

ONWARD

ANNUAL REPORT 2023

Year Ended February 28, 2023

Onward Holdings Co., Ltd.



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ANNIVERSARY
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Messages from the Management

The Onward Group's Raison D'être

Message from the President

Message from Outside Director



The Onward Group's Raison D'etre (Mission Statement)

Enriching and Adding Color to People's Lives while Caring for the Planet

The world of today is plagued with various global environmental and social issues, and we are therefore pressed to take actions specifically for contributing to the realization of a sustainable society. The Onward Group realizes that sustainable management is an important theme that forms the foundation for its corporate activities. Accordingly, we will continue to practice management that pursues coexistence with the global environment based on our mission statement of “enriching and adding color to people’s lives while caring for the planet.”

Message from the President



Michinobu Yasumoto

President and CEO
Onward Holdings Co., Ltd.

We will pursue new growth strategies based on the outcomes of our global business reforms.

Return to Operating Profit in FY02/23 for First Time in Four Years

In the Group's financial results for the year ended February 28, 2023, net sales increased by ¥7,600 million from the previous fiscal year to ¥176,100 million, and a ¥6,300 million improvement in operating profit/loss brought us back into profit of ¥5,200 million. The greatest factor in the increase in revenue and profit was the recovery of the domestic apparel business, particularly Onward Kashiwajima. In addition to the outcomes of our global business reforms that began in FY02/20, thorough inventory controls and discount sales reduction measures, among other factors, resulted in our gross profit margin increasing by 2.9pt from 52.0% in FY02/22 to 54.9% in FY02/23. Selling, general and administrative expense ratio also improved by 0.7pt from 52.7% to 52.0%. Thanks to these results, profits at all levels returned to profitability.

Net profit for the fiscal year fell by ¥5,500 million year on year to ¥3,100 million, but this was due to temporary factors, namely the posting of a massive gain on sale of real estate in the previous fiscal year.

Turning Changes in the Business Environment into Growth Opportunities

The business environment surrounding the fashion business has been undergoing major structural changes since before the COVID-19 pandemic. Specifically, those changes include rising consumer awareness of global environmental issues and the advancement of digital transformation (DX).

Further, the COVID-19 pandemic that started in early 2020 had a devastating impact on the global economy and people's lives. In Japan, however, since movement restrictions were lifted in 2022, the recovery trend in the flow of people has become more pronounced, and demand for fashion is recovering.

Message from the President

<Diversification of Values>

Against the background of these changes in the economic environment, consumers' values and needs are also becoming more diverse. We consider that this will lead to new growth opportunities for the Onward Group.

There are several key themes regarding this change in values. The first of these is "preference for higher quality."

As a result of changes in working styles as remote work became more prevalent during the COVID-19 pandemic, people's needs have become more diverse. To take business suits as an example, there is now a greater demand for more casual business items. Consequently, while customers purchase fewer business suits, they are more likely to choose high-quality, more satisfying products, even if they come with a higher price tag. This kind of preference for higher quality in consumer needs is also evident in the significant growth in sales volumes in the Group's major brands, particularly of items in higher price ranges.

The second key theme is "customization."

As part of our environmentally friendly manufacturing, the Onward Group is concentrating its efforts on the made-to-order business that eliminate wasteful inventories. Demand for made-to-order merchandise, which can be customized to fit the individual customer's body shape and preferences precisely, has become more prominent not only in menswear, but also in the women's business suit market. Partly because of women's further advancement in society, we see potential for this area to grow into a significant market.

The Onward Group hopes to respond to the growth in demand for this kind of high-quality fashion in the most appropriate way, leveraging the comprehensive capabilities that we have cultivated since our foundation. These include our capabilities in planning, development, and expertise in manufacturing merchandise of high quality, as well as the customer service skills of our sales personnel.

The third key theme is "sustainable."

Amid growing consumer awareness of global environmental issues, one critical theme supporting the business foundation of the Group is sustainable management initiatives.

In the Onward Green Campaign launched in 2009, we are promoting an apparel circulation system in which we collect used Onward Group apparel items from customers so that they can be reused or recycled to the greatest degree possible. Collected clothing items are recycled into blankets, work gloves, and solid fuel, with the blankets provided to disaster-affected areas in Japan and abroad and to developing countries in cooperation with the Japanese Red Cross Society. In addition, collected clothing items that are in good condition are cleaned and sold at Onward Reuse Park in Kichijoji, Tokyo, which is our concept store to communicate the Group's environmental initiatives, and online at charity prices,

with the proceeds used to fund sustainable initiatives.

This year, we will evolve the Onward Green Campaign in terms of both quantity and quality with the launch of Upcycle Action, in which unneeded clothing items will be used to create new value.

Leveraging our creative abilities as a fashion company, we will create new items of value from those unwanted clothing items.

<Digital Transformation (DX)>

As I mentioned earlier, when customers were forced to stay home during the pandemic, demand for online shopping surged, resulting in the expansion of net sales from e-commerce. Further advances are also being made in digital transformation, including the use of generative AI.

In the Onward Group, we are seeing progress in the penetration of Onward Kashiwajima's Click & Try OMO service, where almost all ONWARD brand items offered on the official online store, ONWARD CROSSET, can be delivered to a store to be tried on and purchased.

Prior to the launch of Click & Try service, customers would often visit our stores, only to find the item they wanted to be out of stock, and they had to give up on the purchase. The Click & Try service was introduced to allow customers to actually pick up and try on at physical stores almost all items posted on ONWARD CROSSET. Customers can select the products that they are interested in online and have them delivered to their designated store. By actually trying the items on at store and communicating with the sales personnel, customers can enjoy a quality fashion buying experience. This and other benefits for the customers have been well received, and there has been a sharp expansion in the use of this service.

As of May 31, 2023, Click & Try has been introduced to over half of our Onward Kashiwajima stores (360 stores), and we have plans to further increase the number of stores introducing the service going forward.

Another area that the Group is focusing its efforts on alongside Click & Try service is the roll-out of our multi-brand stores, ONWARD CROSSET SELECT. The Onward Group's fundamental policy was to roll out physical stores on a brand-by-brand basis. ONWARD CROSSET SELECT, however, stocks merchandise across several different brands, including Nijyusanku, Jiyuku, and ICB. With such a wide range of items available, customers can experience and purchase diverse clothing coordination.

We first started rolling out ONWARD CROSSET SELECT stores in 2021. As the sales personnel has developed a full understanding of their benefits, namely improved customer convenience and the broader range of suggestions that personnel can offer to customers, and actively engaged in their task, sales have trended at higher levels than we initially envisaged.

Going forward, we intend to expand ONWARD CROSSET SELECT stores to department stores and shopping centers all over Japan.

Message from the President



M&A Strategy

In April 2021, the Onward Group formulated ONWARD VISION 2030, our medium- to long-term management vision, with FY02/31 as the final year. In ONWARD VISION 2030, our plans for FY02/31 are net sales of ¥300,000 million and operating profit of ¥25,000 million yen. The apparel business is expected to account for ¥200,000 million of those net sales and ¥10,000 million of operating profits, with ¥100,000 million of net sales and ¥15,000 million of operating profits coming from the lifestyle business.

The lifestyle business segment consists primarily of four companies: Chacott in the wellness business, Creative Yoko in the pet & home life business, Yamato in the gift business, and KOKOBUY in the beauty and cosmetic business. All of these companies performed strongly during the pandemic, and we are eyeing M&As to accelerate the growth of the lifestyle business segment. However, these M&As are not merely intended to expand the scale of the business. Their premise is that we can expect them to generate synergies in product development and human resources in the areas sales knowhow between businesses within the lifestyle business segment, they have an affinity with the apparel business, and they handle special products of high quality.

Overseas Business

This marks the third year since the start of ONWARD VISION 2030, and in those three years, amid the COVID-19 pandemic, we have emphasized the promotion of global business reforms, positioning this period as one of building the foundations for medium- to long-term growth.

We plan to present our full-scale growth strategies for FY02/25 and beyond in the revised version of ONWARD VISION 2030 to be announced in April 2024. A key pillar of those strategies will be the rebuilding of our global strategy.

The Group has been focusing its efforts on the reforms of the overseas business, including withdrawal from unprofitable businesses. Because the end is finally in sight for these reforms, what we intend to do next is build a strategy for growth in overseas markets.

To Our Stakeholders

In the four years from FY02/20, when we started our global business reforms, to FY02/23, we have produced very unfortunate financial results, partly due to the major impact of COVID-19. However, the various measures aimed at future growth that we have implemented in that time are now showing their effects in earnest.

For this reason, our forecasts for FY02/24 are net sales of ¥188,800 million, a year-on-year increase of ¥12,700 million, and operating profit of ¥10,000 million, a year-on-year increase of ¥4,800 million. We are also planning a dividend per share of ¥16, up ¥4 from the previous fiscal year.

In this way, having transformed into a lean management structure through global business reforms, the Onward Group will now accelerate its growth in earnest toward the realization of ONWARD VISION 2030.

Lastly, the entire Group will continue to do its best to achieve further expansion of our financial results and enhancement of corporate value, so that we may meet the expectations of our shareholders, investors, and other stakeholders. I ask for your continued support.

Message from Outside Director

I will work to further promote the Work Style Design initiative

Companies winning competition for talent will thrive

Since establishing Work-Life Balance Co., Ltd. in 2006, I have been involved in workstyle reform consultations for approximately 3,000 companies. I have also served as a member on councils and other bodies on productivity improvement, work-life balance, childcare support, and diversity, for the Ministry of Health, Labour and Welfare, Cabinet Office, Ministry of Economy, Trade and Industry, and other organizations, and have made policy recommendations.

I was appointed as an Outside Director of Onward Holdings in 2019, and I strive to reflect the knowledge that I have gained through my experiences to date in discussions in the Board of Directors.

Specifically, as Japan's social structure has already transitioned from a demographic bonus (period of labor surplus) to a demographic onus (a period in which labor shortages pose a barrier to economic development), we have had discussions within the Company about sharing the awareness that only companies that successfully compete for talent through proactive investment in human capital are able to grow.

Against this kind of social background, childcare leave for male employees, the empowerment of female employees, and workstyle reforms are not initiatives to be addressed for compliance reasons; instead, they are essential management strategies to win that competition for talent. Going forward, management will be evaluated more severely from the perspective of strengthening of human capital. The Japanese government has set a target for companies listed on the prime market of the Tokyo Stock Exchange to raise the ratio of female executives to 30% or more by 2030. As there are still many managers in the Company who experienced success by working long hours during the demographic bonus period, simply increasing the number of female executives will not truly constitute human capital management.

It is important to transform work styles so that both male and female employees are able to take on responsible work while raising children or caring for elderly family members. To this end, in 2019, the Onward Group launched the Work Style Design Project, which encourages employees to take the initiative voluntarily in changing the way they work, with the aim of improving productivity by enhancing operational efficiency and achieving work-life balance. Going forward, I intend to promote this project even further.

In addition, while the ratio of female managers of the Company has improved, I also hope to contribute to the enhancement of initiatives for the development of female executive candidates.

A Board of Directors that speedily responds to emergencies

Four years have passed since I was appointed as an Outside Director, and having attended Board of Directors meetings throughout that period, my impressions are that its members come from diverse backgrounds and that it is poised to exchange active opinions, as well as to make bold decisions.

As the COVID-19 pandemic started the year after my appointment, external factors forced us to address the issue of workstyle reform. At that time, the Company was quick to hold Board of Directors meetings online with a sense of speed, so that the Board could make important decisions swiftly.

Moreover, the Company has established a management structure that enables instructions to be communicated to the frontlines without delay at times of disaster such as earthquakes. In my view, this is highly commendable from a perspective of business continuity plan (BCP).

I believe that, if it is to respond to increasingly diversifying customer values and needs and contribute to society, it is important that the Onward Group places even more effort into putting the Group's Raison D'etre of "Enriching and Adding Color to People's Lives while Caring for the Planet" into practice, which is based on the philosophy of sustainable management that cherishes enriching and adding color to the global environment, layered over the management philosophy it has had since its foundation. I aim to contribute to Onward Holding's evolution into a company where diverse and unique personnel can exhibit their strengths, on which that Raison D'etre is premised.



Yoshie Komuro

Outside Director (Independent Director)

Career summary

Apr. 1999	Joined Shiseido Company, Limited
Jul. 2006	President of Work-Life Balance Co., Ltd. (current position)
Apr. 2008	Member of the Evaluation Working Group, Work-Life Balance Promotion and Evaluation Council, Cabinet Office
Oct. 2009	Visiting Professor of Kanazawa Institute of Technology Graduate School (current position)
Apr. 2013	Member of the Children and Childcare Support Council, Cabinet Office
Sep. 2014	Civil Member of the Industrial Competitiveness Council
Feb. 2015	Member of the Central Council for Education, Ministry of Education, Culture, Sports, Science and Technology
Jun. 2017	Outside Director of JAPAN POST INSURANCE Co., Ltd.
May 2019	Outside Director of the Company (current position)
Apr. 2020	Outside Director of redfox, inc.
Nov. 2020	Outside Director of Clipline, Inc. (current position)
Dec. 2020	Director (Outside) of PACIFIC CONSULTANTS CO., LTD.
Jun. 2022	Outside Director of LITALICO Inc. (current position)

Value Creation Model and Sustainable Management

- Value Creation Model of the Onward Group
- Awareness of the Business Environment
- Strengths of the Onward Group
- Sustainability Vision and Promotion System
- Materiality of the Onward Group

Value Creation Model of the Onward Group

The Onward Group's Raison D'être (Mission Statement)

"Enriching and Adding Color to People's Lives while Caring for the Planet"

Sustainability Vision

Environmental changes

Diversification of people's values

- Customer behavior in pursuit of "individuality"
- Pursue satisfaction not only in fashion, but lifestyle in general

Expand brands to meet a diverse range of customer needs

Sustainability in the apparel industry

- Shift from the model of mass-production and mass-consumption
- Expand long-life design and secondary distribution
- Expanding demand for sustainable fashion

Expanding customer base interested in sustainable fashion

Management Capital

(As of the end of February 2023)

Financial Capital

- Total assets ¥159.2 billion
- Net assets ¥85.1 billion
- Shareholders' equity ratio 47.0%

Business Capital

- Number of group companies (including the Company) 51 companies
 - Apparel Business 30 companies
 - Lifestyle Business 20 companies

Intellectual Capital

- Trademark rights
- Patents
- Development of OMO stores
- Digitalization of the supply chain

Human Capital

- Number of group employees 6,061
- Promoting the activities of diverse personnel
- Diversification of workstyles
- Ratio of female employees 79.3%
- Ratio of female managers (section manager and above) 28.1%

Social Capital

- Improvement of traceability
- Initiatives to address human rights issues at production sites

Natural Capital

- Initiatives to reduce CO₂ emissions at production sites
- Initiatives to recover and reuse products
- Recovered approximately 6.87 million items of clothing (cumulative total from FY02/10 to FY02/23)
- Eliminate wasteful production

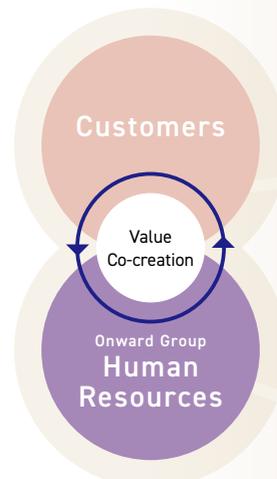
Sustainable Management

Material Issues (Materiality)



Co-creation of Value with Customers

Through direct and two-way communication between customers and Group employees, we will evolve into a customer-centric company, making the best use of employees' diverse personalities



ONWARD VISION 2030 Five Strategies

- Transform the Business Model of the Apparel Business Segment
- Accelerate Growth of the Lifestyle Business Segment
- Strengthen Business-to-Business Operations
- Evolve into a Company Where Diverse and Unique Personnel Can Exhibit Their Strengths
- Promote Sustainable Management That Pursues Coexistence with the Global Environment

Business Model

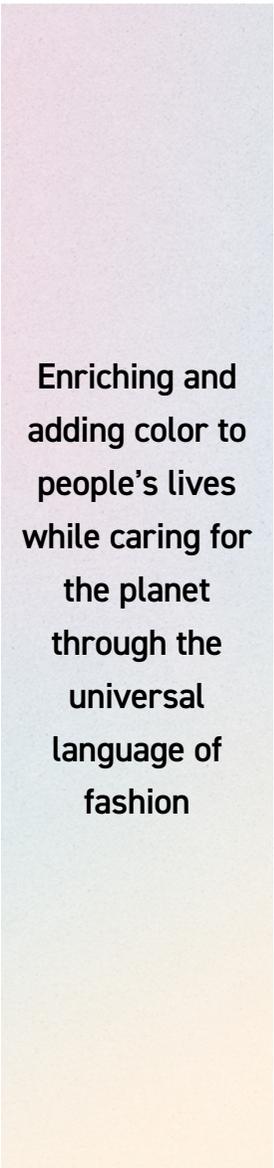
We will grow the Lifestyle Business segment as another core business of the Group, alongside the Apparel Business segment



Group Platforms (Systems)

- Product planning, production, and distribution
- Management/Administration/Finance
- Sales ONWARD CROSSET and OMO stores
- Organization and HR
- Marketing Onward Members

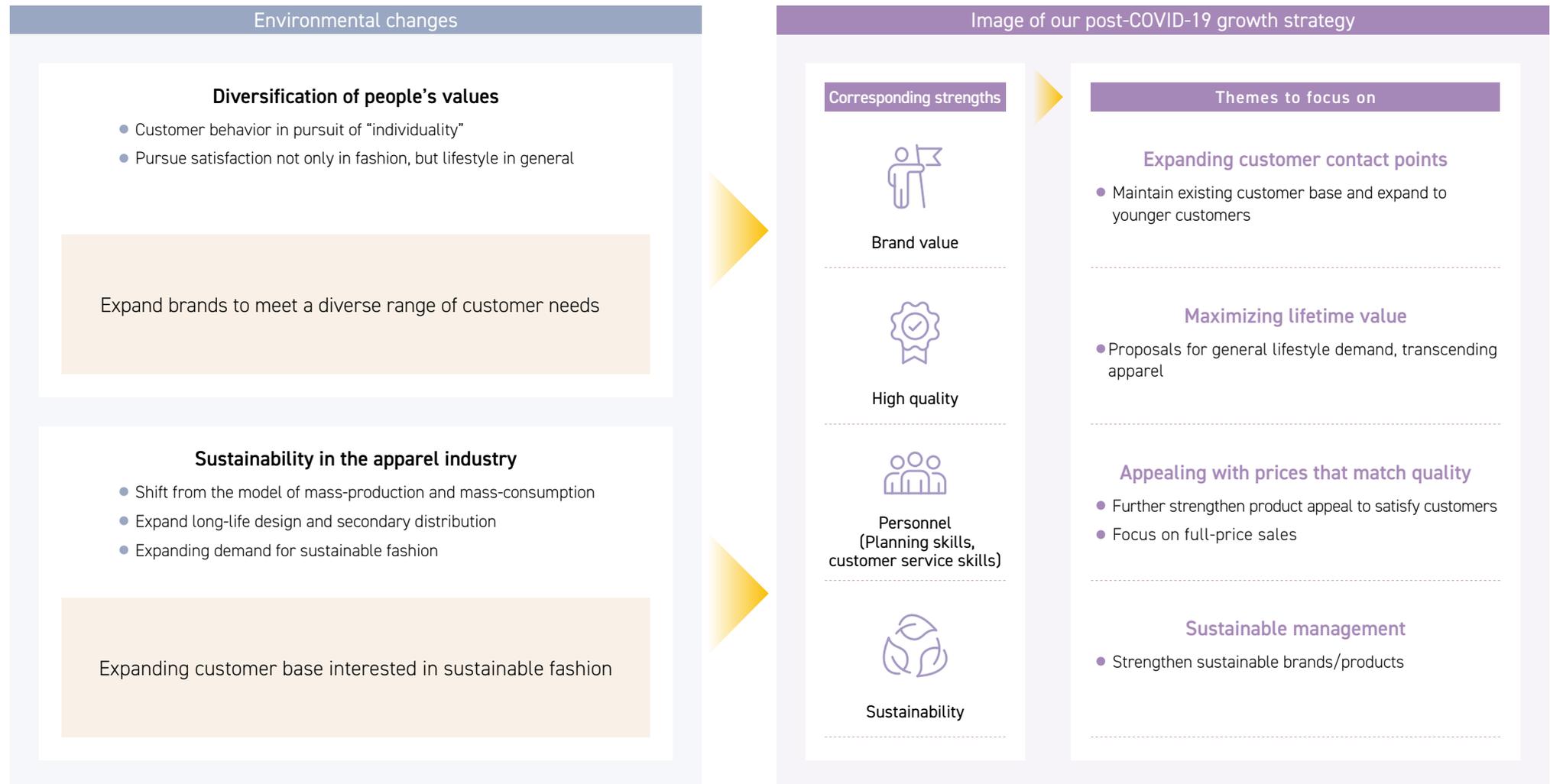
Corporate Governance



Awareness of the Business Environment

Customers' values and needs are definitely changing as we enter the post-COVID-19 era.

Seizing change as an opportunity, we are aiming for sustainable growth through strategies that leverage our Group's strengths.



Strengths of the Onward Group

Drawing on the strengths of our Group centered on human resources, we will achieve our 'desired image' through the co-creation of value with customers.

Source of Value Creation of the Onward Group

Diverse range of personnel

■ Creators with personality

- Consistently creating value, from planning up to design, production, and sales
- Design skills for competing as a team

■ High-quality sales personnel

- Proposing products that suit customers' lifestyles



Customer base of 4.8 million-

■ "ONWARD CROSSET"

- Promoting OMO strategy that allows customers to go back and forth between our physical and online stores, and touch online store merchandise at our physical stores
- Improving quality and service with courteous responses unique to physical stores and timely online feedback



Production systems for achieving high quality, innovation, and sustainability

■ Achieving high quality through domestic production

- Combining the high technical capabilities of skilled workers with the latest digital technologies in the product manufacturing process

■ Smart factories

- Introduction of IoT systems to increase efficiency from orders to production and delivery, and to achieve lean manufacturing



Co-creation of Value with Customers

Diverse range of brand values in the apparel business

High quality standard business



Unique value business



Neo-business model businesses



Lifestyle businesses for diverse situations

■ Provision of value for different lifestyles

- Creating new value and lifestyles in different fields while leveraging our product development and sales capabilities
- Showed strong performance during the pandemic and is expected to grow as a core business in the post-COVID-19 era



Business-to-business (B2B) operations

■ Achieving stable business growth

- In addition to the uniform business, we launched the new platform service business to develop OEM and ODM businesses, opening up smart factory functionality to external parties



Sustainability Vision and Promotion System

Sustainability Vision

Enriching and adding color to people’s lives while caring for the planet, the Onward Group reaches out to future generations through the universal language of fashion.

The Onward Group established the Sustainability Committee in September 2021 to promote sustainability initiatives. Since then, this Committee has taken the lead in the formulation of a concrete action plan and KPIs (key performance indicators). We will promote sustainable management in our aim to enrich and add color to people’s lives while caring for the planet, as we reach out to future generations through the universal language of fashion.



Promote Sustainable Management That Pursues Coexistence with the Global Environment

The Onward Group has been promoting recovery, recycling, and reuse of its products through the Onward Green Campaign for over 10 years. We are also working actively to expand the scope of the made-to-order business that eliminates wasteful production. From the viewpoint of improving traceability, the Japan Apparel Quality Center (JAQC), a general incorporated association in the Onward Group, conducts factory audits in Japan and overseas.

By embracing new challenges while stepping up these initiatives, we are promoting sustainable management that pursues coexistence with the global environment.

Evolve into a Company Where Diverse and Unique Personnel Can Exhibit Their Strengths

The Onward Group realizes that in order to respond to diversifying customer values and needs and contribute to society, the Onward Group must be an enterprise where diverse and unique personnel are encouraged to exhibit their strengths. By promoting our workstyle reform project and enriching various personnel systems, we are endeavoring to cultivate a workplace environment where diverse employees can flourish and create work-life synergy.

Sustainability Promotion System

Sustainability Committee

The Onward Group has established the Sustainability Committee, headed by the President and CEO of Onward Holdings. This Committee, whose members include the presidents and personnel responsible for sustainability of Onward Group companies, discusses and decides on sustainability risks and opportunities.

The Onward Group Sustainability Committee Organizational Structure



Materiality of the Onward Group

Five Material Issues

The Onward Group identified five material issues (materiality) in accordance with the mission statement, "Enriching and adding color to people's lives while caring for the planet."

The Group is promoting sustainable management that pursues coexistence with the global environment by identifying "1. Business activities that enable coexistence with the global environment and illuminate a path to the future" and "2. Growing together with partners" as material issues related to the Group's business activities, including manufacturing.

"3. Workstyles that enhance and add color to employees' lifestyle as well" and "4. Workplace where diverse individuals are engaged" are identified as material issues concerning our earnest desire to be an enterprise where diverse and unique personnel can exhibit their strengths. We are pursuing workstyle reform initiatives and cultivating a working environment where diverse employees can flourish.

From the viewpoint of corporate governance, we identified "5. Fair management with integrity" as a material issue and are striving to cultivate a corporate culture supporting the Onward Group's concerted efforts to be an indispensable enterprise earning the trust of society.



Materiality Identification Process

1 Identification and organizing of (environmental, social, and economic) issues Longlisting

Referring to the GRI (Global Reporting Initiative) Standards, the SASB (Sustainability Accounting Standards Board) Standards, SDGs, and evaluation items of ESG rating agencies, we identified 63 items concerning those environmental, social, and economic issues that are considered to have major impacts.

2 Prioritization of issues and check of validity

We identified and organized the customers' and other stakeholders' expectations toward the Onward Group and priority issues to be addressed, as well as the impacts on them. Reflecting the opinions of external experts, and those responsible for various divisions of the Onward Group, we selected 17 items concerning the issues and checked their validity.

3 Identification of material issues constituting the core of corporate activities at executive meetings

Through discussion at the Sustainability Committee chaired by the President and CEO of Onward Holdings and with external experts, five material issues were identified.

4 Formulation of action plans and setting of quantitative targets Proactive engagement

We are formulating action plans in accordance with the Group's material issues and setting medium- to long-term quantitative targets. Through proactive engagement in a collaborative endeavor with stakeholders, we intend to achieve these targets.

Environment

Environmental Initiatives

Environmentally Friendly Manufacturing

Circular Economy

Onward Group Disclosure in Line with the TCFD Recommendations

Environmental Initiatives

We aim to contribute to the realization of a low-carbon, recycling-based society in order to pass on a rich and vivid planet to future generations.

Environmentally Friendly Manufacturing

The Onward Group is promoting manufacturing and the online merges with offline-style services, or OMO services that achieve both environmental friendliness and enhanced customer satisfaction and convenience. Our initiatives include expansion of made-to-order production, efficient merchandising by integrating inventory data from both physical stores and e-commerce to ensure smoother two-way transfer of products, achievement of appropriate production volumes, and development of sustainable products.



● High-Efficiency Distribution System

- In our made-to-order businesses, we take wasteful warehouses out of the equation and deliver products directly from factories to customers.
- We use PACK-RUNNER compressed and sealed packages to help substantially save space in logistics vehicles.
- We use paper delivery packages for suits to ensure environmentally conscious and compact packaging.



PACK-RUNNER



Paper delivery package



Environmentally conscious, compact package

■ Smart Factory Kashiwama Dalian (KASHIYAMA, a made-to-order suits brand)

● Drastic Reforms to All Manufacturing Processes to Eliminate Wasteful Production

- Smart factories link data from orders with computer-aided manufacturing processes and use automatic cutting machines to cut cloth more precisely and thereby reduce the portions of cloth that cannot be used. In addition, these factories utilize automatic ordering systems for incidental items (buttons, lining, etc.) to ensure appropriate inventory levels.
- We manage products with radio frequency identification (RFID)* tags and hanger systems while using tablets for process management to swiftly produce items customized based on customers' requests.

*RFID is an automatic recognition technology that uses radio waves to read and write information on IC tags without contact.



● Integration of Inventory Data Encompassing Physical Stores, E-commerce, and Warehouses

Physical stores provide opportunities to try on items and customer services, while e-commerce offers its advantages such as a rich selection of products. Through OMO stores offering the services of both, we are providing venues where customers can enjoy the maximum benefits of both services.

In addition to the gradual expansion of OMO stores with Click & Try service, where almost all items on our online store can be delivered to a store to be tried on and purchased, we will also promote the steady roll-out and development of ONWARD CROSSET SELECT stores. These are multi-brand stores with sustainability functions including the support of the Onward Green Campaign, through which we collect used Onward Group apparel items from customers so that they can be reused or recycled to the greatest degree possible. In addition, repair and maintenance services are available at some of the ONWARD CROSSET SELECT stores.



Circular Economy

In addition to promoting environmentally friendly manufacturing, we will promote recovery, recycling, and reuse of our products while also stepping up the reduction and recycling of plastic waste, in order to realize a recycling-based society (circular economy).

■ Onward Green Campaign Designed to Establish an Apparel Circulation System

Onward Kashiwajima launched the Onward Green Campaign in 2009 with the objective of encouraging the circulation of apparel to promote the efficient utilization of limited resources and to ensure our precious environment still exists for future generations to enjoy. Through this campaign, we promote an apparel circulation system in which we collect used Onward Group apparel items from customers so that they can be reused or recycled to the greatest degree possible.

Collected clothing items are recycled to produce RPF, blankets, work gloves, and other items. The blankets are provided to disaster-affected areas in Japan and abroad and to developing countries in cooperation with the Japanese Red Cross Society. Work gloves are distributed for various purposes, such as for disaster relief, forest preservation, and awareness-raising activities. In addition, collected clothing items that are in good condition will be cleaned and sold at Onward Reuse Park, which is our concept store to communicate the Group's environmental initiatives, and online at charity prices with the proceeds used to fund sustainable initiatives.

By FY02/23, a total of approximately 1.32 million customers have donated approximately 6.87 million items of clothing, of which we recycled 82% and reused 18%.

Onward Corporate Design Co., Ltd. (former Onward Trading Co., Ltd.) and ANA HOLDINGS INC. are working together on a joint project that brings together their Onward Trading Re-make-up Project and ANA Future Promise project. For the first project, the two companies have jointly developed the "ANA Special Slippers" as an upcycling initiative, in which each pair of slippers is made by hand using airplane seat covers that are subject to disposal. The products were sold on the ANA Up-cycle Project Shop via pre-order lottery sales. Being an idea of an employee of Onward Trading in the first place, this initiative has been launched as a new business that aims to solve the large-scale disposal issue of clothes in the apparel industry. Each pair is handmade by craftsmen in Kahoku Town, Yamagata Prefecture, Japan's largest production site of slippers. As a result, this initiative also contributes to regional development through revitalizing traditional industries.



あなたのオンワードの服が
「希望をつなぐ毛布」に。

オンワード・
グリーン・
キャンペーン

Onward Green Campaign

365日衣料品引き取り

Customer Feedback

- This eco-friendly initiative is really impressive.
- I entered the lottery to show my support for this fantastic project.
- I think this is an excellent project in an era in which the importance of sustainability is emphasized.
- I greatly value this project for effective use of materials we used to throw out from an environmental protection standpoint.
- It's great to reuse jumble in a different shape rather than just throwing away. I look forward to wonderful projects like this in the future!

Onward Group Disclosure in Line with the TCFD Recommendations

The Onward Group realizes that sustainable management is an important theme that forms the foundation for its corporate activities. Accordingly, we are practicing management that pursues coexistence with the global environment based on our mission statement of “enriching and adding color to people’s lives while caring for the planet.” Recognizing that environmental issues, particularly climate change, have become increasingly serious around the world in recent years, they are top priority in the Group’s business activities, and in 2022 we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We will continue to proactively address climate change and disclose information in order to coexist with the earth and promote business activities that are connected with the future.

Governance

The Group has established the Sustainability Committee, headed by the President and CEO of Onward Holdings, to promote concrete sustainability initiatives in 2021.

The Committee, whose members include the presidents and personnel responsible for sustainability of Onward Group companies, promotes information-sharing and progress management on climate change issues across the entire group.

Sustainability Committee ▶ P12

Risk Management

Climate change problem poses various risks to the Group, but we believe that managing these risks in advance and responding appropriately to them will also provide opportunities for sustainable growth in our business activities.

The Sustainability Committee takes the lead in analyzing in detail how climate change affects our business activities, sharing risks with each group company, and considering and promoting initiatives.

Strategy

The Group identifies the risks and opportunities that climate change poses to its business activities and conducts scenario analyses of how to respond to these risks and opportunities. Referring to the recommendations of the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), the scenario analysis assumed two worlds: one in which the world steadily implements climate change measures and a temperature rise is limited to less than 2°C, and the other in which temperatures rise 4°C or more due to insufficient measures.

Using 2030 as a baseline, we analyzed the impact of policies, regulations, technologies, markets, and reputations on business in the process of achieving this in the below 2°C scenario, and the impact of acute and chronic changes in weather conditions and disasters associated with rising temperatures in the 4°C scenario.

Indicators and Targets

As part of our efforts to address climate change, we monitor greenhouse gas emissions (Scope 1, 2, and 3) and promote actions to reduce greenhouse gas emissions in conjunction with each group company, led by the Sustainability Committee.

Changes in Onward Group greenhouse gas emissions from FY02/20 to FY02/23

*Total of domestic consolidated group companies

		FY02/20	FY02/21	FY02/22	FY02/23	Change from FY02/20 to FY02/23	
		GHG emissions (t-CO ₂)	Reduction (t-CO ₂)	Change (%)			
Scope 1	Emissions from fuel use	2,187	1,182	1,553	1,233	-954	56.4%
Scope 2	Adjusted emissions from electricity use	11,547	9,841	8,895	6,352	-5,195	55.0%
Scope 3	Emissions from business activities other than Scope 1 and 2	230,687	171,920	177,123	181,250	-49,437	78.6%
Total greenhouse gas emissions		244,421	182,943	187,571	188,835	-55,586	77.3%

*Refer to the Ministry of the Environment’s Emission Intensity Database (Ver. 3.2) for calculating greenhouse gas emissions, etc. of organizations through their supply chains.

*Cat 3, 8, 9, 10, 11, 13, 14, and 15, which are not related to business activities, are excluded from the calculation.

Onward Group greenhouse gas emission reduction target (compared with FY02/20)

*Total of domestic consolidated group companies

FY2030 Scope 1 and 2 : 50% reduction

FY2030 Scope 3 : 20% reduction

FY2050 Scope 1 and 2 : Aiming to reduce the real value to 0

The Onward Group has identified the promotion of sustainable management that pursues coexistence with the global environment as an important theme of its medium- to long-term management vision “ONWARD VISION 2030,” which was disclosed in 2021.

We aim to contribute to the realization of a low-carbon, recycling-based society in order to pass on a rich and vivid planet to future generations.

We will promote manufacturing that is friendly to the earth, expand made-to-order production, and conduct sustainable procurement of materials.

Aiming to realize a circular economy, we will promote collection, recycling, and reuse of products, and actively work to reduce and recycle plastic waste.

Each of us will actively take action to mitigate climate change and promote business activities that pursues coexistence with the global environment.

Onward Group Disclosure in Line with the TCFD Recommendations

Scenario Analysis in Line with the TCFD Framework

Risk and opportunity classification	Factor	Onward Group's risks and opportunities		Countermeasures	Business impact		
		Risk	Opportunity		Less than 2°C	4°C	
Migration risk	Policy Regulation Technology	<ul style="list-style-type: none"> Introduction of carbon tax (carbon pricing) Fines for failure to respond to climate change Expanded use of renewable energy Stricter plastic regulations Introduction of clothing recycling law and waste disposal law 	<ul style="list-style-type: none"> Reduced profit due to carbon tax (carbon pricing) Increased costs due to the introduction of renewable energy Increased logistics costs due to stronger GHG emissions controls Decrease in sales of plastic products 	<ul style="list-style-type: none"> Reduction of energy consumption through introduction of new technologies Progress in improving the efficiency of logistics Increasing demand for recycled plastic products Reduction of inventories through appropriate production Creating new businesses through increased collection of clothing 	<ul style="list-style-type: none"> Reducing GHG emissions by promoting sustainable management Introduction of energy-saving equipment (LEDs, etc.) at stores and business sites Strengthening measures in cooperation with government and industry groups Phasing in of renewable energy Increasing the efficiency of transportation by expanding bulk distribution Switching to and development of products using recycled plastics Manufacturing without waste by strengthening make-to-order production Expand collection of clothing through the Onward Green Campaign 	↑	↗
	Reputation	<ul style="list-style-type: none"> More investors are caring about sustainable management Stricter disclosure of sustainable indicators Increasing demand for solutions to environmental and social issues 	<ul style="list-style-type: none"> Negative impact on investments and loans due to a decline in ESG ratings Changes in consumer preferences and reduced demand for products and services Impacts on corporate image and human resource recruitment due to inadequate response 	<ul style="list-style-type: none"> Strengthen management structure by incorporating ESG investments Increasing demand for environmentally conscious products and services Enhancing corporate image and securing human resources through sustainable management 	<ul style="list-style-type: none"> Strengthening the dissemination of sustainable management Ensure appropriate and timely disclosure of information Thorough plant audits and quality control 	↗	→
	Market	<ul style="list-style-type: none"> Sympathy with environmentally conscious products and services Growing interest in the circular economy 	<ul style="list-style-type: none"> Decreased willingness to purchase products other than environmentally conscious products Refraining from buying due to growing awareness of circular economy 	<ul style="list-style-type: none"> Improve profitability through development of environmentally conscious product/brands Expanding the 3Rs (reduce, reuse, and recycle) of clothing recycling for a circular economy Creating services in response to the circular economy Increasing demand for high-value-added products that can be worn for a long time 	<ul style="list-style-type: none"> Expansion of environmentally conscious products and brands Expand collection of clothing through the Onward Green Campaign Strengthen proposals for new services (3R/upcycle, etc.) 	↑	↗
Physical risk	Acute Chronic	<ul style="list-style-type: none"> Increase in natural disasters due to climate change Sea level rise and changes in rainfall due to climate change Average temperature increase due to climate change 	<ul style="list-style-type: none"> Damage due to suspension of store operation and store closures due to natural disasters Rising raw material costs due to bad weather Disruption of production plants and distribution routes due to natural disasters Decrease in demand for products other than climate change-responsive products 	<ul style="list-style-type: none"> Increasing demand for disaster prevention and protective apparel Increasing demand for climate change-responsive products and services 	<ul style="list-style-type: none"> Establishing a system to disperse production bases in preparation for disasters Formulation of disaster-prevention manuals and reinforcement of supply chain coordination Strengthening climate change-responsive products and services Expansion of product lines using functional materials 	↗	↑

The impact on the business is shown in three levels (the slope of the arrow represents the trajectory).

The impact on the Onward Group's business is expected to be significantly large

The impact on the Onward Group's business is expected to be rather large

The impact on the Onward Group's business is expected to be immaterial



Social

Social Initiatives

Co-prosperity with Suppliers

Co-prosperity with Communities

Work Style Design

Diversity

Initiatives for Human Capital Management

Respecting Human Rights and Developing the Working Environment

Stakeholder Engagement

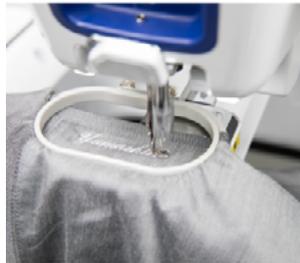
Social Initiatives

We cultivate long-term relationships rooted in trust with suppliers, local communities and other partners, emphasizing coexistence with them and the pursuit of mutually beneficial growth.

Each one of us will comply with the Onward Group Guidelines for Action and conduct ethical business activities. We emphasize ensuring human rights and occupational safety and health throughout the supply chain in Japan and overseas, sharing values with our business partners. Moreover, through co-creation of value with communities and social contribution activities, we aim to be an enterprise that grows together with them.

Co-prosperity with Suppliers

At the Onward Group, we share values with our business partners in the supply chain. We aim to establish long-term relationships rooted in trust with our business partners and aspire to be an enterprise that can grow together with them.



■ Factory Audits Through the Japan Apparel Quality Center (JAQC)

The Onward Group operates the Japan Apparel Quality Center to enable other companies and organizations in the apparel fashion industry to utilize the expertise and insights on quality control that the Onward Group has cultivated over the years. Since its establishment in 2017, JAQC has been offering services, such as factory audits, QMD*, testing & analysis, and repair, to companies inside and outside the Onward Group.

Through factory audits, we aim to foster companies that earn the trust of society and achieve production systems that ensure the stable delivery of high-value-added products to customers. Deficiencies in CSR and QC systems at our production factories are not only subject to criticism in society, but also major obstacles to the sustainable operation of factories which are our suppliers. As such, we perform audits employing the CSR audit guidelines based on global standards as well as our own proprietary quality control audit guidelines.

Following the audits, certificates of compliance are issued to factories that meet the prescribed standards. However, CSR audits should not be a means of terminating transactions with factories that do not satisfy the standards. Rather, we think it is the social responsibility of the Group as a brand holder to point out problems and help factory management understand the significance of the issues, and provide support for improvement. As such, JAQC staff explain the purpose of the audit and the reasons for the requirements to the management of the factory being audited. Moreover, in light of the factory's unique circumstances, we provide guidance for improvement action plans, as we conduct "guidance type audits."

*QMD is an acronym for "Quality Merchandising." It means from the product planning stage, we provide total support for quality, including material color fastness and physical performance checks, to appearance checks through product testing of sample products, to commercialization.

Co-prosperity with Communities

■ Supporting Japanese Manufacturing

Onward Digital Lab Co., Ltd., which is responsible for the Group's digital strategies, promotes CRAHUG, an initiative launched in 2021 to support factories and producers across Japan on sales and branding.

In this project, we provide sales support through two collaborative plans: a sales collaboration plan that supports sales and promotion of existing products on the Group's official online store ONWARD CROSSET; and a branding plan that supports partners on new product development for their original brands. The number of participating factories has risen to 44.

Comments from Partners

- This brand development initiative with CRAHUG has allowed subcontracted sewing factories like ours to showcase their own capabilities to society. With the company and staff growing together, I hope we can communicate the attractiveness of not only our business but also that of Akita Prefecture, which will contribute to regional revitalization.
- CRAHUG staff members took the lead on branding, and I myself worked hard to gather information, reading specialized books and so on. It was a great opportunity for me to deepen my knowledge of branding and marketing, and to learn their importance.

**CRA
HUG**
CRAFTSMAN HUG.
LIFE HUG



Work Style Design

We aim to achieve work-life synergy by cultivating a working environment where every employee can work cheerfully, freely, and vigorously.

We are implementing the Work Style Design Project for workstyle reform and enriching personnel systems so that all employees can bring their skills, capabilities, and new ideas into full play, thus enhancing and adding color to their everyday lives. We will strive to achieve work-life synergy by enabling employees to enhance both work and private life while meeting customers' expectations and contributing to society.

Work Style Design Project

The Onward Group is executing the Work Style Design Project to enhance operational efficiency and productivity by achieving work-life balance. This workstyle reform project encourages employees to take the initiative in changing the way they work.

We started this initiative not with the purpose of merely reducing overtime work, increasing leave days taken, or improving work efficiency. Rather, we would like to use the time saved by making these changes in order to create opportunities to give shape to new ideas and make innovations.

■ Kaeru Kaigi meetings

Each team that usually works together holds meetings to consider what team members should do to improve their workstyles. Kaeru Kaigi meetings go beyond simply facilitating reports on work progress to promote self-driven processes of repeating trial and error by all members for the purpose of transforming workstyles and achieving their goals for work. Psychological safety is critical to holding these meetings. We have fostered a climate of free and open discussion by sharing awareness of "sharing your opinion no matter what it is, not rejecting opinions that are shared, but giving a reaction."

Changes as a Result of the Work Style Design Project

	FY02/19 Result	FY02/20 Result	FY02/21 Result	FY02/22 Result	FY02/23 Result
Overtime hours ^{*1}	17.7 hours	18.2 hours	6.3 hours	6.8 hours	8.4 hours
Days of leave taken ^{*1}	119.0 days	125.1 days	124.0 days	124.9 days	123.4 days
Rate of taking My Golden Week ^{*2}	—	—	39.4%	39.0%	53.3%

*1 Calculated based on the personnel within the scope of Work Style Design (office workers of Onward Kashiyama Co., Ltd.)

*2 System to encourage employees to take 10 consecutive days off

■ New Initiatives

In September 2022, we introduced the "work interval system" to ensure that our employees have 11 hours from the end of the previous workday to the start of work on the next day. We support employees to continue working while maintaining a work-life balance by securing a certain amount of rest time for them to have sufficient time for living and sleeping hours.



Work Style Design Project Goal ①

Work styles conscious of productivity

Enable members to work more efficiently by proactively promoting work style reforms through Kaeru Kaigi, and establishing systems.

Realizing work-life balance

Enriching privacy in one's free time saved by the project

Creating work-life synergy

A fulfilling private life and work influence each other, and create synergy

Work Style Design Project Goal ②

Organizations with high psychological safety

Kaeru Kaigi meetings creating an environment where everyone can easily express their opinions

Creating innovation

Proactively generate new ideas, leading to the buds of new businesses

Diversity

We welcome diversity and aim to be an enterprise where diverse and unique personnel can exhibit their strengths.

The Onward Group realizes that in order to respond to diversifying customer values and needs and contribute to society, the Onward Group must be an enterprise where diverse and unique personnel are encouraged to exhibit their strengths.

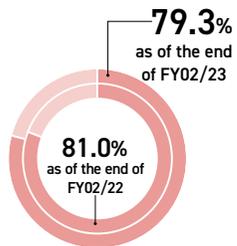
Welcoming each person’s unique qualities and capabilities, we are cultivating an environment that can facilitate innovation.

Empowerment of Female Employees

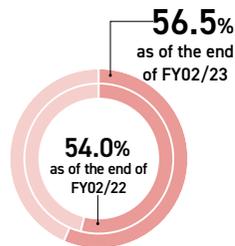
The fashion business requires fresh ideas and innovative value propositions. We believe that such ideas and propositions are best created when all employees respect and accept the differences between individuals and are able to exercise their skills to the fullest.

We have established the Diversity Promotion Section within our human resource division in order to foster a workplace environment in which all employees can feel motivated and deliver their best performance. This section is responsible for revising prior work processes and implementing ongoing workstyle reforms for the purpose of improving productivity.

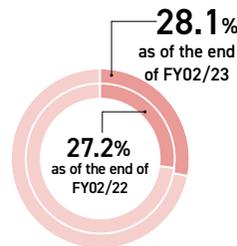
Ratio of Female Employees



Ratio of Female Assistant Managers



Ratio of Female Managers (Section Manager and Above)



(All figures are for Onward Kashiyama)

■ New Initiatives

We have introduced a mentoring program to train female candidates for executive positions in FY02/23.

This is a program in which experienced senior employees (mentors) support the personal development of junior employees (mentees) by assisting them in resolving career development issues and concerns through interactive dialogue.

In FY02/23, the first year of the program, officers (mentors) were provided with training in areas such as interview skills as a trial. They conducted mentoring with female general managers (mentees) every other week. In FY02/24, we plan to continue mentoring on an even greater number of female managers.

Promotion to Support the Balance between Work and Childcare

Aspiring to be an enterprise where diverse and unique personnel can exhibit their strengths, the Onward Group supports employees’ efforts to achieve a good balance between work and childcare. As a result, in FY02/23, among eligible employees, the proportion of female employees taking childcare leave recorded 100%, male employees 60%, marking a significant increase from FY02/22. Moving forward, we will aim to increase the percentage among male employees to 100%.

Proportion taking childcare leave

	FY02/19 Result	FY02/20 Result	FY02/21 Result	FY02/22 Result	FY02/23 Result
Female	100.0%	100.0%	97.0%	100.0%	100.0%
Male	7.7%	10.5%	20.0%	27.3%	60.0%
Total	59.3%	65.3%	79.1%	75.0%	86.2%

*Calculated based on the personnel within the scope of Work Style Design (office workers of Onward Kashiyama Co., Ltd.)

■ New Initiatives

We have introduced the shift selection system to allow employees to choose their working hours from 13 types of shifts in FY02/23.

Aiming to create an environment in which employees can work with a sense of fulfillment while maintaining work-life balance, we are running this system alongside the “work interval system” of 11 hours.



Initiatives for Human Capital Management

We aim to be an enterprise where diverse and unique personnel can exhibit their strengths for the sustainable improvement of our corporate value.

To evolve into a customer-centric company and make the best use of its employees' diverse strengths, Onward is endeavoring to train in-house personnel who will spearhead change while ramping up the recruitment of personnel externally in order to promote organizational and human resource platform reform. We thereby aim to become a company where diverse and unique personnel can exhibit their strengths.

■ Introduction of Various Training Systems to Enable Diverse and Unique Human Resources to Exhibit Their Strengths

Experiential Diversity Training	This experiential training is for newly appointed managers in a managerial position of a team which enable them to notice the importance of management utilizing diversity
Harassment Training	This training aims to provide managers with knowledge on harassment as a whole to create environments where harassment is not tolerated and does not occur
Hanjin Onward Learning	This original in-house video content provides useful information and knowledge regarding everyday customer service
e-learning	Our e-learning programs provide participants with content to enable them to casually acquire the skills for adapting to a new era of managing diverse and unique human resources, and broad expertise in accordance with various situations
Psychological Safety Training	This training is for Group officers and above to promote the creation of teams with psychological safety, where members can share their thoughts and feelings to anyone in the organization with peace of mind



Respecting Human Rights and Developing the Working Environment

We emphasize ensuring human rights and occupational safety and health throughout the supply chain in Japan and overseas.

Onward-Approved Factory System

Society’s expectations for companies to exercise social responsibility are rising, expanding the scope of risks that could present problems in business operations. These risks include environmental pollution in countries and regions from which products are procured as well as human rights violations at factories.

We have been operating the Onward-Approved Factory system since FY02/16. Through factory audits by the Japan Apparel Quality Center (hereinafter JAQC), we work to ensure that work environments at production sites are safe and comfortable.

Initiatives to Respect Human Rights and Working Environments of Sewing Factories

In 2007, JAQC’s predecessor, the quality control department of Onward Kashiya became obligated to conduct CSR audits of its production factories, at the behest of international brands with which it had licensing agreements.

Audits related to CSR are conducted in accordance with Onward Holdings’ proprietary Suppliers’ Code of Conduct, which is based on international standards. Actual audits are entrusted to local audit firms, but representatives from the JAQC are always present when audits are conducted. We thereby endeavor to help ensure appropriate auditing based on the current business environment and to develop the understanding necessary for us to exercise our responsibilities as the order placer to support factories in carrying out any improvements that need to be made.

We conduct audits based on the belief that, a brand holder has a social responsibility to point out problems that could develop to human rights issues and help factory management understand the significance of the issues and improve their performance. Certificates of Onward-Approved Factory are issued to factories that meet the prescribed standards. As for factories that do not satisfy the standards, rather than terminating transactions with them, we thoroughly explain the purpose of the audit and the reasons for the requirements to the management of the factory being audited. Moreover, in light of the factory’s unique circumstances, we offer support by providing guidance for improvement action plans.



Audit Targets

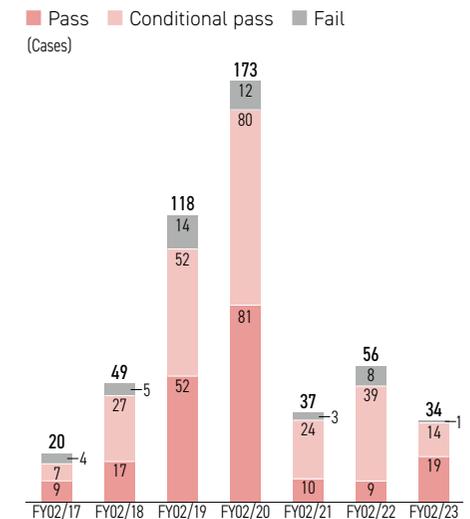
JAQC audit results (total number of audits including Japan and overseas)

Our goal is to conduct guidance type audits, in which we point out problems of factories that do not satisfy the standards of the audit, and help factory management understand the significance of the issues. We then take into consideration the factory’s unique circumstances, and present specific methods such as guidance for improvement action plans.

As a result of these efforts, the percentage of audits that resulted in a pass or conditional pass has risen from 80% in FY02/17, the year after the audit began, to 97% in FY02/23.

*The table below shows the number of audits by year, not the total number of factories.

	Number of Factories Audited	Pass	Conditional pass ^{*2}	Fail
FY02/17	20	9	7	4
FY02/18	49	17	27	5
FY02/19	118	52	52	14
FY02/20	173	81	80	12
FY02/21 ^{*1}	37	10	24	3
FY02/22 ^{*1}	56	9	39	8
FY02/23	34	19	14	1
Total	487	197	243	47



*1 For overseas factories in FY02/21 and FY02/22, CSR audits were conducted only by local auditors.

*2 A conditional pass is a pass granted on the premise of prompt correction when nonconformities are found in relatively important elements, including working hours, wages, and occupational safety. In the case of a conditional pass, a correctional audit will be conducted to confirm the status of corrections after 1 year.

Respecting Human Rights and Developing the Working Environment

Japan Apparel Quality Center

“Japanese quality,” cultivated to satisfy the most eagle-eyed customers, is renowned worldwide for its attention to detail and we believe it is a unique aspect of Japanese culture with global appeal.

JAQC was established in March 2017 as a spin-off from the quality control department of Onward Kashiya Co., Ltd., with the purpose of contributing to the development of the entire apparel fashion industry by enabling other companies and organizations in the industry to utilize the expertise and insights on quality control that Onward Kashiya had cultivated over many years.

In addition to auditing Onward-Approved Factories, JAQC provides its audit requirements and decision standards to the Japan Apparel-Fashion Industry Council so that its expertise can be utilized throughout the industry. JAQC also offers advisory and audit proxy services for apparel and textile trading companies. Furthermore, JAQC provides QMD (quality merchandising), a comprehensive support for quality from the planning phase through to commercialization, such as checking the color fastness and physical performance of materials, and checking the appearance by product testing.

Moreover, in June 2022, JAQC opened Shibaura Repair Workshop as a business for corporations, where it mends and repairs apparel, removes stains, does pressing, and recycles products, thereby contributing to sustainability and environmental conservation in the apparel and fashion industry.

■ Suppliers' Code of Conduct Items

A Legal compliance and management	Business Partners of Onward shall comply with all relevant local laws and regulations. Furthermore, Business Partners shall comply with all relevant legal requirements and respect the legal and moral rights of their employees. At the same time, in order to comply with legal requirements, management systems for maintaining respective documents have to be established.
B Juvenile workforces	Business Partners of Onward shall not employ minors younger than the local legal minimum working age, or age 15. This code is applicable to all facilities of Business Partners.
C Forced labor	Business Partners of Onward, in any part of their business, shall not associate with business partners who utilize captivity or forced labor. Additionally, Business Partners of Onward shall not associate with business partners who violate the above.
D Wages, allowances, and benefits	Business Partners of Onward shall comply with all laws and regulations on local wages, hours of work, and allowances. Fundamental policy on wages and allowances shall comply with local laws, regulations and standards, while equally satisfying international requirements. Onward will not associate with any Business Partner who violates local laws and regulations or industry common practices.
E Harassment and abuse	Business Partners of Onward shall not utilize any form of physical or psychological coercion or retribution to workers. Furthermore, Business Partners of Onward shall not associate with business partners who violate the above.
F Work hours	Business Partners of Onward shall comply with all legal requirements regarding work hour issues and abide by all local laws.
G Non-discrimination	Business Partners of Onward shall not discriminate in employment or recruitment on the basis of age, nationality, race, color, gender, religion, or any other factor. Business Partners of Onward shall not associate with business partners who partake in any form of discrimination.
H Health and safety	Business Partners of Onward shall provide a safe and healthy work environment for workers. Additionally, they shall ensure not to expose workers to an unsanitary and hazardous workplace environment.
I Free association	Business Partners of Onward shall guarantee the freedom of unions and workers who wish to join unions in accordance with local requirements.
J Sub-contractors and homeworkers	Business Partners of Onward shall require all entities to which they outsource some or all of the duties with which they have been entrusted to comply with the Suppliers' Code of Conduct and shall inform Onward of such outsourcing.
K Environmental practices	Business Partners of Onward shall have basic awareness of environmental protection. Business shall be conducted in accordance with local and internationally recognized environmental practices.

Stakeholder Engagement

We have established a mission statement of “enriching and adding color to people’s lives while caring for the planet.” Guided by this purpose, we aim to evolve into a customer-centric company and make the best use of its employees’ diverse strengths.

To that end, we believe it is vital to build and maintain strong networks and relationships with our customers and all other stakeholders we connect with in our corporate activities.

Enriching and Adding Color to Children’s Lives Through the Universal Language of Fashion



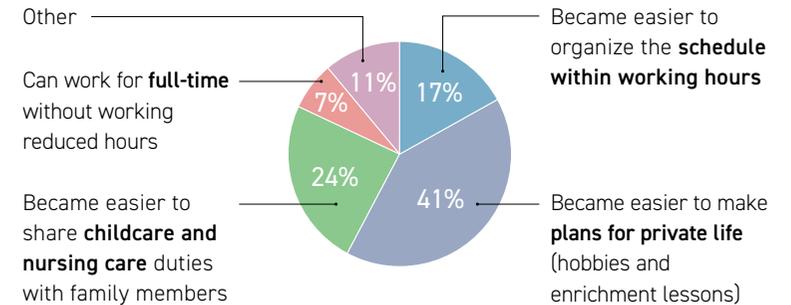
As part of its efforts to promote sustainable management, Onward Kashiyama Co., Ltd. is engaged in support activities to enrich and add color to children’s lives through the universal language of fashion. As part of support activities for the Tokyo Foster Family Association, which assists foster parents and foster children, we gift children clothing to celebrate their entrance into elementary school every spring. Tokyo Foster Family Association is one of Japan’s leading organizations both in history and in scale. We launched these activities in 2014 with the belief that providing support through the association is the first step toward supporting children. Moving forward, we will continue offering support activities alongside the Tokyo Foster Family Association to play our part in supporting children’s healthy growth and independence.



Achieving Work-Life Synergy Through Work Style Design



In FY02/23, Onward Kashiyama Co., Ltd. introduced the “shift selection system” and the “work interval system” as part of its Work Style Design initiatives. As a result, these systems has helped realize work-life balance in various ways, such as the generation of the time employees can spend on hobbies, securing time for childcare or nursing care, or the transition from reduced working hours in line with childcare and nursing care to full-time hours.



Planning and Production of Uniforms and SDGs Education



Onward Corporate Design Co., Ltd. (former Onward Trading Co., Ltd.) is engaged in the businesses of planning, production, and sales of school uniforms. In FY02/23, in addition to the planning and production of new school uniforms, the company also began providing a new service in the provision of systematic learning opportunities that only corporation bodies could offer. As the first step, Onward Corporate Design planned and produced a new school uniform for Senior High School at Sakado, University of Tsukuba, and hosted an experiential lesson using an SDG board game designed for environmental education. Twenty-seven eleventh grade students who participated in the lesson deepened their understanding of the SDGs, and the lesson achieved a satisfaction rate of 97.6%.



Corporate Governance

Corporate Governance
Management Team

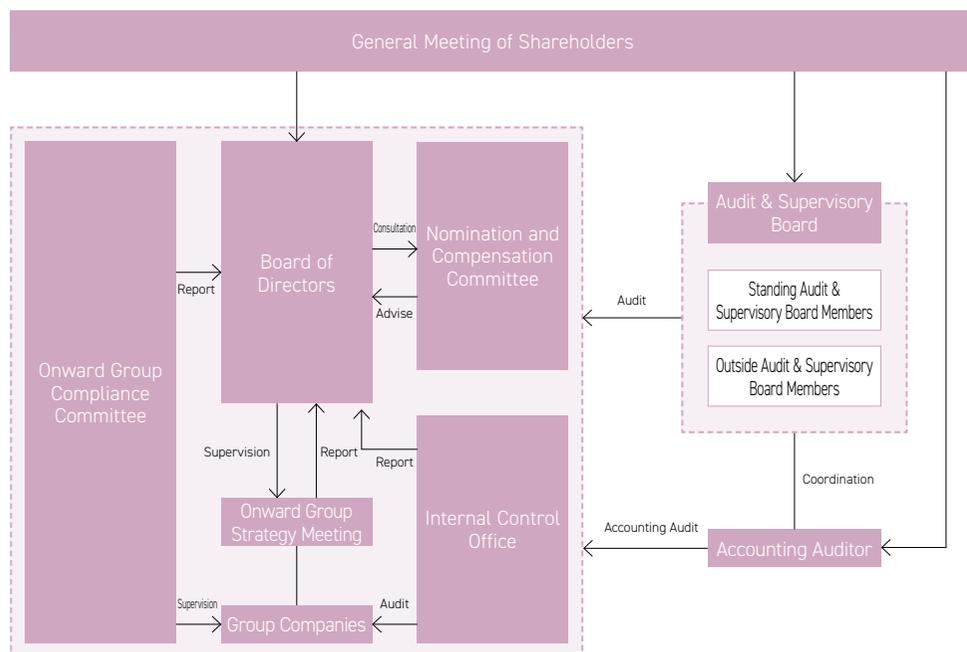
Corporate Governance

Our Basic Approach to Corporate Governance

The Onward Group believes that responding promptly to changes in its business environment and ensuring a level of corporate governance that enhances the health, fairness, transparency, and compliance of its management and operations are among its most important responsibilities and central to increasing corporate and shareholder value.

In its basic management policy, the Onward Group has defined its business domain as “a world of fashion that gives refreshment and beauty to people’s lives.” By offering fashion as an integral part of consumer culture, the Group creates new lifestyles and values that contribute to the enrichment of life for all people. Moreover, the Company believes that, in order to exercise this policy and accomplish its objectives, it is vital for it to build and maintain strong networks and relationships with customers and all other stakeholders it connects with in its corporate activities.

Corporate Governance Structure



Directors and the Board of Directors

In order to further clarify the management responsibilities of directors, to increase opportunities to gain the confidence of shareholders, and to put in place an optimal and flexible management framework that is capable of responding to changes in the business environment in a timely manner, the Company has set the term of directors at one year. In addition, two of the six members of the Board of Directors (five men and one woman) are appointed from outside the Company and selected on the basis of their high level of independence. This initiative is aimed at reinforcing the supervisory function of the Board.

In FY02/23, the Board of Directors met 13 times, and four separate meetings were held in the form of document correspondence.

Reasons for the Appointment of Outside Directors

Name	Reasons for Appointment as an Outside Director and Status of Attendance in FY02/23
Akira Kawamoto	We have elected Mr. Kawamoto as an Outside Director because we are expecting him to use his extensive experience gained while working for the government for many years and diverse knowledge and insight from his academic experience to enhance the Company's management. He attended 13 out of 13 (100%) Board of Directors' meetings.
Yoshie Komuro	We have elected Ms. Komuro as an Outside Director because we are expecting her to use her expertise as a corporate manager and experience and insight developed through serving as an expert sitting in various government-affiliated councils to enhance the Company's management. She attended 13 out of 13 (100%) Board of Directors' meetings.

Skill Matrix of the Board of Directors

Name	Outside Directors and Outside Audit & Supervisory Board Members	Expertise and Experience Expected by the Company					
		Company Management Business Operation	International Experience Overseas Business	Finance Accounting M&A	Legal Affairs Compliance Risk Management	IT/Digital	Personnel Diversity Environment CSR
Michinobu Yasumoto		●	●			●	●
Kenji Chishiki		●		●	●		
Osamu Sato		●		●	●		
Daisuke Ikeda		●			●		●
Akira Kawamoto	○	●	●	●		●	
Yoshie Komuro	○	●				●	●

Corporate Governance

Audit & Supervisory Board Members and the Audit & Supervisory Board

The Company has adopted an Audit & Supervisory Board structure, under which the Company has appointed four Audit & Supervisory Board members (three men and one woman), two of whom are outside Audit & Supervisory Board members. Staff has also been assigned to assist Audit & Supervisory Board members in carrying out their duties and to strengthen their supervisory function. Each member audits and monitors the performance of directors. Responsibilities include reviewing the documentation of important decisions and attending important meetings, such as Board of Directors' meetings, Group financial account settlement meetings, and budget committee meetings, in accordance with audit policies and the roles established by the Audit & Supervisory Board. In addition, the Internal Control Office and business departments conduct periodic monitoring in an effort to establish an effective and lawful corporate structure.

The Audit & Supervisory Board meets with the representative directors and the accounting auditor on a regular basis to share and exchange information and opinions. This initiative is also designed to ensure a structure is in place that is capable of conducting audits in an effective and lawful manner. Moreover, the Audit & Supervisory Board receives reports from each member in accordance with audit policies and the roles. Deliberations are undertaken and resolutions are made based on this information as required.

In FY02/23, the Audit & Supervisory Board met 16 times.

Reasons for the Appointment of Outside Audit & Supervisory Board Members

Name	Reasons for Appointment as an Outside Audit & Supervisory Board Member and Status of Attendance in FY02/23
Ryu Umezu	We have elected Mr. Umezu as an Outside Audit & Supervisory Board Member because we are expecting him to use his wealth of knowledge, insight, and specialties from his experience as an attorney, particularly his robust insight and experience pertaining to capital market transactions and financial transactions, in audits of the Company. He attended 13 out of 13 (100%) Board of Directors' meetings and 16 out of 16 (100%) Audit & Supervisory Board meetings.
Mitsuyo Kusano	We have elected Ms. Kusano as an Outside Audit & Supervisory Board Member because we are expecting her to use her wide-ranging experience and robust insight from her years of experience in the media industry and her time on expert panels of government committees in audits of the Company. She attended 13 out of 13 (100%) Board of Directors' meetings and 16 out of 16 (100%) Audit & Supervisory Board meetings.

WEB For the Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members, please refer to the Corporate Governance Policy on the Company's website.
https://www.onward-hd.co.jp/en/company/policy_en.pdf

Nomination and Compensation Committee

The Nomination and Compensation Committee functions as both a nominating committee and a compensation committee. The Nomination and Compensation Committee responds to consultations from the Board of Directors by discussing matters pertaining to the nomination and compensation of directors. The results of these discussions are reported to the Board of Directors.

The Nomination and Compensation Committee is to comprise three or more members selected by the Board of Directors, a majority of whom should be outside directors designated as independent directors.

Group Governance

The Onward Group has adopted a holding company structure that allows the Company's Board of Directors to engage in strategic decision-making and supervise operating companies. At the same time, the Group has separated the supervisory and execution functions in order to clarify the responsibilities and authority of each operating company and to facilitate accelerated strategic decision-making.

When matters that require urgent attention arise, the Board of Directors convenes as necessary. In this manner, the Onward Group has a system in place that ensures a swift and appropriate response to rapid changes in the business environment.

Moreover, the Group has introduced an executive officer system (six male executive officers but no female representation at this time) with the aim of clarifying management decision-making and business execution functions. In order to facilitate flexible decision-making on a Groupwide basis, the Onward Group Strategy Meeting, which primarily comprises directors and operating officers from Group companies, is in place to review the management strategies and important management matters of operating companies and confirm the status of operations.

The Onward Group also has advisory contracts with a number of attorneys to receive legal advice.

Evaluation of the Effectiveness of the Board of Directors

The Company's directors conduct annual self-evaluations to assess the effectiveness and appropriateness of the Board of Directors' management oversight function as well as the degree of accomplishment of their own duties. The results of these evaluations are reported to the Board of Directors. Based on these self-evaluations, the Board of Directors analyzes and evaluates its overall effectiveness, disclosing an overview of the results.

1. Scope of evaluations

- All directors and Audit & Supervisory Board members

2. Procedures for evaluations

- Self-evaluation via questionnaire
- Support for evaluations provided by external advisor

3. Overview of results of analysis and evaluation of Board of Directors' effectiveness in FY02/23

- Board of Directors effectively exercising functions for establishing management strategies and targets, resolving management issues, and overseeing business execution in accordance with Onward's Corporate Governance Basic Policy
- Current composition, discussion quality, and operation methods of Board of Directors generally appropriate
- Ongoing examination of diversity of the Board of Directors, monitoring of operational execution, and number of agenda items and materials for the Board of Directors' meetings as well as more efficient operation required in the FY02/24 for improvements to the effectiveness of the Board of Directors

Corporate Governance

Directors' and Audit & Supervisory Board Members' Compensation

Policies for Deciding Amounts of and Calculation Methods for Directors' and Audit & Supervisory Board Members' Compensation

① Policies for Deciding Amounts of Directors' and Audit & Supervisory Board Members' Compensation

Compensation paid to directors and Audit & Supervisory Board members of the Company comprises basic compensation and compensation for the purpose of acquiring Company stock, which are fixed compensation, and bonuses, which are performance-linked compensation.

Outside Directors and Audit & Supervisory Board members only receive basic compensation from the standpoint of maintaining independence.

Additionally, the Nomination and Compensation Committee, the majority of the members of which are outside directors, was established as a voluntary advisory body to the Board of Directors. The amount allocated to individual directors is determined by the Board of Directors, upon discussion of the matters relating to the nomination and compensation of directors by the Nomination and Compensation Committee and reports to the Board of Directors.

i. Basic Compensation

Basic compensation is paid to directors and Audit & Supervisory Board members based on predefined standards that take into account factors such as full-time or part-time status, role, rank, years of service, and performance evaluations. Specific amounts of compensation paid to directors are determined by the Board of Directors while amounts of compensation paid to Audit & Supervisory Board members are determined through discussions among Audit & Supervisory Board members.

ii. Compensation for the Purpose of Acquiring Company Stock

In June 2015, the Company replaced the prior stock options with compensation for the purpose of acquiring Company stock, with the aim of improving the motivation of directors to pursue stock price increases and business performance improvements. Compensation for the purpose of acquiring Company stock is paid to directors (excluding outside directors).

iii. Bonuses

Bonuses are paid to directors (excluding outside directors) based on the Company's consolidated performance, etc. for the given fiscal year.

The authority to determine the amount of compensation, etc. for directors of the Company and the policy for determining the calculation method is held by the Board of Directors. The amount of compensation, etc. is determined within the total amount approved by the general meeting of shareholders by comprehensively taking into account factors such as the director's duties, the business performance of each fiscal year, and the degree of the director's contribution.

The compensation, etc. for Audit & Supervisory Board members is determined through discussions among Audit & Supervisory Board members within the compensation amount approved by the general meeting of shareholders upon taking into account factors such as full-time or part time status and the division of duties.

② Resolutions by the General Meeting of Shareholders with Regard to Directors' and Audit & Supervisory Board Members' Compensation

The upper limit for the compensation paid to directors was resolved at ¥500 million a year (including ¥30

million a year for outside directors) at the 60th Annual General Meeting of Shareholders held on May 24, 2007. The number of directors at the time of the resolution was seven.

Additionally, at the 74th Annual General Meeting of Shareholders held on May 27, 2021, it was resolved to maintain the upper limit for total compensation paid to directors (at ¥500 million a year) but to revise the upper limit paid to outside directors from ¥30 million a year to ¥50 million a year. The number of directors at the time of the resolution was seven.

The upper limit for the compensation paid to Audit & Supervisory Board members was resolved at ¥60 million a year at the 48th Annual General Meeting of Shareholders held on May 25, 1995. The number of Audit & Supervisory Board members at the time of resolution was four.

③ Performance Indicators and Method for Determining the amount of Performance-Linked Compensation

Bonuses are paid as performance-linked compensation. The purpose of this compensation is to reflect single-year business performance in compensation, heighten motivation for improving business performance, increase focus on accomplishing management targets, and clearly evaluate successes.

Bonuses are based on Companywide performance in accordance with the same standards used to calculate the bonuses of employee ranks and adjusted based on performance evaluations that comprehensively account for factors such as the degree of accomplishment of target indicators for management accounting that include sales and profit and loss in the areas of responsibility assigned to each director at the beginning of each fiscal year. Performance evaluations are determined at the Onward Group Strategy Meeting attended by directors, Audit & Supervisory Board members, and executive officers.

Total Amount of Compensation Paid by Classification of Directors and Audit & Supervisory Board Members, Total Amount of Compensation Paid by Type of Compensation, and Number of Eligible Directors and Audit & Supervisory Board Members

Classification	Total Amount of Compensation Paid (Millions of yen)	Total Amount of Compensation Paid by Type of Compensation (Millions of yen)			Number of Eligible Directors and Audit & Supervisory Board Members
		Fixed Compensation		Performance-Linked Compensation	
		Basic Compensation	Compensation for the Purpose of Acquiring Company Stock	Bonuses	
Directors (of which, Outside Directors)	299 (27)	165 (27)	47 (—)	86 (—)	7 (3)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	52 (16)	52 (16)	— (—)	— (—)	6 (2)
Total	351 (43)	217 (43)	47 (—)	86 (—)	13 (5)

Note: As of February 28, 2023, the Company had six directors and four Audit & Supervisory Board members.

Corporate Governance

Training of Directors, Audit & Supervisory Board Members, and Executive Officers

The Company offers opportunities for directors, Audit & Supervisory Board members, and executive officers to acquire the knowledge necessary for performing their duties along with opportunities for ongoing self-study to ensure that they are able to fulfill their roles and responsibilities. In addition, discussions are held with new directors, Audit & Supervisory Board members, and executive officers upon their appointment regarding the Company's management, business, and financial strategies; important relevant matters; and identification of issues faced by the Onward Group and their solutions. Outside directors and outside Audit & Supervisory Board members, meanwhile, are provided with explanations of the Company's business and organizational structures when they are appointed, and necessary information pertaining to issues faced in business activities and other matters is supplied regularly.

Policies for Cross-Shareholdings and Exercise of Related Voting Rights

In addition to stocks held purely for investment purposes, the Company may hold shares of listed companies with the aim of maintaining and strengthening business relationships and thereby improving medium-to-long-term corporate value. With regard to cross-shareholdings, the Board of Directors will conduct annual assessments of the meaningfulness and economic rationality of these holdings, taking into account growth potential, profitability, strengthening of business relationships, etc., from the perspective of controlling shareholding risk and capital efficiency. Our basic policy is to sell those holdings that are deemed to no longer be appropriate after gaining the understanding of the business partner in question. In addition, holdings that have been deemed appropriate may also be sold in light of the market environment, management and financial strategies.

Furthermore, with respect to the exercise of voting rights related to cross-shareholdings, in order to ensure appropriate responses, the Company deliberates on each agenda item in accordance with the following criteria from the perspective of the medium-to long-term improvement of the corporate value of the business partner in question and medium-to long-term increases to the economic benefits for the Company and Group companies, and make a comprehensive decision on approval or disapproval at the Board of Directors meeting each year.

- (1) Whether the counterparty has been suffering from a significant and ongoing deterioration in business performance?
- (2) Whether the counterparty has engaged in any antisocial activities or otherwise lost the trust of society?
- (3) Whether there are any proposals submitted that may harm the interests of shareholders?

Compliance System

Recognizing that society as a whole increasingly expects it to improve its compliance systems, the Onward Group has positioned compliance as an important issue for management. Furthermore, by enhancing its corporate governance systems, the Company aims to earn high levels of trust among its customers and shareholders and from society as a whole.

The Company has established the Onward Group Compliance Committee as an organization for overseeing the Company's compliance structure.

Initiatives for Compliance

As for initiatives for compliance, the Group created the Compliance Manual to clearly outline the direction of compliance activities and define standards for adhering to ethical concerns and social norms. The Onward Group Compliance Committee takes the lead in conducting continuous educational activities, including in-house training, as a part of efforts to ensure widespread awareness and understanding. Moreover, the Group strives to maintain and improve product quality and subsequently raise customer satisfaction by utilizing its expertise in quality control through the Japan Apparel Quality Center. In addition, the Company will continue to improve the working environments at our partner factories through the Onward-Approved Factory System as a facet of its supply chain management.

Also, in terms of the Act on the Protection of Personal Information, the Company has established Guidelines on the Protection of Personal Information and continuously carries out training by conducting seminars for all officers and employees.

Risk Management System

The Onward Risk Management Regulations were established with the purpose of guiding the development of the Company's risk management system. The Compliance Division is responsible for the development of the risk management system, the identification of issues, and the formulation of risk-management-related plans. The division reports to the Board of Directors. An effective system is in place to address natural disaster risk, information system risk, and other risks that may severely impact the continuation of business. Additionally, the Board of Directors works in cooperation with external professionals as the situation requires in order to respond appropriately to such risks.

Dialogues with Shareholders

The Company conducts various investor relations (IR) activities, and the IR Division has been established as a dedicated body for ensuring the functionality of these activities. This division maintains close coordination with Corporate Planning, Accounting, Legal Affairs, and other relevant divisions. It also reports the opinions and requests obtained through IR activities to the Onward Group Strategy Meeting and the Board of Directors for use in discussions regarding measures for improving corporate value.

1 Periodic briefings for analysts and institutional investors

The officer responsible for IR information disclosure plays a central role in holding periodic briefings for analysts and institutional investors at which we explain our financial results and business strategies.

2 Provision of IR materials on corporate website

An extensive amount of information is disclosed through Onward Holdings' corporate website. Please refer to this website for information on various topics.

 <https://www.onward-hd.co.jp/en/ir/library/>

Management Team



FY02/23 Result

Consolidated Financial Results

Apparel Business

Lifestyle Business

Consolidated Financial Results

Net sales

¥176.1 billion

□ 11 - Years Key Financial Data ▶ P40

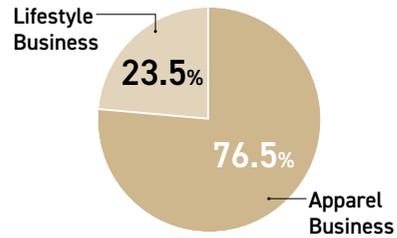
Operating profit

¥5.2 billion

Annual Cash Dividends per Share

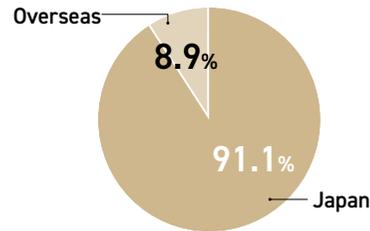
¥12

Sales Breakdown by Business Segment¹

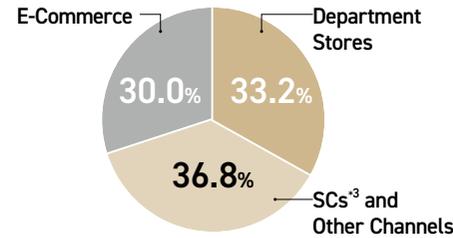


□ Segment Information ▶ P35

Sales Breakdown by Japan/Overseas¹



Sales Breakdown by Domestic Sales Channel²



The Onward Group is the apparel manufacturer and retailer established in 1927 that pioneered the manufacture and sale of ready-made clothing in Japan and laid the foundation of the industry. Today, we continue to be recognized as a leading company in the industry specializing in high-value-added products with outstanding quality, and we are more than able to compete in apparel markets at home and abroad. Our business model encompasses all stages of the apparel value chain, including planning, design, production, and sales within the Group. This fashion-oriented lineup includes men's, women's, and children's clothing as well as uniforms in the apparel business, dance wear, pet-fashion items, gift catalogs, and others in the lifestyle business.

Founding

96 years

□ Our History ▶ P47

Number of Group Companies

51 companies

□ Our Network ▶ P51

Number of Group Employees

6,061

Note: Figures are results for the fiscal year ended February 28, 2023 or as of the end of the fiscal year

¹ Ratios are calculated by simply adding up figures before inter-company eliminations.

² This targets domestic business companies that operate e-commerce.

³ SC stands for shopping center.

Apparel Business



Lifestyle Business



Apparel Business

Domestic Apparel Business

Principal Company Onward Kashiyama Co., Ltd.

Business Activities Comprehensive apparel manufacturer of men's, women's, and children's clothing

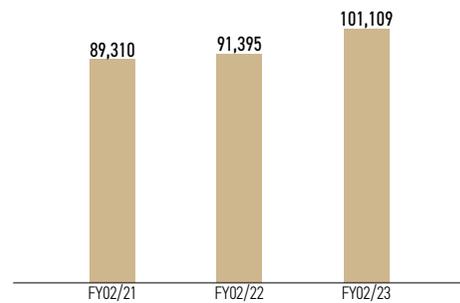
Onward Kashiyama, which is a core operating company of the Group, offers women's and men's core brands and mainstay brands, such as Nijusanku, ICB, Jiyuku, J. PRESS, and Gotairiku, primarily at department stores and brands such as any SiS and any FAM at shopping centers. The company also operates directly managed stores for such brands as JOSEPH and TOCCA at commercial complexes, etc. to communicate the brands' vision and message to consumers. In recent years, Onward Kashiyama has developed brands whose main sales channel is e-commerce, including UNFILO, steppi, uncrave, and #Newans. With the aim of making these brands mainstay businesses in the future, Onward Kashiyama is offering an innovative customer experience based on a new business model. The company is working to establish a new style of store operation by creating venues where customers can enjoy the maximum benefits of both physical stores and e-commerce through Click & Try*2 services at OMO stores*1, a new business format offering the services of physical stores combined with those of online stores.

*1 Abbreviation for 'Online Merges with Offline'

*2 A service to deliver products customers are interested in from various brands offered by the e-commerce site ONWARD CROSSET to their nearest physical store for try-on

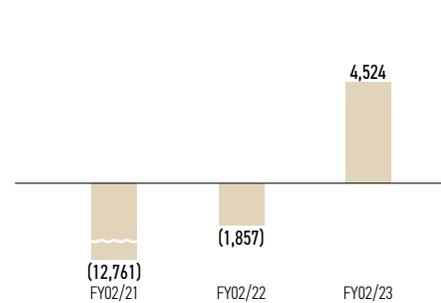
Net Sales (Onward Kashiyama + HD)

(Millions of yen)



Operating Profit (Onward Kashiyama + HD)

(Millions of yen)



Apparel Business

Domestic Apparel Business (for corporate clients)

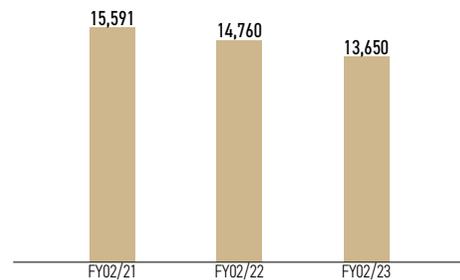
Principal Company Onward Corporate Design Co., Ltd. (former Onward Trading Co., Ltd.)

Business Activities Operates the uniform business (company uniforms, school uniforms, medical wear, etc.) and the sales promotion business for general corporate clients

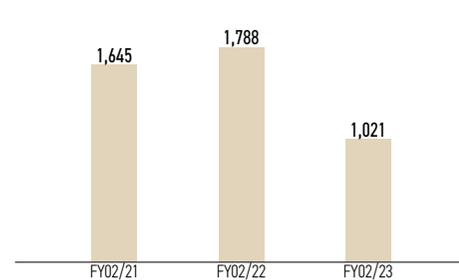
Onward Corporate Design proposes solutions to the branding and promotion issues faced by general corporate clients in the fields of uniform business (company uniforms, school uniforms, medical wear, etc.) and sales promotion business. The company is an apparel manufacturer with sales, planning, and production departments, and ensures high quality and functionality, utilizing the Onward Group's characteristics to propose fashionable solutions, while carefully responding to client requests.



Net Sales
(Onward Corporate Design)
(former Onward Trading Co., Ltd.)
(Millions of yen)



Operating Profit
(Onward Corporate Design)
(former Onward Trading Co., Ltd.)
(Millions of yen)



Overseas Apparel Business

<Europe>

Principal Company Joseph Ltd.

Business Activities Operates JOSEPH, the global brand based in London, the UK.

Joseph, established by Joseph Ettedgui in 1972, is engaged in planning and sales of JOSEPH, a British brand. JOSEPH offers the world a contemporary yet timeless wardrobe of luxury essentials. By reinforcing the brand's positioning in the market while strengthening the online business through Joseph's own e-commerce operation, the company will continue its efforts to expand the business globally, including in Asia.

<Asia>

Principal Companies Onward Fashion Trading (China) Co., Ltd.
Kashiyama (Dalian) Co., Ltd.

Business Activities Onward Fashion Trading: Offers brands, such as Nijyusanku and ICB
Kashiyama Dalian: Operates a factory manufacturing mainly made-to-order suits

Onward Fashion Trading (China) is collaborating with local partners in China to expand e-commerce and cultivate new sales channels, as well as on product development, including local planning. The company operates stores for made-to-order items of the KASHIYAMA brand in the Shanghai area. By expanding touchpoints through strengthened digital marketing, the company is proposing a new style of made to order to customers. Plans call for opening stores gradually elsewhere in China.

Kashiyama (Dalian) operates a smart factory capable of delivering high-quality made-to-order suits in a week at the earliest. This is realized by combining automatization with the latest equipment and systems such as IoT and Robotic Process Automation (RPA), and the accumulated sewing expertise and knowhow of craftsmen.

<U.S.>

Principal Company J. Press, Inc.

Business Activities Operates J. PRESS, a brand of authentic American traditional clothing

J. Press directly operates stand-alone stores of the J. PRESS brand in New Haven, Washington, D.C., and New York City. Founded in 1902, J. PRESS remains a pillar of the Ivy League style. J. PRESS was a favorite brand of Gerald Ford, the former U.S. president. J. Press is working to further strengthen the presence of the J. PRESS brand in North America and elsewhere in the world.



Lifestyle Business

Wellness Business

Principal Company Chacott Co., Ltd.

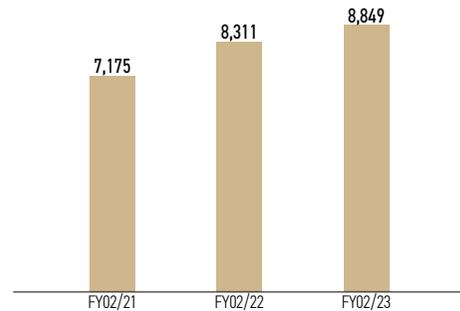
Business Activities Comprehensive business development including the sale of ballet/dance goods and cosmetics, and the operation of ballet schools

With its "Make life beautiful from the inside out" brand philosophy, Chacott is promoting comprehensive business development, including the sale of ballet, dance and fitness goods and cosmetics and the operation of ballet schools, based on the "From Closed to Open" strategy. While continuing to develop the core ballet business it has fostered since its founding, Chacott has taken a step toward the next stage by ramping up the proposal brands for the wellness area, namely, Chacott BALANCE and Chacott COSMETICS.



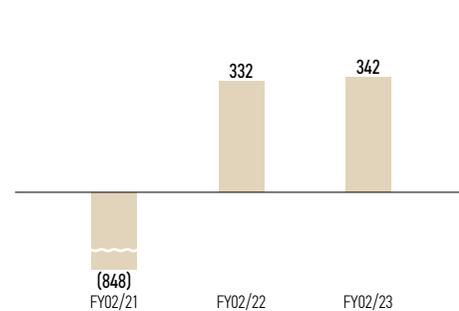
Net Sales (Chacott)

(Millions of yen)



Operating Profit (Chacott)

(Millions of yen)



Pet & Home Life Business

Principal Company Creative Yoko Co., Ltd.

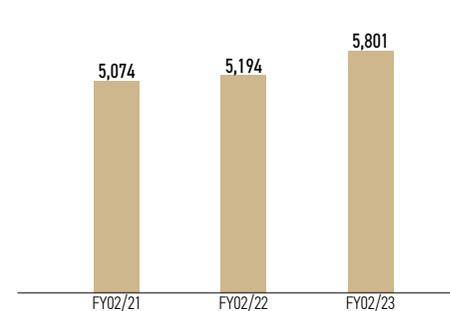
Business Activities Development of comfort goods and pet-related products

Creative Yoko plans and sells pet-related products and comfort goods. Shops operated by Creative Yoko include PET PARADISE, Mother garden, and Sirotan Friends Museum. Sirotan, Creative Yoko's proprietary character inspired by a harp seal, embodies the company's philosophy of offering quality merchandise and services that make people feel at ease, peaceful and positive. Mainstay products of Sirotan are soft cuddly toys of various sizes. The company is also actively working to achieve the SDGs, and in 2020 it was certified as an SDGs promoting company by Nagano Prefecture. In 2022, Creative Yoko received certification from Nagano Prefecture in the Work-Life Balance Course, as a company where employees can choose work styles that fit various lifestyles and needs.



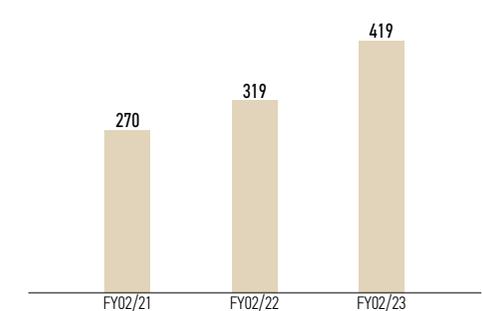
Net Sales (Creative Yoko)

(Millions of yen)



Operating Profit (Creative Yoko)

(Millions of yen)



Lifestyle Business

Beauty & Cosmetics Business

Principal Company KOKOBUY Co., Ltd.

Business Activities Development of “product,” a natural organic cosmetics brand

KOKOBUY offers the “product” brand, a line of natural organic products launched in California, USA in 2007. The “product” haircare items have earned the utmost confidence of hair stylists and other professional users. Today, they are recognized and favored by a wide range of customers regardless of gender or generation. By offering products with high quality and value at affordable prices, KOKOBUY aims to make natural organic products part of everyday life. KOKOBUY will continue to offer sustainable products that are functional and friendly not only to people’s hair and skin but also to the environment.



Gourmet Foods Business

Principal Company Onward Digital Lab Co., Ltd.

Business Activities Operation of Onward Marche, an e-commerce site for high-quality gourmet foods for refined tastes

Onward Marche is a high-quality gourmet food e-commerce website for individuals with refined tastes. Based on the concept of “Coordinating the Delicious,” our buyers travel across Japan to talk to producers in search of exquisite culinary masterpieces, choosing only the best based on sight and taste.

Like an artist painting a canvas, the rich assortment of gourmet foods available at the Onward Marche market enriches and adds color to people’s everyday lives.

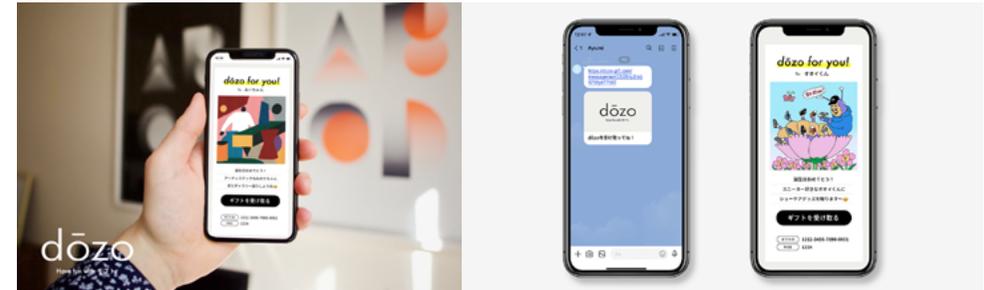


Gifts Business

Principal Company Yamato Co., Ltd.

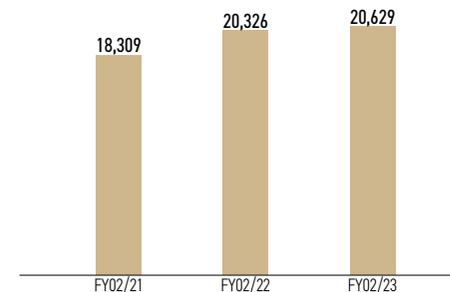
Business Activities Gift solutions featuring gift catalogs

In 2019, Yamato Co., Ltd., a major catalog gift company specialized in gifts joined the Onward Group. Founded in Nagano Prefecture in 1940, Yamato started as a wholesaler of glassware, and has expanded into gift solution businesses, including catalog gifts. Fully utilizing two strengths, namely, the planning and proposal capabilities cultivated in the gift market and the management and logistics function of the support center at the head office, Yamato has a system in place capable of responding to diversifying needs for gifts. Yamato endeavors to develop new products and services by strengthening e-commerce and entering the social gifting space to offer new value to customers.



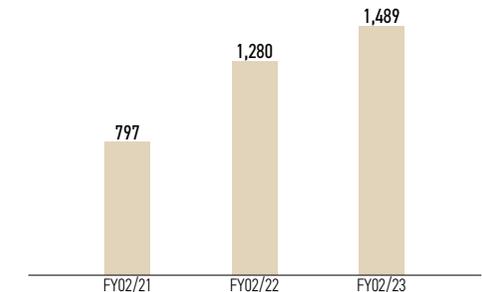
Net Sales (Yamato)

(Millions of yen)



Operating Profit (Yamato)

(Millions of yen)



Financial Data and Corporate Information

- 11-Year Key Financial Data
- Analysis of Financial Position, Operating Results and Cash Flows
- Consolidated Financial Statements
- Our History
- Onward Group Key Brands
- Our Network
- Company Information
- Stock Information

11-Year Key Financial Data

(Millions of yen)	FY02/13	FY02/14	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22	FY02/23
Net sales	258,369	280,007	281,501	263,516	244,900	243,075	240,652	248,233	175,899	168,453	176,072
Cost of sales	133,878	149,270	152,438	144,063	131,638	129,498	129,019	135,550	105,196	80,841	79,320
Selling, general and administrative expenses	113,298	120,537	123,332	115,674	109,059	108,409	107,171	115,744	90,876	88,691	91,537
Operating profit	11,192	10,200	5,731	3,778	4,203	5,167	4,461	(3,061)	(20,173)	(1,079)	5,214
Recurring profit	13,405	12,211	7,162	5,504	5,577	5,928	5,161	(3,835)	(20,174)	507	5,319
Income taxes - current	7,398	3,111	5,033	8,679	1,533	3,305	1,244	1,653	814	2,695	1,387
Profit attributable to owners of parent	4,503	4,658	4,204	4,278	4,744	5,366	4,948	(52,135)	(23,181)	8,566	3,061
Cash flows from operating activities	10,137	13,361	16,490	3,632	6,844	13,228	4,635	8,003	(19,614)	7,814	5,685
Cash flows from investing activities	(10,682)	(14,300)	(15,656)	1,782	25,270	(7,299)	(10,305)	(10,758)	6,091	21,685	4,390
Cash flows from financing activities	(7,848)	2,121	757	(6,357)	(32,856)	(6,593)	11,542	(1,595)	5,860	(36,173)	(11,955)
Free cash flow	(545)	(939)	834	5,414	32,114	5,929	(5,670)	(2,755)	(13,523)	29,499	10,075
Capital expenditures	8,948	16,750	26,884	15,955	10,599	12,058	13,472	9,533	6,501	5,657	4,921
Depreciation and amortization	5,721	6,800	7,218	7,799	6,662	6,334	6,510	6,392	5,659	4,605	4,366
Cash and deposits	24,677	27,375	31,122	29,407	26,096	26,334	31,284	28,795	21,301	15,209	13,805
Current assets	100,321	110,349	117,051	121,468	103,572	105,977	114,324	106,782	80,460	60,508	62,255
Property, plant and equipment	86,861	102,878	109,658	106,695	92,268	93,714	96,717	83,231	71,825	58,042	53,130
Total assets	286,779	313,430	340,854	313,454	273,226	278,133	287,554	234,316	196,052	157,727	159,198
Current liabilities	100,740	101,009	109,619	106,109	85,684	86,384	105,405	108,743	99,549	55,761	53,124
Shareholders' equity	177,141	178,077	179,879	176,263	169,027	168,341	167,429	105,023	68,926	75,030	75,721
Net assets	165,372	175,028	185,315	172,337	165,670	168,152	162,210	94,036	59,509	77,257	85,073
Basic earnings per share (EPS) (Yen)	28.71	29.69	26.78	28.27	31.47	36.97	35.24	(383.97)	(171.18)	63.17	22.57
Net assets per share (Yen)	1,043.64	1,102.99	1,166.89	1,101.21	1,116.47	1,155.04	1,148.30	665.17	418.32	493.14	550.76
Cash dividends (Yen)	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	12.00	12.00	12.00
Payout ratio (%)	83.6	80.8	89.6	86.5	74.0	63.7	66.9	—	—	19.0	53.2
ROE (%)	2.8	2.8	2.4	2.4	2.8	3.3	3.1	(42.0)	(31.6)	13.9	4.3
ROA (%)	4.8	4.1	2.2	1.7	1.9	2.2	1.8	(1.5)	(9.4)	0.3	3.4
Operating profit margin (%)	4.3	3.6	2.0	1.4	1.7	2.1	1.9	(1.2)	(11.5)	(0.6)	3.0
Gross profit margin (%)	48.2	46.7	45.8	45.3	46.2	46.7	46.4	45.4	40.2	52.0	54.9
SG&A expenses / Net sales (%)	43.9	43.0	43.8	43.9	44.5	44.6	44.5	46.6	51.7	52.7	52.0
Shareholders' equity ratio (%)	57.1	55.2	53.8	54.2	59.8	59.2	55.1	38.3	28.9	42.4	47.0
Number of full-time employees (Consolidated)	5,208	5,224	4,973	5,119	4,456	4,530	4,643	5,153	7,498	6,377	6,061

Notes: 1. The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021) early, from the beginning of FY02/22.

2. The presentation method has been changed from FY02/22, and therefore, with regard to net sales and operating profit for the previous fiscal year, the Company states figures after reclassification that reflect this change in the presentation method.

3. The increase in the number of employees (consolidated) in and after FY02/21, is mainly due to the changes in the employment categories of the Company and Onward Kashiyama Co., Ltd.

Analysis of Financial Position, Operating Results and Cash Flows

Overview of Operating Results, etc.

During the fiscal year under review, the Japanese economy showed signs of a recovery as economic activities normalized due to the relaxation of restrictions on activities related to COVID-19. However, due to rising inflation on the back of soaring resource prices and raw material prices, the depreciation of the yen, and other factors, the outlook remains uncertain.

In these circumstances, the Group has been striving to evolve into a “customer-centric management making the best use of employees’ diverse strengths.” To achieve the medium- to long-term management vision ONWARD VISION 2030 formulated in April 2021, in our core Apparel Business, we have been actively pursuing e-commerce strategies through our group e-commerce site ONWARD CROSSET in addition to managing physical stores. In particular, we have bolstered the development of OMO (Online Merges with Offline)-type stores that integrate services offered in our physical stores and online store, leading to a high number of users and contributing to increased sales in our physical stores. Furthermore, as a result of our global business reforms and efforts to limit discount sales, our gross profit margin improved by 2.9 pt, and our selling, general and administrative expense ratio decreased by 0.7 pt. Consequently, we achieved profitability at all profit levels, including operating profit. It should be noted that profit attributable to owners of parent decreased compared to that of the previous fiscal year, which included gain on sale of real estate.

As a result of the above, consolidated net sales amounted to ¥176,072 million (a 4.5% increase year-on-year), a consolidated operating profit was recorded at ¥5,214 million (an operating loss of ¥1,079 million for the previous fiscal year), a consolidated recurring profit was recorded at ¥5,319 million (a 948.7% increase year-on-year), and profit attributable to owners of parent amounted to ¥3,061 million (a 64.3% decrease year-on-year).

Status by Business Segment

[Apparel Business]

In the domestic business, the number of visitors to physical stores increased, sales were favorable in the key brands of our core operating company, Onward Kashiya Co., Ltd., namely Nijyusanku, ICB, and Jiyuku, among others, and the D2C brand UNFILO created hit products, contributing to sales growth. As a result, the business achieved an increase in sales. Sales also increased at Onward Personal Style Co., Ltd., which develops the KASHIYAMA brand, as the company accelerated the development of franchise stores in addition to directly-managed stores.

In the overseas business, due mainly to withdrawal from unprofitable businesses under the global business reforms, the profitability of existing businesses improved significantly.

As a result of the above, net sales amounted to ¥134,761 million (a 4.4% increase year-on-year) and an operating profit was recorded at ¥2,389 million (an operating loss of ¥3,279 million for the previous fiscal year).

[Lifestyle Business]

Chacott Co., Ltd., which operates a wellness business, saw strong performance of products in its mainstay ballet and fitness wear merchandise line, as well as Chacott COSMETICS and Chacott

BALANCE, with sales recovering to pre-pandemic levels. Creative Yoko Co., Ltd., which operates a pet and home life business, posted strong sales as its strategy of opening physical stores proved successful.

As a result of the above, net sales amounted to ¥41,310 million (a 4.8% increase year-on-year) and an operating profit was recorded at ¥3,756 million (a 56.3% increase year-on-year).

Cash Flows

Cash flows provided by operating activities amounted to ¥5,685 million (an inflow of ¥7,814 million for the previous fiscal year) mainly due to a profit before income taxes, an impairment loss, an increase in inventories, and an increase in trade payables.

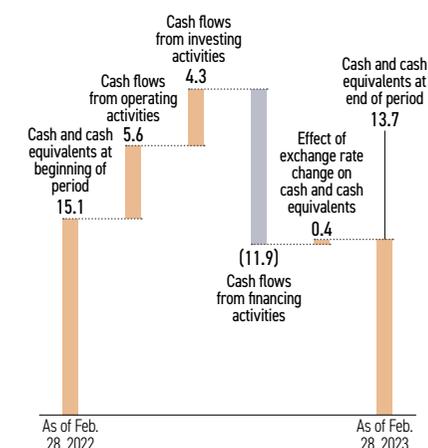
Cash flows provided by investing activities amounted to ¥4,390 million (an inflow of ¥21,685 million for the previous fiscal year) mainly due to proceeds from sales of investment securities and proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation.

Cash flows used in financing activities amounted to ¥11,955 million (an outflow of ¥36,173 million for the previous fiscal year), which primarily included a net increase (decrease) in short-term borrowings and repayment of long-term borrowings.

As a result, cash and cash equivalents at the end of the fiscal year under review decreased by ¥1,403 million compared with the end of the previous fiscal year to ¥13,795 million.

Cash Flows

(Billions of yen)



Production, Orders and Sales

a. Production

The results of production by segment during the fiscal year under review are as follows.

Given the difficulty of defining production in the Lifestyle Business, the figures for “Production” are not given.

Segment	Amount (Millions of yen)	YoY Change (%)
Apparel Business	13,654	77.7

Note: Figures represent manufacturing costs.

Analysis of Financial Position, Operating Results and Cash Flows

b. Orders

The Group engages in mostly Make-to-Stock production rather than Make-to-Order production.

Furthermore, items produced by Make-to-Order are also produced by Make-to-Stock for the same item, and it is difficult to calculate them separately. Therefore, descriptions are omitted.

c. Sales

The results of sales by segment during the fiscal year under review are as follows.

Segment	Amount (Millions of yen)	YoY Change (%)	
Apparel Business	Domestic	121,337	107.6
	Overseas	13,424	82.6
	Total	134,761	104.4
Lifestyle Business	41,310	104.8	
Consolidated Total	176,072	104.5	

Note: Inter-segment transactions have been eliminated.

Analysis of Operating Results

a. Net Sales and Gross Profit

Net sales increased by ¥7,618 million from the previous fiscal year to ¥176,072 million due to a clear recovery of our key brands business centered on Onward Kashiya Co., Ltd., which is our core operating company, and strong sales in stores that introduced the Click & Try OMO service.

Gross profit increased by ¥9,139 million from the previous fiscal year to ¥96,751 million and the gross profit margin improved by 2.9pt due to our efforts of thorough inventory controls and discounted sales reduction measures.

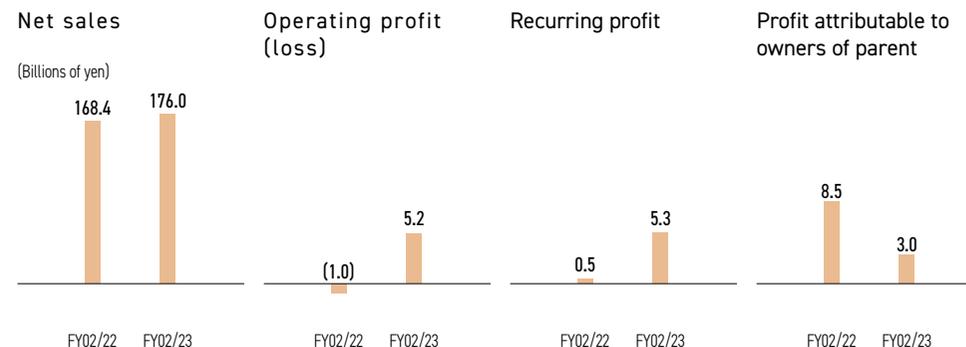
b. Operating Profit and Recurring Profit

Selling, general and administrative expenses increased by ¥2,845 million from the previous fiscal year to ¥91,537 million due to a decrease of the selling, general and administrative expense ratio thanks to the outcomes of our global business reforms, etc.

As a result, operating profit (loss) improved by ¥6,293 million from the previous fiscal year to ¥5,214 million and recurring profit increased by ¥4,812 million from the previous fiscal year to ¥5,319 million.

c. Profit Before Income Taxes and Profit Attributable to Owners of Parent

Extraordinary income amounted to ¥1,878 million as a result of gain on sales of investment securities and gain on sales of shares of subsidiaries and associates, etc. Extraordinary losses amounted to ¥3,388 million due to an impairment loss, etc. Profit before income taxes decreased by ¥10,102 million from the previous fiscal year to ¥3,809 million and profit attributable to owners of parent decreased by ¥5,505 million to ¥3,061 million.



Note: Figures are rounded down to the nearest hundred million yen.

Analysis of Financial Position

a. Assets

Total assets increased by ¥1,471 million compared with the end of the previous fiscal year to ¥159,198 million. Current assets increased by ¥1,746 million due to increases in merchandise and finished goods, raw materials and supplies, etc. Non-current assets decreased by ¥275 million due to the sale of property, plant and equipment, etc.

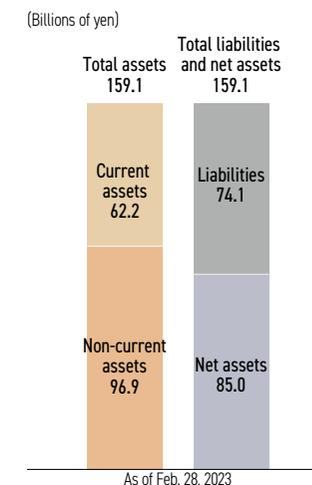
b. Liabilities

Total liabilities decreased by ¥6,345 million compared with the end of the previous fiscal year to ¥74,125 million. Current liabilities decreased by ¥2,637 million due to a decrease in borrowings, etc., and non-current liabilities decreased by ¥3,708 million due to a decrease in long-term borrowings, etc.

b. Net assets

Total net assets increased by ¥7,816 million compared with the end of the previous fiscal year to ¥85,073 million. Shareholders' equity increased by ¥690 million due to decreases in profit attributable to owners of parent, dividends of surplus, and retained earnings at the beginning of the period due to changes in the accounting policies, and others. Accumulated other comprehensive income increased by ¥7,170 million due to an increase in valuation difference on available-for-sale securities and others.

Financial Position



Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	15,209	13,805
Notes and accounts receivable—trade, and contract assets	14,204	13,981
Merchandise and finished goods	23,908	27,297
Work in process	449	486
Raw materials and supplies	2,478	2,935
Other	4,509	4,185
Allowance for doubtful accounts	(252)	(437)
Total current assets	60,508	62,255
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,027	40,719
Accumulated depreciation	(35,019)	(21,220)
Buildings and structures, net	23,008	19,498
Land	23,371	23,328
Leased assets	9,998	9,988
Accumulated depreciation	(6,239)	(6,784)
Leased assets, net	3,759	3,204
Other	25,158	18,548
Accumulated depreciation	(17,254)	(11,449)
Other, net	7,903	7,099
Total property, plant and equipment	58,042	53,130
Intangible assets		
Goodwill	4,631	4,025
Other	4,717	5,081
Total intangible assets	9,349	9,106
Investments and other assets		
Investment securities	14,117	16,433
Long-term loans receivable	1,683	2,882
Long-term prepaid expenses	524	383
Retirement benefit asset	3,248	5,441
Deferred tax assets	4,338	3,454
Other	6,078	6,442
Allowance for doubtful accounts	(163)	(331)
Total investments and other assets	29,827	34,706
Total non-current assets	97,219	96,943
Total assets	157,727	159,198

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Notes and accounts payable—trade	6,361	8,154
Electronically recorded obligations—operating	11,860	13,236
Short-term borrowings	18,705	14,880
Current portion of long-term borrowings	4,053	3,720
Lease obligations	854	887
Income taxes payable	2,022	1,129
Provision for bonuses	626	914
Provision for bonuses for directors	50	179
Other	11,225	10,021
Total current liabilities	55,761	53,124
Non-current liabilities		
Long-term borrowings	12,377	8,657
Lease obligations	3,676	3,902
Deferred tax liabilities for land revaluation	241	241
Retirement benefit liability	2,858	2,886
Provision for retirement benefits for directors and corporate auditors	247	262
Asset retirement obligations	2,503	2,563
Other	2,804	2,485
Total non-current liabilities	24,709	21,000
Total liabilities	80,470	74,125
Net assets		
Shareholders' equity		
Share capital	30,079	30,079
Capital surplus	50,390	50,347
Retained earnings	15,391	16,042
Treasury shares	(20,831)	(20,748)
Total shareholders' equity	75,030	75,721
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,646)	2,620
Deferred gains or losses on hedges	1	30
Revaluation reserve for land	(5,698)	(5,698)
Foreign currency translation adjustment	(328)	1,441
Remeasurements of defined benefit plans	(472)	631
Total accumulated other comprehensive income	(8,144)	(973)
Share acquisition rights	122	82
Non-controlling interests	10,248	10,243
Total net assets	77,257	85,073
Total liabilities and net assets	157,727	159,198

Consolidated Financial Statements

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Net sales	168,453	176,072
Cost of sales	80,841	79,320
Gross profit	87,612	96,751
Total selling, general and administrative expenses	88,691	91,537
Operating profit (loss)	(1,079)	5,214
Non-operating income		
Interest income	52	28
Dividend income	1,340	205
Foreign exchange gains	99	789
Subsidy income	1,013	136
Other	917	219
Total non-operating income	3,423	1,380
Non-operating expenses		
Interest expenses	391	363
Loss on disposal of salesfloor fixtures, etc.	96	45
Share of loss of entities accounted for using equity method	73	46
Financial expenses	176	186
Other	1,098	632
Total non-operating expenses	1,836	1,274
Recurring profit	507	5,319
Extraordinary income		
Gain on sales of investment securities	105	527
Gain on sales of non-current assets	17,921	21
Gain on sales of shares of subsidiaries and associates	2,944	1,300
Subsidies for employment adjustment, etc.	289	—
Other	67	29
Total extraordinary income	21,327	1,878
Extraordinary losses		
Loss on sales of shares of subsidiaries and associates	1,829	—
Impairment loss	1,741	2,906
Loss on liquidation of subsidiaries and associates	1,968	—
Extraordinary loss due to closing and other	1,620	5
Other	761	475
Total extraordinary losses	7,921	3,388
Profit before income taxes	13,912	3,809
Income taxes - current	2,695	1,387
Income taxes - deferred	2,523	(688)
Total income taxes	5,218	698
Profit	8,693	3,111
Profit attributable to non-controlling interests	127	49
Profit attributable to owners of parent	8,566	3,061

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Profit	8,693	3,111
Other comprehensive income		
Valuation difference on available-for-sale securities	292	4,267
Deferred gains or losses on hedges	(13)	29
Revaluation reserve for land	1,042	—
Foreign currency translation adjustment	1,370	2,256
Remeasurements of defined benefit plans, net of tax	272	1,103
Total other comprehensive income	2,963	7,656
Comprehensive income	11,657	10,767
Comprehensive income attributable to:		
Owners of parent	11,501	10,231
Non-controlling interests	155	535

Consolidated Financial Statements

Fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as at March 1, 2021	30,079	50,390	9,321	(20,865)	68,926	(1,939)	15	(7,864)	(1,669)	(744)	(12,202)	138	2,646	59,509
Cumulative effects of changes in accounting policies			272		272									272
Restated balance	30,079	50,390	9,594	(20,865)	69,198	(1,939)	15	(7,864)	(1,669)	(744)	(12,202)	138	2,646	59,781
Changes during period														
Dividends of surplus			(1,627)		(1,627)									(1,627)
Profit attributable to owners of parent			8,566		8,566									8,566
Purchase of treasury shares				(0)	(0)									(0)
Disposal of treasury shares			(18)	34	16									16
Reversal of revaluation reserve for land			(1,124)		(1,124)									(1,124)
Net changes in items other than shareholders' equity						292	(13)	2,166	1,341	272	4,058	(16)	7,601	11,644
Total changes in items during period	—	—	5,797	34	5,831	292	(13)	2,166	1,341	272	4,058	(16)	7,601	17,475
Balance as at February 28, 2022	30,079	50,390	15,391	(20,831)	75,030	(1,646)	1	(5,698)	(328)	(472)	(8,144)	122	10,248	77,257

Fiscal year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as at March 1, 2022	30,079	50,390	15,391	(20,831)	75,030	(1,646)	1	(5,698)	(328)	(472)	(8,144)	122	10,248	77,257
Cumulative effects of changes in accounting policies			(782)		(782)									(782)
Restated balance	30,079	50,390	14,608	(20,831)	74,247	(1,646)	1	(5,698)	(328)	(472)	(8,144)	122	10,248	76,474
Changes during period														
Dividends of surplus			(1,627)		(1,627)									(1,627)
Profit attributable to owners of parent			3,061		3,061									3,061
Purchase of treasury shares				(0)	(0)									(0)
Disposal of treasury shares		(43)		82	39									39
Net changes in items other than shareholders' equity						4,267	29	—	1,770	1,103	7,170	(39)	(5)	7,125
Total changes in items during period	—	(43)	1,433	82	1,473	4,267	29	—	1,770	1,103	7,170	(39)	(5)	8,598
Balance as at February 28, 2023	30,079	50,347	16,042	(20,748)	75,721	2,620	30	(5,698)	1,441	631	(973)	82	10,243	85,073

Consolidated Financial Statements

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Cash flows from operating activities		
Profit before income taxes	13,912	3,809
Depreciation and amortization	4,605	4,366
Impairment loss	1,741	2,906
Amortization of goodwill	766	794
Increase (decrease) in allowance for doubtful accounts	(123)	330
Decrease (increase) in retirement benefit asset	(434)	(2,192)
Increase (decrease) in retirement benefit liability	(217)	26
Interest and dividend income	(1,392)	(234)
Interest expenses	391	363
Share of loss (profit) of entities accounted for using equity method	73	46
Loss (gain) on disposal of non-current assets	(17,778)	4
Loss on disposal of salesfloor fixtures, etc.	96	45
Loss (gain) on sales of investment securities	(104)	(505)
Loss (gain) on valuation of investment securities	—	166
Loss (gain) on sales of shares of subsidiaries and associates	(1,114)	(1,300)
Decrease (increase) in trade receivables	1,004	358
Decrease (increase) in inventories	3,405	(3,653)
Increase (decrease) in trade payables	(1,013)	3,077
Other, net	3,703	(1,032)
Subtotal	7,523	7,377
Interest and dividends received	245	1,414
Interest paid	(425)	(414)
Income taxes paid	(2,064)	(2,726)
Income taxes refund	2,536	35
Net cash provided by (used in) operating activities	7,814	5,685
Cash flows from investing activities		
Payments into time deposits	(32)	(11)
Proceeds from withdrawal of time deposits	55	11
Purchase of property, plant and equipment	(2,929)	(2,164)
Proceeds from sales of property, plant and equipment	32,270	0
Purchase of investment securities	(10)	(3)
Proceeds from sales of investment securities	687	3,238
Purchase of long-term prepaid expenses	(27)	(69)
Payments of guarantee deposits	(662)	(878)
Proceeds from refund of guarantee deposits	1,099	474
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(8,286)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,620	7,644
Other, net	(2,098)	(3,851)
Net cash provided by (used in) investing activities	21,685	4,390

(Millions of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(38,471)	(4,796)
Repayments of long-term borrowings	(5,052)	(4,053)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,627)	(1,627)
Proceeds from payments from non-controlling interests	10,000	—
Dividends paid to non-controlling interests	(2)	(248)
Other, net	(1,019)	(1,229)
Net cash provided by (used in) financing activities	(36,173)	(11,955)
Effect of exchange rate change on cash and cash equivalents	602	475
Net increase (decrease) in cash and cash equivalents	(6,070)	(1,403)
Cash and cash equivalents at beginning of period	21,270	15,199
Cash and cash equivalents at end of period	* 15,199	* 13,795

*Reconciliation of ending balance of cash and cash equivalents with account balances per Consolidated Balance Sheets is as follows.

(Millions of yen)

	For the fiscal year ended February 28, 2022	For the fiscal year ended February 28, 2023
Cash and deposits	15,209	13,805
Time deposits with original maturities of more than 3 months	(10)	(10)
Cash and cash equivalents	15,199	13,795

Our History

The Onward Group has celebrated its 96th anniversary since its founding in 1927. We continue to move forward, with our sights set on the future, as we aim to become a 100-year old company.



1927 - 1940s

Founding

Onward Kashiya Co., Ltd. is established in 1927 by its founder Junzo Kashiya and begins operations as Kashiya Trading in Osaka.



Company founder
Junzo Kashiya

1950s - 1960s

Development as a Menswear Manufacturer

In the 1950s, Onward begins the production and sale of ready-made menswear. Taking its cue from apparel manufacturing in the United States, the Company adopts an assembly-line production system and introduces such advanced equipment as Hoffman steam press machines. These efforts result in substantial improvements in productivity and the quality of ready-made clothing.

Along with this success, the Company develops a business format for consignment transactions* between apparel companies and department stores that is now widely used in the business operations of department stores. In the 1960s, driven by Japan's high economic growth, Onward grows rapidly to become a leading menswear manufacturer in Japan.



*Consignment transactions
Consignment transactions are a type of transaction in which the ownership of a product is not transferred, nor is a sale recorded, when a product is delivered to a department store or other retailer. Rather, the ownership of a product is transferred and a sale is recorded when a customer purchases a product on display at a retailer.

1970s - 1980s

Acceleration of Overseas Expansion

In keeping a step ahead of other Japanese apparel manufacturers, during the 1970s Onward establishes subsidiaries in three of the world's major fashion cities: New York, Paris, and Milan, and by the end of the 1980s, Onward had built a foundation for overseas business at the three cities. By establishing the local subsidiaries in a short period of time, Onward succeeded in laying the foundation of the overseas business, drawing on the most up-to-date information on the global fashion business.

In the late 1970s, Onward appointed up-and-coming designer Jean-Paul Gaultier to be an exclusive designer for its Bus Stop line of boutiques in Paris. His first fashion show is held in Paris in 1978 with the support of the Company.



Showa financial crisis–World War II

Major Events

- Westernization of women's clothing trends (after the Great Kanto Earthquake in 1923-)
- Great Depression originating in the United States (1929-late 1930s)
- World War II (1941-1945)

Post-war reconstruction–High economic growth

Major Events

- Start of mass-production boom (1950s-)
- Ready-made clothing revolution for men's and women's clothing (1960s-)
- Economic boom created by the Tokyo Olympic Games (1962-1964)
- Japan ranked No. 2 in the world for gross national product (1968)

Stable economic growth–Bubble economy

Major Events

- First oil crisis (1973)
- Plaza Accord (1985)
- Enactment of Equal Employment Opportunity Act for Men and Women (1986)
- Emergence of prominent Japanese designers
- Spread of luxury fashion

Our History

1990s

Launch of Core Brands

The womenswear business dramatically expands in the 1990s with the launch of core brands, beginning with Kumikyoku in 1992 and followed by Nijyusanku, ICB, and Gotairiku.

The luxury brand boom driven by Japan's bubble economy comes to an end in the 1990s, and consumers start to attribute greater value to more refined and practical clothing, and they are able to find this style in Japanese brands.

Department stores begin expanding womenswear floor spaces and emphasizing new brands from Japanese makers. Thanks to this trend, Onward Kashiwajima's store numbers grow rapidly after the launch of the new brands, and this impressive growth forms the foundations for future advancement.



Burst of bubble economy– Post-bubble recession

Major Events

- Release of Windows 95 (1995)
- Rapid spread of the Internet among the general public
- Diversification of retail channels and emergence of specialty retailers selling of private label apparel

2000 - 2010

Evolution into a Global Apparel Group

At the beginning of the century, Onward accelerated its global strategies while maintaining its focus on the department store channel in the domestic market. The strategies included full-scale entry into the Chinese market, establishment of a manufacturing platform in Italy, and acquisition of a prominent European brand JOSEPH.

The transition to a holding company system is made in 2007. In the years that follow, the Company continues to draw uniquely powerful brands under its umbrella in Japan, acquiring pet fashion pioneer Creative Yoko Co., Ltd. and Island Co., Ltd., the maker of the trusted Grace Continental brand for discerning women. It was at this time that Onward truly makes a new start as a global apparel group that undertakes various types of fashion businesses all over the world.



Era of economic maturity

Major Events

- Lehman Brothers bankruptcy and global financial crisis (2008)
- Mass consolidation and reorganization of Japanese department stores
- Growth of fast fashion

2010s - Today

Road to Sustainable Growth

After the global financial crisis of 2008, the landscape of the fashion business and, subsequently, the structure of the apparel supply chain undergo a drastic transformation. The emergence of so-called fast fashion, the increase in production costs in Asia, the reorganization of domestic department stores, and the rise of e-commerce can all be seen as indicators of this transformation.

Signaling its participation in the e-commerce field, the Onward Group cuts the ribbon for ONWARD CROSSET, its directly managed e-commerce website, in December 2009.

The Onward Members' loyalty point card system, applicable to all Onward Group brands, launches in 2014.

Through this and other initiatives, the Onward Group proceeds to strengthen its customer base while accelerating its Omni-channel retailing strategy, which merges the advantages of online stores and physical stores.

In 2017, the Onward Group launches the KASHIYAMA brand, a new made-to-order suit business that employs a proprietary factory innovation scheme to realize low prices and quick deliveries.

It would not be an exaggeration to say that in FY02/21, the COVID-19 pandemic dealt the hardest blow to the Onward Group's domestic and overseas operations since its founding. At the same time, the Group continued to push ahead with the global business reforms to its operations it undertook in October 2019, making steady progress regarding the withdrawal from unprofitable operations in Italy, the discontinuation of underperforming brands, and the closure of domestic and overseas stores that were not turning profits. In April 2021, we formulated ONWARD VISION 2030, our medium- to long-term management vision for the period up to FY02/31.



Fourth industrial revolution (Industry 4.0)

Major Events

- Great East Japan Earthquake (March 2011)
- Annual inbound visitors to Japan exceed 30 million (2018)
- Global COVID-19 pandemic (ongoing from January 2020)

Onward Group Key Brands

Apparel Business

Brand		Concept/Outline [Business Operating Company]
Logo	Development Genre	
	Women's Golf	Japanese Women's Standard What does 'Japanese Women' mean to Nijyusanku? Women who wish to enjoy the dignified, elegant beauty that emanates from within. Sometimes uninhibited, sometimes reserved. Sometimes strong, sometimes gentle. Women who keep their own style. What does 'Standard' mean to Nijyusanku? Simple, high quality, comfortable clothing, endlessly chic and beautiful designs that transcend generations and time, and are widely and long-loved. [Onward Kashiya Co., Ltd.]
	Women's	This is an era in which the individuality of each person who lives his or her life comes into focus. Be yourself, not dressed up. Wear something that looks good on you instead of something that's trendy. We offer effortless styles that can be worn both on and off the job, with a focus on jackets for working women. Clothes that fulfill each and every one of our customers' desires to be like this. Clothes that allow each and every one of our customers to become the person they want to be. [Onward Kashiya Co., Ltd.]
	Women's	Be Happy For the smile of contemporary woman. —For the smiles of all women— Classy, quality, daily Jiyuku proposes a natural and radiant wardrobe for the mature generation of women. [Onward Kashiya Co., Ltd.]
	Women's	The name is derived from 'undyed essence.' The word represents truly mature women who can freely express themselves without excessive adornment, and the comma (,) represents the women who, through their encounter with this brand, will continue to evolve toward the future with even greater abundance and beauty. The brand proposes dignified elegance, unfussy glamour, and refined quality. [Onward Kashiya Co., Ltd.]
	Men's	English tradition, French flair, Italian chic, American rationality... Standard clothes that incorporate the best of each country and are tailored with Japanese sophistication. "Japanese Gents Style" for today's leaders. [Onward Kashiya Co., Ltd.]
	Women's Men's Children's	Founded in New Haven in the Eastern United States, on the doorstep of Yale University, in 1902. The brand has long been loved by the elite of American history and represents the authentic American traditional. [Onward Kashiya Co., Ltd.] [J. Press, Inc.]
	Women's Men's	A British brand that offers the world a contemporary and timeless wardrobe with the essence of luxury. [Onward Kashiya Co., Ltd.] [Joseph Ltd.]
	Men's Golf	Brand of the British company DAKS that features the British traditional style. A total coordination brand for adults who love authenticity, incorporating modernity into the British tradition. [Onward Kashiya Co., Ltd.]

Brand		Concept/Outline [Business Operating Company]
Logo	Development Genre	
	Men's	Adult casual wear with finesse proposed by Joseph Abboud. An international American brand that takes inspiration from nature, manufactures from a variety of perspectives, and proposes lifestyles for the wearer as well as the design of clothing, with the eternal theme of "coexistence with nature," such as emphasis on natural, organic, and natural materials. [Onward Kashiya Co., Ltd.]
	Women's Children's	The Italian word "TOCCA" means "touch" in English. The brand's icon is the classic and beautiful embroidery that one cannot help but want to touch. It expresses a timeless worldview of romantic, elegant and high quality style with a focus on the "TOUCH (texture)" that "TOUCHes (feelings)" the customer. [Onward Kashiya Co., Ltd.]
	Women's	"Lady to Wear, Ready for Feminine" any SiS proposes the NEXT FEMININE BASIC for Japanese working women. [Onward Kashiya Co., Ltd.]
	Women's Children's	Clothes for a happy tomorrow. Busy, commonplace days pass by. Just by imagining, "I'm going to wear this outfit tomorrow," you can make an ordinary day seem a little more special. any time, any wear, any fam. any FAM will continue to create "opportunities for happiness" for people who wear our clothes. [Onward Kashiya Co., Ltd.]
	Women's Children's	We offer girly and casual styles for working women for whom both work and private life are important. Based on the concept of "evolving staples" that constantly add new essences to traditional materials and items, we offer items that combine quality, cuteness, and zeitgeist. [Onward Kashiya Co., Ltd.]
	Women's	Clothes that are trendy and playful, yet classy. A ladylike mode style for women who are sensitive to the times. [Onward Kashiya Co., Ltd.]
	Women's Men's	"Something that can only be found here" A real standard that can only be worn by adults who have established their own style. It is a strange combination of form and comfort: comfortable yet shiny, crisp yet lightweight. ATON takes pride in its uncompromising craftsmanship, backed by experience and ingenuity in making the most of the original characteristics of materials. [Onward Kashiya Co., Ltd.]
	Women's	A new balance of basics with a focus on authentic tailoring and materials. We propose a new set-up by combining various items with "just the right amount of trend." [Onward Kashiya Co., Ltd.]
	Women's	Based on four policies, we propose a new era of workwear that is tailored to the needs of working women. "Co-Creation": Creating what people really want together with those who wear it. "Universal": Finding clothes that suit any occasion and any person. "Sustainability": Making only what is necessary, not disposing of waste, and having good products at reasonable prices. "Easy care": Can be worn beautifully as it is after washing and drying. [Onward Kashiya Co., Ltd.]

Onward Group Key Brands

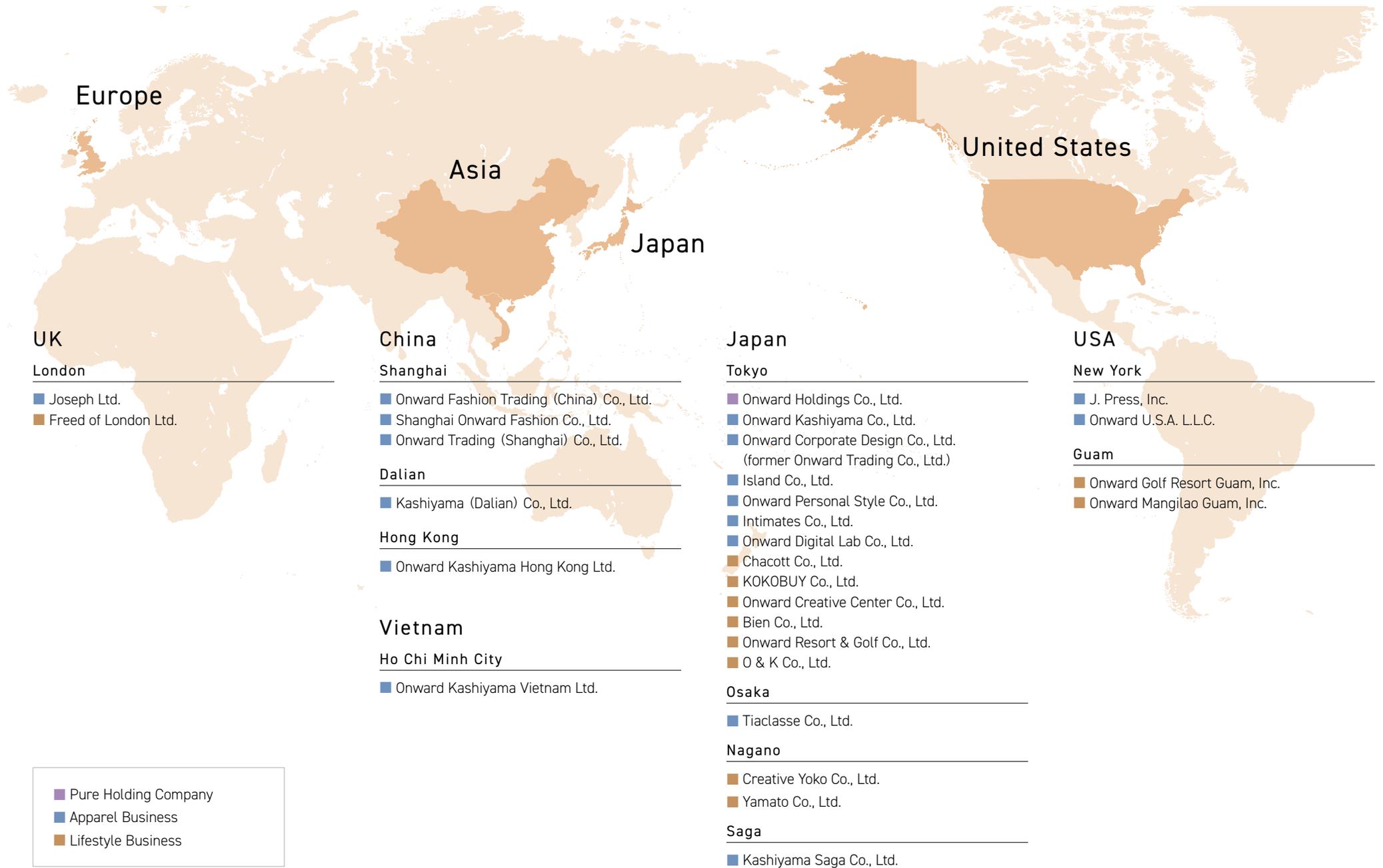
Apparel Business

Brand		Concept/Outline [Business Operating Company]
Logo	Development Genre	
	Women's Men's	There are clothes that you pick up when you wake up in the morning, take a deep breath, and think about your plans for the day. For example, when you go to the park with your dog, the thing you want next to lightness would be an idea that lifts your spirits. Add a little bit of yourself and your current mood to your outfit even for a walk. 365 days of ordinary, varied, but lovely days. Take the season and the weather on your side, and choose clothes that are kind to you, from UNIFLO. [Onward Kashiya Co., Ltd.]
	Golf	With the theme of "POP & WIT & YOU," this golf wear brand makes the golf scene fun and exciting with POP, colorful and twisted graphic items, and is easy to incorporate into daily wear. The brand name "CIRCULUS" means "circle" in Latin, and expresses the desire to share a good time with friends and to further expand the circle. [Onward Kashiya Co., Ltd.]
	Women's Men's Goods	Fashion always makes people excited and happy. NAVE is a fashion platform that proposes branded content that makes people living in a new era feel something about and inspired by fashion. [Onward Kashiya Co., Ltd.]
	Women's Men's Children's	Simply comfortable shoes made of knit. Knit shoes that can be worn every day and washed as often as you like, just like clothes. steppi will support many people's daily lives from the feet up with its knit shoes. [Onward Kashiya Co., Ltd.]
	Women's Men's	Aiming to democratize "made-to-order," the brand started selling made-to-order suits in October 2017, as a new business based on an evolved omni-channel approach. It takes measurements not only at its nationwide stores and Guide Shops, but also at homes or offices, and from the second piece, orders can be placed through its online store. [Onward Personal Style Co., Ltd.]
	Women's	We go to great lengths to travel the world to find and create the materials we are particular about. The designers visit each country in person until they are satisfied, and then carefully bring back the materials and inspirations they have found. They do this because they know the beauty of the products so carefully finished. With the theme of "clothes for the truly fashion-conscious," the brand targets women who are uncompromising in their quest for elegance. [Island Co., Ltd.]
	Women's	With age comes grace. We would like to propose such elegant styling. We want to deliver elegant clothes for adults in their 30s and older that radiate beauty. We want to support women who work hard every day. And we hold such thoughts in mind. [Tiaclasse Co., Ltd.]
	Inner	What makes each day wonderful...that's an unspoken secret. Chut! INTIMATES will share such secret with you. It is a brand of intimate wear (lingerie) created with the hope that lingerie can be enjoyed like fashion. [Intimates Co., Ltd.]

Lifestyle Business

Brand		Concept/Outline [Business Operating Company]
Logo	Development Genre	
	Ballet Fitness Cosmetics	With its "Make life beautiful from the inside out" brand philosophy, the company operates the Wellness Business based on the "From Closed to Open" strategy. It has five brands: Chacott BALLETT for ballet goods, Chacott BALANCE for fitness goods, Chacott ARTSPORT for rhythmic gymnastics goods, etc., Chacott DANCE for dance goods, and Chacott COSMETICS for cosmetics. [Chacott Co., Ltd.]
	Haircare Cosmetics	The natural organic brand "product" aims to make natural organic products part of everyday life by offering products of high quality and value at affordable prices. It offers sustainable products that are functional and friendly not only to people's hair and skin but also to the environment. [KOKOBUY Co., Ltd.]
	Pet products	Delivering a comfortable life for your precious family members. We propose comfortable daily life and exciting lifestyles with pets. The brand offers pet sundries, pet wear, dog food, and care products, etc. [Creative Yoko Co., Ltd.]
	Comfort goods	Sirotan, the company's proprietary character inspired by a harp seal, embodies its philosophy of offering quality merchandise and services that make people feel at ease, peaceful, and positive. Since its birth in 1999, the Sirotan's mainstay products have been soft cuddly toys of various sizes. [Creative Yoko Co., Ltd.]

Our Network



Company Information

Company Overview As of February 28, 2023

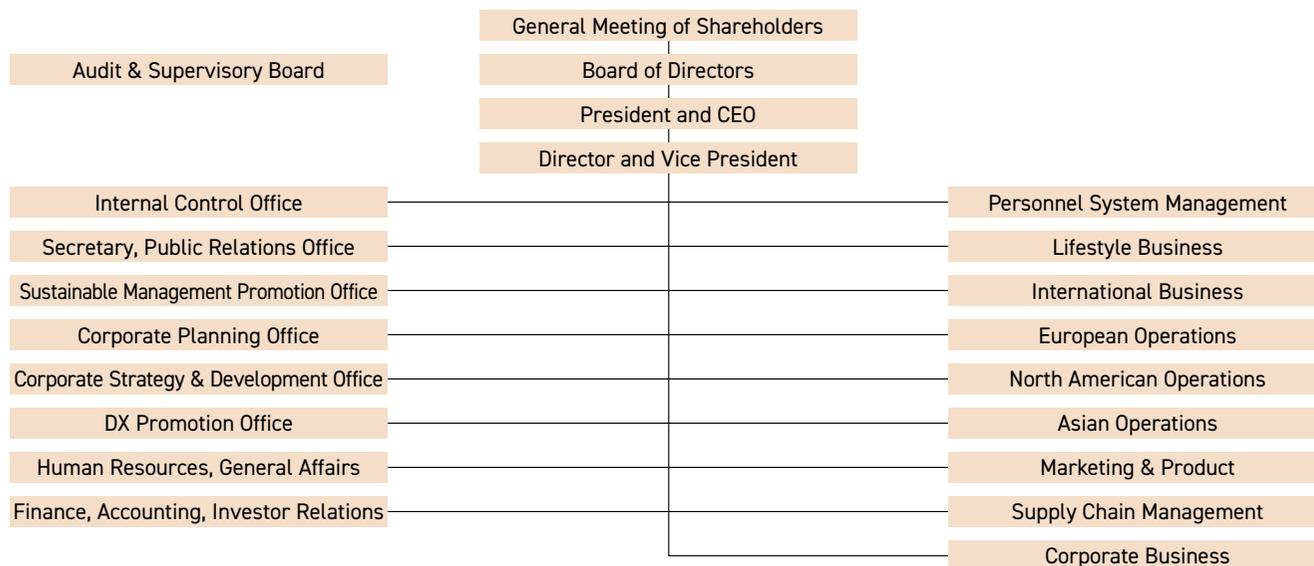
Name	Onward Holdings Co., Ltd.
Head Office	Onward Park Building 10-5, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8239, Japan
Tel	(+81) 3-4512-1051 (IR Div.)
Established	September 1947
Capital	¥30,079 million
Number of Employees	6,061 (Consolidated)

Board of Directors, Audit & Supervisory Board Members, and Executive Officers As of May 26, 2023

Directors	President and CEO	Michinobu Yasumoto	Executive Officers	Managing Executive Officer	Kenji Takeuchi	
	Director and Vice President	Kenji Chishiki		Managing Executive Officer	Takeshi Egashira	
	Managing Director	Osamu Sato		Managing Executive Officer	Yoshihiro Higuchi	
	Managing Director	Daisuke Ikeda		Executive Officer	Akira Murakami	
	Outside Director	Akira Kawamoto		Executive Officer	Jun Odagiri	
	Outside Director	Yoshie Komuro		Executive Officer	Hirofumi Nishimori	
	Audit & Supervisory Board Members	Standing Audit & Supervisory Board Member		Hikosaburo Seike		
		Standing Audit & Supervisory Board Member		Nobuyoshi Onogi		
		Outside Audit & Supervisory Board Member		Ryu Umezu		
		Outside Audit & Supervisory Board Member		Mitsuyo Kusano		

Note: The name of Ms. Yoshie Komuro in the family register is Yoshie Ishikawa.

Corporate Organization As of March 1, 2023



Stock Information As of February 28, 2023

Status of Shares

Common Stock	Authorized— 400,000,000 shares Issued— 157,921,669 shares (Including 22,204,488 shares of treasury stock)
Number of Shareholders	48,140
Stock Exchange Listing	Tokyo Stock Exchange Prime Market
Transfer Agent	Mitsubishi UFJ Trust & Banking Corporation 1-1, Nikkocho, Fuchu, Tokyo 183-0044, Japan

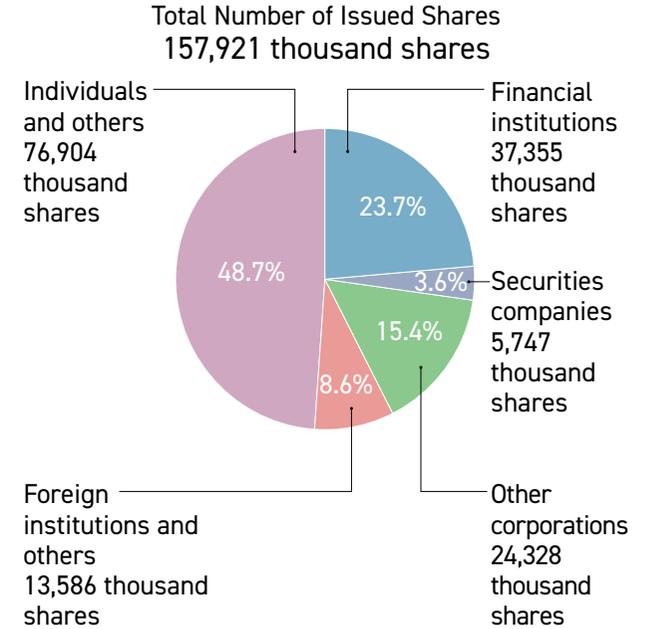
Major Shareholders

Name	Number of Shares Held (thousand shares)	Percentage of Total Shares Issued
The Master Trust Bank of Japan, Ltd. (Trust account)	14,435	10.6%
Kashiyama Scholarship Foundation	8,710	6.4%
Custody Bank of Japan, Ltd. (Trust account)	5,751	4.2%
Onward Holdings Customers' Shareholdings Association	5,162	3.8%
Nippon Life Insurance Company	4,671	3.4%
The Dai-ichi Life Insurance Company, Ltd.	3,360	2.4%
Sumitomo Mitsui Banking Corporation	2,931	2.1%
SMBC Nikko Securities Inc.	2,640	1.9%
Isetan Mitsukoshi Ltd.	2,301	1.6%
DAIDOH LIMITED	2,149	1.5%

Notes: 1. The number of shares held is rounded down to the nearest thousand shares.
 2. The Company holds 22,204 thousand shares of treasury stock.
 3. The percentage of total shares issued is calculated after deducting 22,204 thousand shares of treasury stock.
 4. The percentage of total shares issued is rounded down to the nearest indicated digit.

Distribution of Ownership among Shareholders

(On a number of shares basis)



Notes: 1. The number of shares is rounded down to the nearest thousand shares.
 2. Data regarding individuals and others includes treasury stock.

Stock Price Range and Trading Volume (Monthly)

