



ONWARD HOLDINGS CO., LTD.
July 7, 2022

Hello, I'm Osamu Sato, director in charge of finance, accounting, and investor relations at Onward Holdings Co., Ltd.

I would like to take this opportunity to thank you all for your ongoing support.

For this presentation I'll be using the Consolidated Financial Results and Results Presentation Supplement to provide an overview of our financial results for the first quarter.

Let's start with the cover of the Q1 Consolidated Financial Results.

**Consolidated Financial Results
for the Three Months Ended May 31, 2022
[Japanese GAAP]**



July 7, 2022

Company name: Onward Holdings Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 8016
 URL: <https://www.onward-hd.co.jp/en/>
 Representative: Michinobu Yasumoto, President and CEO
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 Scheduled date of filing quarterly securities report: July 14, 2022
 Scheduled date of commencing dividend payments: –
 Availability of supplementary materials on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled (for institutional investors, securities analysts, and the press)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Performance for the Three Months Ended May 31, 2022 (March 1, 2022 – May 31, 2022)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
May 31, 2022	44,551	(3.2)	2,005	74.8	2,638	33.4	1,823	(11.5)
May 31, 2021	46,022	7.9	1,147	–	1,976	–	2,060	–

(Note) Comprehensive income: Three months ended May 31, 2022: 5,267 million yen [46.6%]

Three months ended May 31, 2021: 3,594 million yen [663.4%]

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Three months ended				
May 31, 2022	13.44	–	13.42	–
May 31, 2021	15.20	–	15.17	–

(Reference) EBITDA (operating profit + depreciation and amortization):

Three months ended May 31, 2022: 3,365 million yen [37.5%]

Three months ended May 31, 2021: 2,447 million yen [–%]

Net sales totaled ¥44.551 billion, down 3.2% year on year. This was mainly due to last year's sale of the Italian business. Operating profit was ¥2.005 billion, up 74.8% year on year. Recurring profit was ¥2.638 billion, up 33.4% year on year. Profit attributable to owners of parent was ¥1.823 billion, down 11.5% year on year, due to the gain on sales of non-current assets.

Now onto slide3 of the Results Presentation Supplement.

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FY02/23 Q1 Consolidated Results

Market recovery and OMO measures enabled domestic business to drive an increase in sales and profits

Excluding the impact of the sale of the Italian business and Guam hotel business, and discontinued Onward Kashiya stores, net sales increased 5.8 billion yen (+15%) and operating profit increased 1.3 billion yen (+175%)

■ **There was an increase in domestic net sales in both apparel and lifestyle with the easing of COVID-19 movement restrictions**

There was a particularly substantial increase in net sales in our core operating company Onward Kashiya, driven by OMO stores that introduced a “Click & Try” service, with sales at existing stores excluding discontinued stores up 4.8 billion yen (+22%), and up 3.4 billion yen (+15%) across all stores.

■ **There was a substantial increase in operating profit of 0.9 billion yen (+75%), or 1.3 billion yen (+175%) excluding the sale and discontinuation of businesses**

Gross profit margin improved by 3.8 pp from 51.7% in Q1 to 55.5% due to restricting discount sales, thorough centralized inventory control, etc.

■ **1H and full year outlook remain unchanged**

The financial results forecast published on April 7, 2022 remains unchanged due to the many uncertainties in the business environment, such as the number of COVID-19 cases, exchange rates, raw material price trends and so on.

* Sold and discontinued businesses
Q1 results for the sold Italian business and Guam hotel business and discontinued Onward Kashiya stores:
Net sales: 7.2 billion yen, gross profit: 3.2 billion yen, operating profit: 0.4 billion yen

Here are the highlights of the first quarter’s financial results.

In the first quarter, domestic businesses improved due to market recovery and OMO measures, while the consolidated results as a whole show a substantial increase in sales and profits. There are three main points here.

First, there was a substantial increase in net sales in the domestic apparel and lifestyle businesses due to the easing of COVID-19 movement restrictions. In particular, our core operating company Onward Kashiya contributed greatly to an increase in sales, which were up ¥4.8 billion, an increase of 22% year on year, across existing stores excluding discontinued stores, and up ¥3.4 billion, an increase of 15% year on year, across all stores.

Second, operating profit was up ¥900 million, an increase of 75% year on year. Excluding the impact of the sale and discontinuation of businesses, the increase was ¥1.3 billion, up 175% year on year in real terms. With regard to businesses sold and discontinued, both the Italian business and Guam hotel business were sold while a number of Kashiya stores were discontinued. They had a total operating profit of ¥400 million in the first quarter of the previous fiscal year for temporary reasons, though were loss-making businesses across the full year.

And third, on the topic of first half and full year forecasts, the financial results forecast published on April 7, 2022 remains unchanged due to the many uncertainties in the business environment, such as the number of COVID-19 cases, exchange rates, raw material price trends and so on.

Now let’s turn to slide 4.

FY02/23 Q1 Consolidated Results

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There was a 1.5 billion yen decrease in Q1 net sales (-3%) and a 0.9 billion yen increase in operating profit (+75%) to 2.0 billion yen
Excluding the sale and discontinuation of businesses, net sales increased by 5.8 billion yen (+15%) and operating profit increased by 1.3 billion yen (+175%)

		Q1 Results				Q1 Results (Excl. businesses which were sold/discontinued)			(Million yen)
		FY02/23	FY02/22	Change	YoY	FY02/22	Change	YoY	Effects of businesses which were sold/discontinued
1	Net Sales	44,551	46,022	-1,471	96.8%	38,787	+5,764	114.9%	7,235
2	Gross Profit	24,718	23,780	+938	103.9%	20,571	+4,147	120.2%	3,209
	(% of Sales)	55.5%	51.7%	+3.8%		53.0%	+2.5%		44.4%
3	SG&A Expenses	22,713	22,632	+81	100.4%	19,843	+2,870	114.5%	2,789
	(% of Sales)	51.0%	49.2%	+1.8%		51.2%	-0.2%		38.5%
4	Operating Profit	2,005	1,147	+858	174.8%	728	+1,277	275.4%	420
	(% of Sales)	4.5%	2.5%	+2.0%		1.9%	+2.6%		5.8%
5	Recurring Profit	2,638	1,976	+662	133.4%	1,357	+1,281	194.4%	619
6	Net Profit	1,823	2,060	-237	88.5%	1,803	+20	101.1%	257
7	EBITDA*	3,365	2,447	+918	137.5%	2,028	+1,337	165.9%	420

Note: EBITDA = operating profit + depreciation and amortization.

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The consolidated results for the first quarter are outlined in orange on the left, while the figures outlined in orange on the right show a comparison of the changes excluding the impact of the sold Italian business and Guam hotel business and discontinued Onward Kashiya stores.

Net sales, the first row on the left, were down ¥1.5 billion, a year on year decrease of 3.2%, due to the considerable impact of withdrawing from the Italian business and selling the Guam business. However, excluding the impact of the sold businesses and discontinued stores, sales were up ¥5.8 billion, an increase of 14.9%.

There has been a recovery in the physical stores of our apparel and lifestyle businesses in tandem with the easing of COVID-19 movement restrictions, and at the same time, we have seen the impact of introducing OMO services in stores.

Gross profit, shown in row 2, increased 3.9% year on year to ¥24.718 billion, while the gross profit margin improved to 55.5%, a 3.8 percentage point increase from last year's 51.7%. This change was due to a substantial increase in full price sales at Onward Kashiya, efficiencies associated with restricting ongoing discount sales and centralized inventory control, as well as the sale of the low margin Italian business.

SG&A expenses, as you can see in row 3, increased slightly to ¥22.713 billion. Excluding the impact of the sale and discontinuation of businesses, SG&A expenses increased by ¥2.9 billion, however this was due to an increase in net sales and appropriate cost controls.

As a result, operating profit, displayed in row 4, was ¥2.005 billion, a 74.8% increase year on year.

In the area of non-operating profit/loss between operating profit, shown in row 4, and recurring profit, shown in row 5, recurring profit was up ¥600 million from operating profit to ¥2.638 billion, a 33.4% increase year on year, due to an increase in foreign exchange gains and other factors in the first quarter.

In row 6, profit attributable to owners of parent was down ¥800 million from recurring profit, as shown in row 5. Taking into account extraordinary gains of ¥1.2 billion from the sale of the Guam Resort, extraordinary losses of ¥500 million of impairment loss on non-current assets, and other factors such as income taxes, profit attributable to owners of parent was ¥1.823 billion.

EBITDA, shown in row 7, was ¥3.365 billion, a 37.5% increase year on year.

Now on to slide 5.

FY02/23 Q1 Results by Segment

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There was an increase in net sales and operating profit in Q1 in both domestic apparel and lifestyle businesses

Net sales increased by 3.3 billion yen (+8%) and operating profit increased by 1.6 billion yen (+129%)

(Million yen)

		Q1 Results						
		FY02/23	FY02/22	Change	YoY			
Domestic	Apparel	Net Sales	33,443	30,927	+2,516	108.1%	Domestic Apparel (Onward Kashiya, Onward Trading, Island, Onward Personal Style, and 10 other companies; 14 companies in total)	
		Operating Profit	2,137	705	+1,432	303.1%		
	Lifestyle	Net Sales	9,808	8,979	+829	109.2%	Domestic Lifestyle (Chacott, Creative Yoko, Yamato, KASHIYAMA DAIKANYAMA, and 6 other companies; 10 companies in total)	
		Operating Profit	744	552	+192	134.8%		
	Domestic Total		Net Sales	43,251	39,906	+3,345	108.4%	
			Operating Profit	2,881	1,257	+1,624	229.2%	
Overseas	Apparel	Net Sales	3,235	8,297	-5,062	39.0%	Overseas Apparel (8 companies in the JOSEPH Group, J.PRESS, Onward Fashion Trading and 8 other companies; 18 companies in total)	
		Operating Profit	-546	260	-806	-		
	Lifestyle	Net Sales	497	346	+151	143.6%	Overseas Lifestyle (FREED OF LONDON and 6 other companies; 7 companies in total)	
		Operating Profit	-67	-247	+180	-		
	Overseas Total		Net Sales	3,732	8,643	-4,911	43.2%	
			Operating Profit	-613	13	-626	-	
Consolidated Total		Net Sales	44,551	46,022	-1,471	96.8%		
		Operating Profit	2,005	1,147	+858	174.8%		

Note: The segment breakdown is calculated using simple sums of all companies. Consolidated totals are after eliminating intergroup transactions.
 Note: Full year: December – February for Europe, and January – March for Asia and America

* There was a substantial 4.9 billion yen fall in sales in overseas businesses due to the sale of the Italian business and Guam hotel business, stagnation in the Asian market due to COVID-19 and the impact of the war in Ukraine. Consequently, overseas business posted an operating loss of 0.6 billion yen.

Here we can see the consolidated results broken down by business segment.

As shown by the figures outlined in orange, there was an increase in sales and operating profits in both the domestic apparel and lifestyle businesses, and net sales of domestic total were up ¥3.3 billion, an increase of 8.4% year on year. Operating profit of domestic total was up ¥1.6 billion, an increase of 129.2% year on year.

Next, we'll look at slide 6.

FY02/23 Q1 Results by Group Company

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There was a substantial increase in Onward Kashiwama sales and operating profit

(Million yen)

		Q1 Results						
		Sales			Operating Profit			
		FY02/23	FY02/22	Change	FY02/23	FY02/22	Change	
1	Onward Kashiwama + HD	26,135	22,704	+3,431	1,752	197	+1,555	
2	Onward Trading	3,822	4,568	-746	461	875	-414	
3	D o m e s t i c	Island	1,465	1,344	+121	40	-70	+110
4	Chacott	2,302	2,148	+154	133	59	+74	
5	Creative Yoko	1,265	1,090	+175	70	48	+22	
6	Yamato	5,153	4,714	+439	301	292	+9	
7	Other	3,109	3,338	-229	124	-144	+268	
8	Domestic Subtotal (Excl. Onward Kashiwama + HD)	17,116	17,202	-86	1,129	1,060	+69	
9	O v e r s e a s	Europe	2,318	7,301	-4,983	-280	286	-566
10	America	222	125	+97	-117	-132	+15	
11	Asia	1,128	1,146	-18	-139	50	-189	
12	Guam Resort	64	71	-7	-77	-191	+114	
13	Overseas Subtotal	3,732	8,643	-4,911	-613	13	-626	
14	Consolidated Total	44,551	46,022	-1,471	2,005	1,147	+858	

Note: The group breakdown is calculated using simple sums. Consolidated totals are after eliminating intergroup transactions.

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Here we have sales and operating profit broken down by company.

One key point here is the substantial increase in Kashiwama + HD sales and operating profit, as shown in row 1.

Net sales at Onward Kashiwama + HD were ¥26.1 billion, an increase of 15% year on year. As a result of a recovery in customer traffic after COVID-19 measures and the expanded introduction of "Click & Try", physical stores experienced a 21% increase in sales year on year. In addition, there was an increase of ¥1.6 billion in operating profit year on year due to an improvement in gross profit margins from implementing sales initiatives such as restricting discount sales. The substantial increase in sales and profit at Onward Kashiwama contributed to the overall increase in consolidated profit.

Domestic group companies other than Onward Kashiwama performed steadily overall.

Now we turn to row 9. In the Europe total, net sales were down by around ¥5 billion year on year, due to the previous year's performance of the Italian business, from which we have withdrawn.

Onto row 10, and we can see that in the U.S. total, there was a slight increase in net sales, due to factors such as the expansion of J. Press e-commerce sales, while the degree of deficit in operating profitability reduced slightly. The company is negotiating the cancellation of contracts on high rent stores and expects to achieve profitability in fiscal 2024.

The Asia total, shown in row 11, includes increases in sales at production companies in Dalian and elsewhere, but also includes the decrease in sales and operating profits at sales companies in Hong Kong and other locations which struggled due to the impact of COVID-19. It is expected that profitability will be achieved as the COVID-19 situation improves.

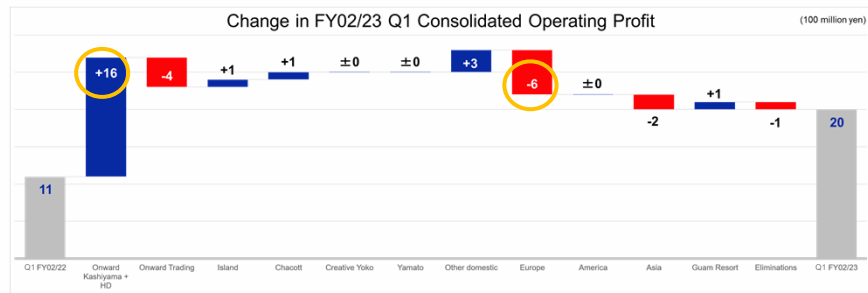
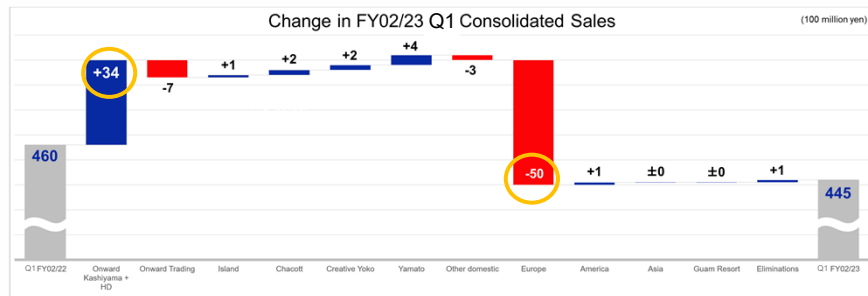
The Guam Resort total is shown in row 12. Here, the deficit has been reduced after the sale of the hotel business, which had faced a severe business environment brought about by the COVID-19 pandemic, to Hoshino Resorts in March of this year.

This leads us to row 13, the overseas group. As a whole, there was a ¥4.9 billion decrease in net sales and an operating loss of ¥600 million. These results were impacted by the sale of the Italian business, the COVID-19 pandemic and the war in Ukraine.

Now let's turn to slide 7.

Q1 Results Waterfall Chart of Increases/Decreases by Company

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We've already looked at the performance of each Group company, so now let's take a look at the waterfall chart showing a comparison of net sales and operating profitability in the first quarter with the same period last year.

We can see that the two significant factors in the change in net sales and operating profitability were the increase in sales and operating profit at Onward Kashiyama, and the decrease in sales and operating profits due to the withdrawal from the Europe/Italian business.

While there was a ¥3.4 billion increase in net sales at Onward Kashiyama, the Italian business's ¥5 billion decrease in sales is larger, resulting in a decrease in overall consolidated sales. When looking at operating profit, the Italian business was down ¥600 million, however, because Onward Kashiyama was up by ¥1.6 billion, there was an overall increase here.

Next, let's look at slide 9.

FY02/23 1H Forecast

FY02/23 1H Consolidated Forecast

ONWARD

The financial results forecast published on April 7, 2022 remains unchanged due to the many uncertainties in the business environment, such as the number of COVID-19 cases, exchange rates, raw material price trends and so on.

(Million yen)

	Q1 Results				1H Forecast (announced on 2022.4.7)			
	FY02/23	FY02/22	Change	YoY	FY02/23	FY02/22	Change	YoY
1 Net Sales	44,551	46,022	-1,471	96.8%	77,000	80,785	-3,785	95.3%
2 Gross Profit	24,718	23,780	+938	103.9%	40,500	41,018	-518	98.7%
(% of Sales)	55.5%	51.7%	+3.8%		52.6%	50.8%	+1.8%	
3 SG&A Expenses	22,713	22,632	+81	100.4%	42,300	44,312	-2,012	95.5%
(% of Sales)	51.0%	49.2%	+1.8%		54.9%	54.9%	±0.0%	
4 Operating Profit	2,005	1,147	+858	174.8%	-1,800	-3,294	+1,494	-
(% of Sales)	4.5%	2.5%	+2.0%		-	-		
5 Recurring Profit	2,638	1,976	+662	133.5%	-1,750	-2,862	+1,112	-
6 Net Profit	1,823	2,060	-237	88.5%	-1,250	7,448	-8,698	-
7 EBITDA*	3,365	2,447	+918	137.5%	650	-687	+1,337	-

Note: EBITDA = operating profit + depreciation and amortization.

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The forecast figures for the first half can be seen in the right column. For the full year, we forecast net sales of ¥168.7 billion, operating profit of ¥2.1 billion, recurring profit of ¥2.05 billion, and profit attributable to owners of parent of ¥1.7 billion. These are the forecast figures announced on April 7, 2022.

As I explained earlier, operating profit in the first quarter has been progressing at ¥2.0 billion compared to the full year forecast of ¥2.1 billion. However, due to the many uncertainties in the business environment, such as the number of COVID-19 cases, exchange rates, raw material price trends and so on, the financial results forecast published on April 7, 2022 remain unchanged.

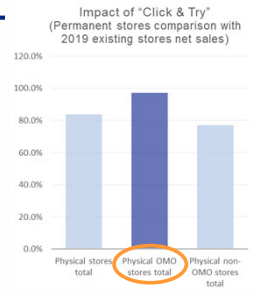
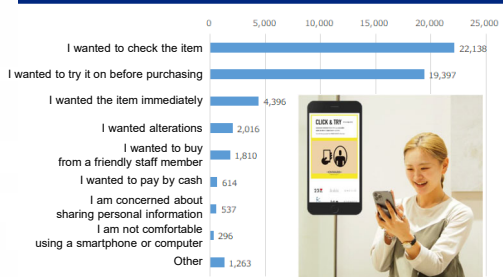
From slide 10 we'll be looking at topics.

TOPICS

Onward Kashiwama's "Click & Try" OMO Service has been introduced to 290 of 830 stores nationwide

This in-store service allows customers to try on and buy almost all products offered by the fashion online shopping site ONWARD CROSSET

20. Please indicate your reasons for buying in store and not at ONWARD CROSSET.



Other: There are special offers/discounts at department stores; It was sold out online, etc. Number of respondents: 52,467

"Click & Try"- implemented stores outperformed non-"Click & Try"- implemented stores by 20pp when measured against the sales performance of existing stores in 2019.
 "Click & Try"- implemented stores recovered to 97% of 2019 performance, while non-"Click and Try"- implemented stores recovered to 77%.

Slide 11 addresses the introduction of Onward Kashiwama's OMO service "Click & Try". The OMO service has been rolled out in approximately a third of Onward Kashiwama stores, and has contributed to the improvement of Onward Kashiwama.

UNFILO



Brand flagship product that has sold 20,000 units: "Saiai jogging pants"
7,990 yen (including tax)

There was substantial sales growth in UNFILO, Onward Kashiwama's new brand launched in fall of 2021

UNFILO was launched in fall 2021 as a functional and fashionable clothing brand with the concept of providing "clothes to lift your mood, 365 days a year, no matter the occasion or weather", and both physical store and online net sales have since expanded.

UNFILO has created hit products such as the "Saiai jogging pants", which has sold 20,000 units, and environmentally friendly sneakers called "steppi".



UV care and cooling function
Multi-function knitwear
5,990 yen (including tax)



steppi
9,990 yen (including tax)

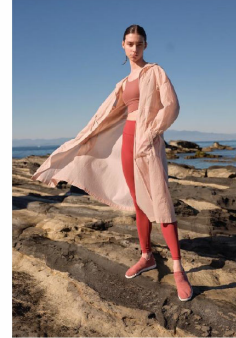
Slide 12 is about Onward Kashiwama's new brand, UNFILO, that was launched last fall. It has been developing well, with the jogging pants featured on the left becoming a hit.

**The flagship store embodying the brand philosophy,
Chacott Daikanyama, opened on March 12, 2022**

**Over 30,000 customers visited by the end of May, and there was a 7% increase
in net sales compared to the previous main store in Shibuya over the same number of days**

Chacott 

- Strengthen development of Chacott Balance and Chacott Cosmetics, exploring the wellness field while maintaining its ballet business
- Operate cafes and restaurants to communicate brand philosophy to all aspects of customers' daily lives
- Provide experiences that appeal to all five senses in a way that only physical stores can offer, in a building that is itself a work of art

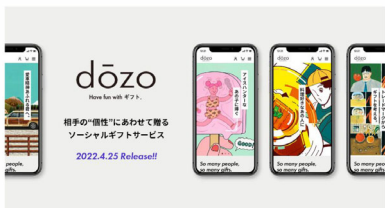


Slide 13 concerns Chacott Daikanyama, Chacott's flagship store that opened in March of this year. Initial results are positive, with the number of customers visiting the store exceeding 30,000 by the end of May.

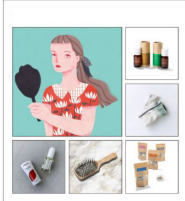
“dōzo - Have fun with gifts.”, a new business of prosperous Yamato

A new business launched on April 25, 2022 that combines an expanding range of personal gifts and social gifts that meet rapidly growing needs with expertise gathered over years in the gifting business

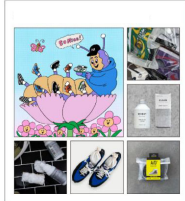
- Send gifts easily even on the day of an anniversary and even without an address
- Targeted at millennials and generation Z with an affordable price range (2,000 to 15,000 yen)
- More than 80 unique themes to match the recipient's personality and interests
- Paper-based formats available for customers who wish to give their gifts in person
- Utilizing expertise gained in the catalog gifting business to ensure a seamless in-house process from order to delivery



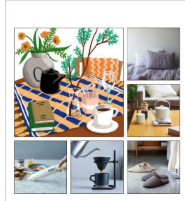
<https://dozo-gift.com>



▲ A delightful gift for mother's day containing herbal tea and other relaxing products.



▲ A selection of five sneaker-related products for the sneaker enthusiast.



▲ Stylish home appliances and decor for newlyweds or given as housewarming gifts.

Slide 14 looks at Yamato's new business, “dōzo – Have fun with gifts”, that was launched in April. Yamato has been performing well and is aiming for further expansion.

Now I would like to return to the details of the company's financial situation.

Please turn to slide 16.

Financial Situation

Financial Situation

ONWARD

Consolidated Balance Sheet

(Billion yen)			
	Q1 FY02/23	End-FY02/22	Change
1 Current Assets	66.6	60.5	6.1
2 Cash and Deposits	22.0	15.2	6.8
3 Accounts Receivable-trade	14.2	14.2	0.0
4 Inventory	25.7	26.8	-1.1
5 Non-current Assets	95.3	97.2	-1.9
6 Property, Plant and Equipment	55.5	58.0	-2.5
7 Intangible Assets	8.7	9.3	-0.6
8 Investments and Other Assets	30.9	29.8	1.1
9 Total Assets	161.9	157.7	4.2
10 Liabilities	81.3	80.4	0.9
11 Accounts Payable-trade	16.9	18.2	-1.3
12 Borrowings	38.1	35.1	3.0
13 Net Assets	80.6	77.2	3.4

Consolidated Statements of Cash Flows

(Million yen)			
	Q1 FY02/23	Q1 FY02/22	Change
14 Cash flows from operating activities	1,188	2,188	-1,000
15 Cash flows from investing activities	5,123	-1,662	+6,785
16 Cash flows from financing activities	294	-3,707	+4,001
17 Cash and cash equivalents	22,001	18,590	+3,411

Capital Expenditures

(Million yen)			
	Q1 FY02/23	Q1 FY02/22	Q1 FY02/21
18 Capex	1,355	1,311	1,546
19 Depreciation and Appreciation	1,167	1,207	1,406

Metrics

	Q1 FY02/23	End-FY02/22	End-FY02/21	End-FY02/20
20 Shareholders' Equity Ratio	43.4%	42.4%	28.9%	38.3%
21 Current Ratio	115.6%	108.5%	80.8%	98.2%

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Here we have the consolidated balance sheet. In row 9, we can see that total assets were ¥161.9 billion at the end of the first quarter, an increase of ¥4.2 billion from the end of the previous fiscal year.

Cash and deposits, shown in row 2, increased by ¥6.8 billion to ¥22.0 billion due to operating cash flow income and investment cash flow income from the sale of the Guam business and others.

Inventory, shown in row 4, decreased by ¥1.1 billion to ¥25.7 billion due to the discontinuation of Kashiyama stores and curbing purchases.

As a result, current assets, shown in row 1, increased by ¥6.1 billion to ¥66.6 billion.

Property, plant and equipment, shown in row 6, decreased by ¥2.5 billion to ¥55.5 billion due to the deconsolidation of the Guam business, depreciation, and recording of impairment losses.

As a result, non-current assets, shown in row 5, decreased by ¥1.9 billion to ¥95.3 billion.

Liabilities, shown in row 10, increased ¥900 million to ¥81.3 billion.

Accounts payable, shown in row 11, decreased by ¥1.3 billion to ¥16.9 billion due to curbing purchasing at Onward Kashiyama.

Borrowings, shown in row 12, increased by ¥3.0 billion to ¥38.1 billion due to second quarter demands at Group companies for bonuses and tax payments, and the impact of foreign exchange rates.

Net assets, shown in row 13, increased by ¥3.4 billion from the end of the previous fiscal year to ¥80.6 billion.

As a result, shareholders' equity ratio, shown in row 20, was 43.4%, up 1 percentage point from 42.4% at the end of the previous fiscal year, maintaining the adequate level.

The current ratio, shown in row 21, was also maintained at over 100%, the standard for safety.

Next, we'll look at the consolidated statements of cash flows.

If we return to cash flows from operating activities, shown in row 14, we can see this was ¥1.188 billion due to profit before income taxes, improvement of inventory efficiency, and tax payments.

Cash flows from investing activities, shown in row 15, was ¥5.123 billion. This represents a substantial increase and was due to the sale of the Guam hotel business.

Cash flow from financing activities, shown in row 16, was ¥294 million due to the increase in borrowings, despite the payment of dividends.

Capital expenditures, shown in row 18, was ¥1.355 billion, mainly due to the acquisition of the North American J. Press New Haven building and the Chacott Daikanyama renovations.

Depreciation, shown in row 19, was ¥1.167 billion.

This concludes my discussion of our financial position as of the end of the first quarter of the fiscal year ending February 28, 2023.

Finally, let's turn to slide 18, where we can see the sales by channel.

DATA BOOK

Sales by Channel

Total consolidated e-commerce sales (incl. overseas sales) were 11.5 billion yen (up 4% YoY). The e-commerce ratio was 28.6%. The directly managed e-commerce ratio was 86.4%.

(Million yen)

	Department Stores	Shopping Centers and Other	Physical Stores Total	Directly Managed E-Commerce	Other E-Commerce Platforms	E-Commerce Total	Total Sales	E-Commerce Ratio	Directly Managed E-Commerce Ratio
1 Onward Kashiyama	10,923	8,352	19,275	5,980	880	6,860	26,135	26.2%	87.2%
2 % of sales	41.8%	32.0%	73.8%	22.9%	3.4%	26.2%	100.0%		
3 YoY	121.7%	120.7%	121.3%	96.9%	137.5%	100.7%	115.1%	-3.8%	-3.4%
4 Eight Domestic Subsidiaries Using E-Commerce*	2,566	5,469	8,035	3,457	603	4,060	12,095	33.6%	85.1%
5 Total of Domestic Group Companies Using E-Commerce	13,489	13,821	27,310	9,437	1,483	10,920	38,230	28.6%	86.4%
6 % of sales	35.3%	36.2%	71.4%	24.7%	3.9%	28.6%	100.0%		
7 YoY	119.2%	114.5%	116.8%	104.0%	123.5%	106.2%	113.6%	-2.0%	-1.9%

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

As shown in the figures highlighted in orange, the e-commerce ratio for domestic companies using e-commerce was 28.6% and the directly managed e-commerce ratio was 86.4%.

A Data Book section is provided for your reference from slide 19.

This concludes my presentation of our results for the first quarter.

Thank you very much.

SG&A Expenses

(Million yen)

	Q1 FY02/23	Q1 FY02/22	Change	YoY
1 Personnel	8,448	8,905	-457	94.9%
2 Rent	6,474	5,987	+487	108.1%
3 Transportation	1,561	1,602	-41	97.4%
4 Promotion and Advertising	927	1,501	-574	61.8%
5 Depreciation	982	902	+80	108.9%
6 Other	4,321	3,735	+586	115.7%
7 Total SG&A expenses	22,713	22,632	+81	100.4%
8 Extraordinary loss adjustment	-	779	-779	-
9 (Reference) Effective SG&A expenses	22,713	23,411	-698	97.0%

• Increase in percentage rent due to increased sales

• Increase due to investment in stores
 • Increase in event-related expenses due to market recovery/Increase in credit card fees and sales commissions due to increased sales

Fixed costs of 779 million yen due to COVID-19-related store closures were transferred from SG&A expenses to extraordinary losses

Non-Operating Profit/Loss

	Q1 FY02/23	Q1 FY02/22	Change	YoY
10 Interest income	6	6	±0	100.0%
11 Foreign exchange gains	860	515	+345	167.0%
12 Subsidy income	84	282	-198	29.8%
13 Interest expenses	-52	-107	+55	48.6%
14 Share of loss of entities accounted for using equity method	-15	-25	+10	60.0%
15 Loss on disposal of sales floor fixtures, etc.	-34	-18	-16	188.9%
16 Other non-operating income/expenses	-216	176	-392	-
17 Non-operating profit/loss	633	829	-196	76.4%

Extraordinary Profit/Loss

(Million yen)

	Q1 FY02/23	Q1 FY02/22	Change	YoY
18 Gain on sales of non-current assets	-	4,818	-4,818	-
19 Gain on sales of investment securities	-	63	-63	-
20 Gain on sales of shares of subsidiaries and associates	1,317	2,944	-1,627	44.7%
21 Extraordinary loss due to closing and other	-	-779	+779	-
22 Loss on sales of shares of subsidiaries and associates	-	-2,027	+2,027	-
23 Loss on liquidation of subsidiaries and associates	-	-1,968	+1,968	-
24 Impairment loss	-458	-155	-303	295.5%
25 Other	-24	-1	+25	-
26 Extraordinary profit/loss	883	2,895	-2,012	30.5%

DATA BOOK: Q1 Results and 1H Forecast

ONWARD

(Million yen)

Onward Kashiyama + HD

	Q1 Results				1H Forecast (announced on 2022.4.7)			
	FY02/23	FY02/22	Change	YoY	FY02/23	FY02/22	Change	YoY
1 Net Sales	26,135	22,704	+3,431	115.1%	41,300	41,392	-92	99.8%
2 Gross Profit	15,815	13,244	+2,571	119.4%	23,800	22,855	+945	104.1%
(% of Sales)	60.5%	58.3%	+2.2%		57.6%	55.2%	+2.4%	
3 SG&A Expenses	14,063	13,047	+1,016	107.8%	25,755	26,093	-338	98.7%
(% of Sales)	53.8%	57.5%	-3.7%		62.4%	63.0%	-0.6%	
4 Operating Profit	1,752	197	+1,555	889.3%	-1,955	-3,238	+1,283	-
(% of Sales)	6.7%	0.9%	+5.8%		-	-	-	

Domestic Subtotal

(Excl. Onward Kashiyama + HD)

5 Net Sales	17,116	17,202	-86	99.5%	32,889	32,351	+538	101.7%
6 Gross Profit	8,346	8,439	-93	98.9%	16,371	16,188	+183	101.1%
(% of Sales)	48.8%	49.1%	-0.3%		49.8%	50.0%	-0.2%	
7 SG&A Expenses	7,217	7,379	-162	97.8%	14,774	15,090	-316	97.9%
(% of Sales)	42.2%	42.9%	-0.7%		44.9%	46.6%	-1.7%	
8 Operating Profit	1,129	1,060	+69	106.5%	1,597	1,098	+499	145.4%
(% of Sales)	6.6%	6.2%	+0.4%		4.9%	3.4%	+1.5%	

Note: Calculated using simple sums for the domestic group companies excluding Onward Kashiyama and HD.

Overseas Subtotal

9 Net Sales	3,732	8,643	-4,911	43.2%	7,202	11,480	-4,278	62.7%
10 Gross Profit	1,437	3,352	-1,915	42.9%	3,138	4,384	-1,246	71.6%
(% of Sales)	38.5%	38.8%	-0.3%		43.6%	38.2%	+5.4%	
11 SG&A Expenses	2,050	3,339	-1,289	61.4%	4,169	5,052	-883	82.5%
(% of Sales)	54.9%	38.6%	+16.3%		57.9%	44.0%	+13.9%	
12 Operating Profit	-613	13	-626	-	-1,031	-668	-363	-
(% of Sales)	-	0.2%	-		-	-	-	

Note: Calculated using simple sums.

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