Financial Results Briefing for FY02/24 Q1

- Q&A Summary -

Date:	July 7, 2023, Friday, 10:00-10:40 (JST)
Presenter:	Osamu Sato, Managing Director in charge of Finance, Accounting, Investor Relations

Q1. What are your pricing strategies for domestic sales of spring and summer items this year and how do you analyze their results? Please also tell us about your pricing strategies for fall and winter items.

A1. In responding to the rising costs of raw materials, we do not simply raise the price of products, but offer added value and pass it on to product prices. While price hike rates vary by brand, customers have accepted our pricing thus far. We believe our pricing strategies have been effective.
We plan to respond to rising raw material costs based on the same policy also for fall and winter items.

Q2. Given the recent weakening trend of the yen, is there a risk that you may need to raise prices of fall and winter items higher than expected?

A2. We consider the weakening of the yen and rising raw material costs as risk factors, but because the period of time needed for procurement of raw materials is relatively long, it is unlikely that the recent weakening yen trend will have an immediate impact on the prices of fall and winter items. We are taking measures as a medium- to long-term issue.

Q3. In the recent upward revisions made to your performance forecasts, the operating profit/loss forecast for the overseas business was improved by 100 million yen from the initial plan. Please describe the background to this.

A3. In Europe, the structural reforms we have been working on in our JOSEPH business are bearing fruit, and we plan to improve performance to balance out for the current fiscal year.
In Asia, sales have exceeded expectations, and we anticipate a return to profitability. On the manufacturing side, the utilization rate of the Dalian factory is rising, and we want to push it up further.
In the U.S., where we primarily engage in our J.PRESS business, steps are being taken to expand sales, mainly in e-commerce, and reduce fixed costs such as store rents.

As described, the challenges in the overseas business vary from region to region, but we are working diligently to improve profitability in each region.

Q4. The Company revised its performance forecasts for the first half of the current fiscal year. Does this reflect only the portion of upswing from the initial plan in the first quarter? Or does it also factor in the strong performance in June, the initial month of the second quarter?

A4. A significant portion of the upward revision to our first-half performance forecasts reflects the portion of upswing in the first quarter.

Q5. Even with the upward revision, you still expect to record an operating loss in the second quarter. Is this due to seasonal and other factors?

A5. One factor is that the second quarter coincides with the sale period, and another factor is that the unit price of summer clothing is lower than that of fall and winter clothing. Although we are making efforts to return to profitability in the second quarter, we expect to still be in the red this fiscal year.

Q6. Changes in fashion trends seem to be driving replacement demand in clothing specialty stores. Is this also the factor behind Onward's strong apparel sales in department stores?

A6. Sales are strong for almost all brands of the Group, but the basic items of our core brands such as high-priced men's suits and Nijyusanku are particularly popular with customers.