostly in tier-1 cities. Establish the brand's position.
- Establish localized MD, improve proper composition by expanding China-specific items and drop shipment, and reduce costs

Sales ¥3.1billion New stores approx. 8

Taiwan

Improve profitability and expand sales

- Improve profitability by remodeling existing stores and withdrawing from unprofitable stores
- Aim for growth opportunities in the basic trend-conscious market by expanding primarily GLR and CITEN

Sales ¥2.7billion New stores approx. 12

Other

Expand wholesale and expand and grow global e-commerce

- Expand wholesale rollouts in areas other than China and Taiwan, including Europe and the U.S., and expand and grow global e-commerce

Sales ¥1.2 billion

Matsuzaki: Next, I would like to talk about how to "Spread highly sensitive customers around the world."

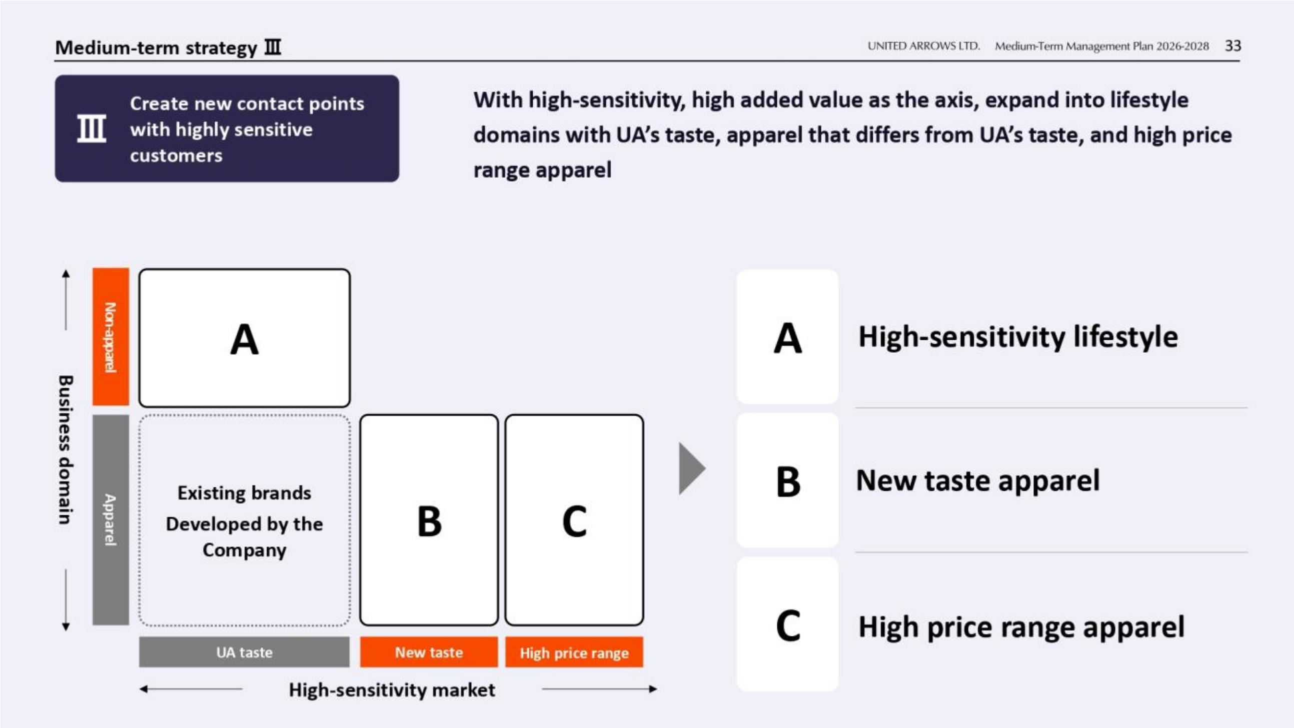
In this medium-term management plan, we will expand store openings in China and Taiwan with the aim of global expansion.

In China, as I mentioned earlier, demand for high-end products is high, and we plan to open eight new stores over the next three years with sales of JPY3.1 billion by opening high-trend brands, such as United Arrows, Beauty & Youth, and Drawer, mainly in front-line cities.

In Taiwan, the basic trend-conscious market is strong, and we plan to open 12 Green Label and CITEN stores, with a total projection of JPY2.7 billion.

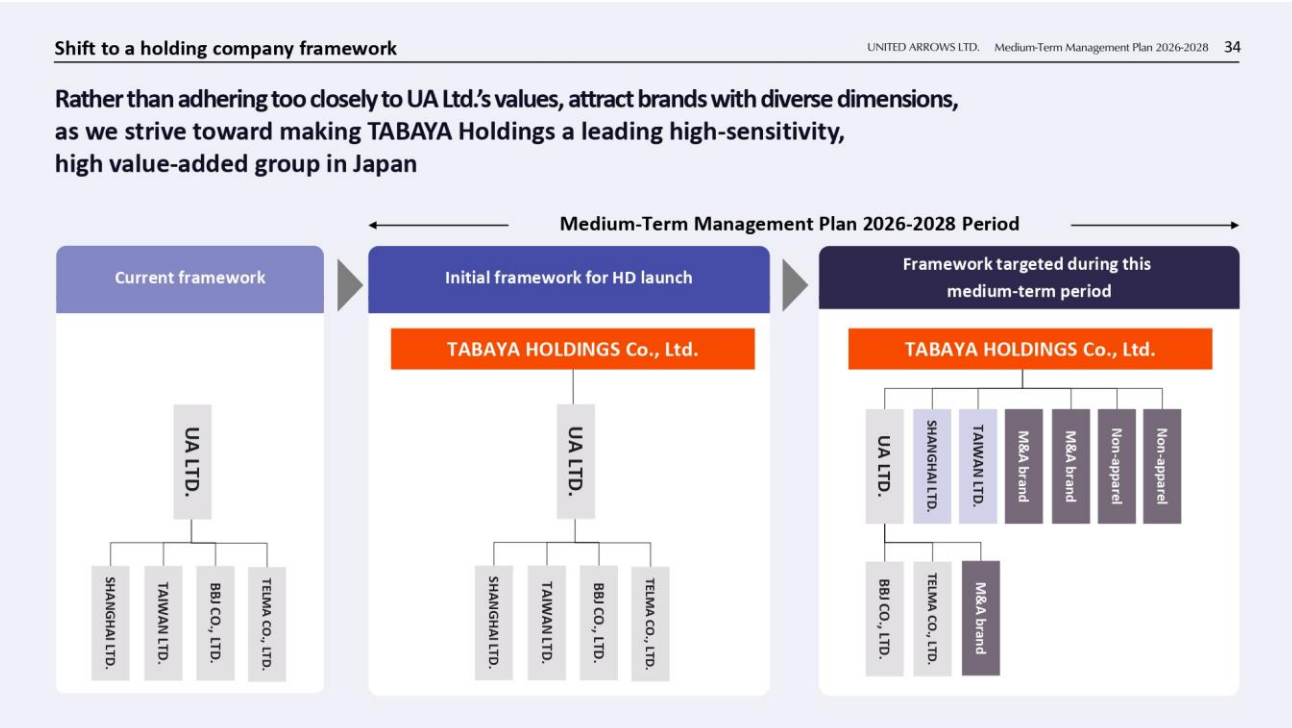
In other areas, we are aiming for JPY1.2 billion through franchises, wholesalers, and global e-commerce, with an overall overseas plan of JPY7 billion.

This medium-term management plan is still a period for laying the foundation for full-fledged global expansion, and we plan for profitability in the next medium-term management plan.



Next is "Create new contact points with highly sensitive customers."

In order to expand new business areas, we will expand the lifestyle area with UA's taste, the apparel area with different tastes from UA, and the high-priced apparel business area, with M&A as an option.



The recently announced change to a holding company is also intended to speed up these efforts. The name TABAYA Holdings is a Japanese translation of United Arrows, which literally means a bundle of multiple businesses. The name TABAYA Holdings is also intended to create the impression of a company name derived from the Japanese language, as we become more global. We also wanted to avoid using the name “UA” to set the Holdings apart, and to make it easier to expand the business without being confused or limited by the names of existing UA apparel stores.

Unrestrained by our existing values, we will attract a wide variety of brands based on the criteria of high sensitivity and high added value, expand our business in multiple aspects, and make TABAYA Holdings one of Japan’s leading highly sensitive and high value-added lifestyle provider groups.

Although Bijou de M, which we are announcing today, is still a small-scale brand, we expect it to generate synergy with our existing business, as it is a high-sensitivity and high value-added business.

Continuing on, Ms. Yamasaki, Executive Officer in charge of Human Resources, will explain the human capital investment.

Yamasaki: I would like to talk about our investments in people. My name is Yamasaki, and I am the CHRO. Thank you for joining us.

In this medium-term business plan, we will continue to strengthen investment in human resources. Where to invest is in the areas of improving enrollment engagement and attracting the best talent, in other words, strengthening recruitment. The two are closely connected. The high level of engagement and enthusiasm of employees is a key factor in attracting talented people from outside the Company.

The theme of this mid-term plan is how to connect investment in people to financial and corporate value, rather than just human resources, by, for example, strengthening recruitment and engagement.

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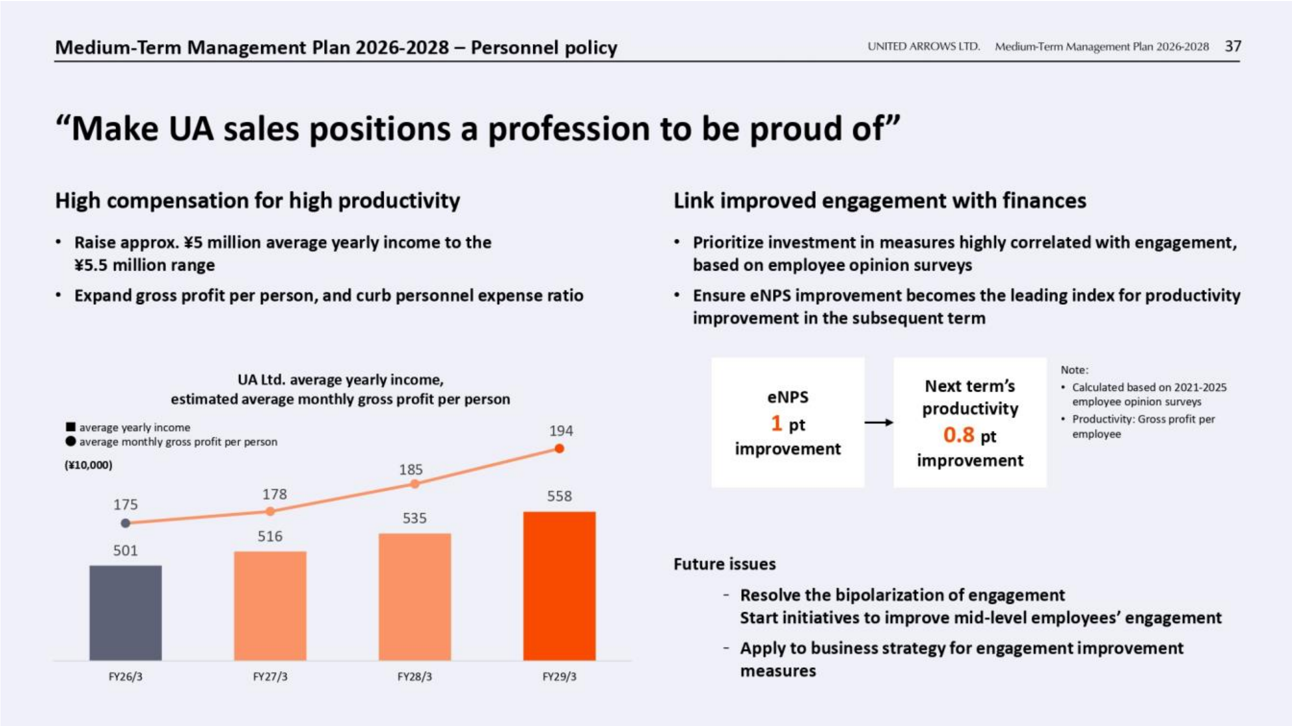

The new medium-term personnel vision is "Make UA sales positions a profession to be proud of."

Internally, we are talking about replacing these sales positions with their respective duties. For example, we have members who work in EC and logistics. They may be in charge of receiving orders or shipping. However, the significance and value of their work is the major source of customer value creation, so to speak.

I believe that we would be prouder of our corporate culture if each one of us could think about and embody the significance of each of our duties and put it into words. We believe that this will give us a competitive advantage.

Now, let me talk about specifics. Gross margin productivity, which is included in the new medium-term plan, refers to gross profit per capita. This growth rate is 4% per year. The growth rate of average annual salary of employees is set at 3.7%. In other words, the idea is to maintain the same level of growth. What I mean by this is, let's all improve productivity. As a result, it will always be a strong indication of the company's willingness to give back to its employees as compensation.

And we will continue to invest in engagement. We will look at the annual survey to see where we focus on engagement, but after the pandemic in 2021, the leading factors in our engagement have always been the dialogue with management, management policy, and investment in education.

This shows an interest in the direction of the Company and that employees are interested in their own growth. I am encouraged by the fact that many of the members have the determination to create the future of the Company.

I bring one interesting piece of data. We have analyzed the causal relationship between engagement and productivity for the past five years. The results showed that a 1-point increase in engagement in the current year boosted productivity by 0.8 points in the following year. In other words, investment in people leads to improved engagement, and improved engagement leads to financial value. This is the cause-and-effect relationship.

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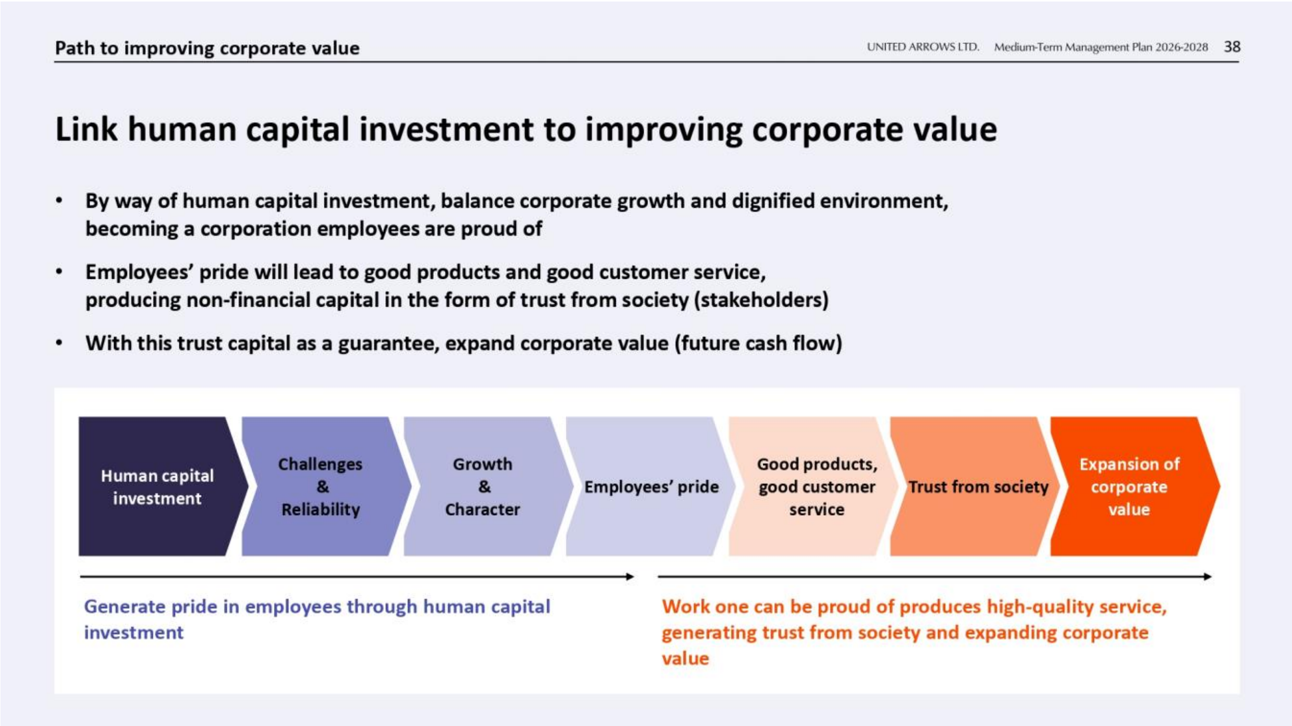
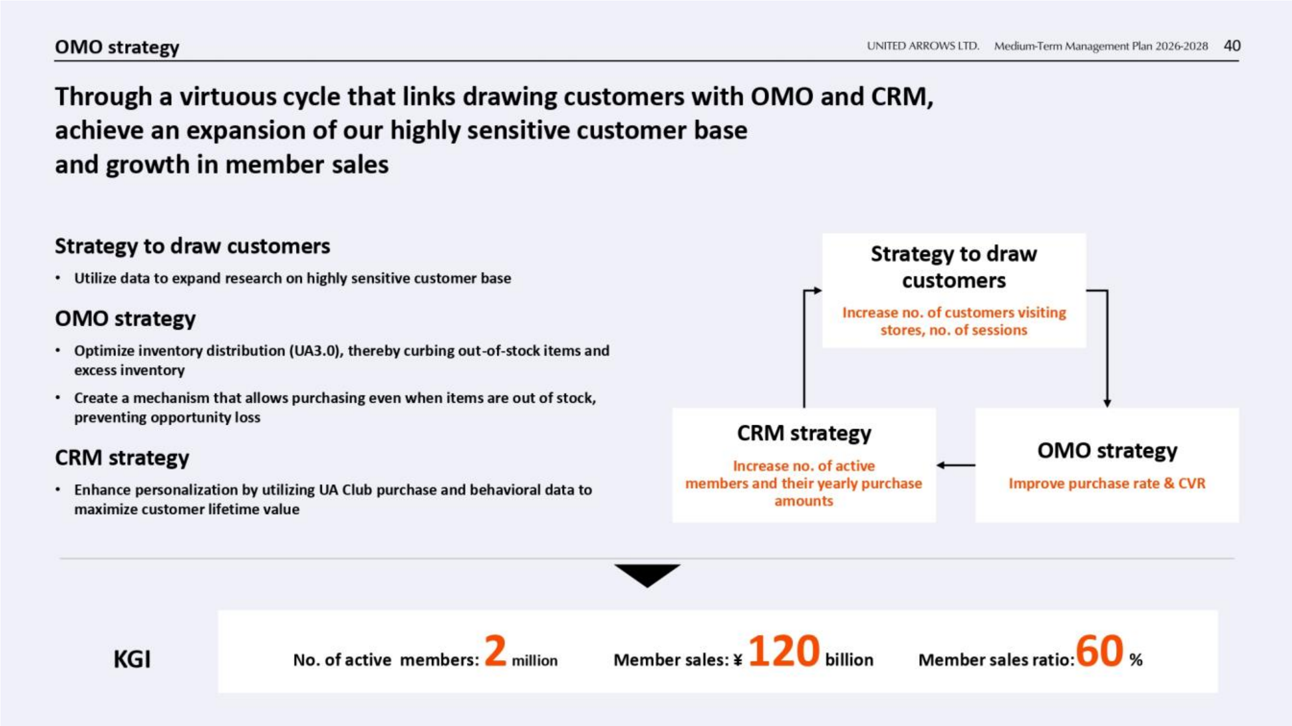


Finally, I would like to talk about how to connect investments in people to corporate value, here in the chain of actions and value.

Investment in people leads to business growth and a dignified corporate culture. It brings pride to employees. Employee pride emanates as pride in their work, whether in product, sales, finance, IT, or in their respective job sites. This way, we form trust with our stakeholders, who have different points of contact with us. We would like to expand future cash flow from this trust as non-financial capital, just as we do with our brand.

The fundamental human capital management approach is to synchronize the right management with the right human resources. We believe that this is what we are trying to achieve by putting our employees in the lead. We look forward to working with them over the next three years to make this a reality.



Matsuzaki: It is Matsuzaki again. I will continue with the OMO strategy.

Under this medium-term management plan, we will promote customer attraction, OMO, and CRM in an integrated manner in order to deepen relationships with highly sensitive customers and build a stable revenue base.

First, it is important to expand points of contact with customers. To this end, we will utilize data and AI to approach our highly sensitive customer base, our target, with a high degree of precision, in order to efficiently increase the number of customers entering our stores and the number of sessions on our e-commerce site.

Next is OMO. In order to realize an experience where customers can reliably purchase the products they want at the timing they want, we will minimize lost sales opportunities and improve the value of the purchasing experience by optimizing inventory allocation using UA3.0, while curbing shortages and excess inventory.

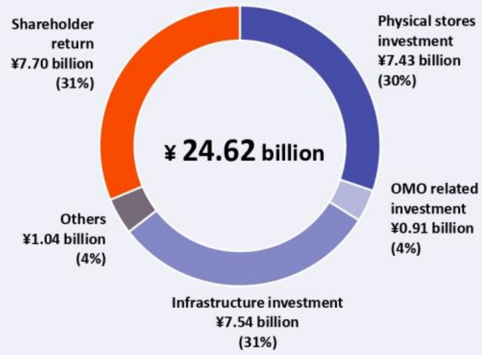
Finally, there is CRM. By utilizing our UA Club's purchasing and behavioral data, we will enhance personalization, which will lead to an increase in frequency of store visits and purchase amount per customer, thereby maximizing customer lifetime value.

By continuing to rotate these cycles of customer attraction, OMO, and CRM, we aim to expand the number of active members from the current 1.64 million to 2 million and achieve JPY120 billion in membership sales, thereby building a stable and high-growth revenue base.

Lastly, Mr. Nakazawa will explain our financial strategy and capital allocation.

Results of the Medium-Term Management Plan 2023–2025

Investment status



Dividend

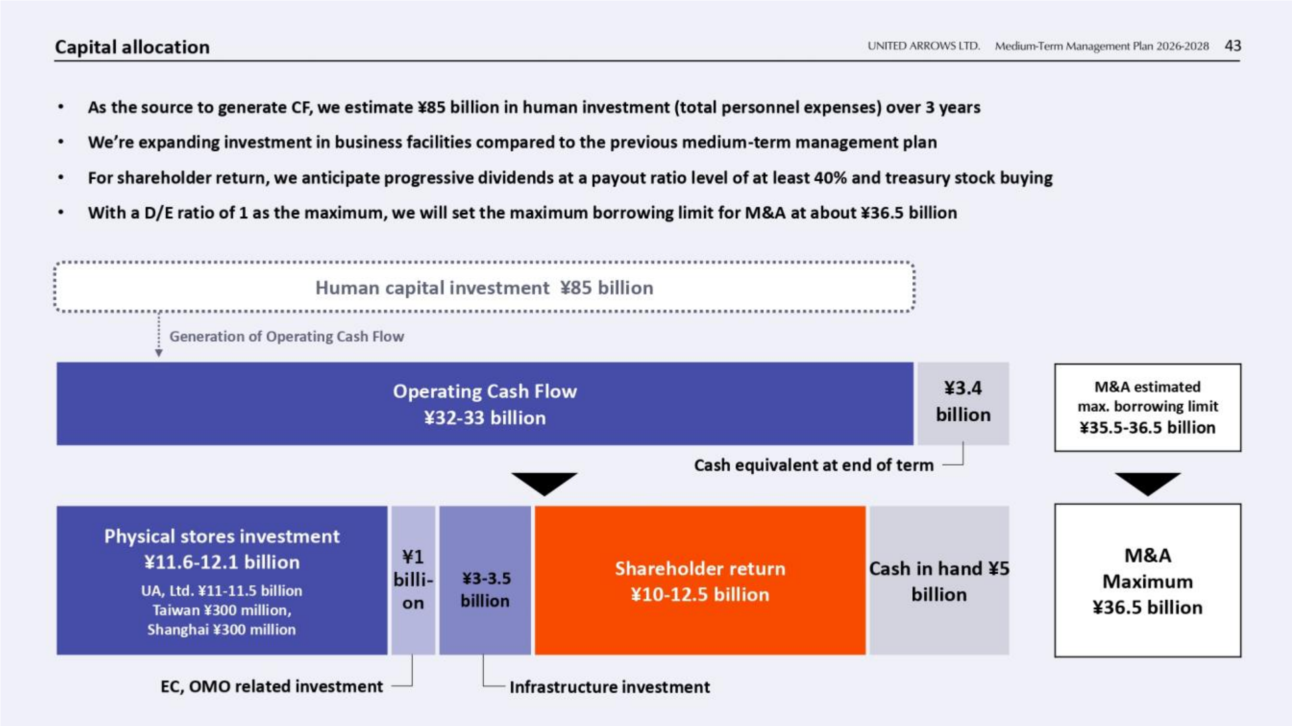
	FY24/3	FY25/3	FY26/3
Dividend per share	¥ 55	¥ 63	¥ 89
Total dividend amount	¥ 1.52 billion	¥ 1.74 billion	¥ 2.46 billion
Payout ratio	31.4 %	40.6 %	40.2 %
Acquisition of treasury stock	approx. ¥ 2 billion 831,200 shares (2.8% of issued shares)	–	–

Nakazawa: Lastly, I would like to explain capital allocation.

First, I would like to explain the performance of our capital allocation during the period of the previous medium-term management plan.

As you can see in the pie chart, the actual investment results are almost in line with the plan presented at the time of the announcement of the previous medium-term plan. Specifically, we invested JPY7.54 billion in infrastructure, including UA3.0 and distribution centers, while investing JPY7.43 billion in operating facilities. We believe that the output of this infrastructure investment will come out of the new medium-term management plan. We have also returned JPY7.7 billion to shareholders, including through share buybacks and dividends.

As described above, we have been able to make investments in the previous medium-term period that have achieved both sustainable business growth and improved capital efficiency.

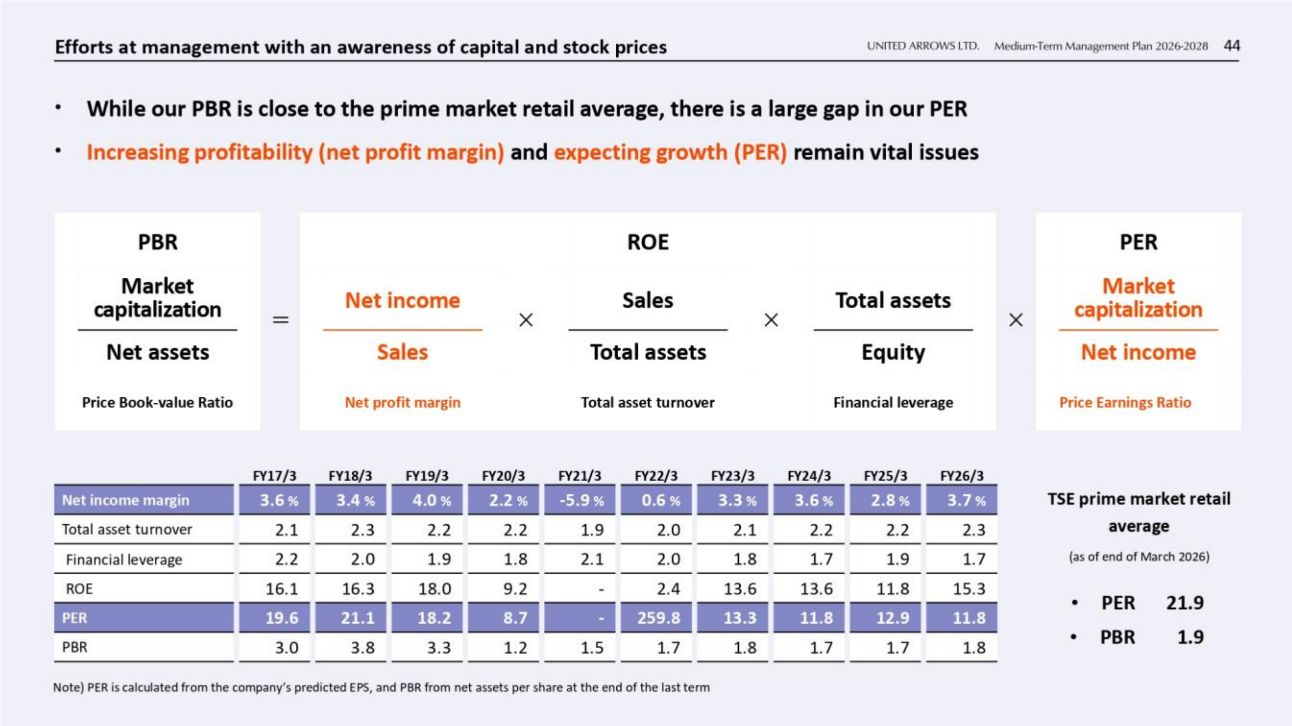


Next, I will explain the capital allocation in this medium-term management plan.

As CHRO Yamasaki mentioned, our policy for the next three years is to invest in human capital, which is the source of cash flow, and to use the cash flow generated from this investment to increase capital investment in operations while expanding returns to shareholders. We will invest in human capital even more firmly than before.

Specifically, we expect cash flow from operations to be between JPY32 billion and JPY33 billion over the next three years, and we plan to use cash and cash equivalents at the end of the period to invest JPY11.6 billion to JPY12.1 billion in physical stores, JPY1 billion in EC and OMO-related investments, and JPY3 billion to JPY3.5 billion in logistics and other infrastructure. We plan to return JPY10 billion to JPY12.5 billion to shareholders, including dividends and share buybacks.

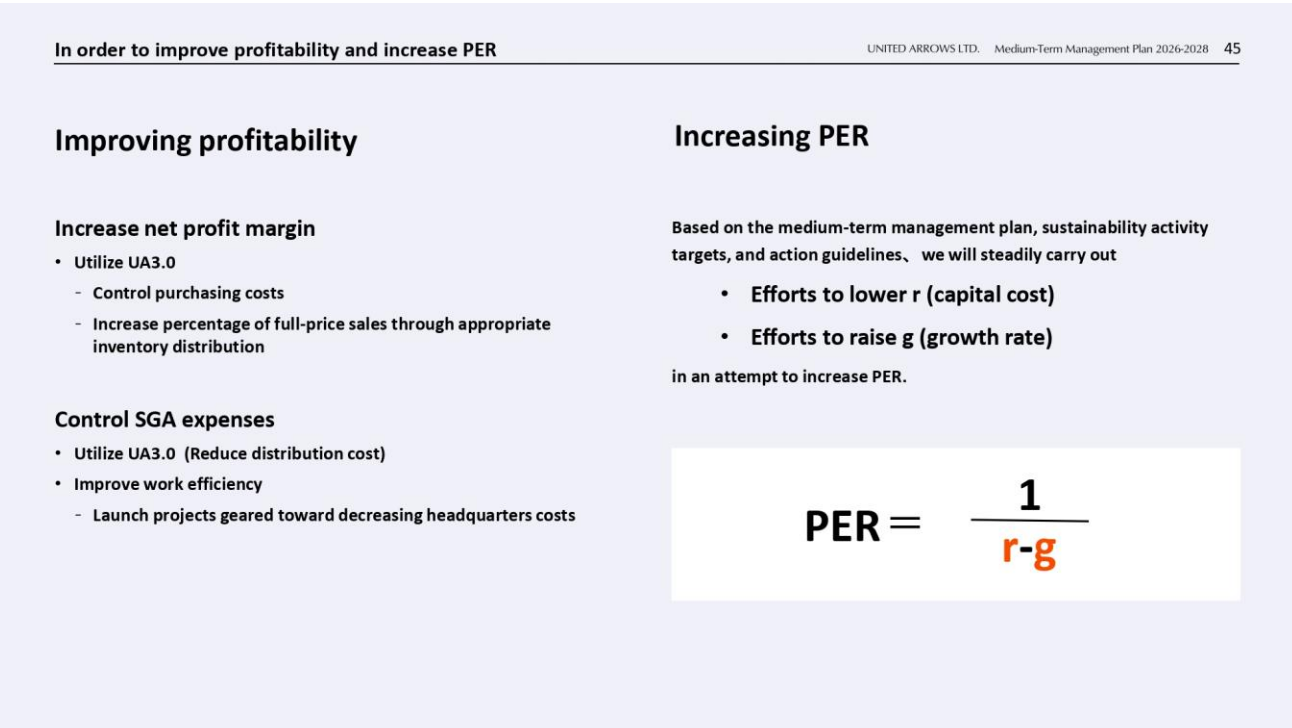
During the period of this medium-term management plan, we will be more active than ever in M&A as a means of new development, but we plan to finance M&A mainly through borrowings. The Company plans to borrow up to JPY36.5 billion, with a DE ratio of up to 1x, to prepare for M&A without compromising financial soundness.



	FY17/3	FY18/3	FY19/3	FY20/3	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3	FY26/3
Net income margin	3.6 %	3.4 %	4.0 %	2.2 %	-5.9 %	0.6 %	3.3 %	3.6 %	2.8 %	3.7 %
Total asset turnover	2.1	2.3	2.2	2.2	1.9	2.0	2.1	2.2	2.2	2.3
Financial leverage	2.2	2.0	1.9	1.8	2.1	2.0	1.8	1.7	1.9	1.7
ROE	16.1	16.3	18.0	9.2	-	2.4	13.6	13.6	11.8	15.3
PER	19.6	21.1	18.2	8.7	-	259.8	13.3	11.8	12.9	11.8
PBR	3.0	3.8	3.3	1.2	1.5	1.7	1.8	1.7	1.7	1.8

Next, I would like to explain our management initiatives with an awareness of cost of capital and stock price.

While our P/B ratio is close to the average of the TSE Prime Market's retail industry, our P/E ratio is far below the average, and has not improved over the past three years. We continue to view the low expectations for profitability and growth as an issue, and will continue to take steps to improve them.

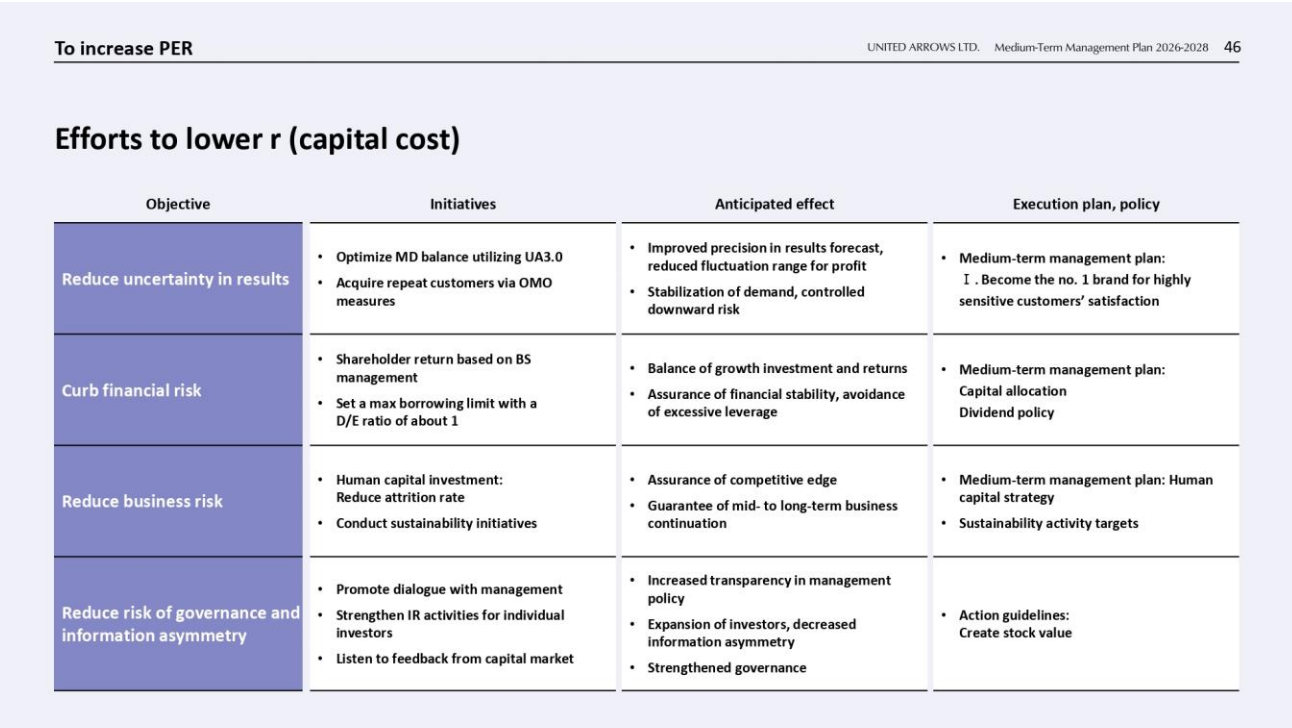


In order to improve profitability, we have paused in our efforts in the new-trend market, which was the responsibility of Coen during the previous medium-term business plan period, and we will concentrate our investments in the mid- to high-end price range market, which is our forte. In addition, we will focus on improving the gross profit margin and controlling SG&A expenses in existing businesses.

As for the gross profit margin, as explained earlier, we will aim to expand the gross profit margin through precise pricing and effective use of UA3.0.

As for SG&A expenses, we will reduce logistics costs by utilizing UA3.0, and for other costs, we will launch a company-wide project to reduce headquarters costs and switch to a low-cost structure.

With respect to improving PER, we will promote initiatives to lower the cost of capital and increase the expected growth rate in this medium-term management plan.



To increase PER

UNITED ARROWS LTD. Medium-Term Management Plan 2026-2028 46

Efforts to lower r (capital cost)

Objective	Initiatives	Anticipated effect	Execution plan, policy
Reduce uncertainty in results	• Optimize MD balance utilizing UA3.0 • Acquire repeat customers via OMO measures	• Improved precision in results forecast, reduced fluctuation range for profit • Stabilization of demand, controlled downward risk	• Medium-term management plan: Ⅰ. Become the no. 1 brand for highly sensitive customers' satisfaction
Curb financial risk	• Shareholder return based on BS management • Set a max borrowing limit with a D/E ratio of about 1	• Balance of growth investment and returns • Assurance of financial stability, avoidance of excessive leverage	• Medium-term management plan: Capital allocation Dividend policy
Reduce business risk	• Human capital investment: Reduce attrition rate • Conduct sustainability initiatives	• Assurance of competitive edge • Guarantee of mid- to long-term business continuation	• Medium-term management plan: Human capital strategy • Sustainability activity targets
Reduce risk of governance and information asymmetry	• Promote dialogue with management • Strengthen IR activities for individual investors • Listen to feedback from capital market	• Increased transparency in management policy • Expansion of investors, decreased information asymmetry • Strengthened governance	• Action guidelines: Create stock value

The page you are viewing describes our efforts to lower the cost of capital.

I will not go into details, but all of these initiatives are tied to the medium-term management plan, action guidelines, and sustainability activity targets.

Efforts to raise g (growth rate)

Objective	Initiatives	Anticipated effect	Execution plan, policy
Achieve continuous growth	• Capital investment in profitable (existing) businesses • Capital investment in growth businesses (new, abroad)	• Competitiveness maintained, stable cash creation • Cultivation of new growth drivers	• Medium-term management plan: Ⅰ. Become the no. 1 brand for highly sensitive customers' satisfaction Ⅱ. Spread highly sensitive customers around the world
Secure a growth basis	• Human capital investment: Improve engagement	• Increased productivity, improved gross profit margin • Strengthened organic growth capability	• Medium-term management plan: Human capital strategy
Achieve dynamic growth	• Acquire new earnings areas through M&A	• Accelerated pace of growth • Expanded business portfolio	• Medium-term management plan: Ⅲ. Create new contact points with highly sensitive customers

The page you are looking at now describes our efforts to increase the expected growth rate.

All of these initiatives are also included in the medium-term management plan, and we intend to increase the expected growth rate by ensuring the achievement of the medium-term management plan and increasing the likelihood of achieving the long-term vision.

That is all from me. Thank you.