



OMO-type ONWARD CROSSET STORE at Lalaport TOKYO-BAY

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 | Operating Profit | 1,147 | -1,851 | +2,998 | - | -1,851 |
| | (% of Sales) | 2.5% | - | | | - |
| 5 | Recurring Profit | 1,976 | -1,746 | +3,722 | - | -1,746 |
| 6 | Net Income | 2,060 | -2,417 | +4,477 | - | -2,417 |
| 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)

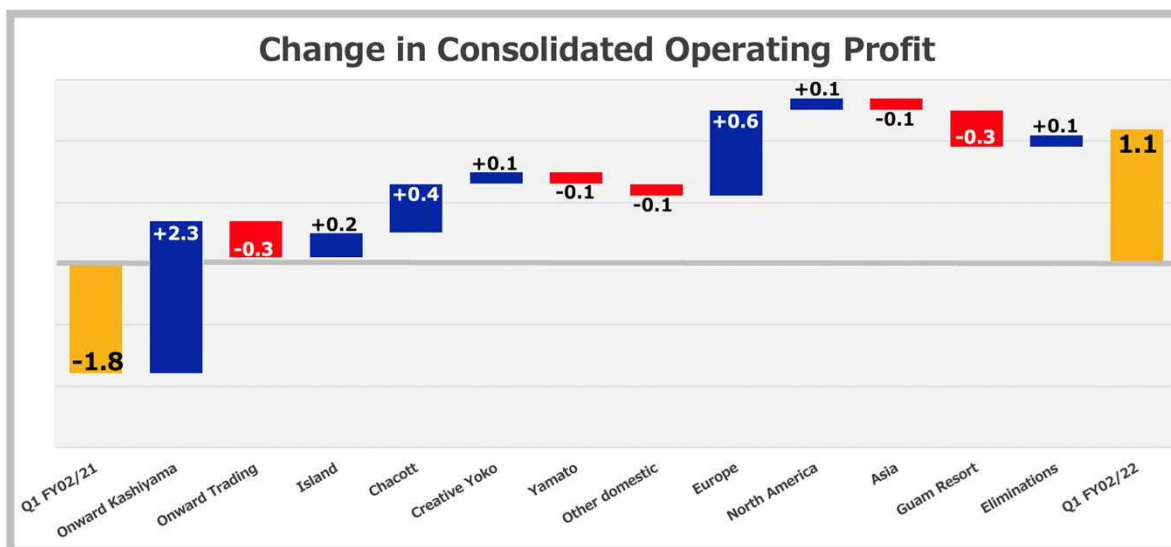
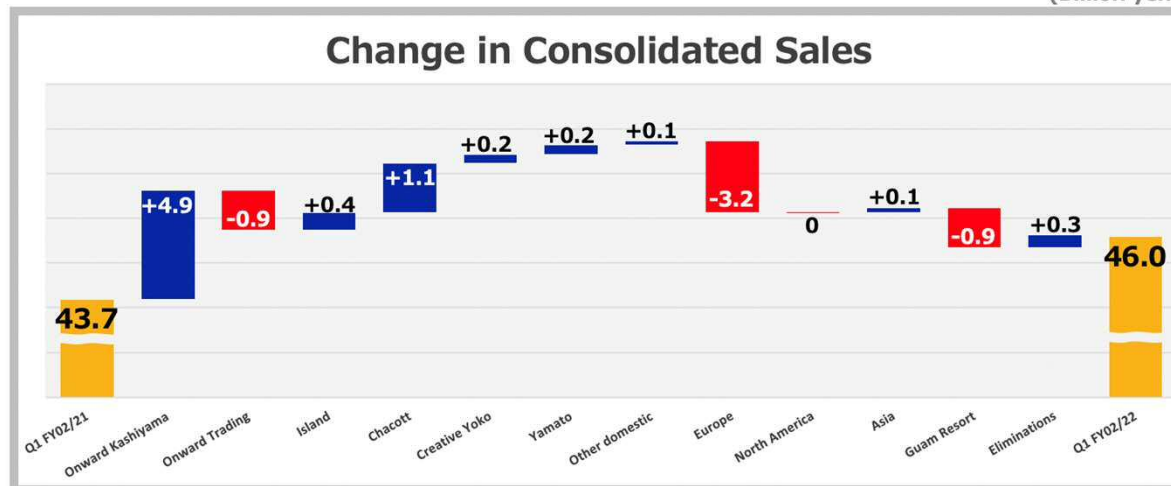
| | | Q1 | | | | | |
|----|---|---------------|---------------|---------------|------------------|---------------|---------------|
| | | Sales | | | Operating Profit | | |
| | | FY02/22 | FY02/21 | Change | FY02/22 | FY02/21 | Change |
| 1 | Onward Kashiwama (Nonconsolidated) | 22,435 | 17,560 | +4,875 | 770 | -1,573 | +2,343 |
| 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 | Domestic Subtotal (Excl. Onward Kashiwama) | 17,202 | 16,036 | +1,166 | 1,060 | 798 | +262 |
| 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 | Overseas Total | 8,643 | 12,713 | -4,070 | 13 | -318 | +331 |
| 14 | Consolidated Total | 46,022 | 43,719 | +2,303 | 1,147 | -1,851 | +2,998 |

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 Current Assets | 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 Non-current Assets | 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 Total Assets | 179.4 | 196.0 | -16.6 |
| 10 Liabilities | 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 Net Assets | 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 Onward Kashiyama | 8,976 | 6,648 | 15,624 | 6,171 | 640 | 6,811 | 22,435 | 30.4% | 90.6% |
| 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 Total of Domestic Group Companies Using E-Commerce* | 11,314 | 11,799 | 23,113 | 9,078 | 1,201 | 10,279 | 33,392 | 30.8% | 88.3% |
| 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 D o m e s t i c | 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% |
| | Domestic Total | Sales | 37,801 | 31,628 | +6,173 | 119.5% |
| | | Operating Profit | 1,218 | -1,362 | +2,580 | - |
| 7 8 9 10 11 12 O v e r s e a s | 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 | - |
| | Overseas Total | Sales | 8,221 | 12,091 | -3,870 | 68.0% |
| | | Operating Profit | -31 | -485 | +454 | - |
| 13 14 C o n s o l i d a t e d T o t a l | 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)



ONWARD HOLDINGS CO., LTD.

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