

## Financial Results Briefing for FY02/22

### – Q&A Summary –

Date: April 8, 2022, Friday, 10:00-10:45 AM (JST)

Presenter: Michinobu Yasumoto, President & CEO

**Q1. You plan to distribute a dividend of ¥12 for this fiscal year; the same as in the previous fiscal year. Could you please explain your basic dividend policy?**

A1. Our basic policy has been to sustain stable dividends with a target payout ratio of 35%. In recent years, net profit has fluctuated significantly owing to factors such as our global business reforms and the impacts from the COVID-19 pandemic. Nonetheless, we have continued to pay a dividend of ¥12. Going forward, we intend to increase net profit through steady execution of our growth strategy and return dividends to their previous level

**Q2. Please give us some idea of your progress so far toward this fiscal year's sales forecast. Also, to what extent have you factored the impacts from COVID-19 into your forecasts for this fiscal year?**

A2. We got off to a good start right from the start of the fiscal year in March, and early results are running slightly ahead of pace for meeting our full-year sales forecast. However, we continue to feel some impacts from COVID-19, including a decline in productivity owing to recent lockdowns affecting production sites in China and other factors. It is very difficult to accurately predict just how much COVID-19 will impact our performance going forward, but our performance forecast for this fiscal year factors in a certain amount of impact, mostly on our domestic business, from further COVID-19 infection waves during this fiscal year.

**Q3. To what extent do you expect continuing existing business will have recovered towards pre-COVID levels by the end of this fiscal year?**

A3. We don't expect this year's results to return to the pre-COVID levels of the fiscal year ended February 28, 2020. Roughly speaking, we look for like-for-like store sales to recover to between 80% and 90% of the level of that fiscal year. While we don't expect customer traffic to return to pre-pandemic levels, especially at stores in central Tokyo, we aim to increase the average purchase value per customer above pre-pandemic levels.

**Q4. Last April, Onward Holdings disclosed its medium- to long-term management vision. How would you evaluate the progress made over the year since you announced the vision, including both positive and negative aspects?**

A4. Looking at progress by segment, we think the Lifestyle Business has performed solidly despite the challenges of operating in a pandemic environment. The segment's performance has been underpinned by its business with corporate clients in particular. Meanwhile, the business environment for our consumer-oriented Apparel Business has been more severely impacted by the pandemic than expected, with states of emergency and priority measures such as for prevention of the spread of disease in effect in Japan for nearly two-thirds of the year. This fiscal year, under our "OMO" strategy, we intend to increase the frequency of customer store visits through initiatives such as our "Click & Try" service, and will also work to boost sales by increasing the average purchase value per customer.