

## Financial Results Briefing for FY02/23

### – Q&A Summary –

Date:	April 7, 2023, Friday, 10-11 a.m. (JST)
Presenter:	Michinobu Yasumoto, President & CEO Osamu Sato, Managing Director in charge of Finance, Accounting, Investor Relations

**Q1: You released the material titled “Realizing ONWARD VISION 2030” yesterday at the same time as the financial results were announced. Please explain any changes since the announcement of ONWARD VISION 2030 two years ago. Also, can you see any signs for future regrowth?**

A1. Two years have passed since the publication of ONWARD VISION 2030, and there have been major changes in the environment, such as the calming down of the pandemic. For this reason, we plan to release an updated version of ONWARD VISION 2030 next April.

As for changes from what was assumed two years ago, the first is that our core apparel business is recovering faster. At the time, we overestimated the relative weight of sales and profits of the lifestyle business but actually, the apparel business has recovered faster than expected over the past two years.

The second point is that two years ago, regarding the overseas businesses, we focused on restructuring operations, and we were not able to adequately demonstrate our position in the global strategy. We intend to disclose this point next April.

**Q2. What KPIs (Key Performance Indicators) do you use to measure the progress of ONWARD VISION 2030? Also, do you plan to disclose new KPIs that can be seen from the outside next April?**

A2. Two years ago, we set an operating profit target of 7 billion yen for the fiscal year ending February 2024 as our most important KPI, and we have worked on achieving this target. We expect to achieve it as shown in our recently announced operating profit forecast for the fiscal year ending February 2024, and we believe that our performance has progressed as expected over three years of living with COVID-19 following the announcement of ONWARD VISION 2030. In addition to P&L items such as net sales, operating profit and net profit, we are making progress in restoring and strengthening our balance sheet and cash flow.

We consider how to accelerate growth as a key theme in the next seven years after the pandemic, so we will focus as much as possible on expanding sales and profits.

Furthermore, we recognize that improving price-to-book ratio (PBR), which currently stands at less than 1, is also an important issue, and we intend to make steady efforts to address this, including improving ROE.

**Q 3: Onward Kashiwama’s sales are expected to increase 4% in the current fiscal year (ending February 2024). What is your sales strategy and outlook by sales channel?**

A3. We plan to grow our three sales channels in a balanced manner by increasing the number of stores in shopping centers, where the proportion of sales is lower than that of our competitors, together with our mainstay department stores and e-commerce, which we have long focused on.

For department stores, sales of OMO (Online Merges with Offline) stores “ONWARD CROSSET STORE/Select,” which have introduced the “Click & Try” service, have shown significant growth, and we will continue to open more OMO stores nationwide.

We will drive the growth of e-commerce by strengthening advertising and accelerating the growth of D2C brands dedicated to e-commerce.

In terms of shopping centers, there are some leading facilities where we have yet to open stores, so we will enhance our distribution development and store development teams to actively open stores in such areas.

**Q4. I can see that improving the profitability of domestic group companies is a material factor in operating profit forecast for the current fiscal year ending February 2024. What are you focusing on to improve profitability?**

A4. We set the goal of returning to profitability with Onward Personal Style, which is mainly engaged in made-to-order suits, as a key point for FY2023 and work toward it. Demand for suits decreased due to the pandemic, but sales have been very strong recently. Onward Personal Style is working to improve its management by adding new innovations such as made-to-order suits for women and shoes.

**Q5. The percentage of male employees taking paternity leave (60.0% in FY2022) is shown on page 28 of FY2022 Results Presentation Material. Why is such a high percentage possible?**

A5. We have established a dedicated team to actively promote the acquisition of paternity leave by male employees in HRs. In addition, Ms. Yoshie Komuro, President of Work-Life Balance Co., Ltd., has joined our Board of Directors as an outside director to advance discussions on reforming work styles. We believe these efforts have led to an increase in the rate of male employees taking paternity leave.

**Q6. The “Shopmeister System” is described on page 17 of FY2022 Results Presentation Material. Please tell us about the background of the new system and how it relates to the competitiveness of Onward Holdings.**

A6. We have many highly qualified and experienced salespeople who are close to our customers and whose average sale per customer is high. These sales professionals are our major resources, but more and more people are reaching the retirement age of 60. The experience and skills of these sales professionals cannot be easily passed on, and the desire to work with them for a long time after they reach retirement age as long as they can work in good health is behind the introduction of this system.

In particular, a more immediate factor is related to the strong performance of our Click & Try service, which our salespeople have been able to effectively operate and make an impact in the field.