



FY02/22 Q3 Results Presentation Supplement

ONWARD HOLDINGS CO., LTD.
January 13, 2022

Hello, I'm Osamu Sato, director in charge of finance, accounting, and investor relations at Onward Holdings Co., Ltd. I'd like to take this opportunity to thank you all for your ongoing support.

For this presentation I'll be using the Results Presentation Supplement to provide an overview of our financial results for the nine-month period ended November 30, 2021. Let's start with slide 3.

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Q3 results

- Since the state of emergency was lifted at the beginning of October 2021, customer traffic at physical stores has gradually increased, boosting performance of the mainstay domestic apparel business. OPM was up 4.1pp YoY due to thorough inventory management and streamlining of SG&A expenses. As a result, all profit categories increased YoY in Q3, with operating profit at 2.3 billion yen, recurring profit at 2.1 billion yen, and net profit at 0.6 billion yen.
- Net sales fell 9.8 billion yen YoY to 43.6 billion yen due to the impact of global business reforms centered on Italy operations. However, in existing businesses, sales were up 2.3 billion yen.
- E-commerce sales grew 11% YoY to 10.7 billion yen, driven by steady growth of the new D2C brand business and a decline in losses associated with out-of-stock items owing to full-fledged operation of the centralized inventory management system for online and physical stores.

Q4 and full-year outlook

- The domestic apparel business is continuing on a recovery track, backed by robust sales of winter clothing due in part to a fall in temperatures in the beginning of Q4 and strong sales at OMO stores which began full-scale operations.
- The Company expects profits to improve significantly in the overseas business in Q4 as the effects of global business reforms, primarily for Italy operations, are emerging across the business. For the full year, the Company maintains its expectation to turn a profit at all profit levels for the first time in three fiscal years.

FY02/22 Q3 Consolidated Results

ONWARD

Previous year's figures adjusted to reflect changes in revenue recognition standard^{*1}

| | 1H | | | | Q3 | | | | Cumulative Q3 | | | | (Million yen) |
|------------------------|---------|---------|---------|--------|---------|---------|--------|--------|---------------|---------|---------|--------|--------------------------|
| | FY02/22 | FY02/21 | Change | YoY | FY02/22 | FY02/21 | Change | YoY | FY02/22 | FY02/21 | Change | YoY | Unadjusted ^{*2} |
| 1 Net Sales | 80,785 | 84,897 | -4,112 | 95.2% | 43,570 | 53,388 | -9,818 | 81.6% | 124,355 | 138,285 | -13,930 | 89.9% | 132,227 |
| 2 Gross Profit | 41,018 | 38,713 | +2,305 | 106.0% | 24,441 | 25,846 | -1,405 | 94.6% | 65,459 | 64,559 | +900 | 101.4% | 57,226 |
| (% of Sales) | 50.8% | 45.6% | +5.2% | | 56.1% | 48.4% | +7.7% | | 52.6% | 46.7% | +5.9% | | 43.3% |
| 3 SG&A Expenses | 44,312 | 49,692 | -5,380 | 89.2% | 22,095 | 25,129 | -3,034 | 87.9% | 66,407 | 74,821 | -8,414 | 88.8% | 67,488 |
| (% of Sales) | 54.9% | 58.5% | -3.6% | | 50.7% | 47.1% | +3.6% | | 53.4% | 54.1% | -0.7% | | 51.0% |
| 4 Operating Profit | -3,294 | -10,979 | +7,685 | | 2,346 | 717 | +1,629 | 327.2% | -948 | -10,262 | +9,314 | | -10,262 |
| (% of Sales) | - | - | - | | 5.4% | 1.3% | +4.1% | | - | - | - | | - |
| 5 Recurring Profit | -2,862 | -11,454 | +8,592 | | 2,103 | 1,209 | +894 | 173.9% | -759 | -10,245 | +9,486 | | -10,245 |
| 6 Profit | 7,448 | -15,188 | +22,636 | | 634 | 592 | +42 | 107.1% | 8,082 | -14,596 | +22,678 | | -14,596 |
| 7 EBITDA ^{*3} | -687 | -7,989 | +7,302 | | 3,519 | 2,203 | +1,316 | 159.7% | 2,832 | -5,786 | +8,618 | | -5,786 |

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

Figures for cumulative Q3 FY02/21 have been adjusted to reflect the new revenue recognition standard. Adjustments: +6,058 million yen for sales, +7,333 million yen for gross profit and SG&A expenses.

2. Unadjusted figures for FY02/21 correspond to the Q3 FY02/21 figures as shown in Consolidated Financial Results for the Nine Months Ended November 30, 2021.

3. EBITDA = operating profit + depreciation and amortization.

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This slide shows our consolidated results for the first half, the third quarter, and the first three quarters of the current fiscal year.

In the third quarter, our mainstay domestic Apparel Business performed solidly, as customer traffic at physical stores gradually recovered following the lifting of the state of emergency at the beginning of October 2021.

The operating profit margin rose 4.1 percentage points as a result of strict inventory control and streamlining of SG&A expenses. Consequently, profit at all levels increased year on year during the quarter. Operating profit was ¥2.3 billion, recurring profit was ¥2.1 billion, and net profit was ¥0.6 billion.

Net sales in the third quarter were ¥43.6 billion, down ¥9.8 billion, or 18.4%, year on year. One reason for the sales decline is our withdrawal from unprofitable businesses as part of the global business reforms that we have been pursuing over the last two years. This had a ¥12.1 billion impact in the third quarter of the current fiscal year. When excluding this factor, sales of the continuing existing businesses were up ¥2.3 billion, or 5.6%, year on year.

E-commerce sales, an area that we are focusing our efforts on, are shown in the Sales by Channel table on slide 10.

Sales by Channel

Total consolidated e-commerce sales (incl. overseas sales) were 10.7 billion yen (up 11% YoY). The e-commerce ratio for domestic businesses was 27.0%. The directly managed e-commerce ratio was 86.6%.

(Million yen)

| | Department Stores | Shopping Centers and Other | Physical Stores Total | Directly Managed E-Commerce | Other E-Commerce Platforms | E-Commerce Total | Total Net Sales | E-Commerce Ratio | Directly Managed E-Commerce Ratio |
|--|-------------------|----------------------------|-----------------------|-----------------------------|----------------------------|------------------|-----------------|------------------|-----------------------------------|
| 1 Onward Kashiya | 10,570 | 8,608 | 19,178 | 6,102 | 818 | 6,920 | 26,098 | 26.5% | 88.2% |
| 2 % of sales | 40.5% | 33.0% | 73.5% | 23.4% | 3.1% | 26.5% | 100.0% | | |
| 3 YoY | 92.6% | 104.6% | 97.6% | 101.8% | 143.3% | 105.4% | 99.6% | 1.5% | -3.1% |
| 4 Eight Domestic Subsidiaries Using E-Commerce * | 2,305 | 6,070 | 8,375 | 2,701 | 546 | 3,247 | 11,622 | 27.9% | 83.2% |
| 5 Total of Domestic Group Companies Using E-Commerce | 12,875 | 14,678 | 27,553 | 8,803 | 1,364 | 10,167 | 37,720 | 27.0% | 86.6% |
| 6 % of sales | 34.1% | 38.9% | 73.0% | 23.3% | 3.6% | 27.0% | 100.0% | | |
| 7 YoY | 94.3% | 98.8% | 96.7% | 108.6% | 131.4% | 111.2% | 100.2% | 2.7% | -2.1% |

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

We are continuing to achieve steady e-commerce sales growth. Total consolidated e-commerce sales, including overseas e-commerce sales, increased 11% year on year to ¥10.7 billion in the third quarter.

FY02/22 Q3 Consolidated Results

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Previous year's figures adjusted to reflect changes in revenue recognition standard*1

| | 1H | | | | Q3 | | | | Cumulative Q3 | | | | (Million yen) |
|--------------------|---------|---------|---------|--------|---------|---------|--------|--------|---------------|---------|---------|--------|---------------|
| | FY02/22 | FY02/21 | Change | YoY | FY02/22 | FY02/21 | Change | YoY | FY02/22 | FY02/21 | Change | YoY | Unadjusted*2 |
| 1 Net Sales | 80,785 | 84,897 | -4,112 | 95.2% | 43,570 | 53,388 | -9,818 | 81.6% | 124,355 | 138,285 | -13,930 | 89.9% | 132,227 |
| 2 Gross Profit | 41,018 | 38,713 | +2,305 | 106.0% | 24,441 | 25,846 | -1,405 | 94.6% | 65,459 | 64,559 | +900 | 101.4% | 57,226 |
| (% of Sales) | 50.8% | 45.6% | +5.2% | | 56.1% | 48.4% | +7.7% | | 52.6% | 46.7% | +5.9% | | 43.3% |
| 3 SG&A Expenses | 44,312 | 49,692 | -5,380 | 89.2% | 22,095 | 25,129 | -3,034 | 87.9% | 66,407 | 74,821 | -8,414 | 88.8% | 67,488 |
| (% of Sales) | 54.9% | 58.5% | -3.6% | | 50.7% | 47.1% | +3.6% | | 53.4% | 54.1% | -0.7% | | 51.0% |
| 4 Operating Profit | -3,294 | -10,979 | +7,685 | | 2,346 | 717 | +1,629 | 327.2% | -948 | -10,262 | +9,314 | | -10,262 |
| (% of Sales) | - | - | - | | 5.4% | 1.3% | +4.1% | | - | - | - | | - |
| 5 Recurring Profit | -2,862 | -11,454 | +8,592 | | 2,103 | 1,209 | +894 | 173.9% | -759 | -10,245 | +9,486 | | -10,245 |
| 6 Profit | 7,448 | -15,188 | +22,636 | | 634 | 592 | +42 | 107.1% | 8,082 | -14,596 | +22,678 | | -14,596 |
| 7 EBITDA*3 | -687 | -7,989 | +7,302 | | 3,519 | 2,203 | +1,316 | 159.7% | 2,832 | -5,786 | +8,618 | | -5,786 |

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2. Unadjusted figures for FY02/21 correspond to the Q3 FY02/21 figures as shown in Consolidated Financial Results for the Nine Months Ended November 30, 2021.

3. EBITDA = operating profit + depreciation and amortization.

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Going back to slide 3, gross profit in the third quarter was down ¥1.4 billion as a result of reduced sales due to the liquidation of unprofitable businesses carried out as part of our business reforms. Despite this, the gross profit margin improved sharply, increasing 7.7 percentage points, as a result of efforts to control inventory and price reductions, enabling us to secure gross profit of ¥24.4 billion.

SG&A expenses in the third quarter were down approximately ¥3 billion, or 12.1%, year on year to ¥22.1 billion. We recorded an operating profit of ¥2.3 billion, a ¥1.6 billion year-on-year improvement, due to the 7.7 percentage point gross profit margin increase, as I just mentioned.

Now, staying on slide 3, please look at the recurring profit line.

Recurring profit was ¥2.1 billion in the third quarter, due in part to the impact of foreign exchange and subsidy income fluctuations. Net profit was ¥0.6 billion.

These are the main consolidated results figures for the third quarter.

As a result of the factors I have just mentioned, net sales for the first three quarters totaled ¥124.4 billion, down 10.1% year on year. Although we recorded an operating loss and recurring loss for this period, each of these improved by more than ¥9.0 billion year on year. Net profit was ¥8.1 billion as a result of gain on sales of non-current assets and gain on sales of shares of subsidiaries and associates conducted in the first half as part of efforts to streamline our assets.

Moving on to slide 7.

Segment Results

(Million yen)

| | | | 1H | | | | Q3 | | | | Cumulative Q3 | | | | |
|---|----------------|------------------|------------------|---------|--------|--------|---------|---------|--------|--------|---------------|---------|---------|---------|--------|
| | | | FY02/22 | FY02/21 | Change | YoY | FY02/22 | FY02/21 | Change | YoY | FY02/22 | FY02/21 | Change | YoY | |
| 1 2 3 4 5 6 Domestic | Apparel | Net Sales | 52,182 | 52,868 | -686 | 98.7% | 31,452 | 32,467 | -1,015 | 96.9% | 83,634 | 85,335 | -1,701 | 98.0% | |
| | | Operating Profit | -3,637 | -8,269 | +4,632 | - | 1,688 | -444 | +2,132 | - | -1,949 | -8,713 | +6,764 | - | |
| | Lifestyle | Net Sales | 17,848 | 15,649 | +2,199 | 114.1% | 9,341 | 9,218 | +123 | 101.3% | 27,189 | 24,867 | +2,322 | 109.3% | |
| | | Operating Profit | 1,493 | 738 | +755 | 202.3% | 1,226 | 1,185 | +41 | 103.5% | 2,719 | 1,923 | +796 | 141.4% | |
| | Domestic Total | | Net Sales | 70,030 | 68,517 | +1,513 | 102.2% | 40,793 | 41,685 | -892 | 97.9% | 110,823 | 110,202 | +621 | 100.6% |
| | | | Operating Profit | -2,144 | -7,531 | +5,387 | - | 2,914 | 741 | +2,173 | 393.3% | 770 | -6,790 | +7,560 | - |
| 7 8 9 10 11 12 Overseas | Apparel | Net Sales | 10,047 | 14,897 | -4,850 | 67.4% | 2,360 | 11,449 | -9,089 | 20.6% | 12,407 | 26,346 | -13,939 | 47.1% | |
| | | Operating Profit | -487 | -2,831 | +2,344 | - | -292 | 37 | -329 | - | -779 | -2,794 | +2,015 | - | |
| | Lifestyle | Net Sales | 708 | 1,483 | -775 | 47.7% | 417 | 254 | +163 | 164.2% | 1,125 | 1,737 | -612 | 64.8% | |
| | | Operating Profit | -431 | -267 | -164 | - | -417 | -233 | -184 | - | -848 | -500 | -348 | - | |
| | Overseas Total | | Net Sales | 10,755 | 16,380 | -5,625 | 65.7% | 2,777 | 11,703 | -8,926 | 23.7% | 13,532 | 28,083 | -14,551 | 48.2% |
| | | | Operating Profit | -918 | -3,098 | +2,180 | - | -709 | -196 | -513 | - | -1,627 | -3,294 | +1,667 | - |
| 13 14 Consolidated Total | | Net Sales | 80,785 | 84,897 | -4,112 | 95.2% | 43,570 | 53,388 | -9,818 | 81.6% | 124,355 | 138,285 | -13,930 | 89.9% | |
| | | Operating Profit | -3,294 | -10,979 | +7,685 | - | 2,346 | 717 | +1,629 | 327.2% | -948 | -10,262 | +9,314 | - | |

Note: Cumulative Q3: December–August for Europe, and January–September for Asia and North America
 Note: Figures for FY02/21 have been adjusted to reflect the new revenue recognition standard used in 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 DAKANYAMA, and 6 other companies; 10 companies in total)
 Overseas Lifestyle (Onward Beach Resort Guam and 9 other companies; 10 companies in total)

FY02/22 Q3 Results by Group Company

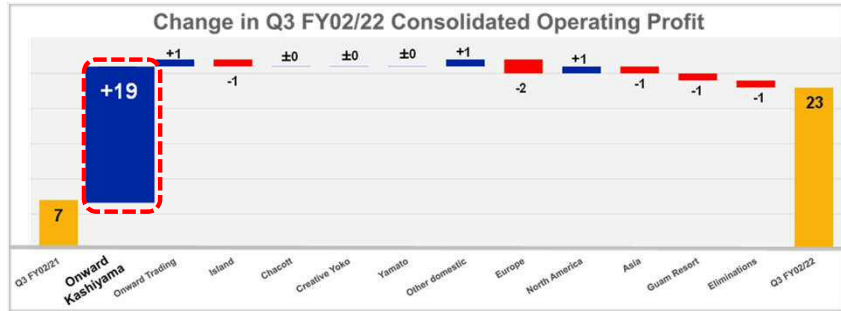
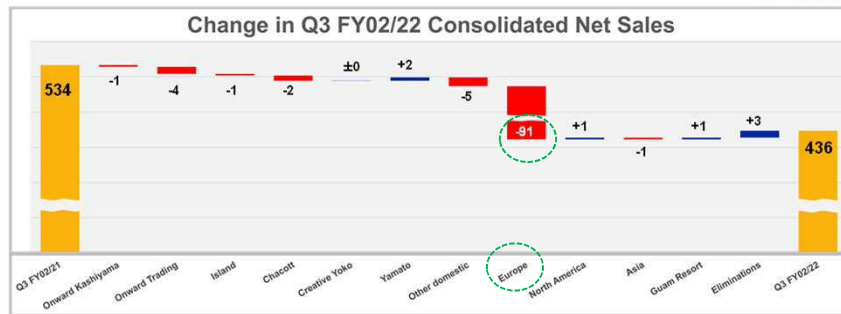


(Million yen)

| | 1H | | | | | | Q3 | | | | | | Cumulative Q3 | | | | | |
|--|-----------|---------|--------|------------------|---------|--------|-----------|---------|--------|------------------|---------|--------|---------------|---------|---------|------------------|---------|--------|
| | Net Sales | | | Operating Profit | | | Net Sales | | | Operating Profit | | | Net Sales | | | Operating Profit | | |
| | FY02/22 | FY02/21 | Change | FY02/22 | FY02/21 | Change | FY02/22 | FY02/21 | Change | FY02/22 | FY02/21 | Change | FY02/22 | FY02/21 | Change | FY02/22 | FY02/21 | Change |
| 1 Onward Kashiwama (Non-consolidated) | 40,784 | 40,784 | ±0 | -1,977 | -6,301 | +4,324 | 26,098 | 26,205 | -107 | 2,373 | 497 | +1,876 | 66,882 | 66,989 | -107 | 396 | -5,804 | +6,200 |
| 2 Onward Trading | 7,578 | 8,635 | -1,057 | 1,067 | 1,454 | -387 | 3,285 | 3,720 | -425 | 203 | 177 | +26 | 10,873 | 12,355 | -1,482 | 1,270 | 1,631 | -361 |
| 3 Island | 2,813 | 2,425 | +388 | -124 | -413 | +289 | 1,516 | 1,600 | -84 | 7 | 58 | -51 | 4,329 | 4,025 | +304 | -117 | -355 | +238 |
| 4 Chaco | 4,445 | 2,961 | +1,484 | 280 | -632 | +915 | 2,058 | 2,323 | -265 | 192 | 171 | +21 | 6,503 | 5,284 | +1,219 | 475 | -461 | +936 |
| 5 Creative Yoko | 2,223 | 2,123 | +100 | 68 | -17 | +85 | 1,357 | 1,371 | -14 | 145 | 121 | +24 | 3,580 | 3,494 | +86 | 213 | 104 | +109 |
| 6 Yamato | 9,282 | 8,956 | +326 | 548 | 484 | +64 | 4,931 | 4,706 | +225 | 325 | 365 | -40 | 14,213 | 13,662 | +551 | 873 | 849 | +24 |
| 7 Other | 6,010 | 6,727 | -717 | -744 | -627 | -117 | 3,557 | 4,065 | -508 | 103 | 1 | +102 | 9,567 | 10,792 | -1,225 | -641 | -626 | -15 |
| 8 Domestic Subtotal (Excl. Onward Kashiwama) | 32,351 | 31,827 | +524 | 1,098 | 249 | +849 | 16,714 | 17,785 | -1,071 | 975 | 893 | +82 | 49,065 | 49,612 | -547 | 2,073 | 1,142 | +931 |
| 9 Overseas | 8,822 | 13,815 | -4,993 | -47 | -2,806 | +2,761 | 1,877 | 10,943 | -9,066 | -73 | 91 | -164 | 10,699 | 24,758 | -14,059 | -120 | -2,717 | +2,597 |
| 10 North America | 297 | 189 | +108 | -231 | -259 | +26 | 181 | 83 | +98 | -89 | -152 | +63 | 478 | 272 | +206 | -320 | -411 | +91 |
| 11 Asia | 2,211 | 2,181 | +30 | -78 | 170 | -248 | 982 | 1,089 | -107 | -95 | -39 | -56 | 3,193 | 3,270 | -77 | -173 | 131 | -304 |
| 12 Guam Resort | 150 | 1,033 | -883 | -312 | 115 | -427 | 90 | 8 | +82 | -163 | -82 | -81 | 240 | 1,041 | -801 | -475 | 33 | -508 |
| 13 Overseas Subtotal | 11,480 | 17,218 | -5,738 | -668 | -2,782 | +2,114 | 3,130 | 12,123 | -8,993 | -420 | -182 | -238 | 14,610 | 29,341 | -14,731 | -1,088 | -2,964 | +1,876 |
| 14 Consolidated Total | 80,785 | 84,897 | -4,112 | -3,294 | -10,979 | +7,685 | 43,870 | 53,388 | -9,818 | 2,346 | 717 | +1,629 | 124,355 | 138,285 | -13,930 | -848 | -10,262 | +9,314 |

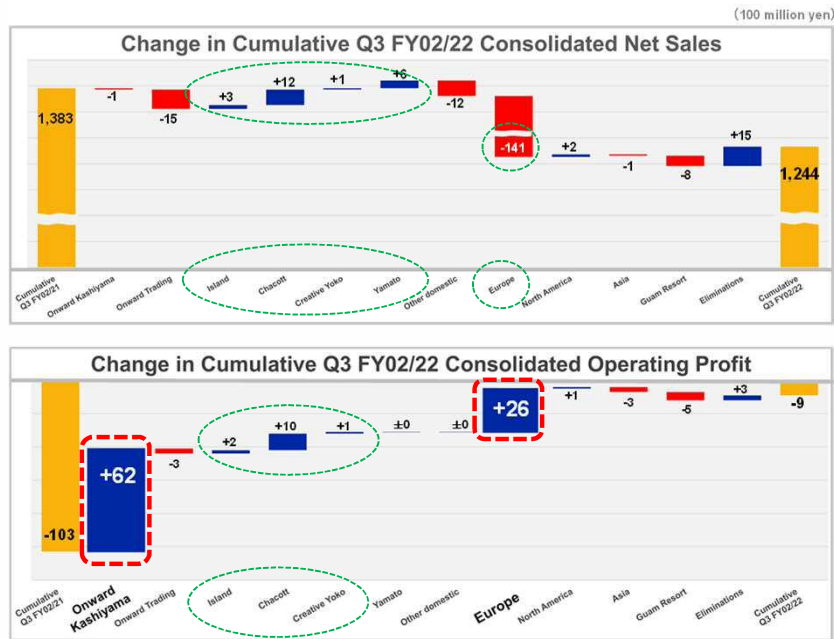
Note: The group breakdown is calculated using simple sums. Consolidated totals are after eliminating intergroup transactions.
 Note: Figures for FY02/21 have been adjusted to reflect the new revenue recognition standard used in FY02/22.

(100 million yen)



FY02/22 Q3 Results by Group Company

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This slide shows the breakdown of figures for the consolidated totals by group company. The upper graph shows year-on-year changes in net sales. The orange bar on the far left shows net sales for the nine months ended November 30, 2020, which totaled ¥138.3 billion. The orange bar on the far right shows net sales for the nine months ended November 30, 2021, which totaled ¥124.4 billion. The main factor behind the ¥13.9 billion yen decline was business reforms carried out in Europe, particularly in Italy. The red bar for Europe to the right of center shows that sales were down by ¥14.1 billion for the nine months ended November 30, 2021 as a result of withdrawing from unprofitable businesses in the previous fiscal year. This accounts for most of the overall ¥13.9 billion sales decline.

In the nine months ended November 30, 2021, sales were almost level year on year for Onward Kashiyama, our core Apparel Business company, shown on the far left. Onward Kashiyama also went ahead with business reforms in the previous fiscal year, closing a considerable number of unprofitable stores and withdrawing from unprofitable brand businesses, which negatively impacted sales by about ¥11.2 billion. This was offset, however, by a ¥11.1 billion increase in the sales primarily of continuing existing businesses, and sales were almost level year-on-year as a result.

The third factor impacting consolidated net sales was sales growth at Island in the Apparel Business, and the three core companies of the Lifestyle Business: Chacott, Creative Yoko, and Yamato. These companies all achieved sales growth despite the extremely adverse operating environment amid the COVID-19 pandemic. In total, consolidated net sales declined by ¥13.9 billion year on year, but we believe that the fruits of our business reforms are reflected in profits.

Please now look at the lower graph, which shows changes in consolidated operating profit broken down by group company. Results for the nine months ended November 30, 2020 were disappointing, with a ¥10.3 billion operating loss, but in the nine months ended November 30, 2021, operating loss narrowed substantially to ¥0.9 billion. This ¥9.3 billion improvement in operating profit can be explained by three main contributing factors, which are circled on the graph.

The first of these is our core Apparel Business company, Onward Kashiyama, on the far left. Although its net sales were almost level year on year, the company recorded a ¥6.2 billion improvement in operating profitability to return to the black. This was due to the company's increased focus on more competitive businesses and stores, following its withdrawal from unprofitable businesses and closing of unprofitable stores.

The second factor was that our Europe operations, shown to the right of center, recorded a ¥2.6 billion improvement in operating profitability, despite a ¥14.1 billion sales decline, as a result of the withdrawal from loss-making businesses.

The third factor was that Island in the Apparel Business, and Chacott and Creative Yoko in the Lifestyle Business, each improved their operating profitability.

Domestic Lifestyle-related businesses achieved steady sales and profit growth in the nine months ended November 30, 2021.

This concludes my summary of consolidated financial performance in the nine months ended November 30, 2021, and the breakdown by major group company.

Let's now move on to slide 8.

The new revenue recognition standard will be applied to companies starting a new fiscal year 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 instead be deducted 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.

This slide covers our policy relating to early adoption of the new revenue recognition standard.

I won't go into the details of this today, because we discussed this in the first and second quarter presentations, but please refer to this slide for information regarding our early adoption of the new standard.

Please note that all year-ago figures in the Results Presentation Supplement have also been calculated using the new standard.

Moving on to slide 9, I will discuss our consolidated balance sheet.

Financial Situation

■ Consolidated Balance Sheet

(100 million yen)

| | End-Q3 FY02/22 | End-FY02/21 | Change |
|---------------------------------|----------------|-------------|--------|
| 1 Current Assets | 698 | 804 | -106 |
| 2 Cash and Deposits | 176 | 213 | -37 |
| 3 Accounts Receivable | 178 | 182 | -4 |
| 4 Inventory | 303 | 343 | -40 |
| 5 Non-current Assets | 976 | 1,155 | -179 |
| 6 Property, Plant and Equipment | 590 | 718 | -128 |
| 7 Intangible Assets | 94 | 106 | -12 |
| 8 Investments and Other Assets | 290 | 330 | -40 |
| 9 Total Assets | 1,674 | 1,960 | -286 |
| 10 Liabilities | 1,017 | 1,365 | -348 |
| 11 Accounts Payable | 207 | 219 | -12 |
| 12 Borrowings | 509 | 780 | -271 |
| 13 Net Assets | 656 | 595 | 61 |

■ Metrics

| | End-Q3 FY02/22 | End-FY02/21 | Change |
|--|----------------|-----------------------|--------|
| 14 Shareholders' Equity Ratio | 39.0% | 28.9% | +10.1% |
| 15 Total number of issued shares (in thousands) | 157,921 | 157,921 | - |
| 16 Average number of shares outstanding during the period (in thousands) | 135,614 | Cumulative Q3 135,374 | +240 |

■ Capital expenditures

(Million yen)

| | Cumulative Q3 FY02/22 | Cumulative Q3 FY02/21 | Change |
|----------------------------------|-----------------------|-----------------------|--------|
| 17 Capex | 3,738 | 5,556 | -1,818 |
| 18 Depreciation and amortization | 3,501 | 4,211 | -710 |

Total assets, on row 9, stood at ¥167.4 billion as of the end of the third quarter, down ¥28.6 billion from February 28, 2021, the end of the previous fiscal year, as a result of the sales of non-current assets and inventory streamlining.

Cash and deposits, row 2, decreased ¥3.7 billion to ¥17.6 billion, due to improved cash management efficiency following withdrawals from businesses in Europe.

Inventory, row 4, decreased ¥4.0 billion from February 28, 2021 to ¥30.3 billion due to withdrawals from businesses in Europe and the curbing of procurement as part of inventory control measures.

As a result, total current assets, row 1, decreased ¥10.6 billion to ¥69.8 billion.

Property, plant and equipment, row 6, decreased ¥12.8 billion from the end of the previous fiscal year to ¥59.0 billion, as a result of sales of land and buildings in line with our policy of pursuing more efficient management of assets.

Non-current assets, row 5, decreased ¥17.9 billion to ¥97.6 billion.

Liabilities, row 10, decreased ¥34.8 billion from the end of the previous fiscal year to ¥101.7 billion.

Accounts payable—trade, row 11, decreased ¥1.2 billion to ¥20.7 billion as a result of withdrawals from businesses in Europe and the curbing of procurement at Onward Kashiyama.

Borrowings, row 12, decreased ¥27.1 billion to ¥50.9 billion, due primarily to gain on sales of non-current assets being used to repay borrowings.

Net assets, row 13, increased ¥6.1 billion from the end of the previous fiscal year to ¥65.6 billion.

The shareholders' equity ratio, row 14, rose 10.1 percentage points from 28.9% as of February 28, 2021, to 39.0% as of November 30, 2021, almost recovering to 40%, which we consider to be an optimal level.

Capital investment, row 17, was ¥3.738 billion. This was primarily investment in our new Dalian factory, and digital transformation-related investment, including investment in IT systems. Capital investment was limited to the minimum required amount.

Depreciation and amortization, row 18, decreased ¥0.7 billion year on year to ¥3.5 billion.

This concludes my discussion of our financial position as of the end of the third quarter.

DATA BOOK

A Data Book section is provided for your reference from slide 10 onward.

Sales by Channel

Total consolidated e-commerce sales (incl. overseas sales) were 10.7 billion yen (up 11% YoY). The e-commerce ratio for domestic businesses was 27.0%. The directly managed e-commerce ratio was 86.6%.

(Million yen)

| | Department Stores | Shopping Centers and Other | Physical Stores Total | Directly Managed E-Commerce | Other E-Commerce Platforms | E-Commerce Total | Total Net Sales | E-Commerce Ratio | Directly Managed E-Commerce Ratio |
|--|-------------------|----------------------------|-----------------------|-----------------------------|----------------------------|------------------|-----------------|------------------|-----------------------------------|
| 1 Onward Kashiya | 10,570 | 8,608 | 19,178 | 6,102 | 818 | 6,920 | 26,098 | 26.5% | 88.2% |
| 2 % of sales | 40.5% | 33.0% | 73.5% | 23.4% | 3.1% | 26.5% | 100.0% | | |
| 3 YoY | 92.6% | 104.6% | 97.6% | 101.8% | 143.3% | 105.4% | 99.6% | 1.5% | -3.1% |
| 4 Eight Domestic Subsidiaries Using E-Commerce * | 2,305 | 6,070 | 8,375 | 2,701 | 546 | 3,247 | 11,622 | 27.9% | 83.2% |
| 5 Total of Domestic Group Companies Using E-Commerce | 12,875 | 14,678 | 27,553 | 8,803 | 1,364 | 10,167 | 37,720 | 27.0% | 86.6% |
| 6 % of sales | 34.1% | 38.9% | 73.0% | 23.3% | 3.6% | 27.0% | 100.0% | | |
| 7 YoY | 94.3% | 98.8% | 96.7% | 108.6% | 131.4% | 111.2% | 100.2% | 2.7% | -2.1% |

*Domestic subsidiaries using e-commerce (Island, Tiaclass, Onward Personal Style, Chacott, Creative Yoko, Yamato, Intimates, KOKOBUY)

Sales by Channel

Total consolidated e-commerce sales (incl. overseas sales) were 31.5 billion yen (up 7% YoY). The e-commerce ratio for domestic businesses was 29.7%. The directly managed e-commerce ratio was 87.3%.

| (Million yen) | | | | | | | | | | |
|---------------|---|----------------------------|-----------------------|-----------------------------|----------------------------|------------------|-----------------|------------------|-----------------------------------|--------------|
| | Department Stores | Shopping Centers and Other | Physical Stores Total | Directly Managed E-Commerce | Other E-Commerce Platforms | E-Commerce Total | Total Net Sales | E-Commerce Ratio | Directly Managed E-Commerce Ratio | |
| 1 | Onward Kashiyama | 25,990 | 21,084 | 47,074 | 17,744 | 2,064 | 19,808 | 66,882 | 29.6% | 89.6% |
| 2 | % of sales | 38.9% | 31.5% | 70.4% | 26.5% | 3.1% | 29.6% | 100.0% | | |
| 3 | YoY | 88.8% | 121.0% | 100.8% | 93.6% | 153.8% | 97.6% | 99.8% | -0.7% | -3.8% |
| 4 | Eight Domestic Subsidiaries Using E-Commerce * | 6,935 | 16,470 | 23,405 | 8,301 | 1,710 | 10,011 | 33,416 | 30.0% | 82.9% |
| 5 | Total of Domestic Group Companies Using E-Commerce | 32,925 | 37,554 | 70,479 | 26,045 | 3,774 | 29,819 | 100,298 | 29.7% | 87.3% |
| 6 | % of sales | 32.8% | 37.4% | 70.3% | 26.0% | 3.8% | 29.7% | 100.0% | | |
| 7 | YoY | 92.8% | 111.3% | 101.8% | 102.7% | 136.7% | 106.0% | 103.0% | 0.8% | -2.8% |

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

DATA BOOK: FY02/22 Q3 Results

ONWARD

(Million yen)

| SG&A expenses | 1H | | | | Q3 | | | | Cumulative Q3 | | | |
|---|---------|---------|--------|-------|---------|---------|--------|-------|---------------|---------|---------|-------|
| | FY02/22 | FY02/21 | Change | YoY | FY02/22 | FY02/21 | Change | YoY | FY02/22 | FY02/21 | Change | YoY |
| 1 Personnel | 18,134 | 22,069 | -3,935 | 82.2% | 8,641 | 10,023 | -1,382 | 86.2% | 26,775 | 32,092 | -5,317 | 83.4% |
| 2 Rent | 10,870 | 11,056 | -186 | 98.3% | 6,461 | 7,122 | -661 | 90.7% | 17,331 | 18,178 | -847 | 95.3% |
| 3 Transportation | 3,083 | 3,125 | -42 | 98.7% | 1,502 | 1,633 | -131 | 92.0% | 4,585 | 4,758 | -173 | 96.4% |
| 4 Promotion and Advertising | 2,810 | 3,475 | -665 | 80.9% | 987 | 1,622 | -635 | 60.9% | 3,797 | 5,097 | -1,300 | 74.5% |
| 5 Depreciation | 1,843 | 1,966 | -123 | 93.7% | 791 | 977 | -186 | 81.0% | 2,634 | 2,943 | -309 | 89.5% |
| 6 Other | 7,572 | 8,001 | -429 | 94.6% | 3,713 | 3,752 | -39 | 99.0% | 11,285 | 11,753 | -468 | 96.0% |
| 7 Total SG&A expenses | 44,312 | 49,692 | -5,380 | 89.2% | 22,095 | 25,129 | -3,034 | 87.9% | 66,407 | 74,821 | -8,414 | 88.8% |
| 8 Extraordinary loss adjustment (Reference) Effective SG&A expenses | 1,062 | 3,118 | -2,056 | 34.1% | 249 | 354 | -105 | 70.3% | 1,311 | 3,472 | -2,161 | 37.8% |
| 9 | 45,374 | 52,810 | -7,436 | 85.9% | 22,344 | 25,483 | -3,139 | 87.7% | 67,718 | 78,293 | -10,575 | 86.5% |

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

Non-Operating Profit/Loss

(Million yen)

| | Cumulative Q3 | | | |
|--|---------------|---------|--------|---------|
| | FY02/22 | FY02/21 | Change | YoY |
| 10 Interest income | 45 | 44 | +1 | 102.3% |
| 11 Dividend income | 92 | 117 | -25 | 78.6% |
| 12 Foreign exchange gains | -24 | -512 | +488 | - |
| 13 Subsidy income | 804 | 703 | +101 | 114.4% |
| 14 Other non-operating income | 648 | 551 | +97 | 117.6% |
| 15 Interest expenses | -304 | -361 | +57 | 84.2% |
| 16 Share of loss of entities accounted for using equity method | -66 | -51 | -15 | 129.4% |
| 17 Other non-operating expenses | -1,005 | -475 | -530 | 211.6% |
| 18 Non-operating profit/loss | 190 | 16 | +174 | 1187.5% |

Extraordinary Profit/Loss

(Million yen)

| | Cumulative Q3 | | | |
|---|---------------|---------|---------|---------|
| | FY02/22 | FY02/21 | Change | YoY |
| 19 Gain on sales of non-current assets | 17,924 | 2,592 | +15,332 | 691.5% |
| 20 Gain on sales of investment securities | 103 | 8 | +95 | 1287.5% |
| 21 Gain on sales of shares of subsidiaries and associates | 2,944 | - | +2,944 | - |
| 22 Subsidies for employment adjustment | 269 | 1,697 | -1,428 | 15.9% |
| 23 Loss due to closing and other | -1,311 | -3,722 | +2,411 | 35.2% |
| 24 Loss on sales of shares of subsidiaries and associates | -1,829 | - | -1,829 | - |
| 25 Loss on liquidation of subsidiaries and associates | -1,968 | - | -1,968 | - |
| 26 Impairment loss | -728 | -1,827 | +1,099 | 39.8% |
| 27 Loss on valuation of investment securities | - | -1,657 | +1,657 | - |
| 28 Loss on liquidation of businesses | - | -953 | +953 | - |
| 29 Other | -321 | -334 | +13 | 96.1% |
| 30 Extraordinary profit/loss | 15,083 | -4,196 | +19,279 | - |

DATA BOOK: FY02/22 Q3 Results

ONWARD

(Million yen)

| Onward Kashiwama (Non-consolidated) | 1H | | | | Q3 | | | | Cumulative Q3 | | | |
|--|---------|---------|--------|--------|---------|---------|--------|--------|---------------|---------|--------|--------|
| | FY02/22 | FY02/21 | Change | YoY | FY02/22 | FY02/21 | Change | YoY | FY02/22 | FY02/21 | Change | YoY |
| 1 Net Sales | 40,784 | 40,784 | ±0 | 100.0% | 26,098 | 26,205 | -107 | 99.6% | 66,882 | 66,989 | -107 | 99.8% |
| 2 Gross Profit | 22,468 | 21,351 | +1,117 | 105.2% | 15,911 | 14,408 | +1,503 | 110.4% | 38,379 | 35,759 | +2,620 | 107.3% |
| 2 % of sales | 55.1% | 52.4% | +2.7% | | 61.0% | 55.0% | +6.0% | | 57.4% | 53.4% | +4.0% | |
| 3 SG&A Expenses | 24,445 | 27,652 | -3,207 | 88.4% | 13,538 | 13,911 | -373 | 97.3% | 37,983 | 41,563 | -3,580 | 91.4% |
| 3 % of sales | 59.9% | 67.8% | -7.9% | | 51.9% | 53.1% | -1.2% | | 56.8% | 62.0% | -5.2% | |
| 4 Operating Profit | -1,977 | -6,301 | +4,324 | - | 2,373 | 497 | +1,876 | 477.5% | 396 | -5,804 | +6,200 | - |
| 4 % of sales | - | - | - | - | 9.1% | 1.9% | +7.2% | | 0.6% | - | - | - |

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

| Domestic Subtotal (Excl. Onward Kashiwama) | 1H | | | | Q3 | | | | Cumulative Q3 | | | |
|---|---------|---------|--------|--------|---------|---------|--------|--------|---------------|---------|--------|--------|
| | FY02/22 | FY02/21 | Change | YoY | FY02/22 | FY02/21 | Change | YoY | FY02/22 | FY02/21 | Change | YoY |
| 5 Net Sales | 32,351 | 31,827 | +524 | 101.6% | 16,714 | 17,785 | -1,071 | 94.0% | 49,065 | 49,612 | -547 | 98.9% |
| 6 Gross Profit | 16,188 | 14,710 | +1,478 | 110.0% | 8,393 | 8,593 | -200 | 97.7% | 24,581 | 23,303 | +1,278 | 105.5% |
| 6 % of sales | 50.0% | 46.2% | +3.8% | | 50.2% | 48.3% | +1.9% | | 50.1% | 47.0% | +3.1% | |
| 7 SG&A Expenses | 15,090 | 14,461 | +629 | 104.3% | 7,418 | 7,700 | -282 | 96.3% | 22,508 | 22,161 | +347 | 101.6% |
| 7 % of sales | 46.6% | 45.4% | +1.2% | | 44.4% | 43.3% | +1.1% | | 45.9% | 44.7% | +1.2% | |
| 8 Operating Profit | 1,098 | 249 | +849 | 441.0% | 975 | 893 | +82 | 109.2% | 2,073 | 1,142 | +931 | 181.5% |
| 8 % of sales | 3.4% | 0.8% | +2.6% | | 5.8% | 5.0% | +0.8% | | 4.2% | 2.3% | +1.9% | |

Note: Calculated using simple sums for the domestic group companies excluding Onward Kashiwama.

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

| Overseas Subtotal | 1H | | | | Q3 | | | | Cumulative Q3 | | | |
|---------------------|---------|---------|--------|-------|---------|---------|--------|-------|---------------|---------|---------|-------|
| | FY02/22 | FY02/21 | Change | YoY | FY02/22 | FY02/21 | Change | YoY | FY02/22 | FY02/21 | Change | YoY |
| 9 Net Sales | 11,480 | 17,218 | -5,738 | 66.7% | 3,130 | 12,123 | -8,993 | 25.8% | 14,610 | 29,341 | -14,731 | 49.8% |
| 10 Gross Profit | 4,384 | 5,114 | -730 | 85.7% | 1,323 | 3,710 | -2,387 | 35.7% | 5,707 | 8,824 | -3,117 | 64.7% |
| 10 % of sales | 38.2% | 29.7% | +8.5% | | 42.3% | 30.6% | +11.7% | | 39.1% | 30.1% | +9.0% | |
| 11 SG&A Expenses | 5,052 | 7,896 | -2,844 | 64.0% | 1,743 | 3,892 | -2,149 | 44.8% | 6,795 | 11,788 | -4,993 | 57.6% |
| 11 % of sales | 44.0% | 45.9% | -1.9% | | 55.7% | 32.1% | +23.6% | | 46.5% | 40.2% | +6.3% | |
| 12 Operating Profit | -668 | -2,782 | +2,114 | - | -420 | -182 | -238 | - | -1,088 | -2,964 | +1,876 | - |
| 12 % of sales | - | - | - | - | - | - | - | - | - | - | - | - |

Note: Calculated using simple sums.

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

Consolidated Performance Forecast

To end this presentation, I will discuss our full-year outlook. The weather turned colder as we headed into the fourth quarter, and partly as a result of this, winter apparel sales have been firm, and sales at the new brick-and-click stores—which we call “OMO stores”—that we are now rolling out in earnest, have been solid. Factors such as these are contributing to the continuing recovery of the Apparel Business in Japan.

Monthly net sales for December 2021, which we released the other day, were also firm.

In addition, we are seeing positive Group-wide impacts from the global business reforms that we’ve been pursuing with particular focus on operations in Italy. As a result, we’re anticipating a sharp improvement in profitability in our overseas operations for the current fiscal year. We are therefore working toward meeting the full-year forecasts that we announced after the end of the first half of the current fiscal year.

This concludes my presentation on our results for the third quarter of the fiscal year ending February 28, 2022.

Thank you very much.

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