



**ONWARD HOLDINGS CO., LTD.**

July 7, 2022

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# FY02/23 Q1 Consolidated Results

## Market recovery and OMO measures enabled domestic business to drive an increase in sales and profits

Excluding the impact of the sale of the Italian business and Guam hotel business, and discontinued Onward Kashiya stores, net sales increased 5.8 billion yen (+15%) and operating profit increased 1.3 billion yen (+175%)

### ■ There was an increase in domestic net sales in both apparel and lifestyle with the easing of COVID-19 movement restrictions

There was a particularly substantial increase in net sales in our core operating company Onward Kashiya, driven by OMO stores that introduced a “Click & Try” service, with sales at existing stores excluding discontinued stores up 4.8 billion yen (+22%), and up 3.4 billion yen (+15%) across all stores.

### ■ There was a substantial increase in operating profit of 0.9 billion yen (+75%), or 1.3 billion yen (+175%) excluding the sale and discontinuation of businesses

Gross profit margin improved by 3.8 pp from 51.7% in Q1 to 55.5% due to restricting discount sales, thorough centralized inventory control, etc.

### ■ 1H and full year outlook remain unchanged

The financial results forecast published on April 7, 2022 remains unchanged due to the many uncertainties in the business environment, such as the number of COVID-19 cases, exchange rates, raw material price trends and so on.

\* Sold and discontinued businesses

Q1 results for the sold Italian business and Guam hotel business and discontinued Onward Kashiya stores:

Net sales: 7.2 billion yen, gross profit: 3.2 billion yen, operating profit: 0.4 billion yen

There was a 1.5 billion yen decrease in Q1 net sales (-3%) and a 0.9 billion yen increase in operating profit (+75%) to 2.0 billion yen  
 Excluding the sale and discontinuation of businesses, net sales increased by 5.8 billion yen (+15%) and operating profit increased by 1.3 billion yen (+175%)

		Q1 Results				Q1 Results (Excl. businesses which were sold/discontinued)			(Million yen)
		FY02/23	FY02/22	Change	YoY	FY02/22	Change	YoY	Effects of businesses which were sold/discontinued
1	Net Sales	44,551	46,022	-1,471	96.8%	38,787	+5,764	114.9%	7,235
2	Gross Profit	24,718	23,780	+938	103.9%	20,571	+4,147	120.2%	3,209
	(% of Sales)	55.5%	51.7%	+3.8%		53.0%	+2.5%		44.4%
3	SG&A Expenses	22,713	22,632	+81	100.4%	19,843	+2,870	114.5%	2,789
	(% of Sales)	51.0%	49.2%	+1.8%		51.2%	-0.2%		38.5%
4	Operating Profit	<b>2,005</b>	<b>1,147</b>	<b>+858</b>	<b>174.8%</b>	<b>728</b>	<b>+1,277</b>	<b>275.4%</b>	<b>420</b>
	(% of Sales)	4.5%	2.5%	+2.0%		1.9%	+2.6%		5.8%
5	Recurring Profit	<b>2,638</b>	<b>1,976</b>	<b>+662</b>	<b>133.4%</b>	<b>1,357</b>	<b>+1,281</b>	<b>194.4%</b>	<b>619</b>
6	Net Profit	<b>1,823</b>	<b>2,060</b>	<b>-237</b>	<b>88.5%</b>	<b>1,803</b>	<b>+20</b>	<b>101.1%</b>	<b>257</b>
7	EBITDA*	3,365	2,447	+918	137.5%	2,028	+1,337	165.9%	420

Note: EBITDA = operating profit + depreciation and amortization.

**There was an increase in net sales and operating profit in Q1 in both domestic apparel and lifestyle businesses**

**Net sales increased by 3.3 billion yen (+8%) and operating profit increased by 1.6 billion yen (+129%)**

(Million yen)

		Q1 Results					
		FY02/23	FY02/22	Change	YoY		
1 2 3 4 5 6 D o m e s t i c	Apparel	Net Sales	33,443	30,927	+2,516	108.1%	Domestic Apparel (Onward Kashiwama, Onward Trading, Island, Onward Personal Style, and 10 other companies; 14 companies in total)
		Operating Profit	2,137	705	+1,432	303.1%	
	Lifestyle	Net Sales	9,808	8,979	+829	109.2%	Domestic Lifestyle (Chacott, Creative Yoko, Yamato, KASHIYAMA DAIKANYAMA, and 6 other companies; 10 companies in total)
		Operating Profit	744	552	+192	134.8%	
	Domestic Total	Net Sales	43,251	39,906	+3,345	108.4%	
		Operating Profit	2,881	1,257	+1,624	229.2%	
7 8 9 10 11 12 O v e r s e a s	Apparel	Net Sales	3,235	8,297	-5,062	39.0%	Overseas Apparel (8 companies in the JOSEPH Group, J.PRESS, Onward Fashion Trading and 8 other companies; 18 companies in total)
		Operating Profit	-546	260	-806	-	
	Lifestyle	Net Sales	497	346	+151	143.6%	Overseas Lifestyle (FREED OF LONDON and 6 other companies; 7 companies in total)
		Operating Profit	-67	-247	+180	-	
	Overseas Total	Net Sales	3,732	8,643	-4,911	43.2%	
		Operating Profit	-613	13	-626	-	
13 14 C o n s o l i d a t e d T o t a l	Net Sales	44,551	46,022	-1,471	96.8%		
	Operating Profit	2,005	1,147	+858	174.8%		

Note: The segment breakdown is calculated using simple sums of all companies. Consolidated totals are after eliminating intergroup transactions.

Note: Full year: December – February for Europe, and January – March for Asia and America

\* There was a substantial 4.9 billion yen fall in sales in overseas businesses due to the sale of the Italian business and Guam hotel business, stagnation in the Asian market due to COVID-19 and the impact of the war in Ukraine. Consequently, overseas business posted an operating loss of 0.6 billion yen.

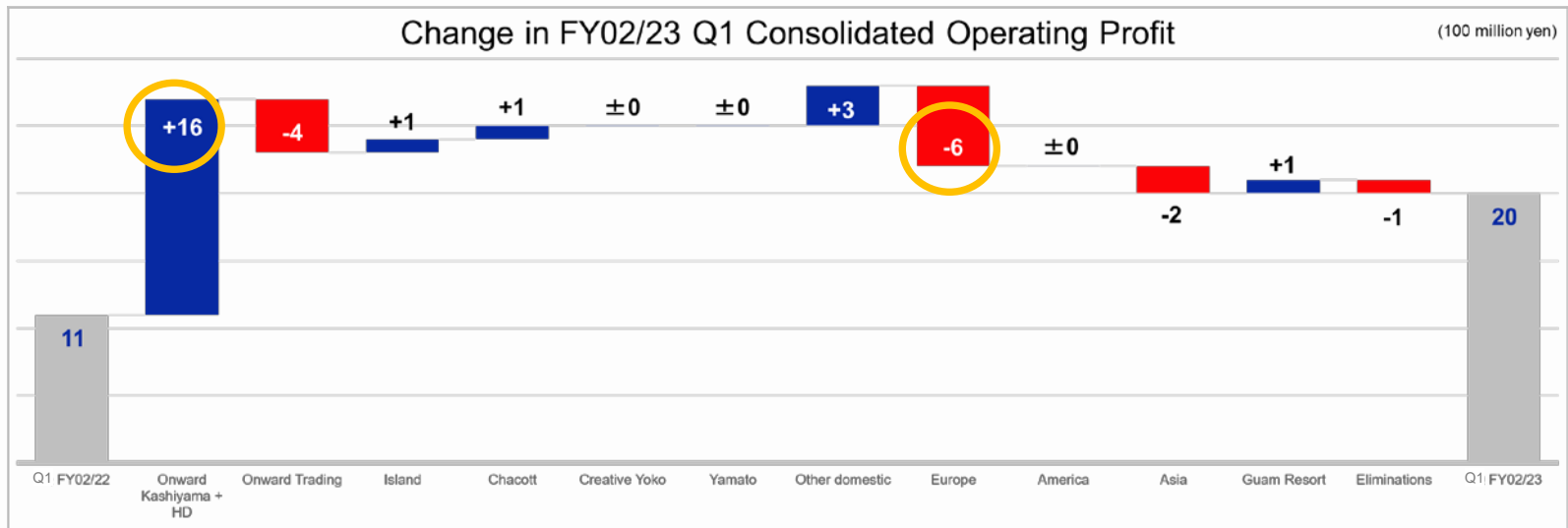
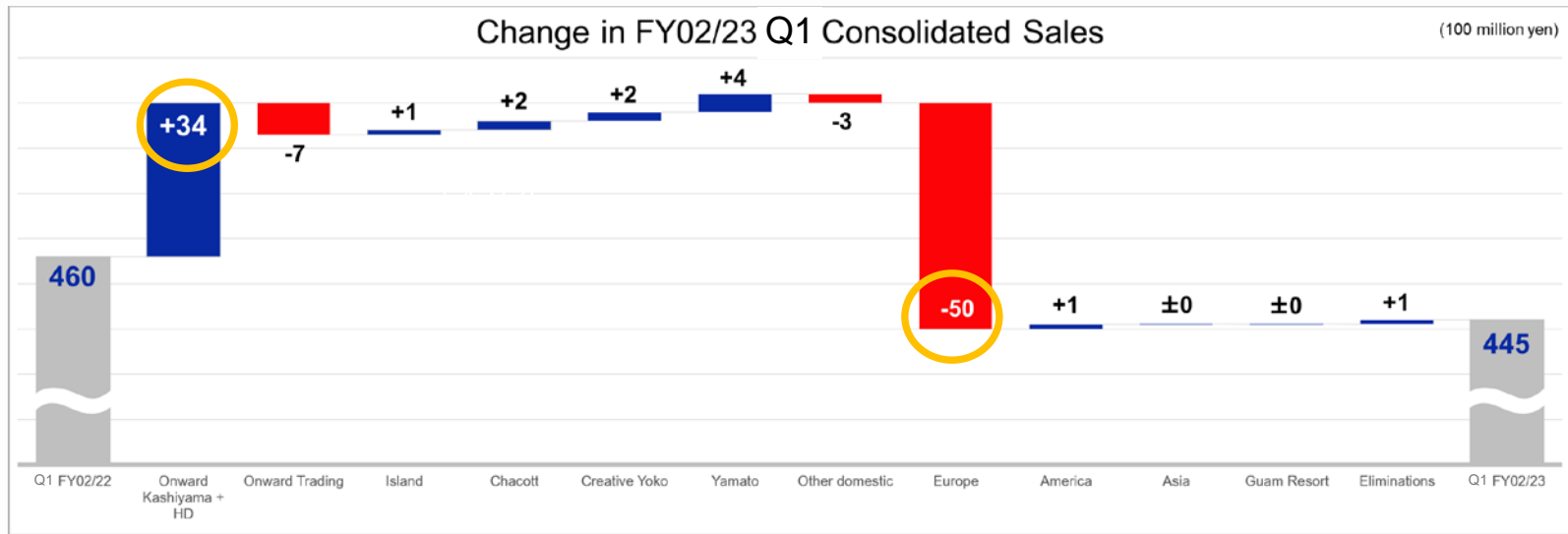
There was a substantial increase in Onward Kashiwama sales and operating profit

(Million yen)

		Q1 Results					
		Sales			Operating Profit		
		FY02/23	FY02/22	Change	FY02/23	FY02/22	Change
1	<b>Onward Kashiwama + HD</b>	<b>26,135</b>	<b>22,704</b>	<b>+3,431</b>	<b>1,752</b>	<b>197</b>	<b>+1,555</b>
2	Onward Trading	3,822	4,568	-746	461	875	-414
3	Island	1,465	1,344	+121	40	-70	+110
4	Chacott	2,302	2,148	+154	133	59	+74
5	Creative Yoko	1,265	1,090	+175	70	48	+22
6	Yamato	5,153	4,714	+439	301	292	+9
7	Other	3,109	3,338	-229	124	-144	+268
8	<b>Domestic Subtotal (Excl.Onward Kashiwama + HD)</b>	<b>17,116</b>	<b>17,202</b>	<b>-86</b>	<b>1,129</b>	<b>1,060</b>	<b>+69</b>
9	Europe	2,318	7,301	-4,983	-280	286	-566
10	America	222	125	+97	-117	-132	+15
11	Asia	1,128	1,146	-18	-139	50	-189
12	Guam Resort	64	71	-7	-77	-191	+114
13	<b>Overseas Subtotal</b>	<b>3,732</b>	<b>8,643</b>	<b>-4,911</b>	<b>-613</b>	<b>13</b>	<b>-626</b>
14	<b>Consolidated Total</b>	<b>44,551</b>	<b>46,022</b>	<b>-1,471</b>	<b>2,005</b>	<b>1,147</b>	<b>+858</b>

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

# Q1 Results Waterfall Chart of Increases/Decreases by Company





# FY02/23 1H Forecast

The financial results forecast published on April 7, 2022 remains unchanged due to the many uncertainties in the business environment, such as the number of COVID-19 cases, exchange rates, raw material price trends and so on.

(Million yen)

		Q1 Results				1H Forecast (announced on 2022.4.7)			
		FY02/23	FY02/22	Change	YoY	FY02/23	FY02/22	Change	YoY
1	Net Sales	44,551	46,022	-1,471	96.8%	77,000	80,785	-3,785	95.3%
2	Gross Profit	24,718	23,780	+938	103.9%	40,500	41,018	-518	98.7%
	(% of Sales)	55.5%	51.7%	+3.8%		52.6%	50.8%	+1.8%	
3	SG&A Expenses	22,713	22,632	+81	100.4%	42,300	44,312	-2,012	95.5%
	(% of Sales)	51.0%	49.2%	+1.8%		54.9%	54.9%	±0.0%	
4	<b>Operating Profit</b>	<b>2,005</b>	<b>1,147</b>	<b>+858</b>	<b>174.8%</b>	<b>-1,800</b>	<b>-3,294</b>	<b>+1,494</b>	<b>-</b>
	(% of Sales)	4.5%	2.5%	+2.0%		-	-		
5	<b>Recurring Profit</b>	<b>2,638</b>	<b>1,976</b>	<b>+662</b>	<b>133.5%</b>	<b>-1,750</b>	<b>-2,862</b>	<b>+1,112</b>	<b>-</b>
6	<b>Net Profit</b>	<b>1,823</b>	<b>2,060</b>	<b>-237</b>	<b>88.5%</b>	<b>-1,250</b>	<b>7,448</b>	<b>-8,698</b>	<b>-</b>
7	EBITDA*	3,365	2,447	+918	137.5%	650	-687	+1,337	-

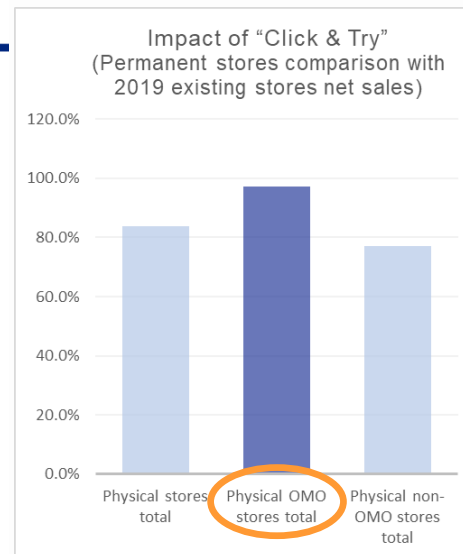
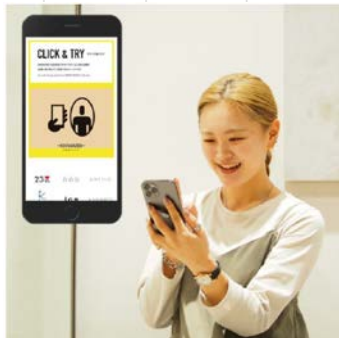
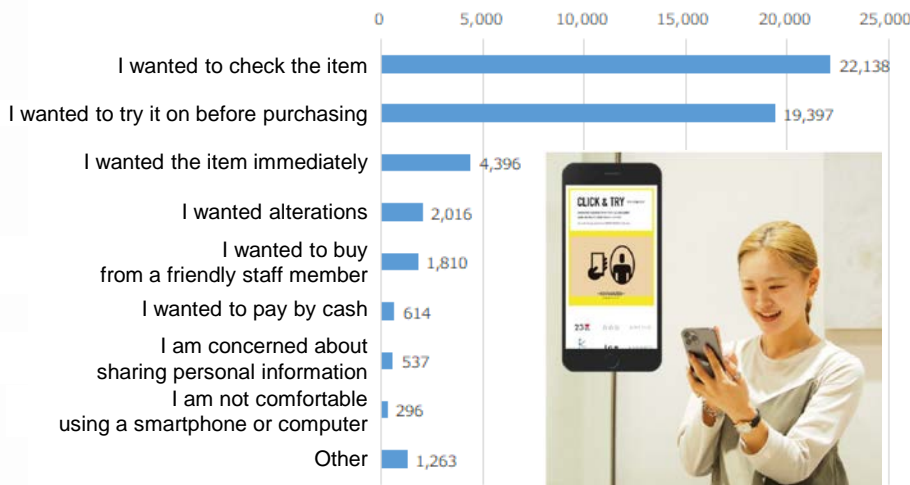
Note: EBITDA = operating profit + depreciation and amortization.

# TOPICS

## Onward Kashiyama's "Click & Try" OMO Service has been introduced to 290 of 830 stores nationwide

This in-store service allows customers to try on and buy almost all products offered by the fashion online shopping site ONWARD CROSSET

20. Please indicate your reasons for buying in store and not at ONWARD CROSSET.



Other: There are special offers/discounts at department stores; It was sold out online, etc.

Number of respondents: 52,467

"Click & Try"- implemented stores outperformed non-"Click & Try"- implemented stores by 20pp when measured against the sales performance of existing stores in 2019.

"Click & Try"- implemented stores recovered to 97% of 2019 performance, while non-"Click and Try"- implemented stores recovered to 77%.

UNF/LO



Brand flagship product that has sold 20,000 units: "Saiai jogging pants"  
7,990 yen (including tax)

## There was substantial sales growth in UNFILO, Onward Kashiyama's new brand launched in fall of 2021

UNFILO was launched in fall 2021 as a functional and fashionable clothing brand with the concept of providing "clothes to lift your mood, 365 days a year, no matter the occasion or weather", and both physical store and online net sales have since expanded.

UNFILO has created hit products such as the "Saiai jogging pants", which has sold 20,000 units, and environmentally friendly sneakers called "steppi".



UV care and cooling function  
Multi-function knitwear  
5,990 yen (including tax)



steppi  
9,990 yen (including tax)

**The flagship store embodying the brand philosophy,  
Chacott Daikanyama, opened on March 12, 2022**

**Over 30,000 customers visited by the end of May, and there was a 7% increase  
in net sales compared to the previous main store in Shibuya over the same number of days**



- Strengthen development of Chacott Balance and Chacott Cosmetics, exploring the wellness field while maintaining its ballet business
- Operate cafes and restaurants to communicate brand philosophy to all aspects of customers' daily lives
- Provide experiences that appeal to all five senses in a way that only physical stores can offer, in a building that is itself a work of art



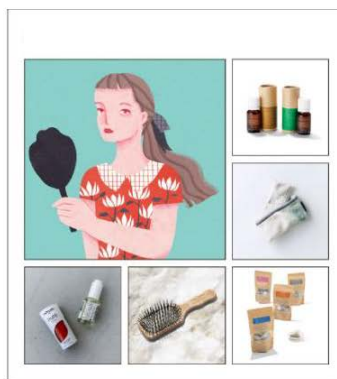
## “dōzo - Have fun with gifts.”, a new business of prosperous Yamato

A new business launched on April 25, 2022 that combines an expanding range of personal gifts and social gifts that meet rapidly growing needs with expertise gathered over years in the gifting business

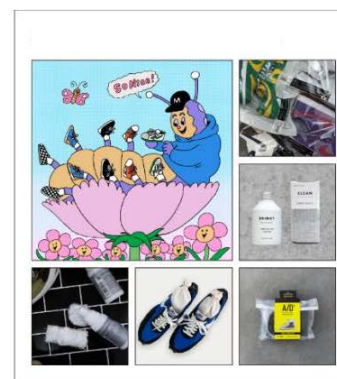
- Send gifts easily even on the day of an anniversary and even without an address
- Targeted at millennials and generation Z with an affordable price range (2,000 to 15,000 yen)
- More than 80 unique themes to match the recipient’s personality and interests
- Paper-based formats available for customers who wish to give their gifts in person
- Utilizing expertise gained in the catalog gifting business to ensure a seamless in-house process from order to delivery



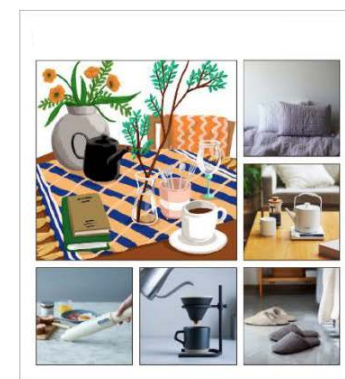
<https://dozo-gift.com>



▲ A delightful gift for mother's day containing herbal tea and other relaxing products.



▲ A selection of five sneaker-related products for the sneaker enthusiast.



▲ Stylish home appliances and decor for newlyweds or given as housewarming gifts.

# Financial Situation



## ■ Consolidated Balance Sheet

(Billion yen)

	Q1 FY02/23	End-FY02/22	Change
1 Current Assets	66.6	60.5	6.1
2    Cash and Deposits	22.0	15.2	6.8
3    Accounts Receivable-trade	14.2	14.2	0.0
4    Inventory	25.7	26.8	-1.1
5 Non-current Assets	95.3	97.2	-1.9
6    Property, Plant and Equipment	55.5	58.0	-2.5
7    Intangible Assets	8.7	9.3	-0.6
8    Investments and Other Assets	30.9	29.8	1.1
9 Total Assets	161.9	157.7	4.2
10 Liabilities	81.3	80.4	0.9
11    Accounts Payable-trade	16.9	18.2	-1.3
12    Borrowings	38.1	35.1	3.0
13 Net Assets	80.6	77.2	3.4

## ■ Metrics

	Q1 FY02/23	End-FY02/22	End-FY02/21	End-FY02/20
20 Shareholders' Equity Ratio	43.4%	42.4%	28.9%	38.3%
21 Current Ratio	115.6%	108.5%	80.8%	98.2%

## ■ Consolidated Statements of Cash Flows

(Million yen)

	Q1 FY02/23	Q1 FY02/22	Change
14 Cash flows from operating activities	1,188	2,188	-1,000
15 Cash flows from investing activities	5,123	-1,662	+6,785
16 Cash flows from financing activities	294	-3,707	+4,001
17 Cash and cash equivalents	22,001	18,590	+3,411

## ■ Capital Expenditures

(Million yen)

	Q1 FY02/23	Q1 FY02/22	Q1 FY02/21
18 Capex	1,355	1,311	1,546
19 Depreciation and Appreciation	1,167	1,207	1,406

# DATA BOOK

## Sales by Channel

Total consolidated e-commerce sales (incl. overseas sales) were 11.5 billion yen (up 4% YoY). The e-commerce ratio was 28.6%. The directly managed e-commerce ratio was 86.4%.

(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 Onward Kashiwama	10,923	8,352	19,275	5,980	880	6,860	26,135	26.2%	87.2%
2 % of sales	41.8%	32.0%	73.8%	22.9%	3.4%	26.2%	100.0%		
3 YoY	121.7%	120.7%	121.3%	96.9%	137.5%	100.7%	115.1%	-3.8%	-3.4%
4 Eight Domestic Subsidiaries Using E-Commerce*	2,566	5,469	8,035	3,457	603	4,060	12,095	33.6%	85.1%
5 Total of Domestic Group Companies Using E-Commerce	13,489	13,821	27,310	9,437	1,483	10,920	38,230	28.6%	86.4%
6 % of sales	35.3%	36.2%	71.4%	24.7%	3.9%	28.6%	100.0%		
7 YoY	119.2%	114.5%	116.8%	104.0%	123.5%	106.2%	113.6%	-2.0%	-1.9%

Note: Domestic subsidiaries using e-commerce (Island, Tiaclasse, Onward Personal Style, Chacott, Creative Yoko, Yamato, Intimates, KOKOBUY)

## SG&A Expenses

(Million yen)

	Q1 FY02/23	Q1 FY02/22	Change	YoY
1 Personnel	8,448	8,905	-457	94.9%
2 Rent	6,474	5,987	+487	108.1%
3 Transportation	1,561	1,602	-41	97.4%
4 Promotion and Advertising	927	1,501	-574	61.8%
5 Depreciation	982	902	+80	108.9%
6 Other	4,321	3,735	+586	115.7%
7 Total SG&A expenses	22,713	22,632	+81	100.4%
8 Extraordinary loss adjustment	-	779	-779	-
9 (Reference) Effective SG&A expenses	22,713	23,411	-698	97.0%

- Increase in percentage rent due to increased sales

- Increase due to investment in stores
- Increase in event-related expenses due to market recovery/Increase in credit card fees and sales commissions due to increased sales

Fixed costs of 779 million yen due to COVID-19-related store closures were transferred from SG&A expenses to extraordinary losses

## Non-Operating Profit/Loss

	Q1 FY02/23	Q1 FY02/22	Change	YoY
10 Interest income	6	6	±0	100.0%
11 Foreign exchange gains	860	515	+345	167.0%
12 Subsidy income	84	282	-198	29.8%
13 Interest expenses	-52	-107	+55	48.6%
14 Share of loss of entities accounted for using equity method	-15	-25	+10	60.0%
15 Loss on disposal of sales floor fixtures, etc.	-34	-18	-16	188.9%
16 Other non-operating income/expenses	-216	176	-392	-
17 Non-operating profit/loss	633	829	-196	76.4%

## Extraordinary Profit/Loss

(Million yen)

	Q1 FY02/23	Q1 FY02/22	Change	YoY
18 Gain on sales of non-current assets	-	4,818	-4,818	-
19 Gain on sales of investment securities	-	63	-63	-
20 Gain on sales of shares of subsidiaries and associates	1,317	2,944	-1,627	44.7%
21 Extraordinary loss due to closing and other	-	-779	+779	-
22 Loss on sales of shares of subsidiaries and associates	-	-2,027	+2,027	-
23 Loss on liquidation of subsidiaries and associates	-	-1,968	+1,968	-
24 Impairment loss	-458	-155	-303	295.5%
25 Other	-24	-1	+25	-
26 Extraordinary profit/loss	883	2,895	-2,012	30.5%

(Million yen)

## Onward Kashiyama + HD

		Q1 Results				1H Forecast (announced on 2022.4.7)			
		FY02/23	FY02/22	Change	YoY	FY02/23	FY02/22	Change	YoY
1	Net Sales	26,135	22,704	+3,431	115.1%	41,300	41,392	-92	99.8%
2	Gross Profit	15,815	13,244	+2,571	119.4%	23,800	22,855	+945	104.1%
	(% of Sales)	60.5%	58.3%	+2.2%		57.6%	55.2%	+2.4%	
3	SG&A Expenses	14,063	13,047	+1,016	107.8%	25,755	26,093	-338	98.7%
	(% of Sales)	53.8%	57.5%	-3.7%		62.4%	63.0%	-0.6%	
4	<b>Operating Profit</b>	<b>1,752</b>	<b>197</b>	<b>+1,555</b>	<b>889.3%</b>	<b>-1,955</b>	<b>-3,238</b>	<b>+1,283</b>	-
	(% of Sales)	6.7%	0.9%	+5.8%		-	-	-	

## Domestic Subtotal

(Excl. Onward Kashiyama + HD)

5	Net Sales	17,116	17,202	-86	99.5%	32,889	32,351	+538	101.7%
6	Gross Profit	8,346	8,439	-93	98.9%	16,371	16,188	+183	101.1%
	(% of Sales)	48.8%	49.1%	-0.3%		49.8%	50.0%	-0.2%	
7	SG&A Expenses	7,217	7,379	-162	97.8%	14,774	15,090	-316	97.9%
	(% of Sales)	42.2%	42.9%	-0.7%		44.9%	46.6%	-1.7%	
8	<b>Operating Profit</b>	<b>1,129</b>	<b>1,060</b>	<b>+69</b>	<b>106.5%</b>	<b>1,597</b>	<b>1,098</b>	<b>+499</b>	<b>145.4%</b>
	(% of Sales)	6.6%	6.2%	+0.4%		4.9%	3.4%	+1.5%	

Note: Calculated using simple sums for the domestic group companies excluding Onward Kashiyama and HD.

## Overseas Subtotal

9	Net Sales	3,732	8,643	-4,911	43.2%	7,202	11,480	-4,278	62.7%
10	Gross Profit	1,437	3,352	-1,915	42.9%	3,138	4,384	-1,246	71.6%
	(% of Sales)	38.5%	38.8%	-0.3%		43.6%	38.2%	+5.4%	
11	SG&A Expenses	2,050	3,339	-1,289	61.4%	4,169	5,052	-883	82.5%
	(% of Sales)	54.9%	38.6%	+16.3%		57.9%	44.0%	+13.9%	
12	<b>Operating Profit</b>	<b>-613</b>	<b>13</b>	<b>-626</b>	-	<b>-1,031</b>	<b>-668</b>	<b>-363</b>	-
	(% of Sales)	-	0.2%	-		-	-	-	

Note: Calculated using simple sums.



# ONWARD

**ONWARD HOLDINGS CO., LTD.**

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