



OMO-type ONWARD CROSSET STORE at Lalaport TOKYO-BAY

## [Delayed]FY02/22 Q1 Results Presentation Supplement

ONWARD HOLDINGS CO., LTD.

July 8, 2021



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- Sales were steady until the first half of April, but fell sharply from the second half onward owing to the reissuance of the state of emergency declaration. This, combined with the impact of the withdrawal from unprofitable businesses and the closure of underperforming stores in Japan and overseas in FY02/21 resulted in limited sales growth.
- As for profits, the global business reforms kicked off in the fall of 2019 yielded results, with a 3.5pp improvement in gross profit margin and a 3.3pp decrease in SG&A expenses. As a result, the Company returned to profitability at all profit levels, with operating profit of approximately 1.1 billion yen, recurring profit of approximately 2 billion yen, and net income of approximately 2.1 billion yen.
- By Group company, Onward Kashiya (nonconsolidated), Domestic Subtotal (excl. Onward Kashiya), and Overseas Total all achieved operating profit thanks to progress in business reform, digitization, and other growth strategies. As of the end of Q1 FY02/22, the Company completed business reforms at its Italian operations, which had previously suffered large operating losses among its overseas businesses.

# FY02/22 Q1 Consolidated Results

ONWARD

(Million yen)

	Adjusted Q1 FY02/21 figures to reflect change in revenue recognition standard*2	Q1				Q1 (unadjusted*3)
		FY02/22	FY02/21	Change	YoY	FY02/21
1	Sales	46,022	43,719	+2,303	105.3%	42,653
2	Gross Profit	23,780	21,082	+2,698	112.8%	19,516
	(% of Sales)	51.7%	48.2%	+3.5%		45.8%
3	SG&A Expenses	22,632	22,933	-301	98.7%	21,367
	(% of Sales)	49.2%	52.5%	-3.3%		50.1%
4	<b>Operating Profit</b>	<b>1,147</b>	<b>-1,851</b>	<b>+2,998</b>	-	<b>-1,851</b>
	(% of Sales)	2.5%	-			-
5	<b>Recurring Profit</b>	<b>1,976</b>	<b>-1,746</b>	<b>+3,722</b>	-	<b>-1,746</b>
6	<b>Net Income</b>	<b>2,060</b>	<b>-2,417</b>	<b>+4,477</b>	-	<b>-2,417</b>
7	EBITDA*1	2,447	-304	+2,751	-	-304

1 EBITDA = operating profit + depreciation and amortization

2 Figures for Q1 FY02/21 have been adjusted to reflect the new revenue recognition standard used in Q1 FY02/22

Adjustments: +1,066 million yen for sales, +1,566 million yen for gross profit and SG&A expenses, respectively

3 Unadjusted figures for Q1 FY02/21 correspond to the Q1 FY02/21 figures as shown in the Summary of Financial Results for Q1 FY02/22

# FY02/22 Q1 Results by Group Company

ONWARD

(Million yen)

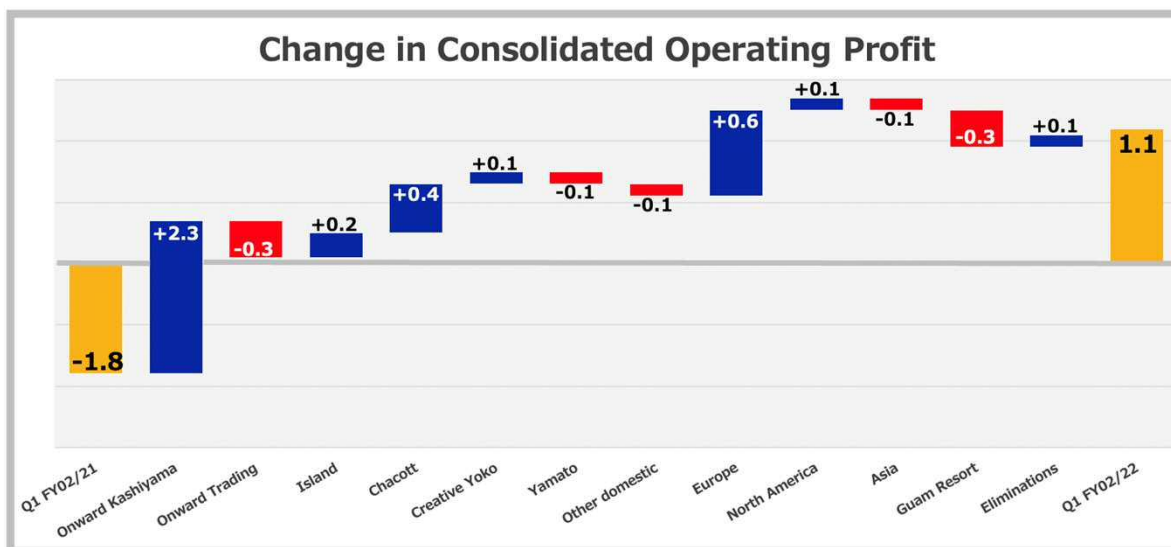
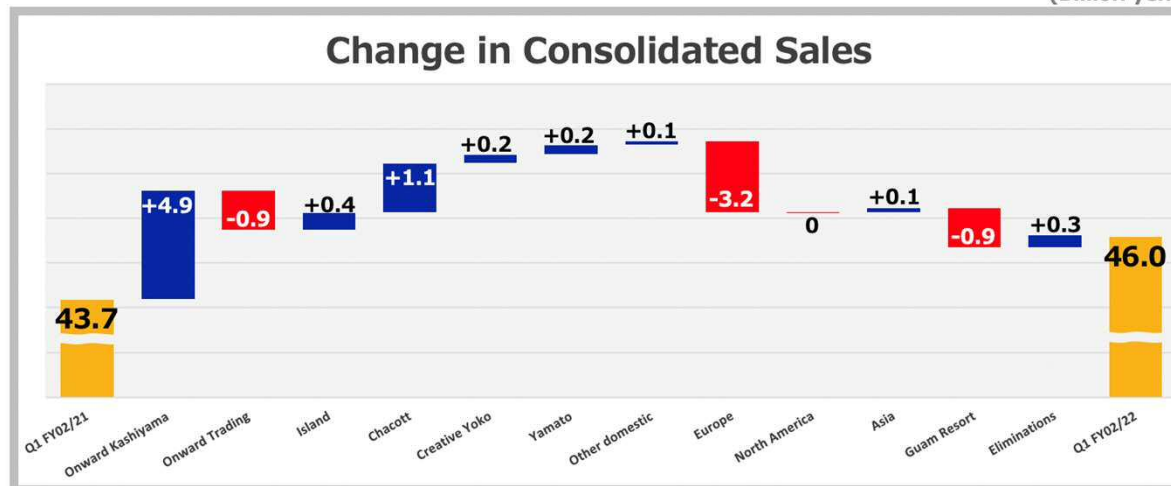
		Q1					
		Sales			Operating Profit		
		FY02/22	FY02/21	Change	FY02/22	FY02/21	Change
1	<b>Onward Kashiwama (Nonconsolidated)</b>	<b>22,435</b>	<b>17,560</b>	<b>+4,875</b>	<b>770</b>	<b>-1,573</b>	<b>+2,343</b>
2	Onward Trading	4,568	5,466	-898	875	1,215	-340
3	Island	1,344	964	+380	-70	-305	+235
4	Chacott	2,148	1,062	+1,086	59	-404	+463
5	Creative Yoko	1,090	833	+257	48	-29	+77
6	Yamato	4,714	4,476	+238	292	346	-54
7	Other	3,338	3,235	+103	-144	-25	-119
8	<b>Domestic Subtotal (Excl. Onward Kashiwama)</b>	<b>17,202</b>	<b>16,036</b>	<b>+1,166</b>	<b>1,060</b>	<b>798</b>	<b>+262</b>
9	Europe	7,301	10,468	-3,167	286	-389	+675
10	North America	125	131	-6	-132	-166	+34
11	Asia	1,146	1,085	+61	50	121	-71
12	Guam Resort	71	1,029	-958	-191	116	-307
13	<b>Overseas Total</b>	<b>8,643</b>	<b>12,713</b>	<b>-4,070</b>	<b>13</b>	<b>-318</b>	<b>+331</b>
14	<b>Consolidated Total</b>	<b>46,022</b>	<b>43,719</b>	<b>+2,303</b>	<b>1,147</b>	<b>-1,851</b>	<b>+2,998</b>

Note: The group breakdown is calculated using simple sums. Consolidated totals are after eliminating intergroup transactions

Note: Figures for Q1 FY02/21 have been adjusted to reflect the new revenue recognition standard used in Q1 FY02/22

# FY02/22 Q1 Results by Group Company

(Billion yen)



## Onward Kashiyama

- Execution of business reforms such as closing unprofitable stores.

## Domestic group companies

- Chacott  
Strong sales of ballet, cosmetics, and wellness products, which cater to new lifestyles.
- Creative Yoko  
Products for home consumption such as pet-related products were popular.

## Overseas group companies

- Reforms of Italian operations completed, making European operations profitable.

The new revenue recognition standard will be mandatorily applied for all companies from fiscal years beginning on or after April 1, 2021. The Group will adopt the new revenue recognition standard early starting in FY02/22.

### Key impact of the new revenue recognition standard on the Group

For transactions with department stores, retail sales will be recorded as sales and rent equivalents will be recorded as SG&A expenses, whereas previously the net amount after deducting rent equivalents was recorded as sales.

Loyalty point usage fees, which were previously included in SG&A expenses, will be excluded from sales.

The above changes will not affect operating profit.

The adoption of the new revenue recognition standard will unify the sales recognition standards that previously differed by sales channel.



# Financial Situation

## ■ Consolidated Balance Sheet

(Billion yen)

	End-Q1 FY02/22	End-FY02/21	Change
1 <b>Current Assets</b>	70.2	80.4	-10.2
2     Cash and Deposits	18.6	21.3	-2.7
3     Accounts Receivable	12.6	18.2	-5.6
4     Inventory	29.9	34.3	-4.4
5 <b>Non-current Assets</b>	109.2	115.5	-6.3
6     Property, Plant and Equipment	67.3	71.8	-4.5
7     Intangible Assets	10.4	10.6	-0.2
8     Investments and Other Assets	31.4	33.0	-1.6
9 <b>Total Assets</b>	179.4	196.0	-16.6
10 <b>Liabilities</b>	120.2	136.5	-16.3
11     Accounts Payable	17.5	21.9	-4.4
12     Loans Payable	76.5	78.0	-1.5
13 <b>Net Assets</b>	59.2	59.5	-0.3

## ■ Consolidated Cash Flows

(Million yen)

	Q1		
	FY02/22	FY02/21	Change
1 CF from Operating Activities	2,188	-15,445	+17,633
2 CF from Investing Activities	-1,662	5,243	-6,905
3 CF from Financing Activities	-3,707	16,169	-19,876
4 Balance of Cash and Equivalents	18,590	34,755	-16,165

## ■ Capex

(Million yen)

	Q1		
	FY02/22	FY02/21	Change
5 Capex	1,311	1,546	-235
6 Depreciation	1,207	1,406	-199

## ■ Metrics

(1,000s of shares)

	End-Q1 FY02/22	End-FY02/21	Change
7 Shareholders' Equity Ratio	32.8%	28.9%	+3.9%
8 Shares issued	157,922	157,922	-
9 Average number of shares issued during the period (excl. treasury shares)	135,605	135,091	+514

# DATA BOOK

## Sales by Channel

Despite the planned scale back of website traffic to stabilize operations for the complete replacement of the in-house e-commerce system, e-commerce sales of domestic group companies using e-commerce grew 5.1% YoY while the e-commerce ratio remained above 30%. Total consolidated e-commerce sales, including overseas sales, amounted to approximately 11 billion yen.

(Million yen)

	Department Stores	Shopping Centers and Other	Physical Stores Total	Directly Managed E-Commerce	Other E-Commerce Platforms	E-Commerce Total	Total Sales	E-Commerce Ratio	Directly Managed E-Commerce Ratio
1 <b>Onward Kashiwama</b>	<b>8,976</b>	<b>6,648</b>	<b>15,624</b>	<b>6,171</b>	<b>640</b>	<b>6,811</b>	<b>22,435</b>	<b>30.4%</b>	<b>90.6%</b>
2 % of sales	40.0%	29.6%	69.6%	27.5%	2.9%	30.4%	100.0%		
3 YoY	127.2%	194.6%	149.2%	92.3%	160.8%	96.1%	127.8%	-10.0%	-3.8%
4 Eight Domestic Subsidiaries Using E-Commerce *1	2,338	5,151	7,489	2,907	561	3,468	10,957	31.7%	83.8%
5 <b>Total of Domestic Group Companies Using E-Commerce*</b>	<b>11,314</b>	<b>11,799</b>	<b>23,113</b>	<b>9,078</b>	<b>1,201</b>	<b>10,279</b>	<b>33,392</b>	<b>30.8%</b>	<b>88.3%</b>
6 % of sales	33.9%	35.3%	69.2%	27.2%	3.6%	30.8%	100.0%		
7 YoY	125.9%	162.2%	142.1%	102.1%	135.7%	105.1%	128.2%	-6.8%	-2.6%

\*1 Domestic Subsidiaries Using E-Commerce (Island, Tiaclasse, Onward Personal Style, Chacott, Creative Yoko, Yamato, Intimates, KOKOBUY)

## Results by Group Company

		Onward Kashiyama (Nonconsolidated)				Domestic Subtotal (Excl. Onward Kashiyama)				Overseas Total			
		Q1				Q1				Q1			
		FY02/22	FY02/21	Change	YoY	FY02/22	FY02/21	Change	YoY	FY02/22	FY02/21	Change	YoY
1	Sales	22,435	17,560	+4,875	127.8%	17,202	16,036	+1,166	107.3%	8,643	12,713	-4,070	68.0%
2	Gross Profit	13,076	10,119	+2,957	129.2%	8,439	7,564	+875	111.6%	3,352	4,914	-1,562	68.2%
	(% of Sales)	58.3%	57.6%	+0.7%		49.1%	47.2%	+1.9%		38.8%	38.7%	+0.1%	
3	SG&A Expenses	12,306	11,692	+614	105.3%	7,379	6,766	+613	109.1%	3,339	5,232	-1,893	63.8%
	(% of Sales)	54.9%	66.6%	-11.7%		42.9%	42.2%	+0.7%		38.6%	41.2%	-2.6%	
4	Operating Profit	770	-1,573	+2,343	-	1,060	798	+262	132.8%	13	-318	+331	-
	(% of Sales)	3.4%	-			6.2%	5.0%	+1.2%		0.2%	-		

(Million yen)

Note: Figures for Q1 FY02/21 have been adjusted to reflect the new revenue recognition standard used in Q1 FY02/22

Note: Figures for Domestic Subtotal (Excl. Onward Kashiyama) and Overseas Total are simple sums before consolidated eliminations

(Million yen)

Breakdown of SG&A expenses	Q1			
	FY02/22	FY02/21	Change	YoY
1 Personnel	8,905	9,842	-937	90.5%
2 Rent	5,987	4,672	+1,315	128.1%
3 Transportation	1,602	1,587	+15	100.9%
4 Promotion and Advertising	1,501	1,715	-214	87.5%
5 Depreciation	902	999	-97	90.3%
6 Other	3,735	4,118	-383	90.7%
7 Total SG&A expenses	22,632	22,933	-301	98.7%
8 Extraordinary loss adjustment	779	2,409	-1,630	32.3%
9 (Reference) Effective SG&A expenses	23,411	25,342	-1,931	92.4%

Note: Figures for Q1 FY02/21 have been adjusted to reflect the new revenue recognition standard used in Q1 FY02/22

Breakdown of non-operating income/expenses				
10 Interest income	6	10	-4	60.0%
11 Dividend income	0	11	-11	0.0%
12 Foreign exchange gains	515	116	+399	444.0%
13 Subsidy income	282	-	+282	-
14 Other non-operating income	473	226	+247	209.3%
15 Interest paid	-107	-117	+10	91.5%
16 Loss on equity method investments	-25	-22	-3	113.6%
17 Other non-operating expenses	-316	-120	-196	263.3%
18 Non-operating income/expenses	829	104	+725	797.1%

Breakdown of extraordinary income/losses				
19 Gain on sales of non-current assets	4,818	1,994	+2,824	241.6%
20 Gain on sales of investment securities	63	-	+63	-
21 Gain on sales of affiliated companies	2,944	-	+2,944	-
22 Loss on sales of affiliated companies	-2,027	-	-2,027	-
23 Loss on liquidation of affiliated companies	-1,968	-	-1,968	-
24 Loss related to temporary closures	-779	-2,420	+1,641	32.2%
25 Impairment loss	-155	-452	+297	34.3%
26 Loss on valuation of investment securities	-	-458	+458	-
27 Other	0	-7	+7	0.0%
28 Extraordinary income/losses	2,895	-1,346	+4,241	-

(Million yen)

Results by segment			Q1			
			FY02/22	FY02/21	Change	YoY
1 2 3 4 5 6 <b>D o m e s t i c</b>	Apparel	Sales	28,926	24,245	+4,681	119.3%
		Operating Profit	495	-1,691	+2,186	-
	Lifestyle	Sales	8,875	7,383	+1,492	120.2%
		Operating Profit	723	329	+394	219.8%
	<b>Domestic Total</b>	Sales	37,801	31,628	+6,173	119.5%
		Operating Profit	1,218	-1,362	+2,580	-
7 8 9 10 11 12 <b>O v e r s e a s</b>	Apparel	Sales	7,878	10,713	-2,835	73.5%
		Operating Profit	220	-527	+747	-
	Lifestyle	Sales	343	1,378	-1,035	24.9%
		Operating Profit	-251	42	-293	-
	<b>Overseas Total</b>	Sales	8,221	12,091	-3,870	68.0%
		Operating Profit	-31	-485	+454	-
13 14 <b>Consolidated Total</b>	Sales	46,022	43,719	+2,303	105.3%	
	Operating Profit	1,147	-1,851	+2,998	-	

Note: Q1 represents December through February for European companies and January through March for US and Asian companies

Note: Figures for Q1 FY02/21 have been adjusted to reflect the new revenue recognition standard used in Q1 FY02/22

Note: Domestic Apparel (Onward Kashiyama, Onward Trading, Island, Onward Personal Style, and 10 other companies; 14 companies in total)

Overseas Apparel (8 companies in the JOSEPH Group, J.PRESS, Onward Fashion Trading and 8 other companies; 18 companies in total)

Domestic Lifestyle (Chacott, Creative Yoko, Yamato, KASHIYAMA DAIKANYAMA, and 6 other companies; 10 companies in total)

Overseas Lifestyle (Onward Beach Resort Guam and 9 other companies; 10 companies in total)





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