

## Financial Results Briefing for FY02/24

### – Q&A Summary –

Date:	April 5, 2024, Friday, 11:00-12:30 (JST)
Presenter:	Michinobu Yasumoto, President & CEO Osamu Sato, Managing Director in charge of Finance, Accounting, Investor Relations

**Q1. “ONWARD VISION 2030,” which was released on April 4, 2024, shows a future sales plan for the domestic business. What is the expected ratio of the apparel business and the lifestyle business in Japan? Also, please tell us what business companies and brands are expected to be growth drivers in the three fiscal years up to FY2026 and seven years up to FY2030.**

A1. Currently, the apparel business in Japan accounts for about 3/4, and the lifestyle business in Japan accounts for about 1/4. We intend to grow each of these fields at a similar speed without significantly changing the ratio. As companies leading the fashion field (formerly the apparel business), we have high expectations for Onward Kashiyama Co., Ltd. and Onward Personal Style Co., Ltd., which operates the made-to-order brand “KASHIYAMA.” In the wellness field (formerly the lifestyle business), we have high hopes for the growth potential of our gift business, Yamato Co., Ltd. We also expect that Creative Yoko Co., Ltd. in the pet supply business, Chacott Co., Ltd. and KOKOBUY Co., Ltd. in the beauty business, among others, will lead the wellness field, as they assist consumers in realizing a fulfilling life with mental and physical wellbeing.

**Q2. The results for FY2023 indicate that the apparel business grew more than the lifestyle business, and I feel that the ratio of the apparel business will increase if this trend continues. Do you expect the lifestyle business to grow as fast as the apparel business?**

A2. The apparel business was severely damaged by the COVID-19 pandemic, and has been in a recovery phase in FY2022 and FY2023. So, we think that its growth has been even more noticeable than the lifestyle business. We expect the fashion field and the wellness field to grow at a similar pace from FY2024 onward.

**Q3. The earnings release says that an extraordinary loss of about 3.6 billion yen was recorded for FY2023. What does this consist of? Also, I expect that extraordinary losses such as losses on business liquidation will decrease. Is it fair to assume that this will have a positive impact on achieving the FY2026 net profit target of 10 billion yen?**

A3. As for extraordinary losses, there has been a certain level of losses for every recent fiscal year as we have been promoting the global business reforms. Several factors contributed to the extraordinary loss for FY2023. A major factor is the golf resort business in Guam. This business has continued to face air traffic restrictions, particularly from Japan, due to the COVID-19 pandemic, and also suffered damage from a typhoon and other disasters in FY2023. As a result, since the business is unlikely to recover at the initially expected pace, we declared an impairment and recorded an extraordinary loss.

As the global business reforms are reaching their final stage, we do not expect any more extraordinary loss on a scale similar to that in the past. We expect, therefore, that the future decrease in extraordinary losses will contribute to boosting net profit.

**Q4. Overseas businesses had been in the red until FY2023. In the first place, what was the cause of the deficit? What needs to be changed for profit growth?**

A4. There are several factors. The most significant one is the past experience that profitability deteriorated when retail had larger weight in the sales channel strategy. In order to restore profitability, therefore, we believe it will be important to expand the use of online stores and wholesale to balance among sales channels.

**Q5. Your plan is that the gross profit margin will improve by 0.3 percentage points in FY2024 year on year. What is the reason for this?**

A5. As a measure to improve the gross profit margin, we will continue to work on increasing the ratio of sales at list prices. In addition to the idea of passing on rising costs to pricing, we will enhance the value and quality of our products to satisfy our customers more and reflect it in prices.