



UNITED ARROWS LTD.

Integrated Report 2025



Our Mission

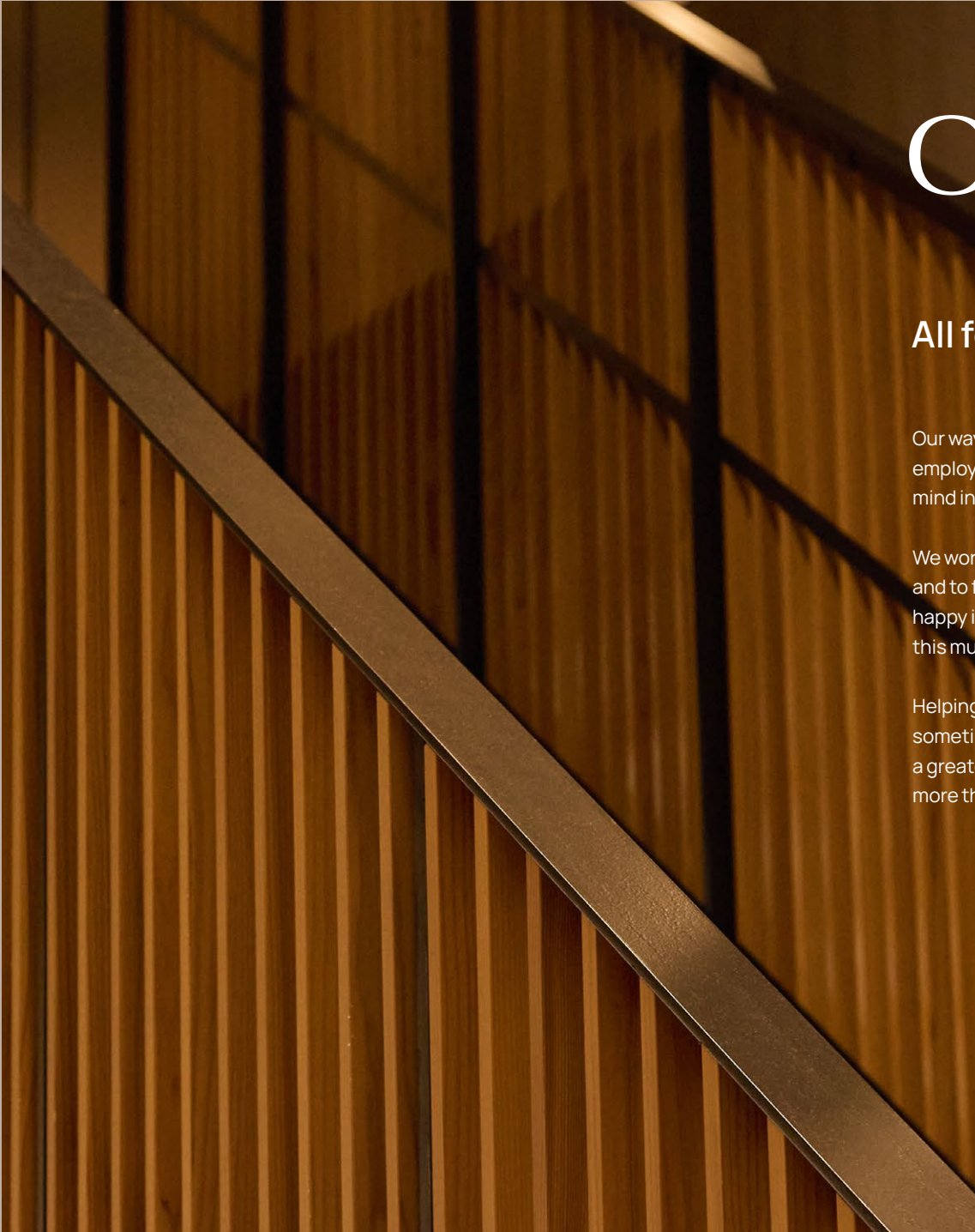
With sincerity and a sense of beauty,
we continually create new tomorrows
for our customers, setting the standard
for lifestyle culture.

Through service, products, and places charged with sincerity and a sense of beauty, we help each of our customers dress for the lives they lead today and for richer lives tomorrow.

We believe that engaging daily in this way can create a richer, brighter world.

By banding together, firm in this conviction, and speeding forward like an arrow, we will continue to set an indispensable standard for lifestyle culture.





Our Way

All for the Customer

Our way describes the fundamental stance that all employees who work at United Arrows should bear in mind in order to achieve our mission.

We work to help our customers, to benefit our customers, and to fulfill our customers' needs. Making our customers happy is the essence of the United Arrows Group, and this must remain our fundamental stance.

Helping, benefiting, and fulfilling the needs of customers sometimes takes longer, involves a greater number of hands, and costs more than expected.

This is why we pursue productivity, speed, and quality, looking beyond what is expected of us in our constant pursuit of customer service.

Everything we do must be for our customers. Only by providing proper service can we provide fair value for our customers' money.

Our customers' happiness leads to our happiness.

We are nothing without our customers.

Our Commitment

Creating Five Values

Value for Customers / Value for Employees /
Value for Business Partners / Value for Society /
Value for Shareholders

Five kinds of stakeholders sustain the United Arrows Group:
customers, employees, business partners, society,
and shareholders.

We are committed to realizing our mission by increasing value for
each of these stakeholder groups, creating value for customers,
value for employees, value for business partners, value for society,
and value for shareholders.

The most important of these is creating value for our customers;
only by creating value for our customers can we create value for
our other four stakeholder groups.

In addition, we believe that balanced creation of the other
four values also leads to improved value for our customers.



UNITED ARROWS, a Beautiful Company

We will continue to pursue truth, goodness,
and beauty in order to contribute to the realization of
a sustainable society and become a high-value-added
group that continues to be loved by customers.



Editorial Policy

The goal of this integrated report is to systematically compile our medium- and long-term business strategies and sustainability initiatives, as well as to communicate the overall picture of the Company's value creation in a way that is easy to understand, based on the corporate philosophy that is the foundation of the Company's activities. In putting together this report, we emphasized the following three points.

1.

Promoting an understanding of the Company's business model
2.

Clearly indicating the potential for long-term value creation
3.

Promoting stakeholder dialogue

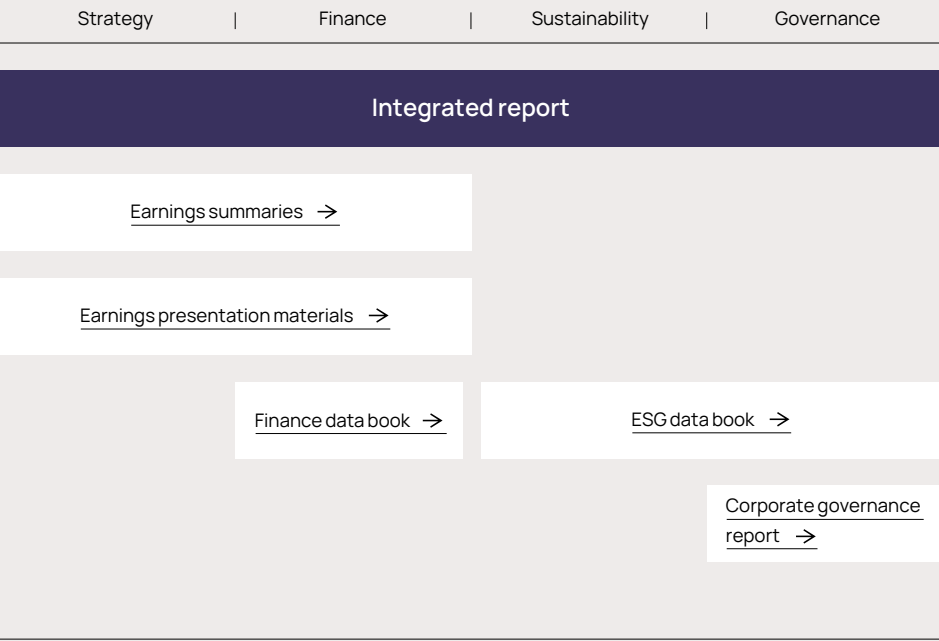
With the 2025 version, we have worked to better clarify the relationship between strategies and policies and corporate value improvement. In addition, by incorporating the viewpoints of management and ground personnel here and there, we have communicated in a more concrete manner the progress on various measures and the effectiveness of our strategies. In putting together this report, we have referred to resources such as the Integrated Reporting Framework, released by the International Financial Reporting Standards Foundation (IFRS), and the Guidance for Integrated Corporate Disclosures and Company-Investor Dialogues for Collaborative Value Creation, released by the Ministry of Economy, Trade and Industry. We have taken care to reflect the views of investors and other stakeholders and ensure that our disclosures take into account a more diverse range of viewpoints.

Period covered	In principle, the period is from April 1, 2024, to March 31, 2025 (FY2024).
Scope	UNITED ARROWS LTD. and the UNITED ARROWS Group
Date of issue	September 2025
Supplementary note about notations	Company names and brand abbreviations UA: UNITED ARROWS LTD., UNITED ARROWS BY or BEAUTY&YOUTH: BEAUTY&YOUTH UNITED ARROWS GLR or green label relaxing: UNITED ARROWS green label relaxing

Forward-looking disclaimer

The forecasts and other forward-looking statements presented in this report are based on information currently available to us and certain assumptions deemed reasonable. Actual results may differ materially from those anticipated in this report due to a variety of factors, and the report does not guarantee future performance.

Disclosure system



Other related information

[IR site](#) → [Sustainability site](#) →
[\(Reference\) Shared Research Inc.'s performance report on the Company](#) →

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Message from the CEO

Refining our uniqueness
to become an indispensable,
one-of-a-kind company

Yoshinori Matsuzaki

Representative Director, President and CEO



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Message from the CEO

Challenges the fashion industry faces
Transforming risk into advantage
through agility

As consumers' values, working styles, and purchasing behaviors change, the fashion industry is undergoing a major transition. After remote work grew during the COVID-19 pandemic, the last few years have seen a return to the office. In fashion, as well, versatile apparel that can be used in both business and casual scenarios has gained popularity, and demand has returned for the business-oriented fashion the Company specializes in. At the same time, demand remains high for casual items due to a diversification of work styles, which means trends are polarizing.

Brands are also seeing a tendency toward polarization, with the emphasis increasingly on either quality or price. This is because even as wage hikes bring higher incomes and greater willingness to buy, an even greater rise in the cost of living is spurring an increasingly defensive mindset. And it is price-focused brands that are particularly vulnerable to the

UA's strengths in coping with societal changes

Changes in society		
Trends	Shift from elegant to mode	Against the backdrop of the quiet luxury trend, trends have transformed from street style to elegant to mode
	Casualization of business wear	As ways and places of working diversify, the line between work clothes and everyday clothes has blurred
Climate	From four seasons to two	Seasons are becoming increasingly polarized, as spring and fall become shorter, summer grows longer, and the temperature extremes intensify in winter
Inflation	Spread of selective purchasing	As inflation accelerates, consumers' values are changing, with a growing tendency to use carefully selected, good quality items in various scenarios and for a long time



impact of environmental changes. At UNITED ARROWS, our main brands targeting a fashion-conscious customer base that prioritizes quality are doing well, whereas our lower-priced brand coen is struggling. We have coped thus far with the changes in the business environment by offering a wide range of products and prices, but as the future of the global economy becomes increasingly unclear, we will likely need to strengthen our response.

Some medium- and long-term issues of relevance are climate change and the shrinking Japanese population. As longer summers and winters lead to an increased polarization of seasons, instead of spring and autumn items, the volume of summer items sold increases, pushing sales prices downward. And the population decline will decrease the size of Japan's domestic market in the future. Even with this sort of severe conditions expected, I believe the Company still has plenty of room for growth going forward. That is because we have the agility to cope with market changes such as demand, purchasing behavior, and climate change. While the risks the industry faces are great, by capitalizing on our unique

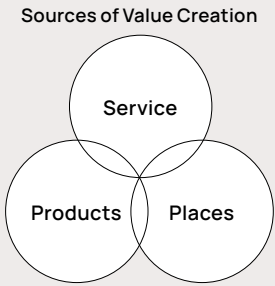
UA's strengths	
Traditional & conservative-based product lineup	Trust and support in real clothes with a conservative base, cultivated since inception
Changes in societal trends	Developing products for both work and play, with a wide range of prices and tastes to meet changing needs, such as smart casual and business casual
Flexible product lineup	Flexible merchandising capability that adapts to climate change, such as through the use of functional materials, an expanded late summer lineup, and rollout of all-season items
High added-value product appeal and sales capability	Product appeal offering high added value, along with superior sales capability to communicate that appeal

strengths and displaying the competitive edge that surpasses those risks, we will expand our share and achieve growth.

Offering high added value
through our strengths in
service, products, and places

The source of our agility and the foundation for the Company's value lies in our three strengths: service (customer service), products, and places (facilities, spaces, and environment). Our biggest strength is in service, namely the customer service skills and sales skills that enable our members to make the right proposal for a customer after grasping that person's feelings and understanding the purpose of their shopping experience. Of course, our employees do acquire skills through education programs, but the basis of it all is the strong hospitality that they are able to exercise precisely because our corporate philosophy has taken root and permeated in the form of the Company culture. The "service" strength we have cultivated since our founding gives us an advantage that cannot be imitated overnight.

Our "service" strength is linked to our "products" strength. Our sales members on the floor capture customer's needs directly and feed that back to the product department, where it is leveraged in product planning. At UNITED ARROWS, we call



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Message from the CEO

this “product-promotion coordination,” and it entails both sales members and those in the product department discussing the customers’ views as equals. That enables us to make products that are not only high quality but also offer high added value.

At the center of our manufacturing, we have a “basic product policy.” This refers to the Company’s proprietary manufacturing policy built around the three standards of cutting-edge, trend-conscious, and original items. These are also the standards for our product lineup, which is based on offering a good balance of the three areas: cutting-edge items, which involves forecasting trends and being ahead of the times; trend-conscious items that reflect that season’s trends; and original items that reflect the Company’s signature functionality, design sense, and universality. Aligning behind these standards in our product-promotion coordination helps us to stay on course even in our communication between the approximately 200 stores and the product department managers. This mechanism paves the way for detailed manufacturing that is based on accurately collecting views from the sales floor and capturing customer demands.

“Direction” is also a crucial element that improves product appeal. Direction refers to the orientation that serves as the basis for setting seasonal themes and for product planning at each of the brands. This is not something that merely captures fashion trends. What we emphasize is the customer’s “mood” and the “mood” of the times. What kind of person does the customer want to be? How do they want to be seen? We collect not only past sales results but also vast amounts of information from a variety of related markets such as movies and art to help us capture and give shape to this mood, which cannot be measured in numbers, nor is it visible to the eyes. That is exactly what enables us to make items that capture the signs before trends form, and I am proud that we are able to offer value that only UNITED ARROWS can produce.

Our “places” strength consists of physical stores that leverage their local characteristics and the special traits of the brands. They ensure that the brand image is uniform, and yet they carefully adjust the display volume and product selection according to the number of customers and unit sales prices, creating sales floors where it is easy for customers to shop. Our online stores operate on the basis of offering a wide-ranging selection that is attractive and easy to understand, and notably, they implement the customer service skills that constitute the Company’s “service” strength. Thanks to styling posts where a sales member introduces an outfit, for example, and product descriptions featuring very intuitive expressions, the stores offer a rewarding shopping experience similar to the customer service you would receive in a physical store, thereby providing value to the customer.



Original mechanisms to spur the growth cycle, and strategies for expansion

When these strengths in service, products, and places are leveraged to the fullest, we achieve the Company’s goal of “providing excitement.” “Excitement” refers to the feeling aroused in a customer’s heart by the value that we provide, such as, for example, the joy that wells up inside when you

wear a certain fashion, or the thrill you feel in response to great customer service. And the core element of providing excitement is naturally service, specifically customer service. At UNITED ARROWS, we think of customer service not as selling things but as stirring customers’ hearts through our products. In fact, in most of the thank-you letters we receive each month, customers tell us they were “touched” or “thrilled” with the service they received. It is clear that the words and actions our employees offer to customers truly do come across.

Our strengths in service, products, and places give us the power to sell high-quality products at fair prices without relying on discount sales. That creates profit, and as we correctly return the profit to the various stakeholders, the brand’s value improves. And that is precisely what is meant by UNITED ARROWS LTD.’s long-term vision of being a “beautiful company.”

The brand’s value improves, our finances grow stronger, we attract good human resources, and our relations with our business partners grow deeper. As a result, the value we provide to customers improves even more. It is through this cycle that the Company has accomplished continuous growth. This is proven by the fact that at a time when the apparel industry as a whole is sluggish, UNITED ARROWS LTD. is seeing improved results.

The Company has continually delivered premium value throughout Japan, while also expanding its scope overseas. The reason we are able to do that is because we have the arrangements and strengths that I spoke of earlier. Moving forward, we will leverage these strengths and further increase our share and our presence.

To increase our share, we have to expand UNITED ARROWS’ customer base and business domains. In response to the issue of our aging customer base, we are rolling out advertising that innovates our corporate image as well as developing new brands, which is helping us to acquire younger

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Message from the CEO

customers. Since venturing into new domains is also risky, it is necessary to proceed thoughtfully, but these actions are indispensable for long-term growth. We intend to ascertain the suitability of opportunities and move forward without missing chances.

The Japanese apparel market is expected to shrink due to the declining population. Still, even in this market, as long as we continue leveraging our strengths in service, products, and places and striving to expand our business, I believe nothing can stop the growth of UNITED ARROWS.

Steady progress on the medium-term management plan and issues that have surfaced

At the completion of the second year of the medium-term management plan, whose final year is FY2025, our sales were ¥150.9 billion, operating profit was ¥7.9 billion, and net profit attributable to owners of the parent company was ¥4.2 billion. While this represented an increase in revenue but a decline in profit, our operating profit and ordinary profit exceeded the figures in the revised plan.

Viewed separately, due to growth in sales and gross sales profit, and to curbing selling, general, and administrative (SGA) expenses, profit at each phase surpassed the plan. I believe this reflects the fact that employees' efforts as a team to provide excitement yielded results. In particular, sales and profit expanded significantly at existing stores, and our strategy to expand growth for existing businesses made steady progress. This can only be attributed to improvements in our customer service ability and product appeal resulting from product-promotion coordination. Initiatives geared at our next stage of growth, such as new brand development and digital investments to achieve a smooth shopping experience,

also progressed according to plan. It will take some time for these results to appear as numerical data, but the foundation for growth is steadily taking shape.

Meanwhile, coen is continuing to struggle with a decline in profit. In FY2024, we shifted its products from the "American casual" casual taste to a more versatile "dressy line" to address an issue it had faced in the previous fiscal year. However, coen failed to sufficiently leverage the product-promotion coordination that is one of UNITED ARROWS' strengths, and its product hit ratio decreased, pushing its full-price sales ratio downward and causing a product valuation loss.

The structural problems distinctive to a price-focused market also have an impact in this area. The problem is that discount sales have become normalized, and prices have less and less credibility in the customers' eyes. This made it extremely difficult to apply the Company's core market theory. So in FY2025, we will further strengthen product-market coordination to improve the product hit ratio and price credibility in an effort to recover and regrow the Company's performance.

Business strategies and SARROWS initiatives geared at further improvement of corporate value

In FY2025, we expect to achieve the numerical targets set forth in the medium-term management plan. One of the strategies we are focusing on to achieve that is top-line growth. We will continue to open new stores and renew existing stores, thereby expanding sales and acquiring new customers. Since the effects of our investments up to FY2024 are already reflected in the results, we will further strengthen our initiatives.

Moreover, by upgrading OMO, we will apply the customer service capabilities of our physical stores to our online channels to improve the value of the shopping experience. As one initiative, we revamped the user interface on the apps for the Company's own e-commerce sites. We are updating it to an arrangement that reflects our insights on each individual customer and suggests items based on their purchasing behavior.

Strengthening both the online and offline axes should lead to an increase in cross-users who use both channels, and we also anticipate greater engagement with UNITED ARROWS and an increase in sales per customer.

With regard to business development geared toward expanding our business scope, we are moving forward in two broad areas, new brand development and global expansion. New brand development includes the two axes of internal brand development and external brand expansion. In terms of internal development, seeds planted at the start of the middle-term management plan such as the rollout of CITEN and ATTISESSION, which target younger customers, are beginning to bud, with results appearing in both sales and new customer acquisition. We also set our external brand



CITEN

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Message from the CEO

development into motion, with brands such as the lifestyle brand NICE WEATHER and the bag brand OSOI. In the new middle-term management plan, we plan to carry out detailed studies with an eye toward M&As and business alliances in order to expand apparel-derived businesses as well.

As far as global expansion, our Taiwan business has achieved increased revenue and profit and is growing steadily. While the Taiwan market still has great possibilities, when we think of future potential, clearly China will be the pillar of our overseas business. Since our full-scale expansion began in January 2025, we are noticing a response from our initiative centering on products in a higher price range. While preserving UNITED ARROWS' brand image, we will tailor the lineup to meet local customers' needs and focus on localizing in order to accelerate growth.

ESG initiatives are also indispensable for continuous improvement in corporate value. The Company calls its sustainability activities SARROWS, and under this program it carries out a variety of unique initiatives. Especially in the apparel industry, companies face pressure to break free from a business model of mass manufacturing and mass consumption, and the most important issue is how we can



NICE WEATHER



efficiently procure and sell inventory and curb the environmental burden stemming from disposal of the remaining inventory.

In FY2024, as a result of focusing our efforts on ensuring we have the proper amount of inventory procurement across the entire Company, we managed to curb our disposal rate for textile products to 0.01%. This not only reduces our environmental burden but also directly connects to an improvement in our full-price sales and profit margin rate. In other words, it is not merely a social contribution, but an activity that inherently leads UNITED ARROWS toward becoming the “beautiful company” it strives to be.

Governance serves as the foundation for maintaining healthy business activities. First, those of us in management will renew our commitment to complying with the corporate governance code in all our activities. However, if the supervising side comes across too strong, employees' creativity will wither. Rather than suppressing the employees with rules, I believe my role is to respect employees' creativity and autonomy while creating an environment or culture where each and every one can be conscious of truth, goodness, and beauty, make the right decisions, and thrive.

Expanding our share and showing our worth to the market

Even though our performance is solid, we cannot claim to have a good reputation in the stock market. The reason for that lies in low expectations of growth and a low level of trust. To foster a sense of expectation and trust, it is important for us to reliably achieve our plan, and for the market to understand how the strategies we are currently implementing are linked to improving future corporate value. We will engage in dialogue to explain our path to growth more clearly than we have done thus far.

Moving forward, UNITED ARROWS aims to further expand its scope and its share in the market. To achieve that, it is essential for us to demonstrate greater uniqueness and to extend our provision of value beyond the apparel domain. We will show what we are worth by refining our power in customer service and manufacturing, which lie at the core of the Company's uniqueness, and we will grow to become an indispensable and one-of-a-kind presence in the market.


Yoshinori Matsuzaki
Representative Director, President and CEO

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1 Value Creation Story

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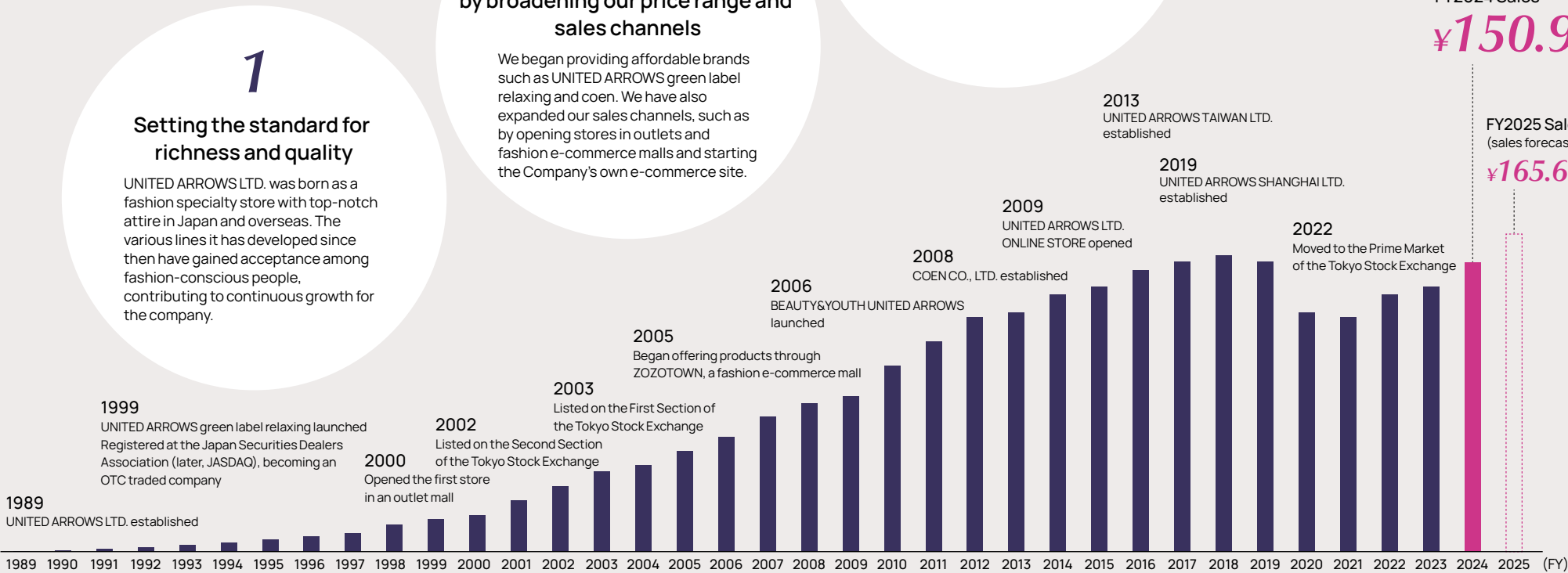
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History

Advances in Value Creation

Setting the standard for lifestyle culture

The UNITED ARROWS Group has expanded its range of value offerings since its inception, based on its corporate philosophy of “setting the standard for lifestyle culture.” We will continue to evolve in order to provide more customers with a richer life.

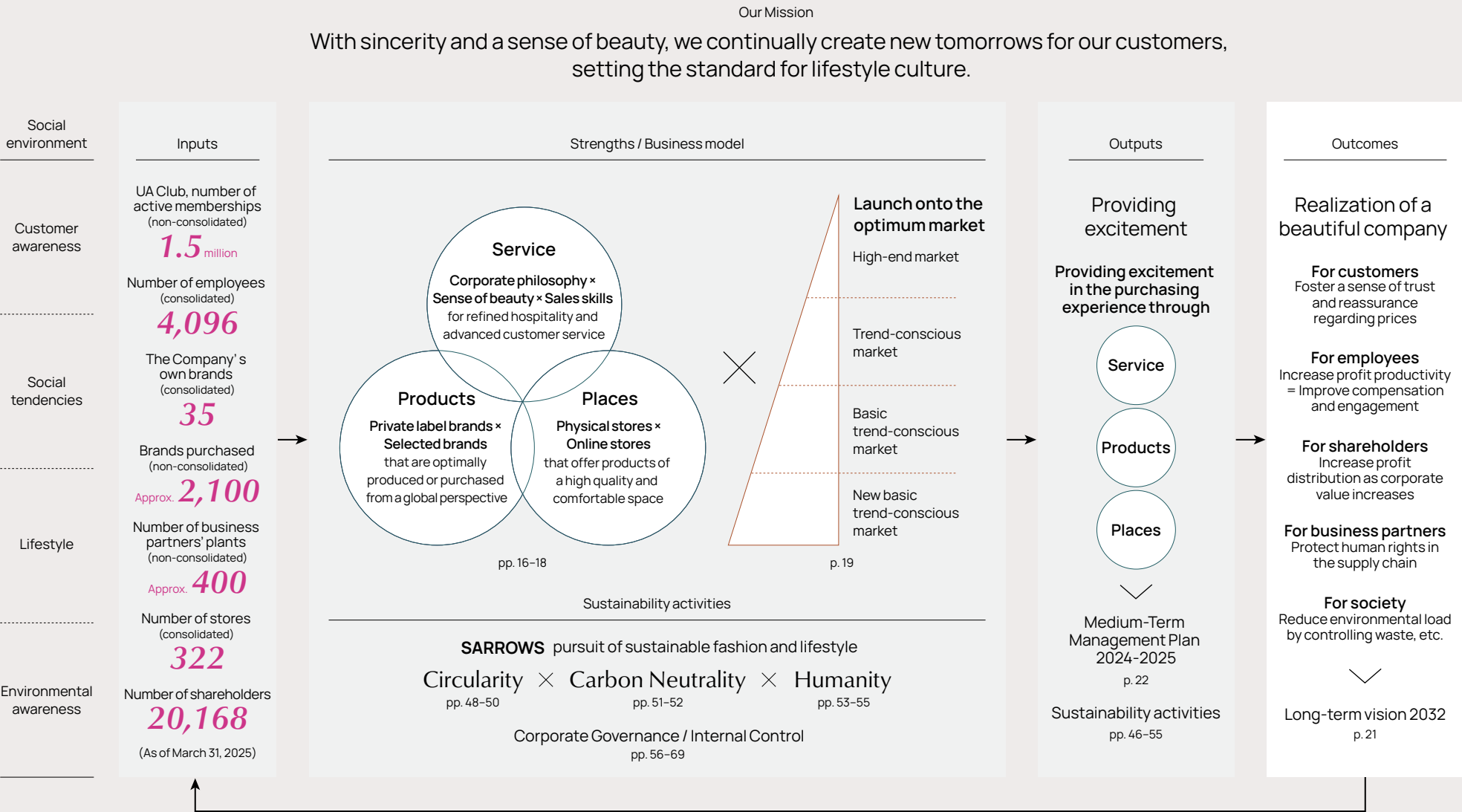


Note 1) The Company's accounts were presented on a consolidated basis beginning in FY2005. Note 2) From the beginning of FY2021, the "Accounting Standard for Revenue Recognition" has been applied.

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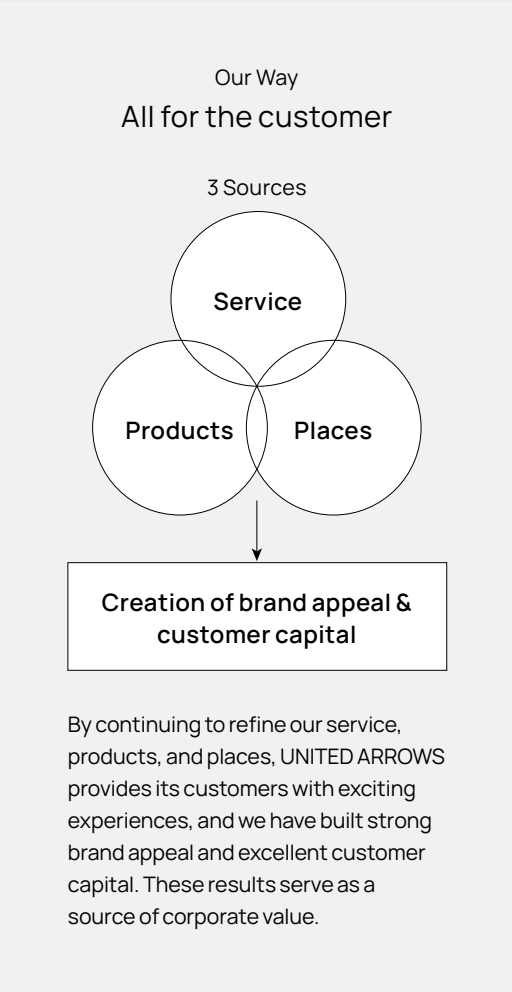
Value Creation Process



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Sources of Value Creation



Outstanding customer service and sales capabilities

The Company’s biggest strength at stores is its strong customer service and sales capabilities. To extend this capability beyond the individual level and make it a Company-wide asset, we have systematically organized the mindsets, knowledge, and technology necessary for sales and laid them out in our Basic Sales Strategies, and we’ve instilled them as common skills that all our salespeople are expected to master. We have clearly defined customer service capabilities as five types of capabilities: ability to impress, inquisitiveness, informational ability, creativity, and proposal skills. We have specified the behaviors and focal points required for each capability in the Sales Staff Standards. With this standards guide, we visualize the gaps between where each and every salesperson is currently and where they should be, and through individual training, we offer targeted development of the skills that they lack.

Some of the opportunities we offer for employees to learn customer service in a practical way include both in-person and video-based education through our internal academy, Tabaya University, as well as an ES (educator-student) system that pairs new employees with senior ones for on-the-job training (OJT). We have set up a sales master system and a DX sales master system to recognize exemplary human resources, and we have tied those to our salespeople’s evaluations, compensation, and career development. This motivates them to aim for career paths as lifelong salespeople, and it has had an effect on human resource hiring and retention as well.

Arrangements

- Systematization of physical store sales skills
- Sales Staff Standards
 - Basic Sales Strategies
- Educational system
- Internal academy (Tabaya University)
 - ES system

Indices

- No. of salespeople 2,645
- Sales masters 116
- DX sales masters 26
- Thank-you letters 2,345
- No. of customer service contest winners 29
(All non-consolidated)



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Sources of Value Creation



Excellent product procurement and planning capabilities

Based on a select-style lineup that combines private brands with purchased items, we develop products that always strike a balance between the brands' vision and customer needs. The product characteristics can be classified into three types: cutting-edge (products that anticipate the next mood), trend-conscious (products that reflect the trends), and original items (standards that embody the brands' style). The proportions for each type are adjusted flexibly depending on the business's characteristics and its external environment. We maintain the brands' signature style while demonstrating proposal skills aligned with the times.

The starting point for our product development is its direction, which we determine from a broad perspective that includes not just fashion trends but also things like art, culture, and social trends. Based on that direction, we engage in development based on a basic product strategy, which consists of systematic guidelines for the product lineup. We will pursue customer value by leveraging the product development capability and high quality that we have cultivated over many years, while always keeping an eye on the latest trends and needs.

Arrangements

- Systematization of product strategy
- Select SPA business model
 - Basic product strategy
 - Stable value chain

Indices

Brands carried

- No. of the Company's own brands **35**^{*1}
- No. of purchased brands **App. 2,100**^{*2}
- No. of products carried **App. 48,000**^{*2}
- No. of business partners' plants **App. 400**^{*2}



^{*1} consolidated
^{*2} non-consolidated
^{*3} Customers using both physical stores and the Company's own e-commerce sites



Pleasant, comfortable shopping environments

Our physical stores are located in major shopping complexes in metropolitan areas and suburban cities. In order to convey the brands' vision, under the creative director's supervision, we design sales floors that are relaxing and that facilitate the buying experience. When it comes to opening new stores and remodeling existing ones, based on the cash flow anticipated in the payback period, we calculate the net present value (NPV) and the internal rate of return (IRR). Our protocol is to invest in projects where the present value of the future cash flow exceeds the investment amount and surpasses the Company's designated hurdle rate. We are also strengthening investment in online shopping sites and mobile app. We are extending our customer service sales capabilities from physical stores to social media and other digital channels to accommodate the customer behavior of coming and going between online and offline spaces. We are also accelerating the collection, analysis, and use of customer information through our app, which we will continue strengthening as tool to broaden the brand experience.

Arrangements

- Physical stores
- Investment criteria based on capital costs (New stores, remodels)
 - Thorough supervision of interior design online
 - The Company's own e-commerce sites & OMO measures

Indices

No. of physical stores **322**^{*1}
No. of cross-users^{*3} **App. 220,000**^{*2}



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Sources of Value Creation

Arrangements to maximize value

Product development starts from direction, which incorporates a wide range of perspectives covering not only fashion trends but also art, culture, and social trends. We have achieved product development that accurately perceives the changing times while also preserving the brand's originality and quality.

At our weekly product planning, for both select products and private label products, we reflect things like sales results from the previous year, feedback from store staff, and market views, and we take great care to operate in an agile, responsive way. Ordering information is centrally managed in the UA3.0 core product management system, and production status and delivery schedules are monitored in real time, enabling efficient product supply.

The products are allocated as appropriate to various sales channels, such as physical stores, online sales, and free inventory, and they are quickly supplemented

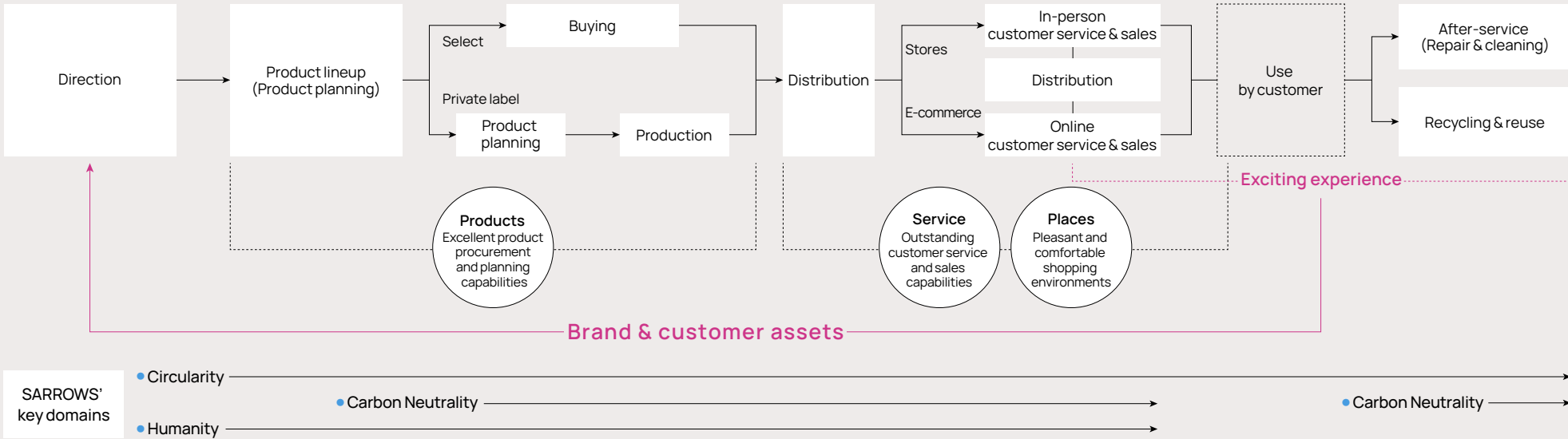
based on daily sales status. This enables us to prevent shortages and meet customer needs. Also, internal private product viewings, the status of pre-orders via e-commerce, customer reviews, and store feedback are closely analyzed and reflected in additional production planning for certain product colors and designs, as well as planning and development for new products. While flexibly responding to seasonal and market changes, we maintain a product lineup that is always fresh and aware of customers' needs. Through post-sale repair services, we ensure customers can use their favorite products for a long time, thereby deepening relationships of trust with customers and improving our brand value. We receive about 5,000 repair requests every year. This value chain, where we manage the entire life cycle from planning to sales to after-service, is the foundation for the Company's continuous growth and customer satisfaction.

By incorporating our SARROWS sustainability activities into every stage of the value chain, we are working toward expanding the business and achieving a sustainable society and environment.

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UNITED ARROWS' Value Chain



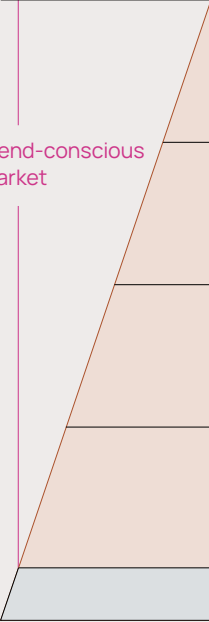
Our Markets

The UNITED ARROWS Group classifies the apparel market into two broad categories: the trend-conscious market, which is for consumers who are highly sensitive to fashion trends, and the volume market, which mainly consists of relatively low-priced daily clothing. The Group targets the trend-conscious market and operates its business in the form of select shops.

A select shop is a retail store that carries products selected from around the world by buyers based on the brand concept. In Japan, select shops that offer both select products and private label brand products are widely available, and our Company is one of those.

Our customer base is made up of consumers who have a strong interest in fashion and want to enrich their lives through it. Our operating activities are driven by an awareness of this customer segment.

*1 UNITED ARROWS General Merchandise Stores offer both UNITED ARROWS and BEAUTY&YOUTH UNITED ARROWS products in the same store.
*2 Others in trend-conscious market: DRAWER, Odette e Odile, STEVEN ALAN, ROKU, BLAMINK, H BEAUTY&YOUTH, District UNITED ARROWS, ASTRAET, California General Store
*3 Others in basic trend-conscious market: CITEN

Markets		Operating company	Core business and subsidiaries	Number of stores
 Trend-conscious market	High-end	UNITED ARROWS LTD.	UNITED ARROWS General Merchandise Store*1	16
	Trend-conscious		UNITED ARROWS	24
			BEAUTY&YOUTH UNITED ARROWS	38
			Others*2	34
	Basic trend-conscious	UNITED ARROWS LTD.	UNITED ARROWS green label relaxing	89
			Others*3	10
	New basic trend-conscious	COEN CO., LTD. (Subsidiary company)	coen	74
	Volume market			
	Outlet	UNITED ARROWS LTD.	UNITED ARROWS LTD. OUTLET	27
	Overseas	UNITED ARROWS TAIWAN LTD. (Subsidiary company)	UNITED ARROWS General Merchandise Store*1	3
			UNITED ARROWS green label relaxing	1
			coen	5
			UNITED ARROWS LTD. OUTLET	1
Group total				322
UNITED ARROWS LTD.				238
COEN CO., LTD.				74
UNITED ARROWS TAIWAN LTD.				10

(As of March 31, 2025)

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2 Strategy

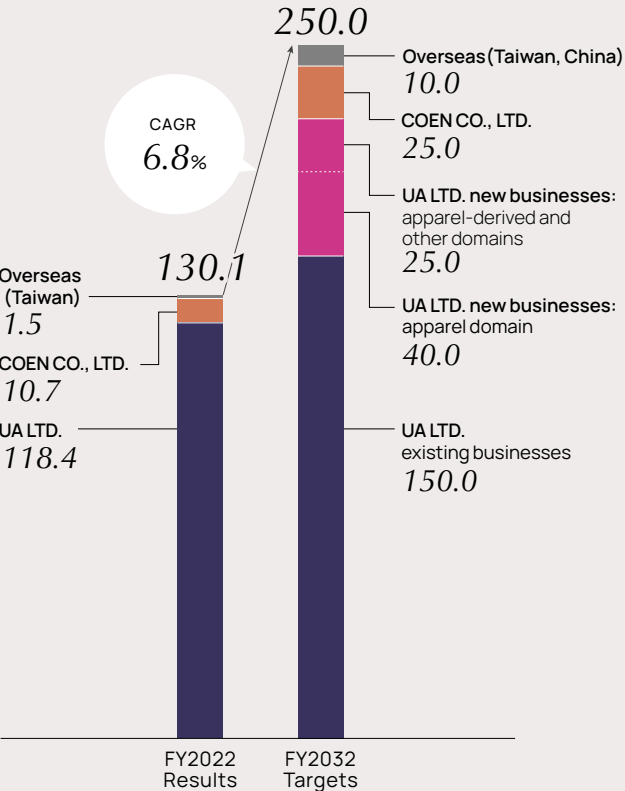


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Long-Term Vision 2032

Long-Term Financial Targets
Sales (billions of yen)



UNITED ARROWS, a Beautiful Company

We will continue to pursue truth, goodness, and beauty in order to contribute to the realization of a sustainable society and become a high-value-added group that continues to be loved by customers.

What we aspire to be when we achieve the long-term vision	A group that offers high-value-added lifestyles with high sensitivity We wish to be indispensable to living a life with high sensitivity in Japan
Values to be held toward the long-term vision	Departure from an orientation toward sales expansion on the premise of mass production and mass consumption, and switching to an orientation toward broadening the customer base and expanding the scope of value provision We aspire to be a high-value-added group with high sensitivity that can propose standards for lifestyle culture by expanding our business and broadening our customer base
Approach to sustainability in the long-term vision	“Creating the maximum corporate value with limited resources” = Procuring appropriate amounts of products properly and selling them without waste • For customers: Foster a sense of trust and reassurance in prices • For employees: Increase profit productivity = Improve compensation and engagement • For shareholders: Increase profit distribution as the corporate value increases • For business partners: Protect human rights in the supply chain • For society: Reduce environmental load by controlling disposal, etc. In addition, the use of environmentally conscious materials, switching to renewable energy, and recycling of waste will be promoted to achieve sustainability goals

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Medium-Term Management Plan 2023–2025

Under the slogan of “Providing excitement: connecting with customers broadly and deeply,” while deepening relationships with the existing customers centered on the OMO initiatives, we will expand our business and customer base through new business development.

The slogan of the Medium-Term Management Plan

提供

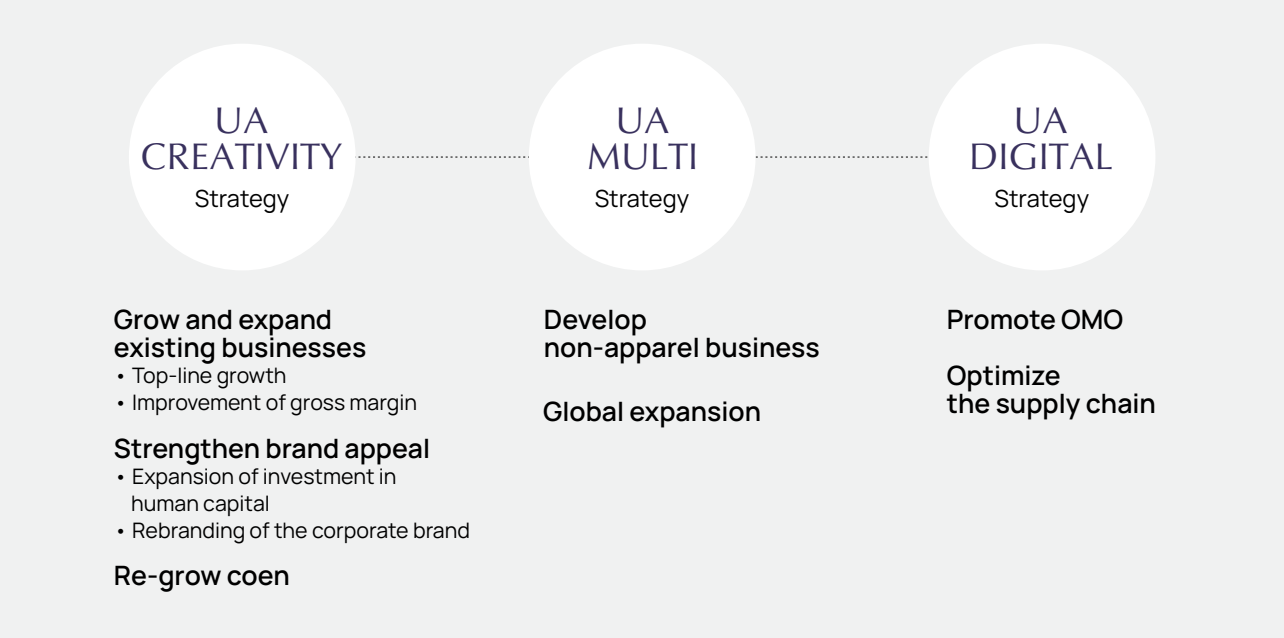
KANDOU
TEIKYO

感動

ENGAGEMENT
WITH CUSTOMERS

Providing excitement – connecting with customers widely and deeply

Three Key Strategies



Financial Targets (consolidated)	FY2024 (Results)	FY2025 (Targets*1)	FY2025 (Targets when medium-term management plan was formulated*2)
Sales	¥150.9 billion	¥165.6 billion	¥160–170 billion
Operating income	¥7.9 billion	¥9.0 billion	¥9–10 billion
Operating income margin	5.3 %	5.4 %	5.6–5.9 %
ROE	11.8 %	12.9 %	13.8–15.4 %

*1 May 2025
*2 May 2023

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Progress in FY2024

Digital transformation of sales activities

The number of styling proposals posted has increased dramatically. OMO has progressed nicely, thanks to the digitalization of customer service, and this has contributed to sales not only on the Company's own e-commerce sites but at physical stores as well.

Styling proposals

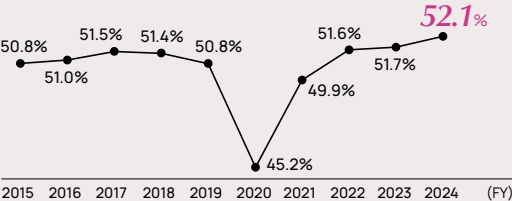
- People making styling proposals **Approx. 1,000**
- Styling posts **Approx. 174,000** (147.8% YoY)
- Sales on the Company's e-commerce site from proposals **¥12.7 billion** (133.1% YoY) **74.7%** of the Company's e-commerce sales (+3.2 point YoY)
- Ratio of sales at physical stores by those who viewed styling proposals **25.6%**

Improved loyalty from new store openings and remodels

- In addition to increased sales at new stores, we also saw increased revenue at existing stores that were relocated or remodeled.
- No. of stores at end of term **322**
Consolidated New stores opened **26** Stores relocated or remodeled **12**
 - YoY sales at main remodeled stores (from month after remodeling to end of term)
UA Marunouchi store **147.8%** UA Futakotamagawa **117.4%**
GLR Sapporo store **125.6%**

Improvement of gross profit

Our consolidated gross profit margin reached its highest level in the past 10 years.



Future developments

Store expansions and brand evolution to support growth

To further grow our top line, we are selectively remodeling existing stores. Enhancing stores' freshness has helped to reinvigorate the existing customer base and acquire new customers, and sales have increased at the stores remodeled in FY2024. In FY2025 we will open more new stores under new brands such as CITEN and conte, and we will accelerate expansion efforts primarily at large shopping complexes. Presenting fresh spaces and customer experiences through remodels and store openings also helps enhance our brand image. We are pairing this with Company-wide advertising and PR activities for a multi-faceted evolution of our corporate image. The corporate advertising we launched last year has had a large impact. In particular, we will continue promoting our brands to the younger customers who constitute the next-generation customer segment, as we work to build a sustainable customer base.

We aim to reduce opportunity loss and maximize sales and profit by determining the proper inventory volume and proactively procuring inventory. Costs are rising, but we are studying and analyzing fair price ranges based on customer psychology, then setting reasonable prices that fit the product values. In this way, we are operating carefully with an emphasis on striking a balance between profitability and customer satisfaction.

Physical store expansions in FY2025 (planned)

New store openings

- Trend-conscious market **11 stores**
- Basic trend-conscious market **8 stores**
- Outlet **1 store**
- coen **3 stores**
- UA Taiwan **3 stores**
- UA Shanghai **1 store**

Relocations & remodels

- Trend-conscious market **6 stores**
- Basic trend-conscious market **4 stores**
- Outlet **1 store**

(As of May 2025)



Communication ads targeting next generation Round 2 (February 2025-) [Service and Products and Places](#) →

Following up on the first round of ads launched in October 2024 (featuring Ayami Nakajo and Sasuke Haraguchi), we are featuring modern artist Keita Moritomo and kabuki actor Sennosuke Kataoka in a new round of advertising, which is based on a "light" theme to evoke a new era and potential.

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Understanding the changing times and leveraging our strengths to achieve continuous growth

FY2024 was a year in which we achieved steady growth in our existing businesses by leveraging to the fullest the strengths we have cultivated over the years. Even amid increasing uncertainty in the external environment, we are steadily improving our performance by making optimal use of our flexible and accurate response capabilities.

1. Changing trends and optimal proposals

As more and more workers return to the office, business styles are becoming more casual due to the diversification of working styles. To meet those changing needs, we have developed and proposed items good for both casual and business use and products covering a broad range of prices and fashion tastes, which has earned us strong support from customers. As trends have transformed from street to elegant or mode, the conservative and traditional-based product lineup we specialize in has had the effect of deepening customer engagement even further.

2. Flexible product lineup for adapting to climate fluctuations

In response to the changing climate, with spring and fall becoming shorter and summer and winter growing longer,

Seasonal grouping

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Former	winter	spring	spring	spring	summer	summer	summer	summer/autumn	autumn	winter	winter	winter
Present	winter	winter/spring	spring	spring/summer	summer	summer	summer	summer	summer/autumn	autumn	winter	winter

we have implemented flexible merchandising strategies. For example, we have expanded our use of functional materials and our selection of late summer products, rolled out all-season items, and strengthened our selection of apparel and goods that are not affected much by temperatures. These have allowed us to achieve a supply of merchandise that experiences minimal impact from temperature fluctuations.

3. Changing purchasing behavior and evolving product strategy

Inflation is shifting consumers' purchasing behavior from a price-focused model to one that emphasizes a balance of value and quality. There is a noticeable tendency to use carefully selected, good quality items across multiple scenarios, including formal, business, and casual, and to use them for a long time. The Company's high value-added products and strong sales capabilities have proven their true worth against such changes, as jackets, pants, shirts, and other standard items recorded steady sales year-round.

4. Expansion into new markets

Existing businesses in the Japanese market are expected to continue to have considerable room for growth, primarily in the trend-conscious and basic trend-conscious markets. From a medium- and long-term perspective, we are focusing on tapping into a new customer base. New brands such as ATTISESSION and OSOI are helping us acquire

customers in their 20s, an age group we had struggled to fully reach before. In terms of the global market, we began opening stores on the Chinese mainland in January 2025, thereby building a foothold for full-scale expansion. By strengthening market cultivation both in Japan and abroad, we are steadily capturing new opportunities for growth.

Even in the midst of this rapidly changing market environment, our flexible strategies are enabling us to achieve continuous growth. Moving forward, we will continue to engage in product development and market cultivation that align with customers' needs as we aim to further improve our corporate value.

2025's popular spring and summer items

UNITED ARROWS Half sleeve blouse

A glamorous-looking blouse with tucked pleat details in matching fabric from the neckline down the placket and on the hem. Not only can it be paired with pants or a skirt with a slender silhouette for important school events or business scenarios, but it also coordinates well with wide pants for a casual style.



Styling options for both casual and business use

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Progress in FY2024

Business development for business expansion

We are progressing well with launching and implementing new businesses. We anticipate that the new brands will help us attract a more balanced mix of age groups.

Launch of new brands

ATTISESSION



conte



OSO!



Made Boot Black Japan Co., Ltd. into a subsidiary



Global expansion

Along with our full-scale store opening on the Chinese mainland, we have also started expanding in the ASEAN region. The UNITED ARROWS Shanghai Jing'An Kerry Centre store achieved sales of approximately **180%** compared to the sales plan (as of March 31, 2025)

Future ventures

Establishing a new foundation for growth

In FY2024 we launched new brands such as ATTISESSION targeting the millennial and Z (hereafter, MZ) generations and conte, a mode brand geared toward those in their 40s. We are successfully developing the Company's own brands and steadily broadening our targeted age demographic and tastes. In addition, we have obtained exclusive selling rights and started the Japanese rollout of overseas brands such as the bag brand OSO! and the lifestyle brand NICE WEATHER, both from South Korea, which will help us acquire additional customer segments. From FY2025 onward, we will strengthen our initiatives geared toward further growth, such as physical store openings for new brands. We will go beyond the apparel domain and manifest our expansion into different types of business. While prioritizing formats that allow us to leverage the Company's brand appeal, and while adequately ascertaining the risks and challenges, we are studying opportunities including business alliances and M&As with an eye toward rolling them out in the next medium-term management plan.

In terms of global expansion, we are moving forward on our initiatives centered around Asian markets. In 2025, we opened our first store on the Chinese mainland, and things got off to a good start.

Moving forward, we will proceed with opening stores in a franchise format with local partners in order to curb risks, as well as strengthening our local e-commerce sites in an effort to expand recognition. We plan to expand our business in the ASEAN region as well, such as Thailand and Singapore, while striving to achieve localization.

New ventures in FY2025

New brand

NICE WEATHER

April 2025

Opened e-commerce site and physical store

New type of store

TABAYA United Arrows

Opened in April 2025

A lifestyle-proposing store that leverages UNITED ARROWS' sense of beauty to select "genuine items from throughout the world" and delivers them to customers both in Japan and inbound



NICE WEATHER Hankyu Umeda Main Store

NICE WEATHER Brand site →

A lifestyle select shop founded in Seoul, South Korea, in 2020. With a playful array of products, it has garnered support primarily among younger customers in South Korea and abroad, and tourists flock to its flagship store in Garosu-gil.



OSO! concept image

OSO! Brand site →

A women's bag brand from Seoul, South Korea, established in 2016. With a premium texture and edgy, mode-like fashion tastes, it has captured strong support primarily among customers in their 20s.

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Chinese expansion now in full swing

Local strategy originating from exhaustive evidence and data

Based on studies of trends, consumer preferences, and competitors' trends, in 2023-2024 we opened pop-up stores in Shanghai, Beijing, and Hangzhou. We analyzed the quantitative data we obtained, such as age demographic, purchasing unit price, and length of time spent, along with insights gained from customer service and social media (SNS) posts, and we formulated a strategy geared toward full-scale expansion. In January 2025, we opened the Shanghai Jing'An Kerry Centre store, located in a high-end shopping complex of the same name in the city of Shanghai. Based on the value UNITED ARROWS LTD. provides in "service, products, and places," we have localized the customer service and the product lineup, and we are proactively engaging in live sales and an e-commerce site specifically for China.



UNITED ARROWS Shanghai Jing'An Kerry Centre store

Future ventures that utilize our strengths

We have earned a favorable reputation locally due to our customer service, which is kind yet not pushy; our products, which boast an excellent balance of quality and design; and our space layouts, which align with global standards. Especially customers who do not know the Company's brands often say they appreciate the good cost performance, and in many cases, they purchase multiple items. Moving forward, we will continue to promote recognition of our brands, with the Shanghai store as the axis, while focusing our efforts on phased franchise development and on strengthening e-commerce. We will also continue improving the issue of SNS communication capabilities, training and retaining human resources who understand the brand, and strengthening ties with partners who share our values, with the aim of expanding in the Chinese market.

Trends in the Chinese market

Customer mentality	• Expectations for brands' background and values, corroboration of quality • The younger customer segment is highly discerning and prioritizes individuality and a storyline
Purchasing behaviors	• Buying online after coming to a physical and trying things on • Using e-commerce as a way of trying things on (high return rate)
Trends	• Shifting from showy and easily understandable to simple and quality-focused • The highly discerning segment is keenly aware of global fashion trends



The Company's strategy

Location	Prime locations in first-tier cities with high concentrations of the affluent segment and the highly discerning segment
Target	Men and women in their 20s-40s who are familiar with overseas fashion
Product lineup	Roll out based on the Company's brands that have support among segments with a strong interest in global trends
Branding	Offer refined items that are both highly discerning and high quality

Providing deeper value through after-service

Providing the world's best shoe-shining service

In 2024 we made Boot Black Japan Co., Ltd., which operates the Brift H shoe-shining service, into a subsidiary. In a quest to improve brand value in shoe shining, it manages shoe shining and repair stores and manufactures and sells shoe-shining items, as well as running a repair and resale business for second-hand shoes. It provides a high value-added service for the affluent segment in Japan and abroad.

Member of staff wins world shoe-shining competition

Brift H staff member Ryu Niita won the World Championships of Shoe Shining 2025, held in London in May 2025. He was the third Brift H staff member to win the top prize in the competition, following wins in 2017 and 2023. The brand will continue studying techniques and delivering new value to the feet of customers around the world.

Brift H →



Niita, crowned on both Japan and world stages

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Progress in FY2024

Promotion of OMO

We upgraded the UA online official app. We substantially overhauled the user interface, changing it to a design that's more intuitive to operate and enhancing its features. We also revamped the point system.

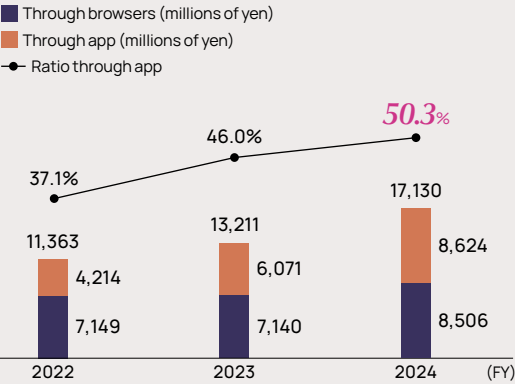
Sales through the app **¥8.62 billion** (142% YoY)

App evaluation iOS **4.5** Android **4.4**

Product views per person **23 items**

Number of app sessions **127.0%** YoY

Sales on the Company's EC sites by channel



Optimization of the supply chain

The new core product management system began operations in April 2025. Now products can be centrally managed from order to manufacturing and all the way to the point of sale.

Future ventures

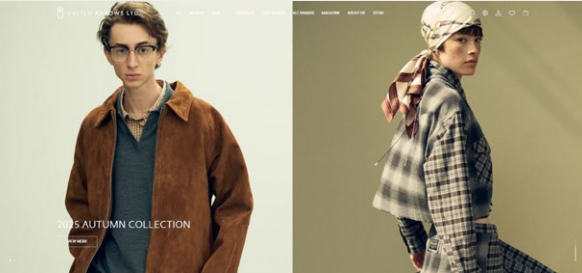
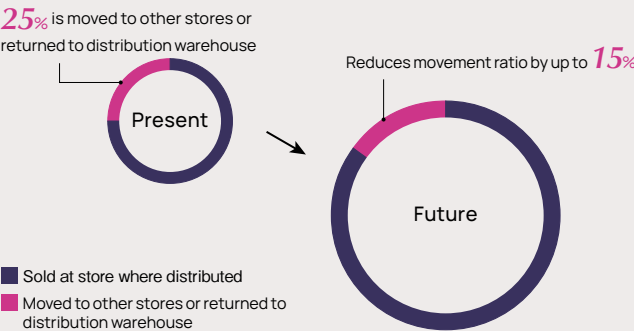
Sophistication and global expansion of business operations via DX

By strengthening the digital platform, we aim for greater sophistication of business operations and expansion of growth domains. In April 2025, we began operations of UA3.0, our new core product management system that allows central management of the entire process, from product procurement up to delivery to the warehouse. Not only does it improve work efficiency, curb costs, and optimize inventory, but by visualizing the entire flow of product management across brands, it optimizes the supply chain as a whole. In our OMO strategy, we view our UA Club member system and our mobile app as central, and we are focusing on maximizing the purchasing experience and customer engagement. The synergy between real and online experiences is progressing smoothly, with an increase in the number of product views per user due to the major UI reform and an increase in the number of styling proposals posted on the e-commerce sites by physical store staff. We will continue strengthening the features of the e-commerce sites and the app, leveraging our Company's service strength, namely our employees' sales capabilities, on our digital platforms, and promoting proactive purchasing behavior through high-quality customer experiences. Moving forward, we will also focus on global e-commerce development.

On the Company's cross-border e-commerce site, which launched in September 2025, we are preparing local language support and a flow that will encourage repeat purchases. In December 2024, we launched sales on the local Chinese e-commerce site Tmall. We plan to monitor the status of demand overseas through e-commerce and then connect that to future expansion of physical stores.

Optimization of the supply chain with UA3.0

- Visualizes the flow from product procurement to warehouse delivery
Enables aggregated management of information about the manufacture of every product, reduces purchasing costs and import costs, and curbs exchange rate and supply chain risks
- Improves the precision of inventory distribution
Reduces product movement after distribution to stores, thereby curtailing sales opportunity losses and curbing distribution costs



UNITED ARROWS Global Online

We are offering items from 30 brands, including our three main brands as well as other private brands

Global online store* →

*Access and product purchases through the global e-commerce site are only available outside of Japan.

Instagram →

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Deepening customer engagement and accelerating growth through DX

We are promoting our OMO strategy with the aim of building long-term relationships with customers. This entails initiatives such as introducing our UA Club member system, providing a seamless purchasing experience both online and offline, and offering online styling proposals by salespeople. We consider the OMO strategy to be not merely a marketing activity, but an initiative designed to build deep engagement with customers.

1.Results of membership system and improvement of lifetime value

The UA Club, which is the membership system we launched in August 2023, topped 1.5 million active members as of the end of March 2025 (up 10.1% YoY). Sales to members reached ¥73.7 billion and grew to account for 52.9% of non-consolidated sales. Approximately 63% of the increase in the non-consolidated sales amount was attributable to active members, making it clear that the system's introduction contributed greatly to our financial performance. The average amount from each customer was ¥170,000 for members, which is 55% higher than that of non-members. The member retention ratio*1 was 57.2% (up 2.6 points YoY), and the ratio of F2 or higher members*2 reached 50.3%, revealing a notable increase in repeat purchases and improvement in purchase frequency.

*1 Percentage of members who have made purchases 2 years in a row
*2 Percentage of members who have made 2 or more purchases in a year

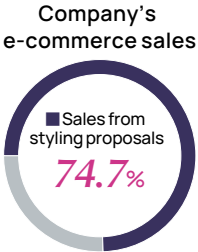
2. Mobile app renewal and rollout of OMO measures

Amid the increasing prevalence of webrooming, a shopping trend where customers check a product's price, size, styling, reviews, inventory, and more on e-commerce sites before coming to the store, apps play an important role. In the complete overhaul of the app that we implemented in FY 2024, we improved usability by reforming the UI, strengthening the personalization functions, and adding the "in-store mode" to enhance convenience at physical stores. As a result, the number of app sessions increased 127% YoY, and the number of product views per person grew to 23, nine items more than the previous year. Sales on the Company's e-commerce sites taking place through the app were ¥8.62 billion (up 4.2% YoY), growing to account for half of the Company's e-commerce sales.



3. Sales DX utilizing our salespeople's proposal abilities

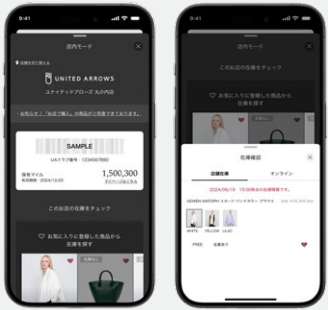
In order to leverage our salespeople's proposal abilities on our digital platforms as well, we are actively promoting posts of styling images and videos. In FY2024, about 1,000 staff members participated, and 174,000 proposals were posted (up 47.8% YoY). The Company's e-commerce sales stemming from proposals amounted to ¥1.27 billion (up 33.1% YoY), accounting for 74.7% of the Company's e-commerce sales overall. Some 25.6% of customers making purchases at physical stores had viewed styling proposals, indicating that this contributed to prompting store visits as well. We created an arrangement that allows customers to receive styling proposals in real time by linking with LINE. Sharing the expertise of our high-performing staff members across the entire Company allows us to deliver to customers throughout Japan a more rewarding purchasing experience that transcends geographical limits.



New "in-store mode" feature makes shopping in stores more convenient

Now when customers open their app while visiting the store, they can choose "in-store mode." This allows them to easily check on their own whether products they've registered an interest in are in stock at that store. Also, if they scan the tag on the product they like using the bar code scan function, they can check that product's detailed information, view styling proposals, and check the number of items available at the store.

Additionally, if they have an unused coupon, a notification of that will be automatically displayed.



4. Evolution of OMO through further improvements

An important issue moving forward is improvement of the conversion rate (CVR) on the Company's e-commerce sites. By using the UA3.0 core product management system that began operations in April 2025, we are optimizing inventory distribution, curbing defective items, and working to reduce opportunity loss. In addition, we aim to improve CVR by making ongoing improvements to the user interface through AB tests and strengthening the CRM program, thereby providing customers with a more appealing purchasing experience.

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Human Resources Strategy

Message from the CHRO



Helping to improve corporate value by strengthening human capital

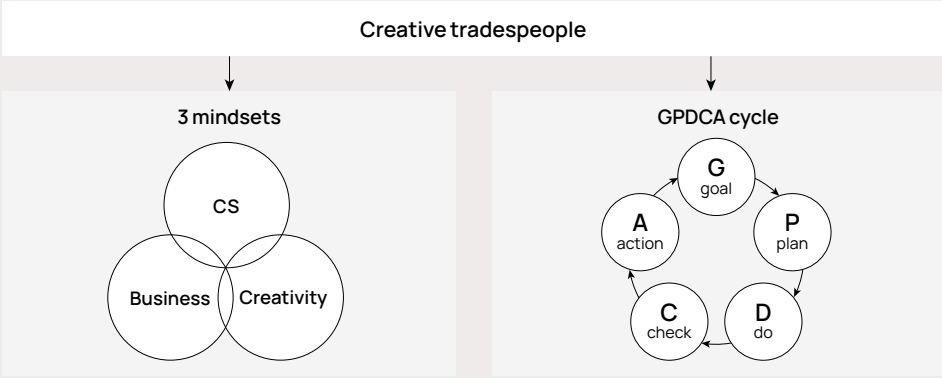
Mariko Yamasaki
Executive Officer, CHRO,
General Manager of Human Resources Division

A human capital management model that will ensure growth for all human resources

UNITED ARROWS LTD. defines our ideal human resources as creative tradespeople who have minds for customer satisfaction (CS), business, and creativity and who can keep the GPDCA cycle going on their own. We want all our human resources across all departments, positions, and levels to have minds for these three things. It is important for members working in corporate departments to also have a mind for CS and think from the other party's point of view, and it is essential for sales members as well to have a mind for creativity for arranging store displays, for example. The circle formed by these three minds must grow in a balanced way as people move up the ladder. Still, we want our younger members to be mindful as well about having such a circle, even if it is a small one.

What is necessary to put this concept into action is the GPDCA cycle. Everyone from new employees to senior management must set their sights on meaningful targets and ask themselves what should be done to achieve those targets, then take action and improve. That is how we will grow. To bring that to fruition, we encourage employees to constantly reflect upon

Human resource policy



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Human Resources Strategy | Message from the CHRO

their actions and to ensure that they have not stalled at a surface level of understanding, or that despite agreeing with the concept, they are taking actions to the contrary. We are also increasing employees' desire for growth by introducing a vocational qualification system through which employees in any department or occupation can increase their rank and compensation depending on evaluations of their ability to perform their duties. The basis for this is the idea that members who can demonstrate these three mindsets are the ones who can demonstrate a strong ability to perform their duties. This arrangement will allow both the sales members on the front lines in stores as well as management at the headquarters to reach the highest levels available to them.

There is no secret recipe that guarantees success in business. But the Company has a human capital management model designed to train our approximately 4,000 members at 322 stores to be creative tradespeople. Through this arrangement, we will maximize each individual's ability and value, which we will then leverage to create added value and improve corporate value.

Focus on increasing engagement to help with the important issue of securing human resources

With the working-age population continuing to decrease, our growth strategy relies on expanding the number of directly managed physical stores, securing human resources is an important issue. In the Medium-Term Management Plan, for which FY2025 is the final fiscal year, we have actively invested in human capital. In particular, one of our medium-term strategic issues is the engagement and retention of younger members, and toward this end, in FY2023 we started a regular rotation system for new employees. This revises the practice of making the employee's first post their permanent assignment and instead allows them to experience two to three brands during an initial provisional assignment period of two years, with a permanent assignment then decided based on their suitability and preferences. As a result of this initiative, the resignation rate for mostly younger entry grade workers in FY2024 dropped 10 points from the FY2020 rate of 26% to 16%, and the eNPS for younger employees increased. By way of their experience during these rotation periods, more and more members are finding work fulfillment even outside of the brand they chose when joining the Company, enabling them to create motivation.

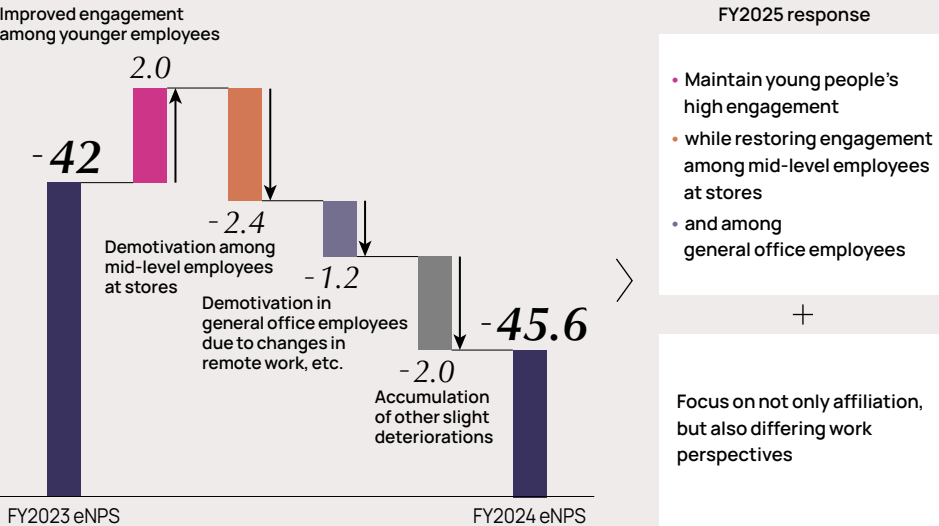
The rotation system also inspires existing sales members. While there is a risk of an increased on-the-job training burden, for example, we are promoting job rotations for existing members as well, which will revitalize the organization and create advantages that far outweigh the risks.

Although engagement among younger employees has increased, the eNPS score for mid-level employees declined, pushing the overall score down by 3.6 points YoY. Factors behind

the decline stem from the fact that a personnel shortage has caused the workload for experienced mid-level employees to increase, along with the burden for training new employees, leading to an overlap of slight deteriorations in multiple categories.

Most of the mid-level employees are in their 30s, when life events such as marriage, child-rearing, and home purchases pile up, and work perspectives also vary widely. Based on this, from FY2025 forward we aim to improve engagement among mid-level employees by implementing measures that consider individual work perspectives. First, as an effort we can carry out right away, we will focus on fostering a culture of praise and strengthening our counseling services, and then in the new medium-term management plan, we intend to map out strategies that include systemic changes.

Reasons for 3.6-point drop in engagement score



Crucial themes in our human resource strategy

Long-term issues • Securing human resources	Medium-term issues • Engagement and retention of young people • Improving compensation	Short-term issues • Communicating management policy • Offering educational opportunities • Securing psychological safety • Ensuring engagement among mid-level employees
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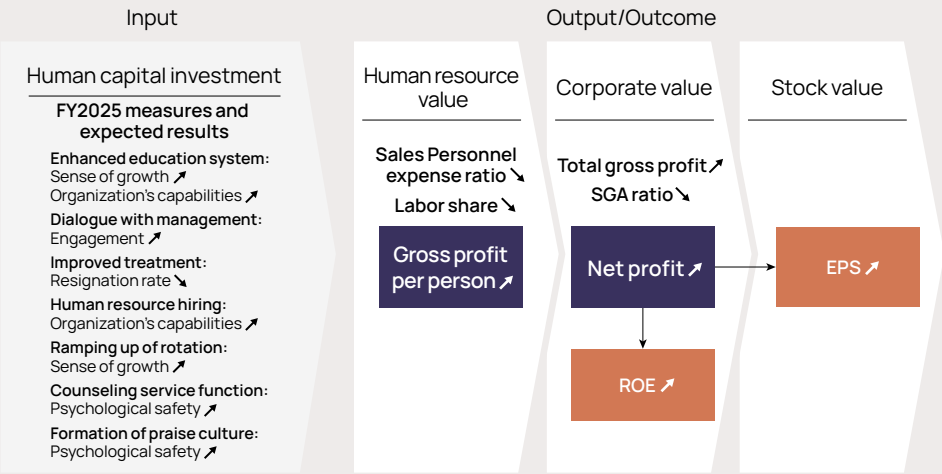
Human resource investment that helps improve corporate value

We have positioned human capital as a medium- and long-term source of corporate value improvement, and we are strategically investing in human resources by enhancing educational opportunities, reviewing our systems, and taking measures to increase engagement. As a result, we are steadily seeing effects such as a sense of growth in individual employees, improvements in the organization's capabilities, and a decrease in the resignation rate.

These sorts of initiatives are tied to quantitative results such as an increase in gross profit per person and improvements in labor share and the ratio of personnel expenses to sales. Growth in total gross profit, improvements in gross profit margin, and a decrease in the selling, general, and administrative (SGA) ratio boost profitability, leading to an increase in net profit margin.

And when ROE, EPS, and other metrics improve, the assessment of the Company's profitability and growth potential improves, which I believe contributes to increasing its stock values. In order to adequately grasp the results of investment, we are continually monitoring engagement surveys and financial conditions and looking closely at investment effectiveness. In the future, we will continue to deepen the synergy between human resource investment and business operations and aim to continuously create corporate value.

Three-level structure for value improvement



Encouraging mutual understanding among diverse human resources to become a “beautiful company”

Securing human resources is an issue of ongoing importance. While we are expanding our employment arrangements and hiring channels to help achieve that goal, under the new medium-term management plan we are also looking at reviewing our compensation policies. Improving engagement among mid-level employees is also a topic of emphasis for FY2025, but the goal is not simply to raise scores. As human resources and work perspectives become increasingly diverse, we view this as an opportunity to upgrade our personnel strategies to ensure that they encourage mutual acceptance and coexistence.

Since the Company's founding, it has worked to maximize customer satisfaction, resulting in the creation of strong sales, and it has emphasized returning that result to employees in the form of compensation. This mentality has not changed. In addition to this, moving forward we will encourage mutual understanding and respect between human resources who want to exercise leadership and those who want to exercise followership and support the leaders and the organization.

By fostering an inclusive corporate culture, we will build an environment where employees can feel fulfilled and work with us for a long time. We believe that will lead to growth for every individual and, in turn, help in ensuring that UNITED ARROWS becomes a “beautiful company” as well as the improvement of our corporate value.



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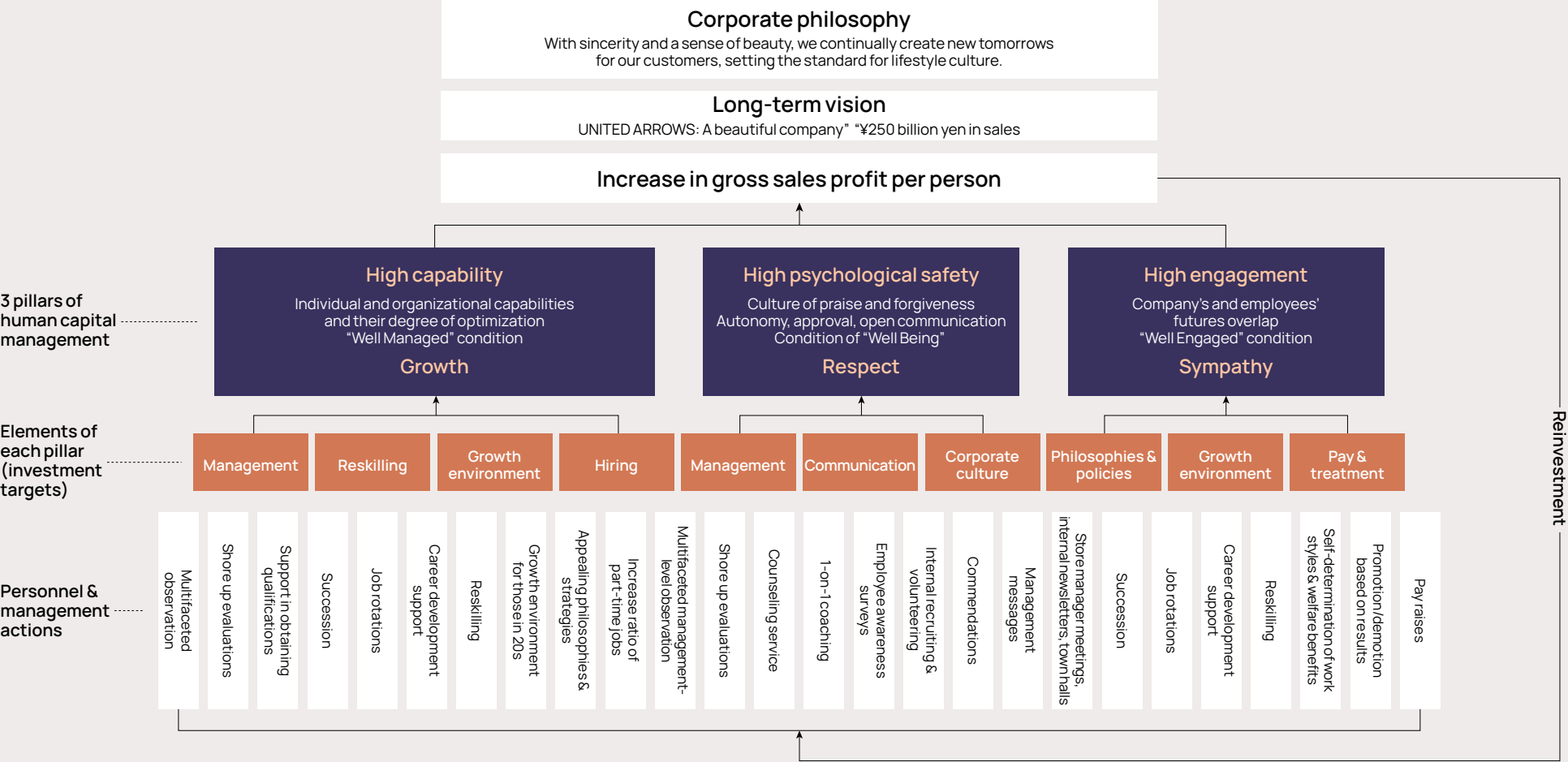
Human Resources Strategy

The UNITED ARROWS human resource management model

UNITED ARROWS views the following as the three pillars of our human resource management model: First, to maximize our employees' capabilities by enriching education opportunities and setting up a growth environment. Second, to ensure the psychological safety required for employees with different unique traits to accept each other and to enjoy peace of mind while they work. And third, to enhance engagement so that employees can work on both the Company's

growth and their own future. Based on these three pillars, we are carrying out a variety of personnel measures.

We believe these initiatives will maximize gross profit per person and help us to achieve the targets in our long-term vision of ¥250 billion in consolidated sales and ¥25 billion in operating profit.



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Human Resources Strategy

Improvement of employee engagement

Ideas about engagement

The Company views employee engagement as an important element relating closely to customer loyalty and performance. Based on this idea, in 2018 we introduced the eNPS*1 measurement as part of our employee awareness survey. The survey not only gauges the level of satisfaction on each question but also focuses on analyzing each one's correlation with engagement, and in this way we strive to understand employees' views and situation more precisely. We use these survey results in formulating the next year's personnel strategy, and for items with a strong correlation to engagement, we selectively enrich our measures and investments. It is clear from the surveys thus far that the factors that strongly affect engagement vary depending on the business and the changes in world affairs. As a result, it is important to reflect our findings in our strategy in a flexible and timely manner. We strive to always develop optimal measures even in a time of intense change, thereby helping to improve our employee engagement.

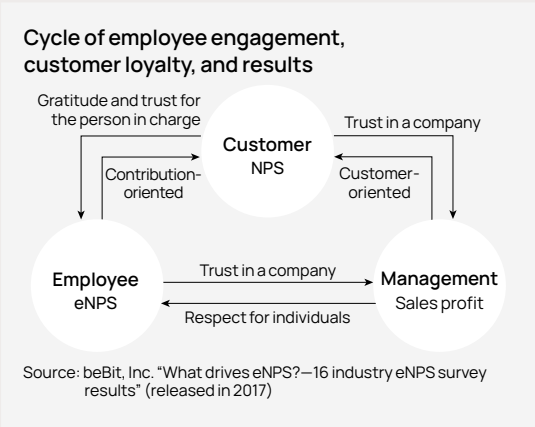
Moreover, we have established “positive response rate in the employee awareness survey” as a KPI in the Company's SARROWS sustainability activities, and we are striving to improve engagement from both a medium- and long-term perspective.

*1 employee Net Promoter Score: A survey that asks employees, “To what extent would you recommend your workplace to a close acquaintance or friend?” and quantifies the degree of workplace recommendation.

Humanity KPI →

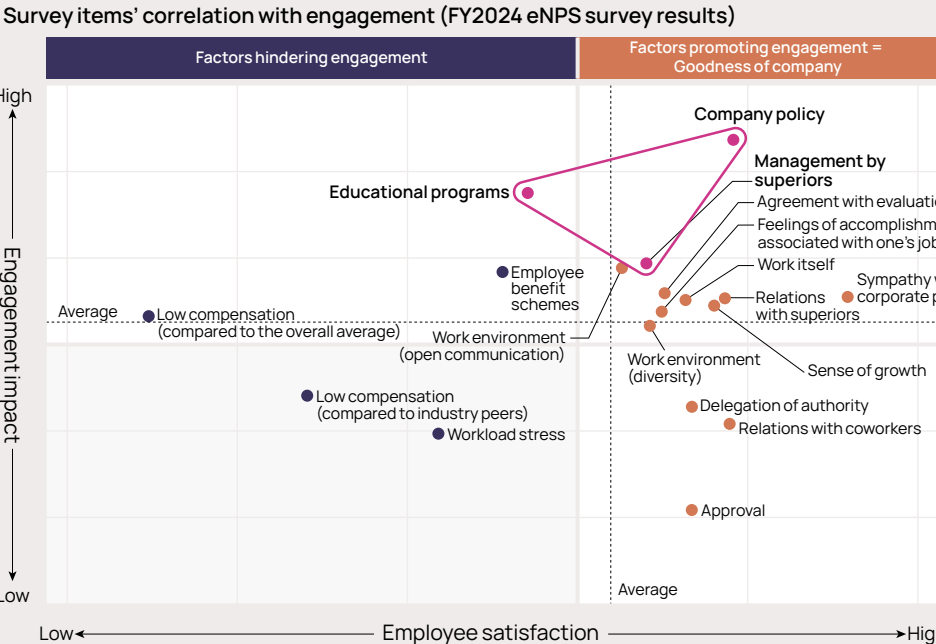
2024 survey results and analysis

The survey has employees evaluate six motivational factors and nine hygiene factors, each on a five-step scale, and it measures the positivity of each item and its correlation with engagement. In the 2024 results, our positive response rate in the employee awareness survey was 73.8% (down 0.6 points YoY), and the eNPS score was -45.6% (down 3.6 points YoY). Both indicators showed a slight deterioration compared to the previous year, but overall the changes were not significantly large. We maintained a relatively good eNPS score compared to the wholesale and retail industry



average of around -65.0.*2When viewed by position, the scores among mid-level employees fell, but scores rose among the younger employees, which had been considered an issue before. We see this as a result of the engagement and retention measures for younger workers that we implemented last year. In terms of “sympathy with the company policy” and “satisfaction with educational opportunities,” which had a high correlation with engagement in the previous year’s survey, our ongoing measures such as dialogue with management as well as training and career development were successful, and the scores improved. We plan to continue strengthening these initiatives in FY2025. Meanwhile, for “work environment (openness of communication),” which was a theme we focused on last year, we saw some results from the expansion of schemes designed to increase psychological safety, for example, but the labor shortage had a large impact, causing the score to deteriorate. In FY2025, in addition to strengthening hiring activities, we will roll out new measures targeting mid-level employees. “Management by superiors” came up as an important factor, but this stemmed from the change in its correlation ranking as a result of the lower score for “work environment (openness of communication),” so we will take steps to maintain the score.

*2 Source: beBit, Inc. “What drives eNPS?—16 industry eNPS survey results” (released in 2017)



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Human Resources Strategy

Development of capabilities

Developing and improving skills by providing educational programs

In FY2024, we continued providing robust reskilling programs, in addition to holding a Reflection Roundtable®* for department managers, with the goal of fostering psychological safety. Regarding our reskilling programs in particular, by recruiting trainees on a voluntary basis, we provide growth opportunities to personnel who have a desire to go beyond their current level and occupation. We then encourage these trainees' participation in projects, for example, and otherwise support them in developing their capabilities through practice.

Additionally, we utilize the information obtained through these training programs for things like succession planning and job appointments, so not only do they provide educational opportunities, but they also lead to the creation of work duty-related growth opportunities.

Main training conducted in FY2024

- Reflection Roundtable®: 15 people
- Support for taking business school classes: 137 people
- Marketing-related courses: 4 times, total of 197 people
- Marketing e-learning: 30 people

* Reflection Roundtable®: Training program for management that produces insights and behavior modification through deep reflection and dialogue



Training scene

UNITED ARROWS personnel →

Supporting self-directed career development

In order to support employees' independent career development, we introduced a career self-checkup system that combines career training and career counseling interviews. The Company's own employees who have obtained national qualifications are hired as counselors. Since the counselors deeply understand the front-line services and operations, those seeking counseling can receive appropriate and personalized advice. As of April 2025, there are three career counselors in the personnel department, and they accept requests for counseling as needed. We have set things up so that by utilizing an online system, anyone can obtain a career counseling opportunity in an equitable manner, regardless of their work location or working hours. In 2024, we implemented career self-checkups for specific age groups, from the 20s to the 40s.

Human resource appointments and succession planning

Flexible assignments that expand growth opportunities

In order to broaden career perspectives early on, we changed the assignment scheme for new hires fresh out of college starting in 2023. We started a new scheme that lets new hires experience up to three businesses in the first two years with the Company before then deciding on their permanent assignment. In addition to the employee's own wishes, a multi-faceted judgment is made regarding their suitability, based on an evaluation by a superior at each post. This allows us to maximize growth opportunities.

These measures also help to decrease the resignation rate among younger employees.

Developing next-generation leaders

We are engaged in succession planning to develop the leaders of the future. We have classified the Company's important functions into 12 categories and created human resource pools by identifying key talent by age group for each function. Management systematically discusses what sort of opportunities and experience we should offer to these human resources. From among this key talent, we have also selected the top talent that will form the core of our next generation, and we are looking into providing them with opportunities for further growth. Due to the nature of the Company's business, most of our younger employees are engaged in sales duties, which tends to give their careers a bias toward sales experience. In light of this tendency, and in order to broaden their perspectives and experience as management personnel, we are considering introducing a rotation system that would allow key talent to experience work duties other than sales. Through this mechanism to intentionally develop human resources, we aim to create next-generation leaders who will contribute to continued corporate growth.

Basic scheme of succession plan



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Human Resources Strategy

Creating work motivation

Fostering a culture of praise

We are working to foster a culture in which employees acknowledge and praise each other's results and actions. We believe that a deeper culture of praise will have a wide variety of positive effects on the organization, such as improving engagement, ensuring psychological safety, and promoting self-directed action and openness to challenges, as well as revitalizing communication throughout the entire organization. We have long conducted initiatives that highlight the achievements of individual employees, such as results presentations and various awards programs, and with the publication of the ARIGATO REPORT in FY2025, for example, we intend to further evolve such initiatives and firmly establish a deeper, wider culture of praise. Through these initiatives, we aim to enhance individual motivation and realize a workplace that motivates people to work.

• Results reports

We arrange "results report" opportunities each term to ensure that employees get acknowledged for their outstanding initiatives at our stores and offices. These results reports highlight not only quantifiable achievements, but also actions or stances that embody our corporate philosophy as well as initiatives that create excitement, with the aim of praising that value throughout the Company and sharing it as knowledge.

The top six candidates are selected via an initial screening by directors and executive officers, followed by a second screening involving a vote by all employees, and then these six conduct presentations at a meeting for all store managers held every February. A final vote by those in attendance determines the winners, and the winning cases are shared with the entire Company through the Company's online internal bulletin. These are used for learning and practice at each worksite, thereby promoting a virtuous cycle of actions rooted in our philosophies.

In FY2024, the grand prize went to the initiative at Shibahara entitled "Building a management system that is not affected by employment status, such as full-time, part-time, or outsourced," which is featured on page 36 of this report.

Entry criteria

- 1. Has a notable contribution to make to the Company and its stakeholders
- 2. Possesses knowledge that is scalable to other activities
- 3. Offers new value



Results report presentations

• ARIGATO REPORT

So far, we have been publishing "thank-you notes" to share with the entire Company words of thanks offered by customers. But in FY2025, we took this initiative a step further and revamped it as the "ARIGATO REPORT."

This report is published every month and shared with employees throughout Japan. It contains warm messages received from customers, as well as anecdotes and feelings of thanks sensed among employees as they went about their daily duties. It is designed so that messages among employees can be submitted freely by all employees regardless of their employment arrangements. The CHRO and the president select MVPs from among the entries and compile them as the ARIGATO REPORT, which is then issued to the entire Company. Not only does it allow us to share outstanding actions, but it also nurtures a culture of exchanging gratitude, and it helps to improve engagement and a sense of unity across the organization.

• Other awards programs

Impression-Creating Award, Sustainability Promotion Award, Store Audit Award of Excellence, ES Award, Top Sales Award (for each brand), Rookie Award, Excellent Store Award, Impressive Customer Service Award, etc.

Improving the compensation system

In order to ensure sustainable human resources and improve labor productivity, we have a strategically designed and operated compensation system. In FY2024, we implemented pay raises for all employees and hiked wages by an average of 5%, including the salary increase that accompanies promotions. We plan to implement the same level of wage hikes in FY2025.

Support for second careers

We prioritize career support that is tailored to each individual employee's life stage and values, and so we are also focusing on second career support. When employees are able to see their career options, this makes them more likely to feel secure about their future and be satisfied with their current job, which helps increase their desire to work on their own initiative and improve work motivation. By providing employees near retirement age an option work shorter days, career design support workshops, and second career support funding, we back their new challenges and life planning. Through initiatives such as these, we aim to continue being an organization that supports our employees' lives over the long term.

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Learning that brought personal and organizational growth

Satoru Shibahara
MD/ Production Sect.,
Men's Merchandising Dept., GLR Div.

Joined UNITED ARROWS LTD. in 2009, working at multiple green label relaxing (GLR) stores before serving as a manager for several stores in succession. He demonstrated outstanding customer service and sales abilities, winning a nationwide customer service contest held by a major shopping complex, and he was certified as a Sales Master Bronze.

He transferred in April 2025 to his current post, where he leverages the customer-level perspective he cultivated at stores to help manage the men's product lineup.



Linking learning to action and refining strengths

When I was manager of the GLR Kohoku store, I participated proactively in human resource training sessions as a way to enhance my store operation and team-building skills. I studied subjects like critical thinking and basic marketing and management strategies. I gained the ability to see things more structurally and objectively and to organize my thoughts and act systematically when dealing with multiple work duties or complicated issues. Critical thinking has been especially helpful in grasping the essence of matters that arise in the workplace. One of the benefits I gained from it is that as I re-read the books we used in the training, I have developed a deeper understanding of my and my staff's strengths and been able to utilize that in my work duties.

Forced by a crisis to reevaluate store management style

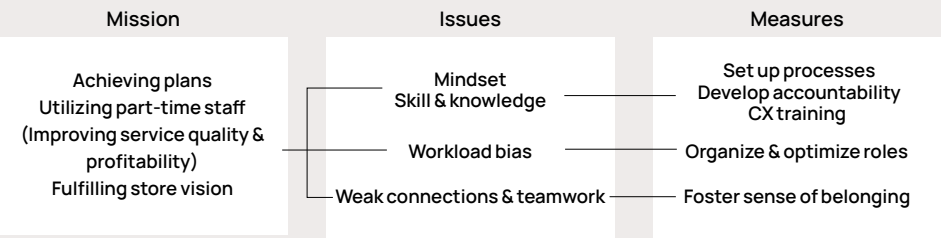
What I learned proved useful in an actual workplace scenario I encountered during my store manager days. With no warning, I received notice through a resignation service of a part-time staff member's resignation. Even after asking other staff members, I couldn't figure out the reason, and it caused a commotion for the entire store. That incident led me to reconsider how we had been operating the store up to that point, and I set about creating an environment where employees and part-time staff

alike could consult with me regardless of their position. I started out by candidly telling the whole staff the situation and then shared the message that I wanted them to feel free to come talk to me about anything, no matter how small it was. I made sure to faithfully and promptly deal with everything they consulted me about. I implemented ongoing monthly interviews with all staff members and weekly talks among employees, creating a system that allowed us to identify problems early and nip them in the bud. I believe the fact that I was able to view situations structurally rather than making judgments based on emotions resulted from having learned those ways of thinking in the training.

Consequently, the staff began consulting with me before problems surfaced, and the store developed a culture of "facing it together and getting through it." Each individual staff member began taking accountability for problems and taking actions on their own initiative for the sake of customers and the team. What's more, a virtuous cycle emerged, in which staff members praised each other's actions and that praise generated even more motivation. More and more part-timers and temporary staff said in the interviews and talks that they wanted to be useful for the team, and they recognized each other's strengths, which naturally built relations bound by trust. As the store's mood changed and individual motivation soared, the Kohoku store's part-time staff won first place in sales results for our main products. Until then, the Kohoku store had ranked near the bottom in sales, but after these initiatives, our sales rose significantly, and we grew to become one of the most successful stores in our area. For me, this experience was a major turning point in which I really felt the joy of my learning and practice coming together. As a result of carefully observing things that happen in the workplace and handling them without overlooking even small signs, individual growth occurs faster, and the team's abilities improve dramatically. I want to continue taking on challenges in the workplace with that belief in mind.



Overview of initiatives



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Financial Strategy

Message from the CFO



Making decisive investments, primarily in markets with high growth expectations, and promoting our continuous growth potential to markets

Takeo Nakazawa
Director,
Executive Managing Officer, CFO

View regarding financial strategy

Thus far, the Company has focused on improvements aimed at strengthening profitability, using operating profit as the benchmark. As a result, our operating profit has steadily and continuously improved, and we have successfully strengthened our profitability. While ordinary profit has held firm at a certain level, we recorded a large impairment loss, including in Group companies, which left our net profit margin struggling to grow. The impairment loss was partly due to our having a large number of new businesses in the freshly planted stage, making it somewhat unavoidable, but it is essential that we take steps to reduce impairment. We will clearly define our business development cycle and be more unequivocal about how we distribute our investments. While business makeovers may have a temporary impact on performance, it is important for us to stand firm against short-term fluctuations in results and aim for growth from a medium and long-term perspective. In order to gain the understanding of our employees and other stakeholders, we will carefully explain the significance of our strategy, which is crafted with an eye on the future.

We continue to see the improvement of our price-earnings ratio (PER) as a major issue. We will explain the Company's growth story in concrete detail, pointing to the growth potential offered by our new businesses and also being thorough about optimizing existing businesses and removing waste. By improving the net profit margin as well as fostering a sense of expectation through disclosures and explanations, I believe we can improve our PER.

The field we should particularly focus our efforts on during the two years of the medium-term management plan has also become visible. That is the high price-range trend-conscious market. While we have seen some results in the basic trend-conscious market as well, in the high price range in particular, we have obtained an unmistakable response in terms of profitability and growth potential. In addition to our full-price sales ratio improving, we did not experience a drop in sales due to price modifications. There is a real sense that we have gained customers' support for reasonable prices that are commensurate with our products' quality. Since we have shown strong performance not only in Japan but also in China, moving forward we will implement measures selectively, with a higher investment ratio in the relevant markets. Meanwhile, markets from the basic trend-conscious market down require cautious price-setting, so we will apply different strategies for mass media campaigns and such than the ones we use for the high price range.

I believe that UNITED ARROWS continues to be a growth brand in the market. I recognize that my mission as the CFO is continuing to show that the Company is a brand and a corporation that can be expected to improve its long-term value. As we accelerate our strategic investment, it will become increasingly important for us not only to explain our financial situation, but also to convey our continuous growth story in a persuasive way using financial data.

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Review of results for FY2024 / Future results forecasts

Our results for FY2024 were mostly according to plan. We saw a good response overall, with some outcomes even surpassing expectations. Problems remained at coen, but we dissolved the ¥7-8 billion deficit that arose during the COVID-19 pandemic, and we anticipate a tax rate reduction due to the classification changes in tax effects that followed.

We expect to achieve the goals in our medium-term management plan for FY2025, but I feel that it's problematic for us to be at the bottom edge of the targeted range. After we formulated this plan, inflation and other changes in the business environment caused major fluctuations in the market's demand forecast. The new basic trend-conscious market, which had been predicted to grow, continues to face an uphill battle in the industry as a whole. Demand in this market has trended lower than anticipated in the Company's businesses as well since the time that this plan was announced. Meanwhile, there was a positive gap in the high price-range market. With the market environment in a transition phase at the moment, the places where the Company should “fight” have become clear, enabling us to take a precise approach and also sharpening our battle tactics.

In order to enhance the precision of our strategies moving forward, we need aggressive business ventures. After screening our existing businesses to determine what domains to tackle, we will be proactively investing in both existing and new businesses. Taking decisive action will help us to curb impairment, which is an issue we're facing, and improve capital efficiency. We plan to proceed with the same type of policy when formulating the next medium-term management plan, as well.

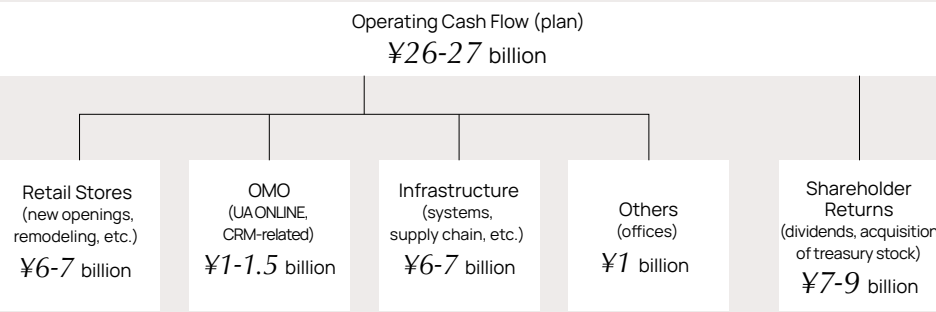
We are also working to improve the sophistication of our market analysis. When discussing the future prospects of Japan's fashion industry, the focus tends to be strictly on the aspect of the market shrinking due to the decreasing population. But if you divide the market into segments and analyze them, you can see the trends in each, and you can tell that the growth forecasts for each differ as well. The high price-range market, where the Company has a particular advantage, is expected to grow. We will curb investment in markets with little expectation of growth and turn our investment proactively toward growth areas. We will also add leverage to existing businesses as needed and strengthen areas with high expectations of growth. With the possibility of organizational changes also in our field of vision, if needed, we will lay the groundwork according to market trends and customer needs in both the apparel and non-apparel fields.

Rule-based investment and capital distribution

In terms of investment impact, we continuously monitor the progress of new businesses and stores after opening them. We also plan to revise our investment planning criteria beginning in FY2026. Our policy is to add a certain amount of margin to the timing of our return plan in particular, depending on the nature of the business and what phase it is in. That is because if we formulate a single, short-term return plan for all businesses, our targets get stretched and the results deviate from the plan, incurring the risk of impairment. So we will increase the plan's precision and create a cycle that reduces the risk of impairment, which has been an issue for us. For businesses that are in the process of growing, we will approve a plan that anticipates an investment recovery period of five years or more, which, combined with a clearly defined mission, will enhance efficiency. For existing businesses, we will strengthen our commitment to profitability indices such as profit margin and make management decisions as needed. However, with regard to challenging initiatives, even existing businesses will be positioned as growth businesses and supported accordingly, with employees' creativity leveraged to revitalize the organization. With regard to our business portfolio, up until now we have promoted balanced investment from the standpoint of risk dispersion, but moving forward, we will revise our portfolio and optimize our investment distribution.

The investment plan in the medium-term management plan is progressing smoothly, with most of the investment in infrastructure and other office equipment now complete. We will continue carrying out decisive investment in physical stores and OMO. We will strengthen both growth investment and shareholder returns, thereby achieving continuous business growth while improving capital efficiency.

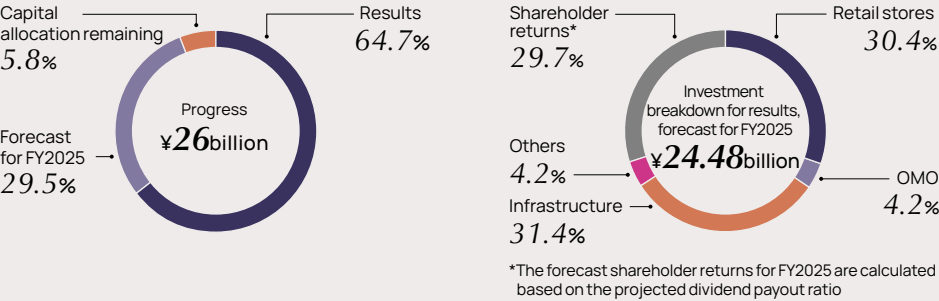
Capital allocation (Medium-term management plan 2023-2025)



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Investment status (as of August 31, 2025)



FY2025 growth investment plan

Physical store investment

We were able to achieve balanced investment both in areas with high profitability and areas of future growth. Our store opening plan is progressing largely according to plan. This year, the results on the performance front from investment in renovation and repairs, in particular, have been remarkable. Because it has become clear that investment in renovation contributes to results, we will continue focusing on it.

Some outlets introduced self-service checkout on a trial basis as a measure to improve work efficiency. This was done because self-checkout has become widespread and customers' tolerance for it is thought to be increasing. In order to improve the system's operation, we will proceed with testing, with the possibility of deploying it at stores that carry mid-level brands, primarily in areas where securing human resources is difficult.

OMO-related investment

In October 2024 we updated the Company's e-commerce site apps, and user reviews and evaluations of functionality improved. We also began to see effects from our update of the membership program, with sales on our e-commerce sites increasing. The tendency to return to physical stores is growing, which has led to slightly weaker results than those in the plan. However, interconnectedness between e-commerce and physical stores has increased, improving the purchasing experience at the latter, and the effects of our investment in the business overall are becoming apparent. Moving forward, we will continue investing in

measures to improve convenience, such as adding a guest purchase function aimed at increasing new buyers as well as functions connected to other services, thereby allowing us to acquire new customers.

Investment in the apps and the membership program has contributed not only to sales but also to refining our planning and marketing measures. We will utilize data collected online and needs ascertained from user reviews in product development to improve the hit rate.

Infrastructure investment

In 2025 we completed the replacement of our core product management system. We controlled investment costs by adopting a package system, but since it is effectively a management system that includes everything from production to sales, it ended up being a large investment relative to our current business scale. Our selection criteria were functionality and robustness. Moving forward, we anticipate that the system will have an impact on things like reducing the purchasing cost and the import and distribution cost and curtailing the sales opportunity loss. It is also very versatile, so when we roll out new businesses in fields other than apparel, no major system modifications are needed. Given that it will allow us to curtail our future infrastructure investments, we can consider it an up-front investment that will have a long-term cost-cutting effect.

New brand investment

In the apparel industry, efforts such as developing our own brands and acquiring exclusive selling rights for overseas brands have progressed smoothly. We have also managed to broaden the range of ages and tastes we appeal to, which has been a management issue for our Company, and this is helping us to develop a new customer base. In apparel-derived fields, by acquiring a shoe-shining and shoe repair company, we strengthened our maintenance and after-service aspects, which broadened the scope of our value provision.

While the small scale of each of these investments is an issue, it is precisely that small scale that allows us to gain experience in collaborating with other companies at minimal risk, revealing the issues in the process. By building a track record and establishing a foundation for full-scale M&A, we are also increasing the possibility of large-scale ventures in the future, such as becoming a business partner for overseas brands that are considering doing business in Japan. There is still plenty of margin left for investing in new brand development, so we will continue to pursue it enthusiastically.

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Human resource investment

In order to enhance UNITED ARROWS' largest strength, our customer service capabilities, we are also prioritizing investment in human resources. As a result of emphasizing improvements in evaluation and treatment, revamping our bonus payment criteria, and implementing pay raises for two consecutive years, our attrition rate has fallen. Engagement is also improving among younger employees, where we have enacted measures on a priority basis. Moving forward, we need to increase productivity per person and connect that directly to sales. We will refine our data analysis relating to sales and human resources at each store and also strive to optimize our personnel distribution in line with sales trends.

Shareholder returns

Since our earning power has increased and our financial condition has improved at a faster pace than we anticipated, we revised our shareholder return policy in 2025, a year earlier than planned. This is a message for not only existing investors but new investors as well.

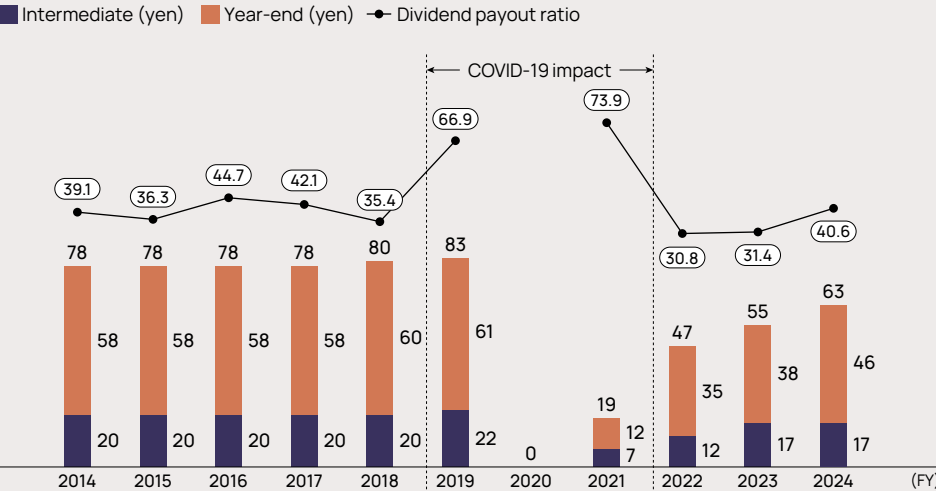


Until now, we had set a target of reaching ¥100 billion in market capitalization, with the aim of being recognized as an investment target by many institutional investors. But the environment surrounding the stock market has changed in recent years, and participation by individual investors is increasing. So, as a preliminary step prior to reaching ¥100 billion, in order to target more investors, we introduced progressive dividends and set the dividend payout ratio at 40% or higher. Still, there is no change to the notion that UNITED ARROWS is a growth stock rather than a return stock. Using our stocks' profitability and high payout ratio as a point of entry, we want to arouse interest among investors while also carrying out flexible acquisition of treasury stock.

To get a wider investor base to recognize and understand our Company, we need to further strengthen our communication with the market. We will expand our briefings for individual investors and opportunities for dialogue between management and investors. The one-sided assessment that the domestic market is shrinking is acting as a barrier and making it difficult to spark interest in the apparel industry. We will accurately disclose our analysis for each market and category and our Company's results, and we will highlight our outstanding growth potential in the high price-range market, which is the Company's strong suit.

Now that, along with the increase in earning power, our results have recovered and our financial situation has improved, we will strengthen various initiatives and display UNITED ARROWS' corporate value in an effort to be recognized as a growth stock.

Dividend and dividend payout ratio

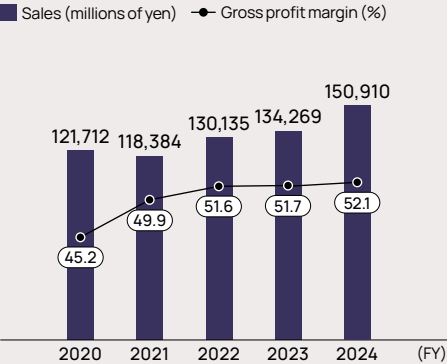


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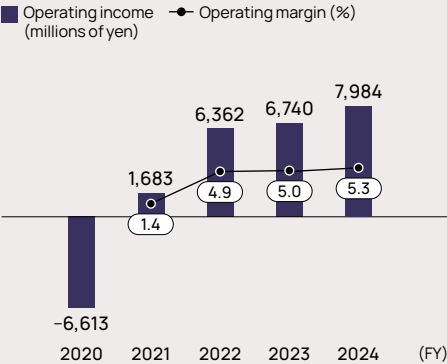
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Financial and Non-Financial Highlights

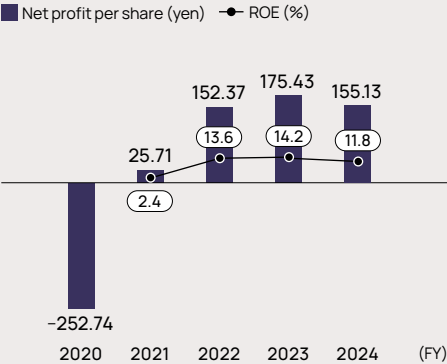
Sales and gross profit (consolidated)



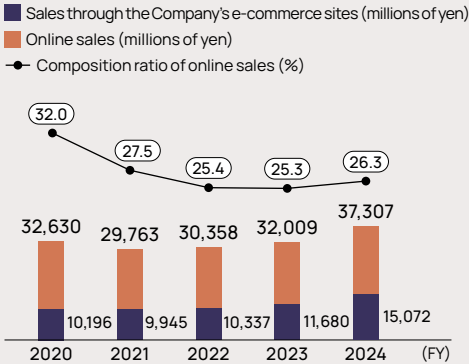
Operating income and operating margin (consolidated)



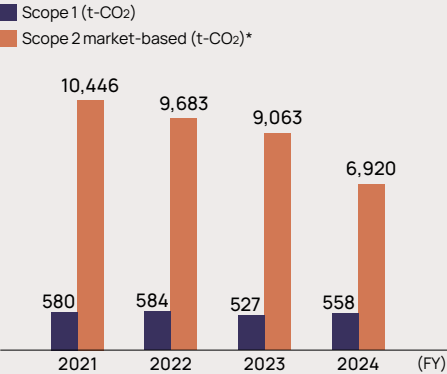
Net profit per share and ROE



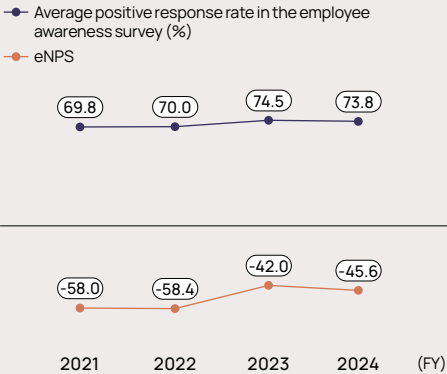
Online sales and the composition ratio of online sales (non-consolidated)



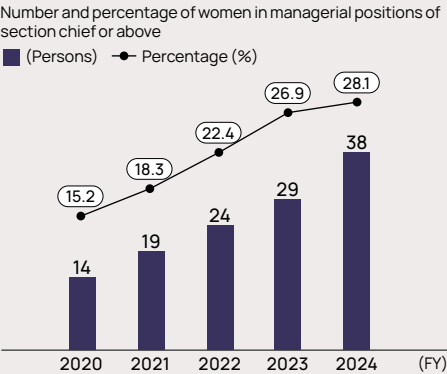
Greenhouse gas emissions (consolidated)



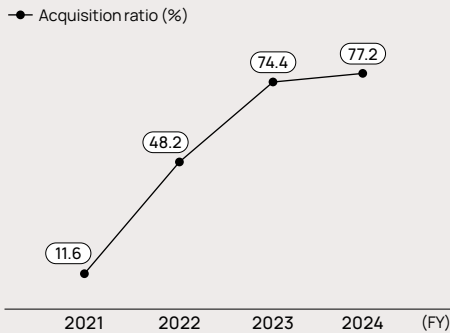
Employee engagement score (non-consolidated)



Female managers (non-consolidated)



Ratio of consent forms acquired regarding Code of Conduct for Business Partners (non-consolidated)



* We have reviewed our Scope 2 calculation method and are retroactively revising past data.

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3 Sustainability

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Conversation An Investor's Thoughts on Sustainability

Fulfilling our responsibility as a communicator
SARROWS' attempt to enhance corporate value

Sustainability issues
and the fashion industry

Kumagai The fashion industry encompasses a lot of ESG issues, relating to such areas as the environment, human rights, and the value chain. From the perspective of ESG investment, the entire process is subject to evaluation, from production of raw materials to sale and disposal. Because any single problem is directly connected to reputation risk, the efforts expected of companies become more rigorous and important every year.

Tamai The Japan Sustainable Fashion Alliance and other organizations that UNITED ARROWS LTD. belongs to are taking specific actions such as formulating guidelines for the reduction of GHG emissions. Strategy recommendation activities in partnership with Japan's Ministry of the Environment, the Ministry of Economy, Trade, and Industry and the Consumer Affairs Agency have also gathered momentum, and the mood in the industry as a whole is increasingly inclined toward problem solving. Even so, the fashion industry's value chain is long, and there are many issues that cannot be solved in a short time. I think the only option is simply to keep working tenaciously and steadily in partnership with other companies.

Kumagai The industry has started acting on this, but I feel like it hasn't reached the consumers yet. The best shortcut to a financial impact for the Company is gaining sympathy from consumers.



Akane Kumagai
General Manager, Responsible Investment Section
Sumitomo Mitsui DS Asset Management Co., Ltd.

Nao Tamai
Department Manager, Sustainability Department,
UNITED ARROWS LTD.

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Changes start from dialogue

Kumagai Japanese consumers don't have as much interest in sustainability as those in the West, and they don't yet fully recognize its necessity. For geographical and cultural reasons as well, their understanding of ESG investment is also limited. That's precisely why merely touting high numerical targets is not enough; it is more important for the Company to show consistency between its recognition of the issues and its roadmap and business strategies for solving them. As an investor, from the standpoint of information gathering and evaluation, I'd like to see the Company's disclosures adhere to the global standard as much as possible.

Tamai The Company is also actively disclosing information in its ESG data book and its integrated reports and such, but there are still some issues in terms of consistency with the global standard. We need to continually improve, such as by aligning our management strategy with our mission and adjusting our KPIs according to our progress. I sense that investors, as well, are watching closely to see whether the

information we disclose is not merely a formality and whether it matches reality.

Kumagai Sustainability is a field in which it is difficult to produce results in a short time, so we investors don't assume that companies will immediately achieve all the numerical targets they set. Even within the same industry, different companies have different business models and targets, for example, so there are many different approaches to sustainability. I think it should start with sharing through dialogue how both the Company and its investors feel about the issues and then, based on that Company's strength and weaknesses and their business model, setting policies and targets and drawing up a road map. Even though the effort is time-consuming, having companies show their ways of thinking and their steps generates a sense of trust and helps ensure a favorable view.

Tamai Dialogues with investors are a means for us to absorb information and recognition of the issues, and at the same time they also serve as opportunities for us to look back over our own activities in an objective way. Moving forward, I would like to continue holding regular dialogues.

Tying sustainability to business

Kumagai Many ESG investors pay heed to the value chain and look at sustainability's progress in both quantitative and qualitative terms. Checking things along the value chain not only allows you to grasp information comprehensively, but it also makes it easy to do impact analyses on risk and finances. Especially in the retail industry, sustainability initiatives often link directly to purchasing power and cost, so I want the Company side to be aware, too, of the fact that this serves as useful financial information.

Tamai While there are an infinite number of issues in every process of the value chain, in the case of UNITED ARROWS LTD., what we consider particularly important are initiatives relating to personnel and products. And we have kept in mind the impact on financial aspects while devising strategies. For example, in terms of personnel, we have managed to link improvements in productivity to enhanced employee engagement stemming from improved job satisfaction and workplace environment improvements. And for products, we view reductions in the product disposal ratio and increases in the percentage of full-price sales as a set, so we have incorporated those into each strategy.

Kumagai I think that's a great approach. The fact that sustainability is at the core of business is a very important point.

Tamai What we're struggling with from the standpoint of value chain monitoring and disclosure is raw material traceability and calculating Scope 3, category 1, which accounts for most GHG emissions. The Company's ability to monitor everything on our own is limited, and we are acutely aware of the need to elicit even greater understanding and cooperation from our business partners through careful dialogue.

Kumagai I agree that keeping track of that is going to be difficult. Many companies say they're setting their Scope 1 and 2 targets

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Conversation | An Investor's Thoughts on Sustainability

at zero, but I have the impression that initiatives diverge when it comes to Scope 3. I myself view the current Scope 3 calculated value as a virtual number that has a large hypothetical element about it. I only view numbers up to Scope 2 as actual fixed quantities, whereas when evaluating Scope 3, I take into account things like qualitative information gleaned from dialogue as well. In that context, I think UNITED ARROWS LTD. gets very high marks for obtaining SBT approval with the inclusion of Scope 3 reduction targets, particularly as a retail business.

Expectations for UA’s communication ability

Tamai While our mission and beliefs are what drive our SARROWS activities, it is through the ability of our employees, and especially our store members, that we communicate them to our customers. If the idea of sustainability naturally seeps into product descriptions and customer service at stores, a deeper level of trust will arise from the shopping experience. I believe the ability to communicate to customers is what will serve as the foundation of corporate value.

Kumagai I think the ability to spread sustainability based on outstanding customer service is exactly where the Company's strength lies. At a time when all companies are struggling to convey sustainability's importance, UNITED ARROWS shows great promise as a communicator of sustainability in the fashion industry. As a retailer, its unique strength in customer contact points can act as a major weapon for relaying information.

Tamai While we aim to raise our ratio of environmentally friendly products to 50% by FY2030, currently it is in the 8% range. There are certain difficulties, such as in selecting prices and materials and navigating trends, but I'd like for us to communicate a powerful message both inside and outside the Company.



Kumagai Environmentally friendly products are not a mere trend, but rather an embodiment of the Company's stance. The brands' trustworthiness and loyalty will increase as store staff members understand and tell customers about the background story of the products. I also have high hopes for the Company's digital communications. In addition to customer service at stores, I'd like to see an increase in opportunities for employees to talk about their product stories and environmental initiatives through videos and such on social media and Company websites.

Human capital investments and new schemes

Tamai Right now within the Company we are discussing ways to evaluate the effects of investments in human capital. This fiscal year we are focusing on improving engagement among mid-level employees in particular, and we are revising our schemes relating to that and to compensation. I feel like we need to work harder to establish a corporate culture in which we flexibly update our systems as needed in response to employees' needs.

Kumagai Because productivity per person links directly to profit in the retail industry, the issue of human capital can in fact be considered a financial issue. It is crucial to optimize not only outstanding human resources but also those who are still in the process of developing, and to have mechanisms that keep the

PDCA cycle going based on engagement and on indices such as retention rate and productivity.

Tamai In addition to the qualitative side, we will strengthen data-based evaluations. Moving forward, we will be verifying the effectiveness of training programs and visualizing career paths, with the hope of creating an environment where employees are keenly aware of their own growth. I also think it's important to energize our internal communication through initiatives such as holding workshops to nurture store staff members' storytelling abilities and sharing success stories using internal bulletins and our intranet. As the quality of our human resources is linked directly to the brand experience, it goes without saying that we will continue investing in people.

Kumagai I am hopeful that companies such as UNITED ARROWS LTD. will drive reform in the industry as a whole. The ability to not merely make efforts but actually communicate, as well as the ability to incorporate that communication into the Company's mechanisms, will be important elements that affect corporate value. I would like to see the Company be more proactive about its responsibility and its potential as a communicator.

Tamai Thank you for your valuable comments today. I am humbled to learn of the suggestions we can obtain from an ESG standpoint and the role that is expected of us in society. By working hand in hand with our customers, employees, and business partners, I would like us to continue to be a company that brings a positive impact to bear on society as a whole.

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SARROWS

UNITED ARROWS Sustainability Activities

SARROWS is an original word coined by combining ARROWS, the nickname of UNITED ARROWS, with the “s” of sustainability. We have made SARROWS the watchword for our sustainability activities as we want to promote sustainability activities together with our customers and business partners and to give a sense of familiarity with the activities. In 2022, we established three activity themes and related numerical targets.

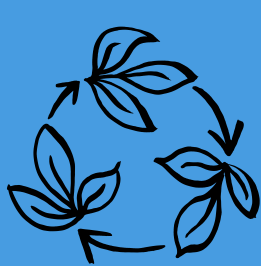
Our themes are circularity, which pursues circular fashion, carbon neutrality, which aims for a beautiful earth forever, and humanity, which supports these activities in a healthy manner. These are topics of great interest to customers and other stakeholders, which the Company and the fashion industry must focus on.

We will promote the SARROWS initiative together with everyone related to the Company, aiming for a future where people live with a richer mind.

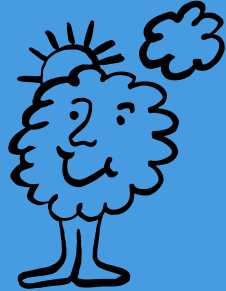
[United Arrows Sustainability Activities](#) →



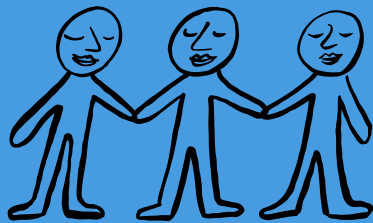
SARROWS™



Circularity
Circular fashion



Carbon Neutrality
Toward a carbon-neutral world



Humanity
Work and live in a healthy way

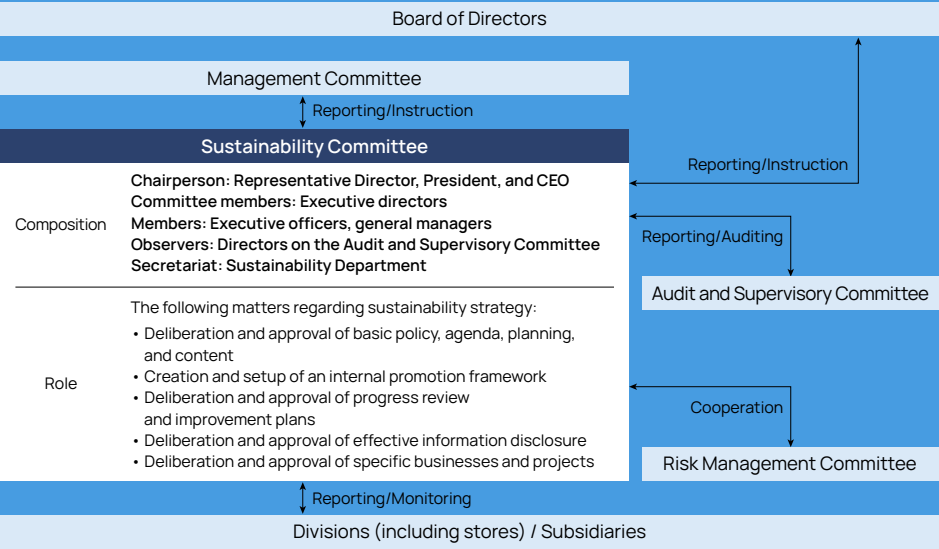
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Sustainability Promotion Framework

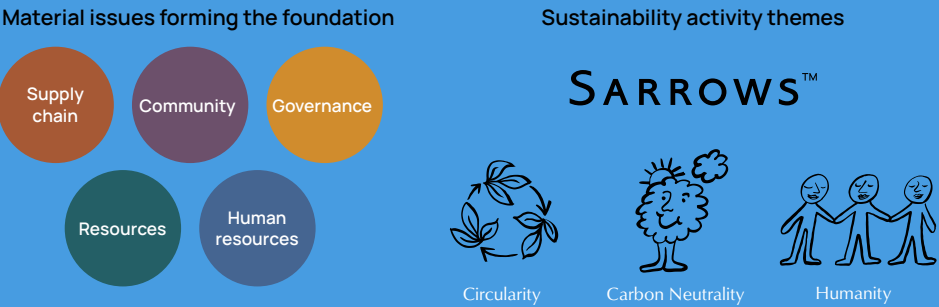
The Company conducts sustainability activities centered primarily around the Sustainability Committee, which is chaired by the representative director, president, and CEO. Of the initiatives deliberated by the committee, those requiring decision-making by management are deliberated and decided upon by the Management Committee, which is the upper body. Moreover, once per year, the chief sustainability officer (CSO) reports the initiatives to the Board of Directors. The Board then carefully reviews the report's contents and gives its final approval, and afterwards it continues to supervise and manage progress.

We also proactively incorporate outside views, and in FY2024, we implemented talks for ESG investors with the CSO, the IR Department manager, and the Sustainability Department manager. We discuss employee management, human rights in the supply chain, and environmental issues such as product disposal, among others.



Identification of material issues and SARROWS

In 2020, the Company identified five themes and 16 material issues based on international frameworks and industry targets. Based on these material issues, under SARROWS, the Company has selected three items that are of particular interest to customers and society and has defined them as activity themes.



[Sustainability management \(Information on material issues\)](#) →

External evaluation

The Company's initiatives, centered around SARROWS, were evaluated in February 2025. CDP, an international nonprofit organization that provides environmental information disclosure systems, ranked our initiatives in the field of climate change at a management level (B) and those in the water security field at a leadership level (A-). Moreover, in 2024 we were selected for the first time as a Supplier Engagement Leader in the CDP Supplier Engagement evaluation, and we also appear among the stocks that make up the following ESG indices.



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Circularity

Circular Fashion

Striving to make a positive impact on the earth with fashion, UNITED ARROWS LTD. aims to create fashion that is in harmony with nature and is continually reborn.

KPI	2024 Results	2030 Targets		2024 Results	2030 Targets
Disposal rate of textile products	0.01%	0.00%	Ratio of environmentally conscious products	8.8%	50.0%
Disposal rate of all products	0.10%	0.10%			

Impact on society, the environment, and business

Procuring the proper amount and selling without loss

- Procuring the right quantity of products and selling them without waste will minimize disposal of leftover inventory and help improve our full-price sales ratio and our gross sales margin

Rolling out environmentally friendly products

- This reduces the burden on the environment and ecosystem when we procure products, as well as generating added value for products and creating value for customers

Minimization of product disposal

Waste-free production and sales

In the fashion industry, mass production based on the premise of mass consumption has become a major issue. To solve this issue, we are focusing in every phase, from planning to sales, on minimizing the number of products that need to be disposed of. Setting the key performance indicators (KPIs) at two levels, one for textiles and the other for overall products, we have established precise targets and are managing our progress closely. Defective products (B items) in particular occur easily during store display arrangement or try-ons, so we are making sure that our staff handle products with care and that they encourage customers to wear face covers when trying items on. We are striving to control B item occurrence with the cooperation of customers.

We also continue to use the revamped B item decision flow established in FY2023. The store shares information online with a specialized department, and then it sends only the necessary products to the headquarters, thereby reducing the environmental and human burden associated with disposal and shipping. Moreover, quicker decisions on B items enable us to discern sooner which items are sellable, which in turn allows us to capture sales opportunities at the appropriate timing. As a result, it helps improve the full-price sales ratio.

Main initiatives and effects

Phase	Initiatives	Effects
Planning & development	Develop all-season products	Reduction in product disposal stemming from seasonal product replacement
Production	Manage production based on an elaborate sales forecast	Curbing of surplus inventory
Sales	- Sell at the right opportunity, integrating online and offline - Control occurrence of B items when arranging displays or during try-ons - Improve efficiency and save labor on B item decisions, and recycle B items	Reduction in product disposal due to damage

Thorough quality control

To minimize product disposal, it is also important to reduce the number of substandard products that do not meet the quality requirements. In order to ensure product quality, we regularly hold quality control (QC) meetings with contract factories that manufacture our private label brands. In FY2024, we held individual meetings at a total of 26 factories in Japan and abroad.

We exchanged views on examples of product defects and specific measures to prevent them from occurring and improve technological capability. Through such communication, we continue to advance mutual understanding between the Company and our business partners and strive to improve product quality.

Service, products, and places: This is what a quality and safety management system geared toward sustainability looks like. So customers feel secure about using things for a long time. →

Utilization of in-stock and substandard products

We carry out a variety of initiatives aimed at minimizing product disposal, but there is always a small amount of products that we cannot manage to sell within the Company. In order to avoid those products' disposal, we collaborate with business partners to sell and remanufacture them. By proactively cooperating with other companies who share the same will, we believe we will also contribute to raising awareness and encouraging action on the part of customers.

In addition, as a new initiative for the Company, we are selling substandard products, repaired items, and sample items at the UNITED ARROWS LTD. STORE newly opened in July 2025 (located at the head office).

Participation in sustainability programs

- PASS THE BATON MARKET (Smiles Co., Ltd.)
- KISARAZU CONCEPT STORE (Mitsui Fudosan Co., Ltd.)
- Sakai Town Community Creation Program (Sakai town, Ibaraki prefecture)

Remanufacturing items through repair

- Repairing items through a partnership with airCloset, inc.

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Environmentally friendly product development and recycling

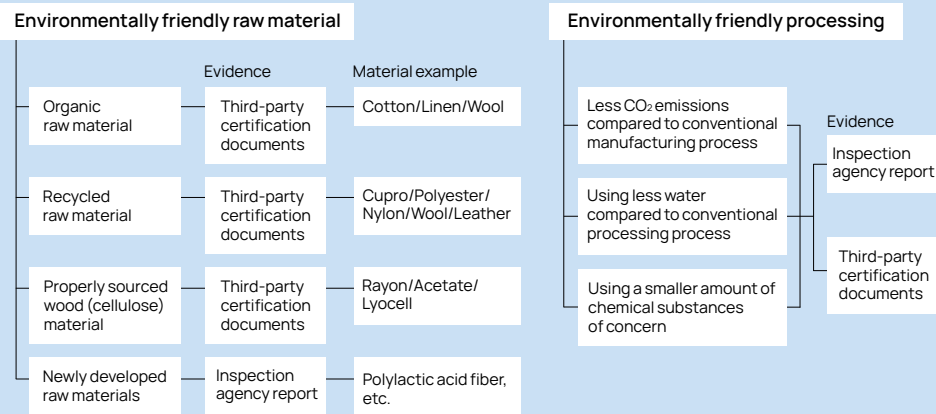
Product development using environmentally friendly materials

In our product planning and manufacturing, we proactively incorporate materials that contribute to reducing the environmental burden. Not only is this initiative an important theme for sustainable management, but we view it as a value creation opportunity that generates new demand for the Company's business activities. In FY2023 we changed to a stricter method for calculating our ratio of environmentally conscious products, which is one of our KPIs.

Eco-friendly products as defined by UNITED ARROWS

- In principle, those that satisfy one or more of the following three categories.
- Body material: Using at least 20% eco-friendly material
 - Submaterial: Using at least 20% eco-friendly material (When used only as a submaterial, it cannot be displayed on the product)
 - Environmentally friendly processing

The SARROWS tree



Thoroughly ensuring non-use of regulated chemical substances and giving consideration to safety and the environment

We cooperate with our business partners to thoroughly ensure that prohibited or regulated chemical substances are not used in our products. One example of these is a specific aromatic amine (azo compound) that is regulated both in Japan and abroad. The Company has established non-use of azo compounds as an item requiring confirmation before purchasing materials, and if it is found to have been used, that purchase is prohibited. For our private label brands in particular, we require the submission of such documents at the level

of fabric manufacturers and dyeing factories for all relevant materials, thereby thoroughly ensuring that the prohibited substances are not used.

As of March 2025, compliance with non-use of azo in products we carry is 100%. And the new core management system also includes a mechanism that allows us to check and monitor whether or not azo compounds are used.

Consideration for traceability and animal welfare

We have formulated a policy on traceability and animal welfare and are implementing our initiatives in stages. For the spring/summer and the fall/winter seasons in 2024, we implemented the following with regard to materials and components containing the relevant ingredients.

- Original products, OEM products (handled on a part number basis)
 - Cotton: We obtain consent from business partners to exclude materials that clearly contain Xinjiang cotton (acceptance rate 100%)
 - Angora, mohair, down (feathers), fur: We obtain consent from business partners to abide by the condition of appropriate rearing and gathering (acceptance rate: 100%)
- Products purchased and procured (handled on a purchased brand basis)
 - Angora, mohair, down (feathers), fur: We obtain consent from business partners to abide by the condition of appropriate rearing and gathering (acceptance rate: 100%)

Reuse/recycling of unwanted clothing

In addition to green label relaxing's project for collecting feather products year-round, twice yearly we hold UA RECYCLE ACTION, with participation from all brands. A total of 18,515 customers participated in FY2024's UA RECYCLE ACTION, and we collected 13,443 kg of clothing, shoes, and bags. The clothing we collected will be reused in Japan and abroad through collaborations with partner companies or recycled and utilized as new resources.

Providing products and services that are loved and used for a long time

Selling durable and high-quality products at reasonable prices that customers will use for a long time helps to not only curb product disposal but also improve the sustainability of the entire supply chain. In our development and sales of original products, we carefully establish quality criteria and functionality label criteria. Along with enhancing the products' durability, we also communicate matters such as how to use them. In addition, we have positioned repair service as an important value to provide, and we are actively providing and publicizing a variety of services.

Service, products, and places: Continuing to use beloved products with care for a long time brings joy, and the repair approach lets us share that sense of value. →

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Spotlight

Making sustainability a new value
—The future of fashion
we strive for across all our brands—



Yoshinori Kitamura

MD / Production Sect., Women's Merchandising Dept., GLR Div. Sustainability Dept., Corporate Strategy Div.

Joined UNITED ARROWS LTD. in 2018 after working at several apparel companies. Since then, he has been responsible for fabric development for green label relaxing (GLR)'s private label brands. Since March 2025 he has also served in the Sustainability Promotion Department, where along with fabric development for GLR, he also participates in the development of environmentally friendly products for UNITED ARROWS LTD.

A fabric discovery that has changed how we view manufacturing

In 2019, I happened to see on the news that Spiber Inc. had developed a material called "Brewed Protein™ Fibers." This innovative material based on plant-derived raw materials and produced by microbial fermentation using Spiber's proprietary technology has a premium texture but is easy on the environment, and it made a tremendous impact on the way we look at manufacturing. At that time, there were still a lot of problems in terms of the production system and costs, so we were unable to introduce it right away. But then Spiber expanded its production sites, and once the supply and demand structure got sorted out, talks picked up again. And in 2024, we were able to sell knitwear made using Brewed Protein™ Fibers thanks to a three-way alliance including Spiber, OKUYAMA MERIYASU LTD., and UNITED ARROWS LTD.

In the wake of this success, after much discussion internally, we reached a consensus that the next step would be to roll it out in our private label brands. There are many different environmentally friendly materials, but if you compare Brewed Protein™ Fibers to cashmere or wool, for example, its environmental impact in terms of indices like GHG emissions and water use is overwhelmingly lighter, and the material itself is also environmentally degradable, so I feel like it could enable us to address the environmental challenges facing the fashion industry from the standpoint of material.

However, there is a problem. While this material has a premium texture similar to silk or cashmere, it is still expensive, and there are still hurdles to using it in mass quantities in a large number of products. That is all the more reason why brands like ours that offer high added-value products and have customers who understand that value should create opportunities for it to catch on.

Product development that leverages the uniqueness of each of the 6 brands

In product development, the issue of lots makes it difficult to have many different varieties of colors and fabric, so using the same fabric for multiple brands was a precondition. It was unprecedented for brands with different price ranges and customer bases to conduct product development using the same fabric, so the first thing we did was consider what sort of fabric development we should do. The result was a decision to base our development on 60/40 cloth, as it is a material that allows any brand to express themselves freely. 60/40 cloth refers to a cotton blend fabric developed in the 1960s made with 60% cotton and 40% nylon, and it is used widely, particularly for things like outdoor wear. Because it is a very authentic fabric, we determined that it would also offer a high degree of design freedom.

However, the actual fabric development was not easy. Brewed Protein™ Fibers is a material that's unknown to both fabric and dye manufacturers, and each and every step of the dyeing and processing and such involved a great deal of trial and error. With Spiber's cooperation, we held all kinds of talks and finally settled on doing the weaving at the Fukui plant and the dyeing in Bishu. Once the fabric was finally finished, it had a distinctive sheen and high-end feel that genuinely inspired new possibilities.

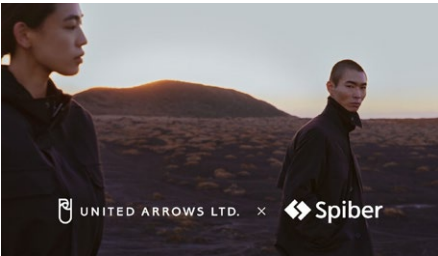
Using this fabric, we created 15 items that leverage the unique features of each of the Company's six brands. The price was a little high, but most customers recognized its value, and some products even sold out prematurely.

We would like to create an opportunity through this project to ask ourselves what the future of fashion should be like, as opposed to mere product development. Moving forward, we would like to partner with other like-minded companies and further broaden our efforts. If the material's production volume and popularity increase and its cost goes down, Brewed Protein™ Fibers will become a more common choice and should allow us to contribute to greater sustainability in the fashion industry overall.

If UNITED ARROWS LTD. is recognized as a leader in sustainable fashion, this will help increase the brand's credibility and improve our long-term corporate value. We will keep this lofty ambition in mind as we continue this initiative.

Service, products, and places: UNITED ARROWS and Spiber collaborated on 15 items across our 6 brands. Efforts toward sustainability through fashion. →

UNITED ARROWS INTEGRATED REPORT 2024
Brewed Protein™ Fibers feature →



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Carbon Neutrality

Toward a Carbon-Neutral World



To preserve our beautiful earth, UNITED ARROWS LTD. works to create a carbon-neutral world in line with the Paris Agreement, an international framework.

KPI

	2024 Results		2030 Targets
Reduction rate of CO ₂ emissions Scope: Stores and offices (Scope 1 & Scope 2) vs. FY2019	32.5% Reduction	→	30.0% Reduction
Reduction rate of CO ₂ emissions Scope: Supply chain (Scope 3) vs. FY2019	2.8% Increase	→	15.0% Reduction
Ratio of renewable energy Scope: Stores and offices (Scope 1 & Scope 2) Number of locations using renewable energy / Number of locations	24.6%	→	50.0%

Impacts on society, the environment, and business

- Reduce greenhouse gas emissions to help curb the advance of global warming and alleviate climate change.
- Avoid future cost increases as a preemptive response to the strengthening of regulations, etc.
- Improve the brand's trustworthiness and value through our carbon neutral initiatives and highly transparent information disclosure, thereby improving our competitiveness.

Third-party assurance

To ensure the reliability of our report's contents, we have obtained third-party assurance from SOCOTEC Certification Japan regarding our CO₂ emissions (Scopes 1, 2, and 3) and the amount of water intake.

[Independent third-party assurance report](#) →

Reduction of greenhouse gas emissions

Set targets and obtained SBTi approval

As part of our SARROWS initiative, we established FY2030 reduction targets for greenhouse gas emissions. These targets obtained SBTi* approval, verifying that they are consistent with the levels required by the Paris Agreement. The target for Scopes 1 and 2 was assessed as a level well below 2°C, and that for Scope 3 as a level below 2°C.

* Science Based Targets initiative: An international initiative that validates indicators such as the greenhouse gas emission reduction targets set by companies.

Proactive introduction of renewable energy

As electric power has become greener in large shopping complexes and such, the rate of renewable energy use in the stores and office buildings the Company occupies rose to 24.6% in FY2024, nearly double that of the previous fiscal year. We operate as tenants in about 99% of the Company's sites, so we will continue talking with developers to encourage proactive introduction of renewable energy.

Monitoring and publicizing our carbon footprint

With the aim of reducing greenhouse gas emissions across the entire supply chain, we participated in the Ministry of the Environment's "Model Projects for Carbon Footprint of Products and Services" in 2022. In that initiative, we calculated the CO₂ emissions of one of the Company's staple products, from production to disposal, and we are utilizing those results as an index for planning and production.

[Carbon Footprint Report \(in Japanese\)](#) →

Creating a rich forest together with customers

We are implementing SARROWS Reduce Action, an effort to grow forests together with our customers. Every time a customer brings his/her own bag when shopping, the Company donates ¥10 to the Creating Diverse Forest Project carried out by the General Incorporated Association More Trees, as well as offering UA Club miles to customers who participate. In FY2024, 244,394 customers took part, a sharp increase from the previous year, and donations totaled ¥2,443,940. Information on these activities is available at our stores and on our website.

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Support for the TCFD recommendations and information disclosure

Climate change is an important management issue in our business activities. In order to tackle the issue in a Company-wide effort, the Sustainability Committee sets policies and targets related to climate change, deliberates on initiatives, and reviews progress. In 2022, UNITED ARROWS endorsed recommendations by the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board, and analyzed the impact of climate change on our business.

UNITED ARROWS has set targets for reducing greenhouse gas (GHG) emissions in FY2030: 30% for Scope 1 and Scope 2, and 15% for Scope 3 (consolidated, compared to FY2019).

In FY2024, Scope 1 was 558 t-CO₂e, Scope 2 was 6,920 t-CO₂e (market-based), and Scope 3 was 343,651 t-CO₂e (each on a consolidated basis).

For the purpose of improving the reliability of our calculation data, we had a third party verify our FY2024 GHG emissions (for Scopes 1, 2, and 3). We will continue working to reduce GHG emissions to achieve the targets. Also, in the wake of the disclosure requirements related to climate change having transitioned from the TCFD recommendations to the ISSB standards, we will further enrich our disclosure related to climate change response while keeping an eye on trends in disclosure requests.

Disclosures based on the TCFD recommendations →

Scenario analysis

	Scenario assumption for 2030	No.	Risks and opportunities	Risk category	Impact	Response strategies
4°C scenario	Temperature increase cannot be kept under control, precipitation and weather patterns are changing significantly, and damage from natural disasters is increasing. Farm crops and livestock products are also greatly affected. Customers are becoming more mindful about disaster prevention, and demand is increasing for functional products that respond to changes in the living environment such as heat waves and hot weather.	1	Decrease in sales due to damage to product manufacturing sites, interruption of distribution, and closing of stores resulting from abnormal weather	Physical risks (acute)	¥413 million	On-going BCP
		2	Increase in costs due to impact on production of product raw materials resulting from abnormal weather and average temperature increases	Physical risks (acute and chronic)	Large	Diversification of procurement risks and verification of alternative materials
		3	Decrease in sales due to late response to change in customer needs resulting from abnormal weather and average temperature increases	Transition risk (market)	Small	On-going marketing and verification of measures
		4	Creation of demand for related products that accommodate environmental changes in everyday life; enhancement of reputation	Market (opportunities)	Large	On-going marketing and verification of measures
Below 1.5 to 2°C scenario	Regulations on carbon emissions, introduction of a carbon tax, policies on emission reduction targets, and energy conservation policies have been strengthened. Product procurement costs and store operation costs are affected by taxation. Although temperature increase is kept under control, precipitation and weather patterns are undergoing certain change. Customers are becoming more environmentally conscious, and demand for sustainable products is increasing.	1	Increase in operational costs resulting from introduction of greenhouse gas emission reduction policies, such as carbon tax and carbon pricing	Transition risk (policy and regulation)	¥2,326 million	Promotion of CO ₂ emission reduction
		2	Decrease in sales due to damage to product manufacturing sites, interruption of distribution, and closing of stores resulting from abnormal weather	Physical risks (acute)	Medium	On-going BCP
		3	Increase in costs due to impact on production of product raw materials resulting from abnormal weather and average temperature increases	Physical risks (acute and chronic)	Medium	Diversification of procurement risks and verification of alternative materials
		4	Decrease in sales, deterioration of corporate image and reputation due to late response to change in customer needs such as increasing demand for sustainable products arising from heightened environmental consciousness	Transition risk (market)	Small	On-going marketing and verification of measures
		5	Creation of new demand by offering sustainable products and conducting sustainable activities that involve customers; enhancement of reputation	Market (opportunities)	¥3,222 million	On-going marketing and verification of measures

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Humanity

Work and Live in a Healthy Way



For every stakeholder of UNITED ARROWS LTD. to smile, we will protect everyone's rights and create a healthy living environment.

KPI	2024 Results	2030 Targets
Ratio of consent forms acquired regarding Code of Conduct for Business Partners Number of companies consenting / Number of companies with which we have transaction records	77.2%	→ 100.0%
Employee engagement score Employee Net Promoter Score (eNPS) Index that quantifies employee engagement	-45.6	→ -40.0
Employee awareness survey positive response rate Average positive response rate for motivational factors such as feelings of accomplishment and approval associated with one's job	73.8%	→ 80.0%
Percentage of females in managerial positions of section chief or above Targets based on the Act on the Promotion of Women's Active Engagement in Professional Life	28.1%	→ 30.0% or more
Percentage of females in managerial positions of store manager or above Targets based on the Act on the Promotion of Women's Active Engagement in Professional Life	34.5%	→ 40.0% or more

Impacts on society, the environment, and business

Respect for human rights

- Respect human rights in the supply chain to prevent serious human rights violations from occurring
- Contribute to consistent productivity and quality, and reduce reputation risks

Improving work environments

- Provide environments where people feel secure while working, thereby helping to improve employee motivation
- Strengthen employee engagement to increase the gross sales profit per person

Respect for human rights

Formulation of UNITED ARROWS Group Human Rights Policy

In 2023, we formulated the UNITED ARROWS Group Human Rights Policy based on the Universal Declaration of Human Rights, the International Labour Organization (ILO) core labor standards, and the United Nations Guiding Principles on Business and Human Rights. We encourage each officer and each employee of the Group to understand and comply with this policy, respect the human rights of all stakeholders involved in our business activities, and take the initiative in acting for human rights. In FY2025, we plan to implement training aimed at improving employees' knowledge and awareness with regard to human rights.

[UNITED ARROWS Group Human Rights Policy →](#)

Human rights due diligence

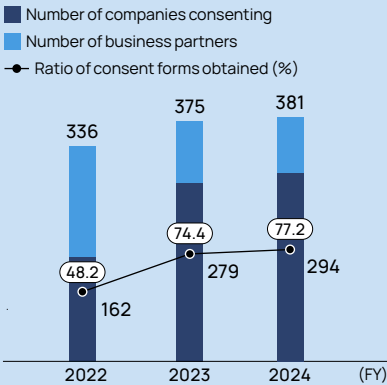
In order to strengthen initiatives to respect human rights, the Company is carrying out human rights due diligence. In 2023, we performed a thorough examination of human rights issues across the entire value chain. We identified personal information violations, forced labor, and child labor as three particular risks requiring a response. Since then, we have proceeded with plan formulation and execution, monitoring, and information disclosure regarding these specific risks.

Formulation of Code of Conduct for Business Partners in Goods Procurement and acquisition of consent forms

Following the formulation of UNITED ARROWS LTD.'s CSR Guideline in 2017, which includes provisions pertaining to the prohibition of child labor, the elimination of discrimination, and legal compliance, we have obtained consent forms from contract factories. In 2021, the Code of Conduct for Business Partners in Goods Procurement was newly formulated to improve transparency in the supply chain and prevent human rights violations. We aim to obtain consent forms from all domestic and overseas business partners to whom we outsource the production of our private label brands. As of March 2025, we had reached a 77.2% ratio of consent forms obtained, but since growth in that ratio has stagnated somewhat, in FY2025 we will strive to promote submissions through careful communication with our business partners.

[Code of Conduct for Business Partners in Goods Procurement →](#)

Number of business partners and ratio of Code of Conduct consent forms obtained



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Field audits on business partners’ factories in Japan

With the goal of establishing a sound manufacturing environment, based on the CSR Factory Audit Requirements announced by the Japan Apparel Fashion Industry Council, we contract a third-party organization to conduct field audits on human rights, labor environment, and environmental protection. In FY2024, we audited three domestic garment factories covering a total of 124 issues such as wages, working hours, and safety and health. The audit results did not confirm any non-conforming matters requiring urgent improvement, but they did point out the need for continuous improvement in equipment management. The Company will follow up on these matters by providing the relevant information, etc., and working together with our business partners to make improvements. As of March 2025, our field audit coverage ratio for original products in Japan (based on the number produced) since beginning such audits in 2022 had reached about 40%. Factories who have been audited have shared comments such as, “Through the audit, our awareness of human rights and working environment has increased and it served as an opportunity to obtain the necessary wisdom and information,” and “It also helped strengthen the Company’s competitiveness.” Moving forward, we will continue to strengthen the Company’s supply chain and also contribute to raising the standard for the industry overall.



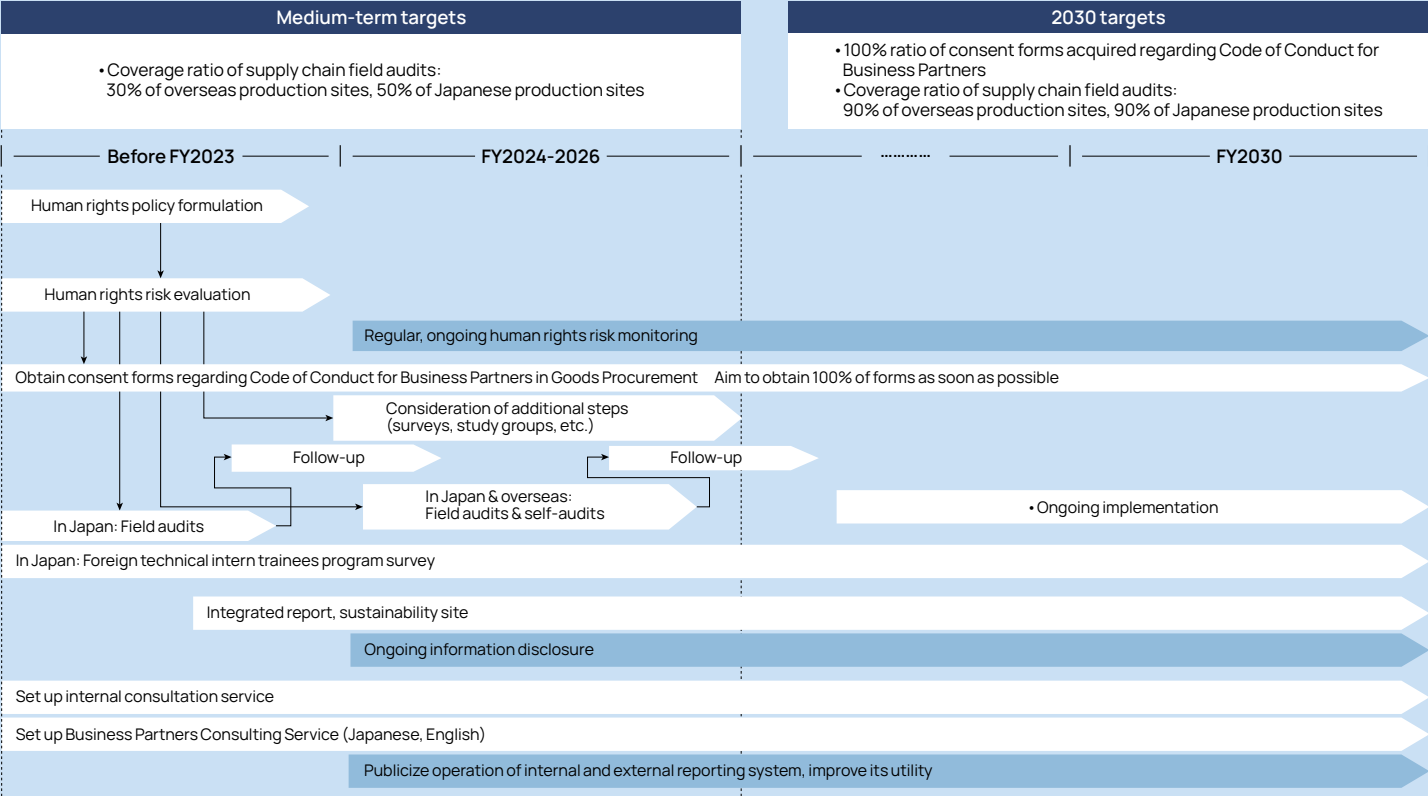
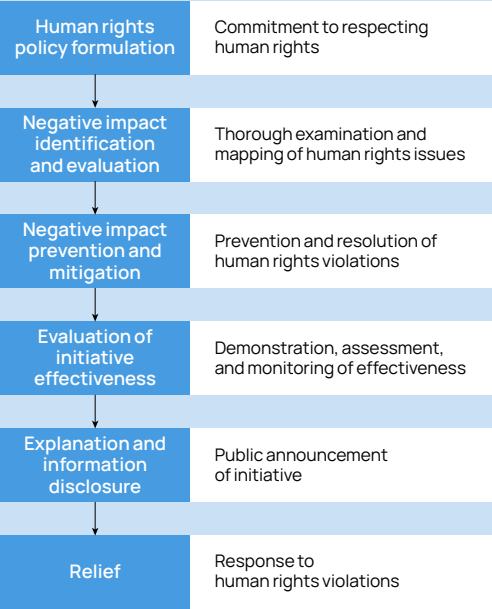
Service, Products, and Places:
The ideal relationship SARROWS strives for in a manufacturing collaboration. →

Factory audit report for JIKKŌ Co., Ltd. We introduce how the communication and shared awareness developed through the audit is building a relationship of trust.

Questionnaire for foreign technical intern trainees

An important issue for Japanese society and UNITED ARROWS LTD. is protecting the human rights of non-Japanese nationals working as technical interns in Japan. Because our business partners’ factories enlist a large number of foreign technical interns, in order to prevent human rights violations and ensure a fair work environment, we have conducted annual surveys since FY2021 in the form of questionnaires about these interns’ acceptance and working environment. In FY2024, we postponed the survey due to system modifications, but from FY2025 onward, we are incorporating items such as “use of the specialized technical skill schemes” into the self-audits targeting all factories, and we plan to conduct continuous surveys and monitoring.

Roadmap of human rights response in private label brands’ supply chain



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Promotion of diversity, equity, and inclusion

The UNITED ARROWS Group is committed to creating a workplace environment where everyone can work fairly and equitably, regardless of age, gender, nationality, religion, or gender identity, and we offer every employee opportunities to grow and realize their full potential.

Promotion of women's active professional engagement

As part of our promotion of women's active professional engagement, we are focusing on strengthening female participation at all levels of management. At the end of March 2025, the ratio of women in management positions (section chief or above) was 28.1%, an increase of 1.2 percentage points from the previous fiscal year. Contributing factors include a growing awareness of career development among women and an increase in the proportion of women among candidates for management positions. In terms of the gender wage gap in FY2024, if men's salaries are equated to 100%, women's stand at 75.2%*. We will continue to promote objective, fair, and equitable personnel appointments by fostering career development awareness and reviewing our systems.

* The gender wage gap also includes the effect that about one-fourth of female full-time employees use the short working hours system for childcare.

Support for professional engagement of challenged individuals

We also proactively hire and support challenged individuals (those with disabilities) and are striving to create an inclusive workplace environment. Since FY2012, we have cooperated with Startline CO., LTD., which provides consulting for hiring and supporting challenged individuals. With Startline's assistance, we have hired a professional provider of such support full-time and set up an office where challenged individuals can get help at any time, thereby providing a framework where they can thrive in roles that suit their individual aptitudes. We also participate in Startline's IBUKI program, an indoor garden-style hiring and support service for challenged individuals. We have eight staff members with disabilities working in their garden. These initiatives have led to an increasing number of challenged individuals being employed across diverse positions, and as of June 1, 2025, these individuals represented 2.63% of all our employees, exceeding the statutory employment rate.

Enriching work-life balance

In order to support employment in a variety of life stages, we began working early on to improve our working systems, such as with short working hours. Because of our efforts, the career break for caring responsibilities is limited, and the percentage of women who return to work after parental leave remains close to 100%. Also, we have established a system in which men can take paternity leave and divide leave into separate terms so that men can actively participate in childcare and other life events. The percentage of men taking parental leave in FY2024 was 47.1%, an increase of 2 percentage points from the previous fiscal year. In addition, we are expanding our systems to add leave systems for matters like infertility treatments and nursing care as well.

Service, products, and places:

What are some good changes in the home and workplace that arose from taking parental leave? →

Ensuring a safe and secure workplace environment

Creating a safe workplace environment

To improve safety and health, at stores with between 10 and 50 people, we have appointed health promoters and safety promoters, and for stores and offices with 50 people or more, we are having workplace patrols performed by a person responsible for the store, a public health nurse, or an occupational health physician. Also, once every month, we hold a health committee meeting, where we review industrial accident reports and work styles and systems as well as hold demonstrations of AEDs with the cooperation of local fire departments, for example.

Consideration for health

We conduct yearly stress checks and are committed to mental health care. Also, we provide regular reminders in order to increase the ratio of health checkups received, and in FY2024, 99.8% of employees had a regular health checkup. Through these sorts of activities, we are committed to early detection of health risks, both physical and mental. In addition, we conduct regular progress checks and provide alert notifications as measures to prevent and deter long overtime hours, as we strive for compliance with the provisions in Article 36, the Labor Standards Act.

Creating a pleasant work environment for LGBTQ+ employees

To ensure that LGBTQ+ employees can feel comfortable being themselves at work, we started an initiative that allows employees to apply some of the welfare schemes available to spouses in a legal marriage to same-sex partners as well. In addition to LGBTQ+ employees, those in unmarried partnerships are also eligible to use these schemes.

Labor relations

The Company does not have an organized labor union, but thanks to regular implementation of things like town hall meetings with the representative director and president and employee opinion surveys, as well as the establishment of various types of contact points, labor relations are proceeding smoothly.



Town hall meeting

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Conversation Among Outside Directors

Governance that nurtures growth
A conversation about present
and future management

Features of corporate governance

Nishiwaki I have served as an outside director for one year now, and I am again reminded of the fact that the Company's management team has a truly outstanding feel for what's going on at the ground level.

Takano Yes, I agree. They don't waste time when making important decisions, and I think they coped flexibly with the systemic changes that occurred around the COVID-19 pandemic. I am also impressed with the fact that, in the Board of Directors meetings, we have been able to have discussions that focus on matters such as medium- and long-term policy and investment.

Kurahashi There are some areas where I feel like discussion is overemphasized and there is not enough prompt, top-down decision-making. But that is likely due to a well-established culture that respects individual views and holds careful dialogue and discussions.

Nishiwaki The organization as a whole has a lot of dedicated, hard-working human resources, and from an audit perspective as a certified public accountant, as well, I can barely find any problems to point out. I think that shows that its organizational culture leaves little margin for improprieties to occur. However, with regard to future growth drivers such as the global, DX, and M&A fields, I think the management still lacks skill and experience. The Company needs to nurture and



Shiho Takano
Outside Director

Toru Nishiwaki
Outside Director

Yusaku Kurahashi
Outside Director

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secure the human resources who will be entrusted with these fields.

Takano While it is true that the current members lack experience in some areas, that also means that they have significant growth potential. Strengthening their expertise in each area may lead to further growth.

Kurahashi That is an important theme to consider in connection with the succession plan.

Board of Directors’ functions and outside directors’ involvement

Takano When we began studying the core product management system, we outside directors counseled that it should be viewed as an opportunity to revamp business processes as a whole, rather than simply replacing the system. In the end, the project system was quickly overhauled and changed to a promotion framework led by the president.

Nishiwaki Our role is to point out things that tend to be overlooked and things that are hard to notice when you’re inside the organization. People inside the Company know their own company’s business better than anyone, so we have to check whether there are any inappropriate behaviors or inconsistencies based on common sense and a social perspective.

Kurahashi The Company is constantly incorporating the ideas and views of institutional investors as well, through things like input from the IR team and direct dialogue. Based on that, we tell



them our views from an objective standpoint, and we also have in-depth discussions touching on governance of subsidiaries. It is also crucial to identify whether we are now in the discussion phase, or if we are at the stage where it’s time to establish a policy and take action. Even when we’re in the action stage, if it seems that action will be delayed out of fear of negative impacts, the Board of Directors must make a decision regarding systems and personnel matters.

Takano There may well be more than one business answer. No matter which of two options you choose, there is both a possibility of success and a possibility of failure. What matters is your outlook for the market and whether or not you choose decisively. I think there have indeed been comprehensive discussions on that point.

Venturing into new businesses

Kurahashi When it comes to new business as well, it is easy to just write a strategy; the keys to success are investing management resources, designing incentives, and arousing motivation. The Company is in a phase at this very moment where its level of commitment is being tested.

Takano In the apparel field, you can see that the Company is trying with all its might to succeed through investing in human resources, but outside of apparel there is still an element of caution, and I sense a gap in terms of the investment of resources and the level of commitment in the strategy. New businesses inevitably entail risk, and losses will occur for a certain period of time. Consequently, they may feel some confusion due to the differences from when they launch a business in the apparel field, where they have knowledge and can easily imagine profits.

Nishiwaki I think it’s worth it to try, even if it’s unknown whether or not they will succeed. But when doing so, risk

management is crucial. It is imperative to appropriately manage the risk in new businesses just as with apparel, establishing clear withdrawal standards and return plans.

Kurahashi When it comes to obtaining knowledge, M&A is an efficient means. But there are statistics showing that 80-90% of mergers end in failure, and I think UNITED ARROWS LTD. is being quite cautious in its screening. What we outside directors emphasize is the true objective a project aims to achieve. It is important to clarify whether it’s for cash flow or for synergy and to have a clear view of its strategic significance. What I want to know about a business plan is what practical points they’re focusing on and how deep their discussions with the other party have been, rather than how great it looks.

Nishiwaki What I eye closely is how appropriate the purchase price is, how realistic the plan is, and the process for integrating the business. Sometimes the integration doesn’t go well after the purchase, and the expected synergy doesn’t emerge. In order to prevent that sort of situation, I think another role of ours is to support coordination with corporate departments such as accounting, personnel, and legal affairs.

Takano The Company’s experience with M&As is still scarce, and there is not even a special department for it. While there is certainly a need to build a framework to implement the post-purchase processes, in some cases creating a specialized department shifts the goal to the actual M&As themselves. It is necessary to proceed in a way that doesn’t stray from the original goal.



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Achieving the long-term vision

Kurahashi We anticipate achieving the long-term financial target of ¥150 billion in sales from existing businesses a year earlier than planned, in FY2025. Because the target was part of the long-term vision formulated during the COVID-19 pandemic, when prospects were unclear, at the time it was difficult to imagine improving our top line significantly.

Takano The market's sensitivity also changed as a result of the inflation that came after that. The Company's main customer base experienced increases in income, and that shifted their preferences to buying good-quality products they could use for a long time, even if they were expensive. We need to reconsider how we set targets in our next medium-term management plan.

Nishiwaki The most critical issue is the approach to the younger demographic. As a company's history grows longer, its customers also become relatively older, so unless we devise measures to counter that, the brand will gradually weaken. How to preserve freshness and capture the younger demographic is key. I can sense from the ad strategy that's been implemented since last year that the Company is addressing this point with a sense of urgency.

Takano One thing I often point out is that what's important is not pandering to young people but rather offering new suggestions as a fashion company and putting out messages that convey freshness and surprise. If we can't give people a

sense of exhilaration, not only will we be unable to capture new customers, but the current customers will end up leaving too at some point. Branding has to be constantly evolved and improved. On-site employees make efforts every day and convey new information through customer service. Those in charge of new brand development are also eagerly trying their best. I think the management needs to take their efforts up a notch as well.

Nishiwaki People's abilities are essential in order to become a "beautiful company." When I visit stores every month and talk with store managers, I feel like they are swamped with pressing work duties and unable to demonstrate their creativity. The Company needs to create a mechanism that lets staff members step away from their workplace occasionally and interact with people in other professions, thereby establishing an environment where they can enjoy a broad perspective and generate new ideas.

Takano Providing customer service in stores serves as valuable experience in terms of human resource development. Dealing with sales every day with the customers and products right in front of you is the very essence of standing on the front lines of the business.

UNITED ARROWS LTD. has a plethora of outstanding human resources who have been nurtured in this sort of environment. Their ability to competently shape their careers and grow into the next generation of leaders will likely be directly linked to the Company's growth.

Nishiwaki The Company has also started building a comprehensive succession plan. This entails making a list of outstanding human resources in each age group, sharing their information across the Company, and providing education and training suitable to each individual. This is the first company I have seen that is brave enough to be open about this, and I hold that in high regard.

Kurahashi While this allows us to build long-term leadership, it is also necessary to ensure checks and balances on those holding long-term administrative power. In meetings of the Nomination and Compensation Committee and the Board of Directors, for example, in addition to studying management members' terms and strategies from a time perspective, we often engage in backcasting by discussing the state of the human resource pool and how human resource training is going. Moreover, we view sustainability as another theme that is directly linked to business. For example, reducing the inventory disposal rate has a direct positive impact on our profit margin.

Takano I, too, was surprised at last year's improvement in the disposal rate. Companies with this much commitment at the store level are rare. I suspect the way they achieved it was by the employees sensing changes in customers' mentality and behavior firsthand as they provided customer service day in and day out and then making efforts to respond to those changes. The question is often asked, "Whose company is it?" And I believe that in the retail business, it belongs to the consumer. All the employees are working to make the customers happy.

Nishiwaki While it is important to listen to what investors and various other stakeholders have to say, the most critical thing of all is continuing to face the customers head-on. That is absolutely essential in order to hold fast to the Company's principles.

Kurahashi Without core principles, all the businesses would become mere commodities. Moving forward, I would like to see UNITED ARROWS LTD. continue to provide its own unique value without wavering from the Company's core principles.



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Board of Directors (As of June 23, 2025)

Directors



Yoshinori Matsuzaki built his career as store manager and contributed to the development of the BY business. Subsequently, he led the Company's mainstay business and supervised all businesses targeting the trend-consciousness market. He assumed the position of representative director, president, and chief executive officer (CEO) in 2021, and he has demonstrated strong leadership as the highest-level decision-maker and supervisor of business execution within the Group's management. In order to achieve the long-term vision targets, he will continue to lead the Group overall toward reliable achievement of the current medium-term management plan, as well as in bringing further growth through the formulation and execution of the next medium-term management plan.

Attendance at Board of Directors meetings: 18/18 times (100%)
Attendance at Nomination and Compensation Committee meetings: 7/7 times (100%)
Years in office: 7



Tatsuya Kimura built his career as store manager and contributed to the development of the GLR business. He led the Company's mainstay business and supervised all businesses targeting the basic trend-conscious market. In 2018 he became a director and executive managing officer, and he has been responsible for supervising business execution related to the Company's supply chain. He has promoted the digital transformation (DX) of the Company's infrastructure, including the renovation of the Company's own e-commerce sites, digitalization of product procurement, and the transfer to the new core product management system, thereby contributing to improved operational efficiency and business productivity. Since 2022 he has served concurrently as representative director for the subsidiary COEN CO., LTD., and he is implementing measures for that company's regrowth. He will continue to supervise DX promotion measures from a medium- to long-term perspective, such as optimization of the supply chain and the steady operation of the core management system, in an effort to maximize the Group's value.

Attendance at Board of Directors meetings: 18/18 times (100%)
Years in office: 7



After joining the Company, Takeo Nakazawa built his career in the Finance and Accounting Department and contributed to the improvement of the Company's financial infrastructure, including accurate investment decision-making and risk control. In 2020, he contributed to the enhancement of the corporate value of the entire Group through the accurate allocation of investment in growth engines as executive officer responsible for the Finance and Accounting Department and the Planning and Management Department. Since his appointment as chief financial officer (CFO) in 2021 and as executive managing officer and CFO in June 2023, he has been responsible for supervising the Company's administrative functions, and based on his experience and expertise in finance, he helped the Company overcome the deterioration of its financial performance caused by the COVID-19 pandemic. He promotes finance-related strategies for the Group geared toward maximizing corporate value through the achievement of the medium-term management plan and the improvement of capital efficiency throughout the Company.

Attendance at Board of Directors meetings: 18/18 times (100%)
Years in office: 2



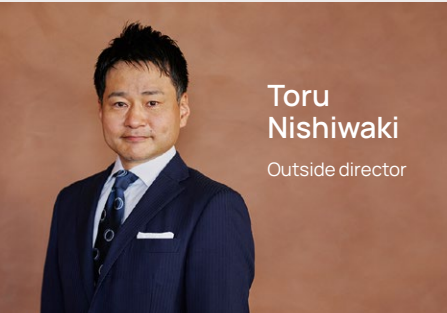
Kazuyasu Tanaka has greatly contributed to the development of the Company's women's label, utilizing his experience as general manager at other companies in the industry and managerial experience at an affiliate of the Company. After assuming the position of executive officer, general manager, Sales Management Division in 2021, he promoted improved profitability in the Company's mainstay business, was responsible for the supervision of merchandising functions, and promoted proper product procurement. In 2022 he became executive officer and chief merchandising officer (CMO) responsible for the New Development Office, and in 2023 he became a director and executive managing officer. Since then, he has supervised new business development overall with the aim of addressing the long-term management issues of expanding the age range of our customer base as well as our taste axis. He will promote measures to pioneer apparel brands in Japan and abroad and to develop non-apparel businesses.

Attendance at Board of Directors meetings: 18/18 times (100%)
Years in office: 2

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Directors (Audit and Supervisory Committee Members)



As a certified public accountant, he worked at an auditing firm performing audit work for multiple listed companies. After acquiring knowledge about listing and finance work at a securities company, he joined an operating company, where he experienced two listings and also gained experience in management supervision as chief financial officer (CFO). The Company appointed him in 2024 as a new outside director (Audit and Supervisory Committee member) in the belief that he would leverage this wealth of expertise and experience in the Company's supervisory functions. Moreover, he satisfies the Independence Determination Standards for Independent Officers set forth by the Tokyo Stock Exchange and the Company.*

Attendance at Board of Directors meetings: 14/14 times (100%)*
Attendance at Audit and Supervisory Committee meetings: 11/11 (100%)*
Attendance at Nomination and Compensation Committee meetings: 5/5 times (100%)*
Years in office: 1



Since launching Kurahashi Law Office, Yusaku Kurahashi has been engaged as its representative attorney in lawsuits and other dispute cases, M&A, corporate restructuring, and corporate legal affairs. He has broad experience, including participating in third-party committees in corporate scandal cases. In 2024 the Company reappointed him as outside director (Audit and Supervisory Committee member) in the belief that he would leverage his extensive specialized knowledge to enhance the Company's corporate governance and other matters. Moreover, he satisfies the Independence Determination Standards for Independent Officers set forth by the Tokyo Stock Exchange and the Company.

Attendance at Board of Directors meetings: 18/18 times (100%)
Attendance at Audit and Supervisory Committee meetings: 16/16 (100%)
Attendance at Nomination and Compensation Committee meetings: 7/7 times (100%)
Years in office: 5



Shiho Takano has a wealth of experience in marketing, branding, new product development and more, as well as extensive knowledge as a management executive for many years, acquired through her tenure in several operating companies in the food and cosmetics industries. In 2024 the Company reappointed her as outside director (Audit and Supervisory Committee member) in the belief that she would leverage her extensive experience and knowledge to offer objective and neutral advice, etc. on overall corporate management from a broad range of viewpoints that are not bound by the industry in which the Company operates and that she would help further strengthen the sound and effective management of the Company. Moreover, she satisfies the Independence Determination Standards for Independent Officers set forth by the Tokyo Stock Exchange and the Company.

Attendance at Board of Directors meetings: 18/18 times (100%)
Attendance at Audit and Supervisory Committee meetings: 16/16 (100%)
Attendance at Nomination and Compensation Committee meetings: 7/7 times (100%)
Years in office: 3

* This is the attendance status after assuming office as a Director on June 26, 2024.

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Executive Officers



**Shinya
Matsumoto**
Executive Officer,
Chief Creative
Officer (CCO)

After working in sales positions and being in charge of product planning, he then spent a long time as Brand Director. Through brand concept work and direction, he contributed to improving brand value by supervising such facets as products, interior decoration of stores, and ad visuals. He was appointed as chief creative officer (CCO) in 2021, and he is promoting measures linked to improving our corporate image, such as supervising Company-wide branding activities that appeal to the next generation, commercials and other advertising materials overall, and store interiors.



**Mariko
Yamasaki**
Executive Officer,
Chief Human Resources
Officer (CHRO)

After serving as department manager of the Company's Public Relations Department, she served in management roles for the Corporate Planning Department, the UA business, and the Human Resources Department, among others. She has demonstrated her skills in value improvement for intangible assets such as brands and human resources. Since being appointed chief human resources officer (CHRO) in 2023, she has worked to enhance human resources, including enhancing educational opportunities for employees and leveraging her strong communication abilities to strengthen engagement.



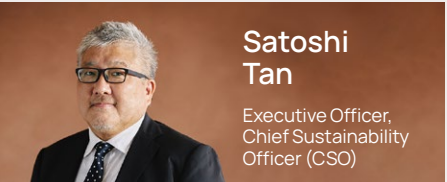
**Yuji
Suzumura**
Executive Officer,
Chief Information
Officer (CIO)

Having worked at a major distribution and retail business, an electronic components manufacturer, and a global corporation, he has a wealth of business and management experience and was responsible for the IT field. Since joining the Company, he has led large projects such as developing the e-commerce site and replacing the core product management system. He was appointed chief information officer (CIO) in 2023 and has led system development, such as the overhaul of the core product management system and renovation of customer management tools. He is responsible for DX promotion in IT infrastructure development, etc.



**Naoki
Tanigawa**
Executive Officer,
Chief Logistics
Officer (CLO)

Leveraging his experience at a major apparel company, he has supervised specialized fields including production, quality control, and trade. After becoming SCM Division General Manager, he expanded the scope of his management to logistics and overseas business promotion, and he concurrently serves as the director for Overseas Subsidiaries. He was appointed as chief logistics officer (CLO) in 2025 and is promoting workflow restructuring in association with the core product management system's reform, along with the formulation of medium- and long-term logistics strategies. He will also work to further improve our performance through enhancing supply chain efficiency.



**Satoshi
Tan**
Executive Officer,
Chief Sustainability
Officer (CSO)

He worked in the Accounting Department, then led the Investor Relations (IR) department for many years. As an IR specialist, he has contributed to improving the Company's external evaluations. His strong ethics and desire to contribute to society have earned him the trust of market participants. Since being appointed chief sustainability officer (CSO) in 2022, he has been responsible for supervising management strategy overall and promoting sustainability activities. At this year's general meeting of shareholders, he was selected as an alternate Audit and Supervisory Committee member, and he is now working to improve governance as well.

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Corporate governance initiatives

Composition of officers and committees and skills matrix

RoleName			Composition		Committees (● Committee members ● Observers)				Skills (◎ Main areas of responsibility ○ Areas with knowledge)													
			Outside Director	Female	Male	Audit and Supervisory Committee	Nomination and Compensation Committee	Sustainability Committee	Risk Management Committee	Compliance Committee	Corporate management	Store operation / Customer relations	Procurement/ SCM	Branding/ Marketing	R&D / New business development	E-commerce	Logistics	ICT/DX	Personnel/ Human resources development	Legal affairs / Risk compliance / Governance	Finance / Accounting / Taxation	Global
Directors	CEO	Yoshinori Matsuzaki			●		●	Chairperson	Chairperson	Chairperson	◎	○	○	○	◎				○		◎	○
		Tatsuya Kimura			●			●	●	●	◎	○	○	○		◎	◎			○		
	CFO	Takeo Nakazawa			●			●	●	●	◎							◎	◎	◎		
		Kazuyasu Tanaka			●			●	●	●	◎	○	◎	○	◎	○						
		Toru Nishiwaki	●		●	Chairperson	●	●	●	○									○	○		
		Yusaku Kurahashi	●		●	●	Chairperson	●	●	●									○			
		Shiho Takano	●	●		●	●	●	●	○			○									
Executive Officers	CCO	Shinya Matsumoto			●			●	●	●		○	◎	◎	○							◎
	CIO	Yuji Suzumura			●			●	●	●					○	○	◎					
	CSO	Satoshi Tan			●			●	●	●									○	○		◎
	CHRO	Mariko Yamasaki		●				●	●	●			○					◎				
	CLO	Naoki Tanigawa			●			●	●	●			◎				◎				◎	○

Reasons for skill selection

In 2023, based on discussions for the formulation of the long-term vision and the medium-term management plan, the Company took inventory of the necessary skill items. We reselected skills that will be particularly important in our future management, and we narrowed down the number of items and changed some of the skill descriptions. In the development of the skills matrix, as a select shop, we chose skills related to store operations, customer service, product procurement, and branding, as well as items of particular importance in the medium- and long-term strategy such as new business development, distribution, and global skills.

We have listed each person's role (main area of responsibility; presented as “◎” in the table) and what they have a high degree of experience in (areas with knowledge; presented as “○” in the table). While we will maintain a balance with a 12-officer system, including executive officers, we will also review and revise the necessary skill items and evaluation methods as appropriate, in accordance with the formulation of strategies such as those in the medium-term management plan and changes in the market environment.

Note: The above table does not represent all the knowledge and experience of each individual.

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Board of Directors

By streamlining matters for resolution at the Board of Directors meetings, we have established a system to ensure that discussion time is available for important management issues such as management policies and medium- to long-term strategies.

Deliberations (FY2024 by month)

Subject area	4	Extraordinary	5	6	7	Extraordinary	8	9	10	Extraordinary	11	12	1	Extraordinary	2	3
Strategy formulation	●	●										●				●
Strategy implementation	●	●	●	●	●	●	●	●			●	●			●	●
Financial results		●				●				●				●		
Governance	●		●										●		●	●
Capital markets' views	●				●				●				●			
Risk management	●															
Sustainability						●										

Important themes deliberated in FY2024

	Theme	Response
Board of Directors	• New core product management system development • Customer membership system contract • Distribution plan / distribution equipment investment • Next-term checkout introduction project • Overseas licensed brand development • New corporate acquisitions • Progress toward long-term sustainability targets • Discussions based on investor talks	Advantages of transferring to a new system, development schedule, inspection of internal framework Study of preferential treatment under the new system, ways to popularize it among customers Distribution framework aligned with growth strategy, amount of materials, optimization and legal compliance based on BCP Verification of advantages of the change, burden on store side, degree of impact on operations Handling of management issues, contract details, business risks Handling of management issues, management analysis, acquisition schemes, PMI Level of achievement on three indices for sustainability goals, activity status report, inspection of public announcement contents Financial performance, progress on specific measures, status of affiliate companies, talks with outside directors participating
Audit and Supervisory Committee	• CEO interview on management plan progress and response to challenges • CHRO interview on employee engagement and personnel schemes • Discussion with all directors on status of their work duties • Interviews with store and warehouse managers, subsidiary representatives, etc.	Discussion on progress in second year of management plan and on framework including steps and personnel Interview about employee survey contents, steps in personnel area Verification of progress in executive directors' fields of responsibility Inspection of status of supply chain operations and new subsidiaries
Nomination and Compensation Committee	• Performance evaluations for executive directors and executive officers • CEO succession plan • Board of Directors succession plan • Reappointment evaluations for executive directors	Report on execution of duties in the single fiscal year, explanation of CEO's evaluation Progress report and discussion on CEO's requirements, tenure, election cycle, etc. Progress report and discussion on composition of Board of Directors and requirements, tenure, etc. for directors other than the CEO Evaluation by CEO using a requirement evaluation sheet, and explanation of reappointments

Audit and Supervisory Committee

The effectiveness of the execution of duties by directors is confirmed and evaluated, and the legality and appropriateness are audited. In addition, in order to carry out and provide accurate audits, supervision, and advice, the Committee meetings are held regularly with each officer in charge of execution to identify issues and grasp the progress of initiatives for improvement.

Nomination and Compensation Committee

In order to strengthen the independence, objectivity, and accountability of the functions of the Board of Directors in relation to the nomination and compensation of directors, the Nomination and Compensation Committee has been established, and it consists of all independent outside directors and the representative director, president, and CEO, with the majority of members being independent outside directors. In principle, this meeting is held once a quarter, and opinions are expressed to the Board of Directors regarding the individual nomination and dismissal of director candidates, the appointment and dismissal of senior management, the compensation of directors excluding Audit and Supervisory Committee members, and the succession plan.

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Executive compensation

Our basic policy for executive compensation is to contribute to sustainable growth and medium- to long-term improvement in corporate value through improved business performance. The compensation standard and compensation structure are designed to match roles, duties, and positions. Compensation for executive directors, including the Representative Director, among directors excluding Audit and Supervisory Committee members, consists of fixed compensation established based on compensation standards for roles, duties, and positions, executive bonuses reflecting short-term performance such as Company performance for each business year and achievement of individual business goals, and stock compensation reflecting medium- to long-term performance.

In June 2023, we introduced a new performance-linked stock compensation plan, the “Board Benefit Trust (BBT-RS),” in addition to the existing restricted stock compensation. By introducing this system, the link between the compensation of directors and our performance and stock value is made clearer, and directors can share not only the benefits of rising stock prices but also the risks of falling stock prices with shareholders. We believe this will raise awareness of the need for good medium- to long-term business performance and corporate value improvement.

Overview of the executive compensation system (revised in fiscal 2023)*1

	Type	Percentage*2	Summary	Timing
Fixed compensation	Monetary compensation	48–58%	• Determined based on compensation standards for roles, duties, and positions, taking into account business performance and employee salary levels	• Monthly payment of a fixed amount
Executive bonuses		20–22%	• Calculated by multiplying the basic bonus amount specified in the compensation table by the degree of achievement of planned consolidated operating income for the target business year*3 • Taking into account the individual evaluation of each executive director	• Paid within a certain period after the last day of the business year following consultation by the Nomination and Compensation Committee
Restricted stock compensation	Stock compensation	11–15%	• The number of shares to be granted will be determined based on the compensation standards for roles, duties, and positions • Restrictions on transfer pending retirement as a director and executive officer of our Group • If certain illegal or improper acts have caused damage, the Board of Directors may request a refund in shares or money by resolution	• Granted every time they are elected at the annual general meeting of shareholders
Performance-linked stock compensation		11–15%	• Points are granted based on the degree of achievement of the medium-term management plan, in accordance with the compensation standards for roles, duties, and positions stipulated in the Directors' Share Benefit Regulations (may not be granted depending on the status of achievement of the medium-term management plan) • Calculate the number of shares to be granted according to the number of points granted • Shares are granted in line with the term of office during the target period of the medium-term management plan • If certain illegal or improper acts have caused damage, the Board of Directors may request a refund in shares or money by resolution	• Granted within a certain period after the end of the target period of the medium-term management plan

*1 The compensation for directors (who are Audit and Supervisory Committee members) is fixed monthly compensation only and is not presented in the table.

*2 Percentage of executive bonuses and stock compensation in the standard amount.

*3 If consolidated operating income falls below a certain level relative to the initial forecast, it will not be paid in principle.

Compensation for directors in FY2024

Director category	Total amount of compensation, etc. (millions of yen)	Total amount of compensation, etc. by type (millions of yen)			Number of eligible directors
		Fixed compensation	Performance-linked compensation	Non-monetary compensation, etc.	
Directors (excluding outside directors)	203	113	34	54	4
Outside directors	35	35	—	—	4

Note 1) Non-monetary compensation and such for directors (excluding outside directors) was the ¥54 million in expenses associated with the new performance-linked stock compensation plan, the “Board Benefit Trust” (BBT-RS).
Note 2) The total amount of compensation and such for outside directors includes that of one director who retired as of the 35th annual general meeting of shareholders held on June 26, 2024.

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Board of Directors’ effectiveness evaluation and improvements

The Company annually conducts a questionnaire on the effectiveness of the Board of Directors that includes the composition of the Board, deliberations, the quality of the information provided to the Board, and other aspects. Through this self-evaluation by directors, the Company periodically verifies the effectiveness of the Board and takes measures to improve issues and reinforce the operation. An overview of the results is disclosed.

FY2024 Evaluation Scores

Item evaluated	Percentage of high scores*1 (Fluctuation since FY2023)
(1) Composition of Board of Directors	77% (2% increase)
(2) Deliberation in Board of Directors	75% (3% decrease)
(3) Status of efforts to revitalize the functions and deliberation of the Board of Directors	85% (3% decrease)
(4) Own efforts	83% (no fluctuation)
(5) Own efforts (only directors who are not Audit and Supervisory Committee members)	75% (5% decrease)
(6) Role expected of outside directors (only directors who are not Audit and Supervisory Committee members)	—*2
(7) Own efforts (only directors who are Audit and Supervisory Committee members)	83% (3% increase)
(8) Own efforts (only Nomination and Compensation Committee members)	—*2
(9) Total	80% (11% increase)

*1 Except for items (6) and (8), all items were evaluated on a 5-point scale. Scores for each item were calculated based on 100% representing a case where all seven members gave perfect scores of 5, for a total of 35 points.
*2 Items (6) and (8) were not numbers but rather written responses, so no percentage is listed.

Main findings of evaluation

Board of Directors’ operation: Opportunities for communication have increased. Lively discussion and monitoring have worked well to ensure that appropriate managerial decisions are being made. Efficiency of the Board of Directors is being preserved.

Board of Directors’ framework: The Company needs to promote female directors and those with management experience, as well as human resources with knowledge about such areas as overseas business, M&A, capital strategies, IT, and logistics.
Medium-term management plan: The Board needs to monitor the plan regularly and to discuss course corrections as needed based on an understanding of current conditions.
Succession plan: The content of Nomination and Compensation Committee discussions needs to be reported to the Board of Directors as appropriate, and more abundant time must be ensured for discussion.

Themes for improvement in FY2025

- In light of the evaluation results, the Board is working on the following matters for FY2025.
- Enhancing discussion on the new medium-term management plan and strategies
 - Enhancing discussion on succession plans for the CEO and the Board of Directors
 - Promoting greater consistency in Board of Directors materials

Dialogue with shareholders and investors

The Company is enhancing the transparency of its management by proactively conducting IR activities, and we are engaging in communication with shareholders and investors with the aim of improving the soundness of corporate management and creating stock value. By announcing our medium-term management plan and revealing both our strategies and our quantitative targets for profitability and capital effectiveness, etc., we are enriching our information disclosure. And we are striving to maintain and improve profitability by establishing investment and withdrawal criteria in light of capital costs and the like.
In terms of dialogue with institutional investors, we proactively hold talks with not only IR personnel but the CEO and other management level employees. In FY2024, we held such talks on 148 occasions. With regard to the investors’ views gleaned from these dialogues, we issue reports four times a year reflecting them, including other information such as the stock price indices of other companies in the industry, and the Board of Directors discusses them. We did not conduct any IR efforts overseas in FY2024, but we did give one store tour to overseas investors.
We share the investors’ views each quarter as feedback to our executives, and since September 2023, we hold a financial results briefing internally each quarter. We share investors’ views and the points they raise widely inside the Company. We believe these initiatives will help improve employees’ awareness that they are also participants in management.
Primarily for individual investors, we issue IR communications not only on the Company’s own website but also using the external online platform “note.” In FY2024, we posted 27 articles and received approximately 6,000 views over the year.

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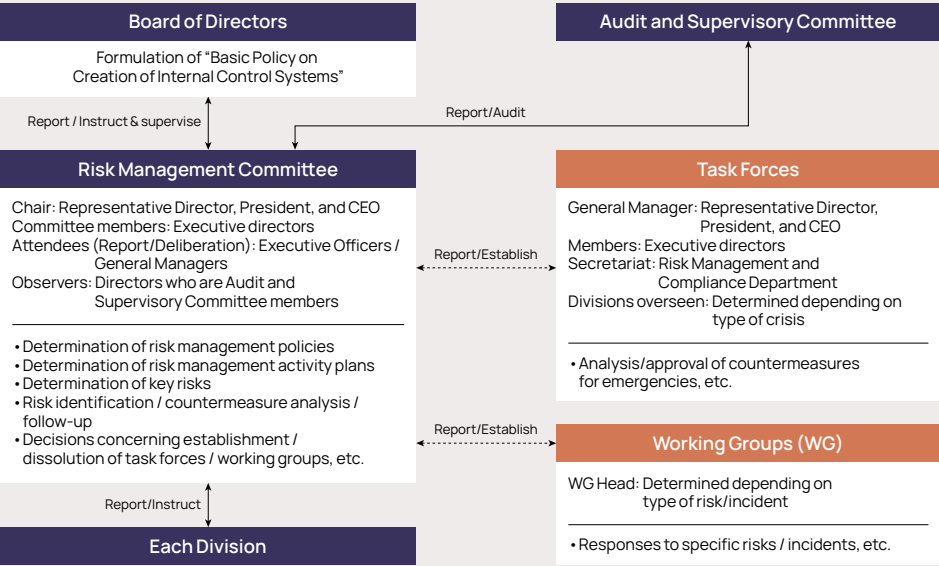
Internal Control

Risk management

We have established a Risk Management Committee to identify risks associated with business activities on a regular basis, as well as to evaluate and select important risks every year to be considered for management issues in the coming fiscal year. We are actively studying and implementing measures to address risks in each division.

The foundation of our business is to maintain customer satisfaction, and the ultimate risk is not being able to continue to respond to the changing social environment and customer needs over time – in other words, an inability to respond to the times. In FY2024, the risks that we identified as particularly important were human resources, strategic business models, information infrastructure, country risk, and natural disasters. Based on cases relating to risk management that have occurred internally, we discussed countermeasures and steps to prevent reoccurrence.

Risk management framework



Compliance

The Company has established and adheres to the UNITED ARROWS Group's Code of Conduct, which shows what sort of attitude and actions we should adopt in order to realize our corporate philosophy. Based on this code, we have set up our compliance framework, and we are working to secure our Group's social trust by ensuring the soundness of our operations. We have also established the Compliance Regulations as a concrete step to contribute to the realization of our corporate philosophy.

The Compliance Committee reviews and approves policies, activity plans, and educational plans, reviews compliance issues, and reports at the Board of Directors and Audit and Supervisory Committee meetings at the beginning of the period. In addition, we have set up a check system geared toward enhancing familiarity with the internal reporting system and deterring improper conduct, and we also do continuous monitoring by way of internal audits. In FY2024, based on recent changes in social conditions and cases that have occurred internally, we positioned business-related risks such as the Subcontracting Act, the Anti-Monopoly Act, and Stealth Marketing regulations as a crucial compliance-related topic and conducted a Company-wide initiative involving online compliance tests and other awareness-raising and education activities.

Reporting system

For compliance purposes, we have established an internal reporting system that allows us to anonymously report suspicious activities to external organizations. In FY2022, we revised our Internal Reporting Regulations in accordance with the revised Whistleblower Protection Act. There were 20 reports filed in FY2024. Each of the reports received was individually investigated, and appropriate measures were taken. We have also set up a Business Partners Compliance Consulting Service on the Company's website, where business partners can report such things as legal violations, improprieties, or unethical behavior by Company executives or staff.

We go to great lengths to protect the reporting party, through such steps as ensuring their privacy and prohibiting handling that may result in acts of retaliation, discriminatory treatment, or other disadvantages.

Corruption prevention

Demands to prevent corruption in both domestic and international transactions are on the rise, and regulations have been strengthened in many regions. In the Company's UNITED ARROWS Group Code of Conduct, we stipulate raising employees' awareness of legal compliance to support fair trade and efforts to remain an honest and sound company, and we are working to prevent bribery and other legal violations, improprieties, or unethical behavior.

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Internal Control

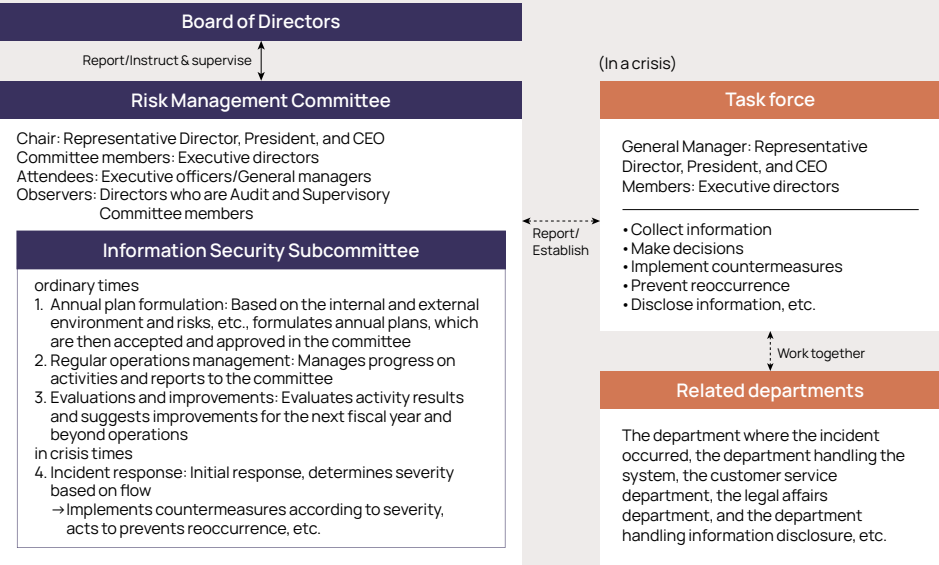
Information security

Policy and framework

We have identified information security risks as an important issue for management. As a result, we have established the Information Security Regulations and the Basic Policy on Information Security. We have also set up the Information Security Subcommittee within the Risk Management Committee. By holding discussions about these risks, including at the management level, we have established a system that enables early planning and implementation of countermeasures. Furthermore, the Risk Management Committee was established as a subsidiary body of the Board of Directors, and it reports regularly to the Board of Directors about the management and operational status of risks in general for the relevant fiscal year, including risks pertaining to information security, as part of the operational status of internal control systems.

When there is a crisis, they determine its level of severity based on the flow when the incident occurs. Particularly if there is a severe impact on business or operations, a task force is launched, and related departments work together to collect information and quickly make decisions, implement countermeasures, act to prevent reoccurrence, and disclose information.

Information security management framework



Initiatives to prevent incidents

In order to live up to customers' trust and provide continuous and stable service, we are working to maintain and improve security standards. In accordance with the Information Security Regulations revised in 2021, we have partnered with security companies to manage risk and to build systems that are highly secure from physical, human, and technical standpoints. To increase awareness of security risks, we are providing Information Security Training and conducting tests on a regular basis for all employees, including those at subsidiary companies and contract employees. In FY2024, in addition to our usual training, we conducted drills envisioning a targeted email attack. We also carried out technical and operational countermeasures such as reviewing our cloud services, which entail a high risk of information leakage, and thoroughly checking our rules of operation. Furthermore, we are continuously making investments relating to security system improvements to ensure the protection and robustness of information assets. Also, with the goal of grasping current security conditions and crafting the necessary countermeasures, we regularly implement security diagnoses by an external third party. Our FY2024 diagnosis was mostly favorable. But the current diagnosis is focusing on whether or not security solutions are in place, so moving forward, we are aware of the need to evaluate such things as operations and human resource education. In FY2025, our efforts will emphasize strengthening more fundamental areas such as actual operations and surveillance systems, incident response capability, and fostering a security culture throughout the entire organization.

Security control measures for personal information

We are fully aware that the Company handles a lot of sensitive information, including personal information, and that managing it is a serious responsibility. In addition, the Management Committee has established the Personal Information Protection Regulations in accordance with the Act on the Protection of Personal Information, and we have established, evaluated and reviewed the management system for personal information. Furthermore, we have formulated a Privacy Policy, which defines the basic concept of personal information protection and the content to be observed, and published it externally. For information assets containing personal information, we take measures according to the category of confidentiality, such as access control or network surveillance, to protect it appropriately from unauthorized access. Especially for classified information containing personal information, we save it in encrypted form and store the encrypted information and the encryption key appropriately in compliance with the Information Security Regulations. Also, when entrusting personal information to an outside party, we require the contractor to have a Privacy Mark or other third-party certification. If they do not have one, we verify that their role and the procedure for handling the personal information is clear, clarify the risks and verify that they have definitely taken measures against it, and then have them regularly report on the operational status, thereby ensuring that they have an adequate protection system.

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Corporate Profile

(As of March 31, 2025)

Name of the Company	UNITED ARROWS LTD.
Head Office	Hulic Shogi-Kaikan Sendagaya Building 1-18-5 Sendagaya, Shibuya-ku, Tokyo, Japan
Registered Office	3-28-1 Jingumae, Shibuya-ku, Tokyo Japan
Established	October 2, 1989
Capital	¥3.03 billion
Representative	Director, President, and CEO Yoshinori Matsuzaki
Business Outline	Plan, buy, and sell men's and women's apparel, accessories, and other products
No. of Stores (consolidated)	322
No. of Employees (consolidated)	4,096
Subsidiary Companies	COEN CO., LTD. UNITED ARROWS TAIWAN LTD. UNITED ARROWS SHANGHAI LTD.
Affiliated Company	BOOT BLACK JAPAN Co., Ltd.

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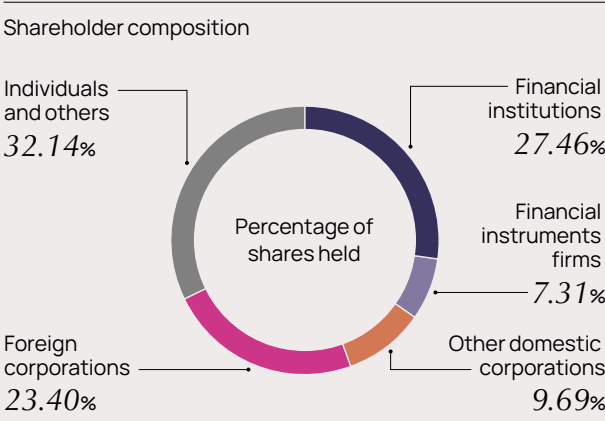
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Stock Information

(As of March 31, 2025)

Stock listing	The Prime Market of the Tokyo Stock Exchange
Type of business	Retail sales
Securities code	7606
No. of shares per unit	100
No. of authorized shares	190,800,000
No. of common shares issued	30,213,676
No. of shareholders	20,168
Share registrar	Mitsubishi UFJ Trust and Banking Corporation

Major shareholders	Number of shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,511,800
Custody Bank of Japan, Ltd. (Trust Account)	3,468,100
Osamu Shigematsu	2,438,400
ADS Co., Ltd.	2,000,000
JPMorgan Securities Japan Co., Ltd.	871,441
STATE STREET BANK AND TRUST COMPANY 505301	779,900
BNYGCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	583,115
Morgan Stanley MUFG Securities Co., Ltd.	438,105
Mitsubishi UFJ Trust and Banking Corporation	428,000
TAKISADA-NAGOYA CO., LTD.	428,000



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<https://www.united-arrows.co.jp/en/>