

ONWARD

『ONWARD VISION 2030』



April 4, 2024

ONWARD HOLDINGS CO., LTD.

The Onward Group's Mission Statement

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

Keep moving forward as a “lifestyle and culture creation company” that contributes to creating lifestyles with richness and colors in harmony with the planet through “customer-centric management leveraging employees’ diverse strengths”

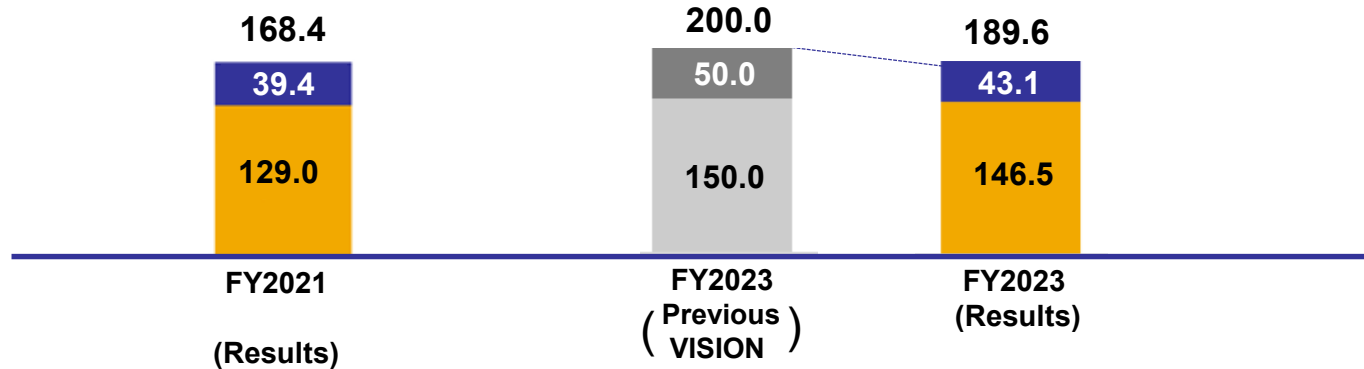


Results up to the present

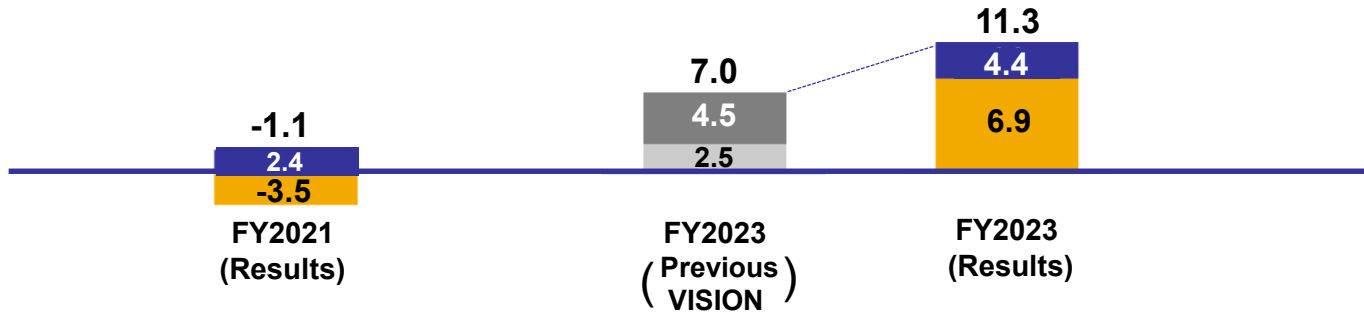
— Business structure transformation phase

■ Lifestyle ■ Apparel

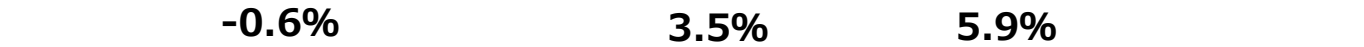
Net Sales
(Billion yen)



Operating profit
(Billion yen)

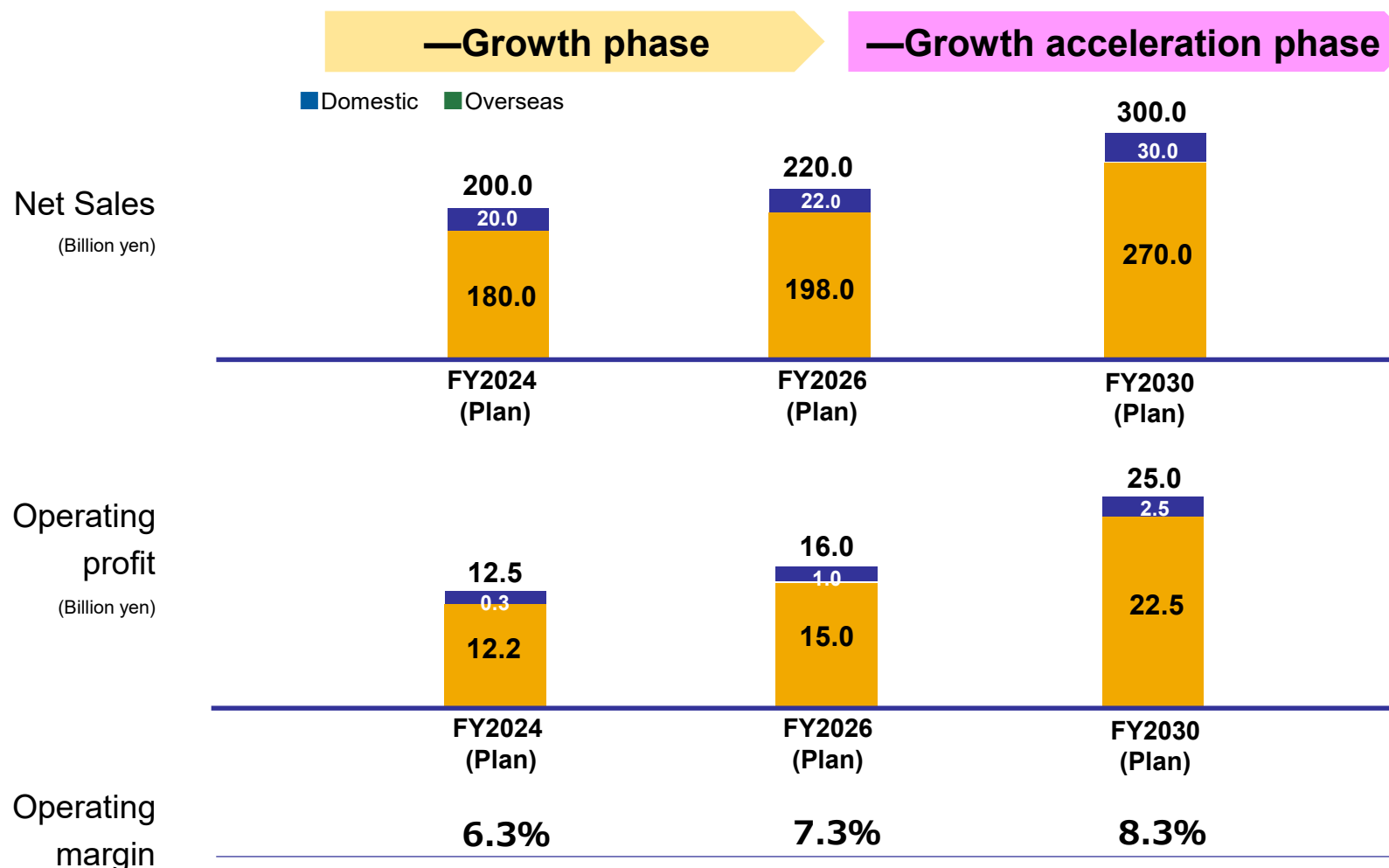


Operating margin



As a result of promoting the global business reforms and OMO strategy, operating profit in FY2023 was significantly higher than planned in the previous vision.

Future plans



Strengthen the foundation for overseas businesses while accelerating growth in domestic ones with the aim of achieving the plan for FY2030 (300 billion yen in sales and 25 billion yen in operating profit)

The background of the slide features a warm, golden sunset sky. In the foreground, several hands are shown in silhouette, holding and fitting together large puzzle pieces. The hands are positioned around the central text box, with some pieces already connected and others being held in place. The overall mood is one of collaboration and strategic planning.

1

Financial Strategy

Financial Indicators Set as Targets

Action to implement management that is conscious of cost of capital and stock price

1. Profit target (FY2026)

Current net profit

**10.0 billion yen
or more**

Promotion of growth strategy including active growth investment

(DX Strategy, Global Strategy, and M&A Strategy)

2. Capital efficiency (FY2026)

ROE

10% or more

Level considerably above the cost of equity

ROIC

7% or more

Level broadly surpassing WACC

Carry out the financial strategy with importance placed on capital efficiency through utilization of financial leverage and others

3. Shareholder return (From FY2024 onwards)

Dividend payout ratio

35% or more → 40% or more

Step up shareholder return by measures including raising the dividend payout ratio

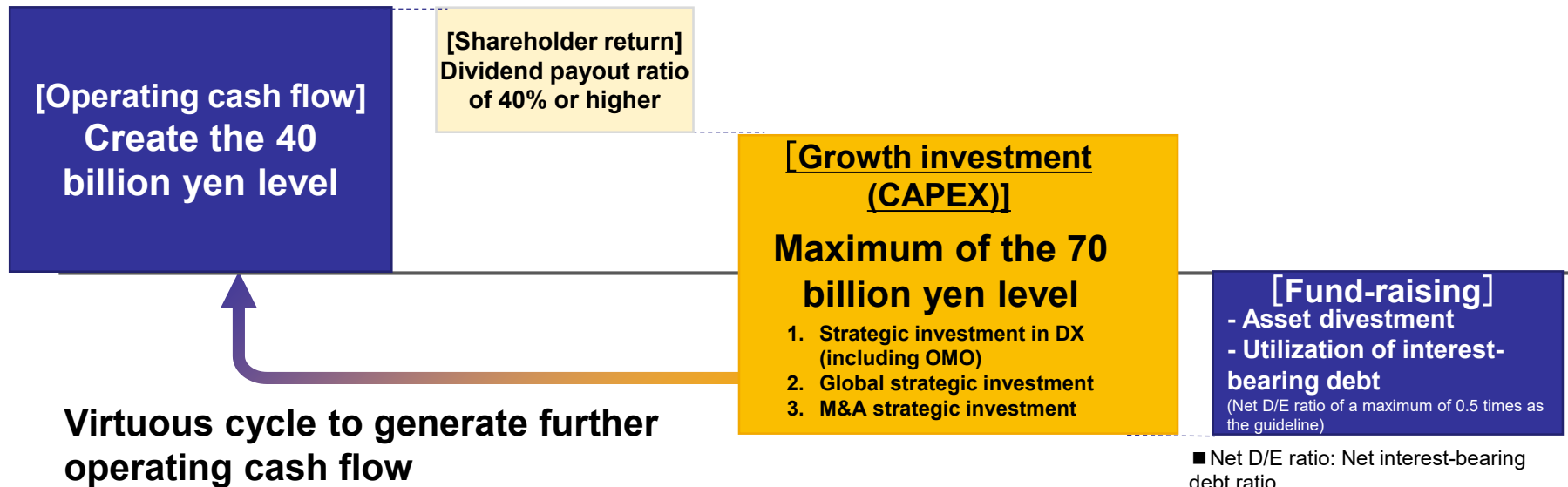
Policy for Utilization of Funds for Growth (Cash Allocation Policy)

Three-financial year cumulative total (Plan for FY2024 to FY2026)

- Create **the 40 billion yen level** operating cash flow (Cumulative results for FY2021 to FY2023: 17.5 billion yen)

- Plan growth investment (CAPEX) of a maximum of **the 70 billion yen level**

(Cumulative results for FY2021 to FY2023: 16.9 billion yen)



A background image showing a fashion design studio. In the foreground, there are several sheets of paper with hand-drawn fashion sketches of dresses and tops. A person's hand is visible, holding a blue marker and pointing at one of the sketches. In the background, there are people working with fabric. One person is holding a piece of yellow fabric, and another is holding a piece of black and white patterned fabric. There are also some spools of thread and a table with a grid of labels.

2

Business Strategy

Future Business Strategy

Changes to the post-COVID-19 pandemic business environment

1 Changes to the lifestyles and values of customers

2 Increasing attention to engagement between companies and people

3 Evolution in digital technology utilization

4 Progress in a declining birthrate and aging population in Japan

5 Revival and diversification of the market of foreigners visiting Japan

Diversification of the market is in progress

The Onward Group's business strategy

- (1) Drive diverse brand, product and distribution strategies in the "fashion field"
- (2) Accelerate growth in the "wellness field" in line with new values of consumers
- (3) Create a contemporary "corporate design field"
- (4) Evolve cutting-edge DX strategies such as OMO/PLM
- (5) Strengthen Growth Infrastructure for Overseas Business
- (6) Implement appropriate business risk management against future uncertainties

Drive Business Strategy in Three Business Fields


(1) Drive diverse brand, product and distribution strategies in the “fashion field”



Onward Kashiyama Co., Ltd.
Onward Personal Style Co., Ltd., etc.

Develop new brands and products that meet market diversification and create a variety of customer touchpoints that fuse online and offline


(2) Accelerate growth in the “wellness field” in line with new values of consumers



Yamato Co., Ltd., Chacott Co., Ltd.,
Creative Yoko Co., Ltd., KOKOBUY Co., Ltd., etc.

Speed up growth in the business field that assists consumers in realizing a fulfilling life with mental and physical wellbeing such as gifts, pets and beauty

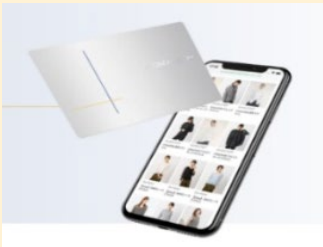
(3) Create a contemporary “corporate design field”



Onward Corporate Design Co., Ltd., etc.

Expand the business field that proposes total design for company activities, aimed at creating new engagement between companies and people

(4) Evolve cutting-edge DX strategies such as OMO/PLM



Thoroughly implement DX strategies in all fields of Group businesses to build a highly productive corporate organization that quickly responds to the market

Customer strategy

Broaden the customer base of Onward Members and strengthen communication

Improvement in sales and service

Evolve Online Merges with Offline (OMO) Store

Higher efficiency in planning and production

Adopt and utilize Product Lifecycle Management (PLM) System

Higher efficiency in corporate operations

Update backbone core, business processing, and information systems continuously

ONWARD membership target

FY2023 results: 5.3 million members

⇒ FY2030 plan: 10 million members

EC sales target

FY2023 results: 48 billion yen ⇒ FY2030 plan: 100 billion yen

(Maintain Group's own EC ratio of 90%)

(5) Strengthen Growth Infrastructure for Overseas Business



European region

Speed up growth in the JOSEPH business, a contemporary designer brand from London, the U.K.



American region

Speed up growth in the J.PRESS business, a traditional brand from the East Coast of the U.S. with more than 120 years of history



Asian region

Expand business in both production and sales in the Asian market, including rapidly growing ASEAN

Overseas business sales targets

FY2023 results: 20 billion yen ⇒ FY2030 plan: **30 billion yen or more**



3

Human Capital Management Strategy

Promotion of Organizational and Human Resource Platform Transformation



Carry out organization and HR platform transformation with the aim of driving the business strategy that responds to diversifying market changes and realize “customer-centric management leveraging employees’ diverse strengths”

Promotion of Organizational and Human Resource Platform Transformation

1

Fair, multi-faceted evaluations and performance-based compensation

Realize attractive and competitive wage levels

- Achieve and sustain the industry's highest level in all of the job descriptions (career track, sales job, and technical job). The average salary hike rate by the new personnel system of FY2024 [Sales job] 10% (2,451 employees are eligible)

2

Offer multiple career paths and personnel development

Engage in human resource development that supports employee growth in each career path

- BEST SHOP AWARD has been held monthly since 2022, where an effort is made to upgrade skills by sharing accomplishments with each other.
- Engage in the reskilling of employees through measures including sending them to an outside business school, thereby driving the development of human resources for corporate management.
- Introduce e-learning that all employees can take
- Introduce a "Meister System" in which employees who reach retirement age receive appropriate treatment, continue to work over the long term and pass down their skills



3

Diversify workstyles

Promote the creation of an employee-friendly organization full of diversity

- Onward Holdings was recognized for its initiatives such as women empowerment and support in balancing work, child-rearing and nursing-care, and was certified as the "Best Workplace," the highest rank, in the "D&I AWARD 2023."



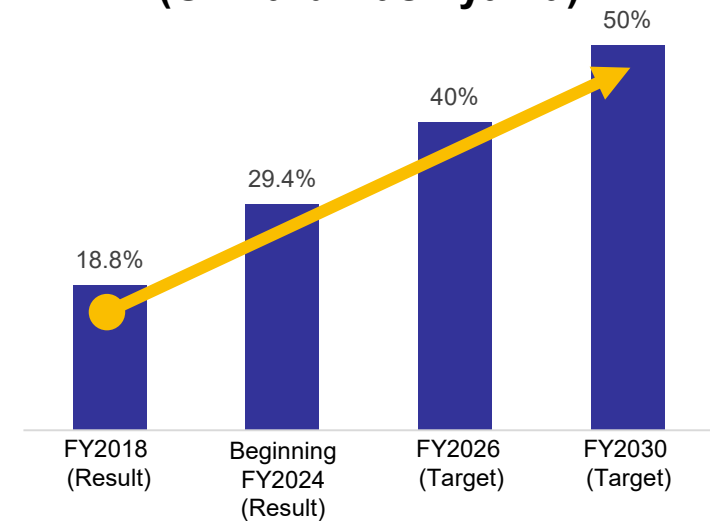
Promotion of Organizational and Human Resource Platform Transformation

Advance the creation of an organization that enables each individual to play an active role by using their uniqueness in response to various changes to the market



- Hold education and seminars for the management team, superiors, and particular employees (a mentor system, etc.) in order to aim at having 50% of leadership positions held by women by FY2030
* Appoint two female executive officers during FY2024
- The Group adopted an interval system that incorporates a certain interval between work days in FY2022 to help employees secure enough time for rest and continue working while maintaining a work-life balance. *Interval system: Secures a break of 11 hours before employees start working again on the following day.
- Hold seminars for psychological safety for the management team in order to advance a flat organizational culture and communication
- Encourage male employees to take childcare leave in order to facilitate their effort for child-rearing
* Results in FY2023: The ratio of the leave taken was 66.7%. The average duration of the leave taken was over four months.

Ratio of women in leadership positions (Onward Kashiyama)





4

**Sustainable
Management Strategy**

Deepening Sustainable Management Strategy (Green Onward)

(1) Recycling activity of the Group's own clothing

Extend the activities of reuse, recycling and remaking through the “Onward Green Campaign” launched in FY2009

- ※ Target rate of recycling the Group's own clothing for FY2030: 20% (Result for FY2023: 9.2%)
- ※ Through more than 10 years of engagement with the Japanese Red Cross Society, blankets and work gloves produced from some of the collected clothing are used to support developing countries and disaster-stricken areas.



(2) Advance a production system that avoids excessive production

Further reduce overproduction through the expansion of made-to-order production

- ※ Increase volumes of made-to-order production for FY2030 fourfold (from FY2023)

(3) Enhance traceability

Evolve traceability in the supply chain through the visualization of PLM system-assisted production.

- ※ Partners collaborating in PLM that is centered on ONWARD : 25 companies will start adopting the system in May 2024.

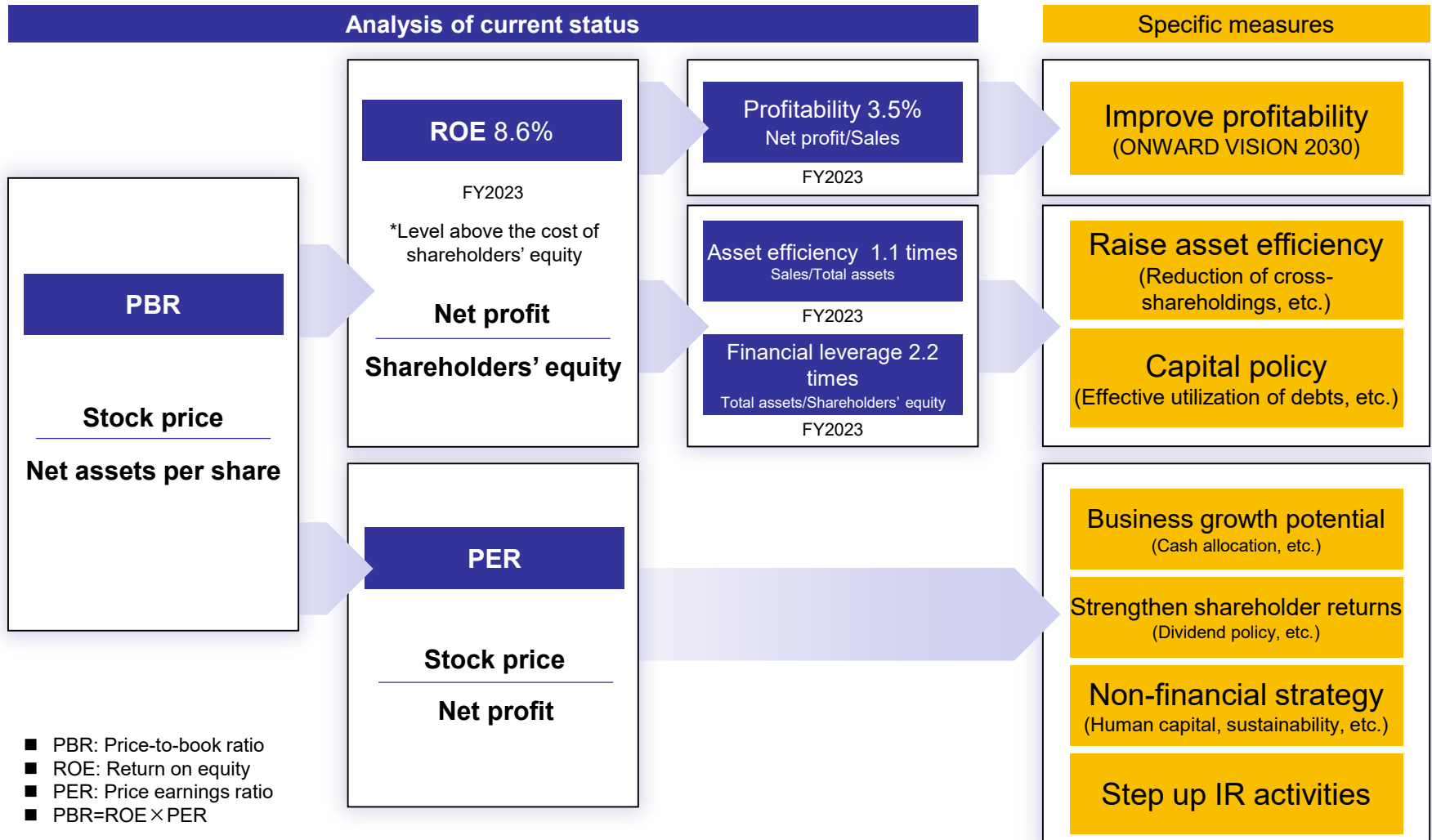
A close-up photograph of a person's hand in a light-colored shirt sleeve pointing at a tablet. The tablet screen displays various financial charts, including a line graph with multiple data series and a bar chart. The background is blurred, showing a desk with a smartphone and a white cup.

Appendix

Toward Enhancing Corporate Value

(Analysis of Current Status and Specific Measures)

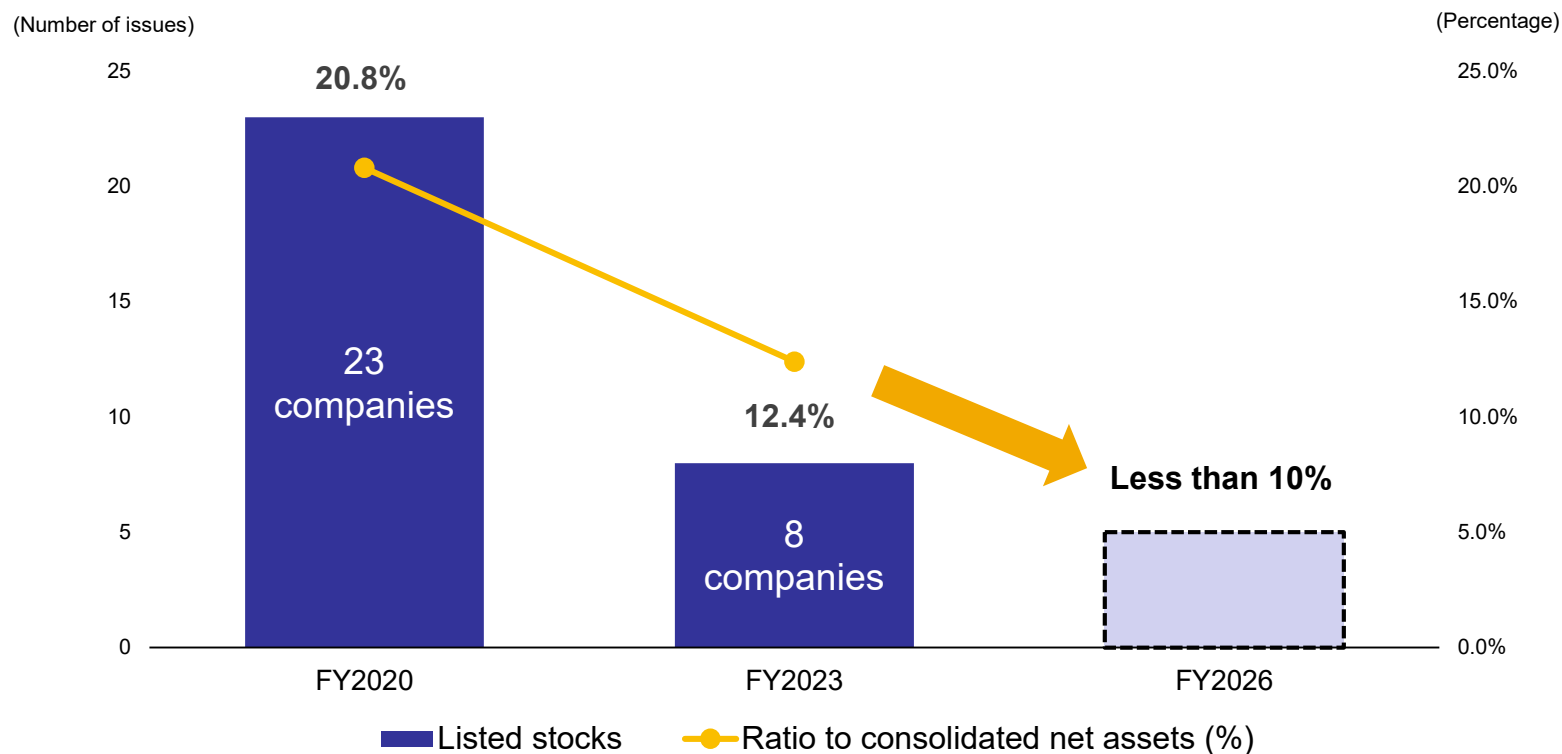
Aim at improving ROE and PER primarily by improving profitability, raising asset efficiency, utilizing financial leverage, and strengthening shareholder returns



Cross-Shareholdings Policy

Divest holdings unless the rationale of holding such stocks is recognized from the perspective of capital efficiency and others

Reduce the ratio of the amount of cross-shareholdings to consolidated net assets to less than 10% within three years



Balance Sheet Strategic Policy

- Make effective use of interest-bearing debt with the aim of aggressive growth investment and capital structure optimization
- Further seek higher asset efficiency, including reduction of cross-shareholdings

