

Consolidated Financial Results for the Nine Months Ended November 30, 2024 [Japanese GAAP]



January 9, 2025

Company name: Onward Holdings Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Securities code: 8016

URL: <https://www.onward-hd.co.jp/en/>

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Scheduled date of commencing dividend payments: –

Availability of supplementary materials on financial results: Available

Schedule of 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 Nine Months Ended November 30, 2024 (March 1, 2024 – November 30, 2024)

(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	%
Nine months ended November 30, 2024	149,940	6.1	8,560	(11.8)	8,456	(6.6)	5,780	0.6
Nine months ended November 30, 2023	141,383	8.4	9,700	124.8	9,055	92.7	5,746	111.0

(Note) Comprehensive income: Nine months ended November 30, 2024: 7,149 million yen [53.3%]

Nine months ended November 30, 2023: 4,662 million yen [(52.7)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended November 30, 2024	Yen 42.59	Yen 42.54
Nine months ended November 30, 2023	42.35	42.29

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

Nine months ended November 30, 2024: 12,328 million yen [(7.2)%]

Nine months ended November 30, 2023: 13,282 million yen [61.1%]

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of November 30, 2024	195,163	81,793	41.9
As of February 29, 2024	171,362	84,995	46.6

(Reference) Shareholders' equity: As of November 30, 2024: 81,724 million yen

As of February 29, 2024: 79,796 million yen

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 29, 2024	–	–	–	20.00	20.00
Fiscal year ending February 28, 2025	–	–	–		
Fiscal year ending February 28, 2025 (Forecast)				26.00	26.00

(Note) Revision to the forecast for dividends announced most recently: Yes

3. Consolidated Performance Forecast for the Fiscal Year Ending February 28, 2025 (March 1, 2024 – February 28, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	210,000	10.7	12,500	11.0	12,200	20.5	8,500	28.6	62.62

(Note) Revision to the performance forecast announced most recently: Yes

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

Full year ending February 28, 2025 (forecast): 17,700 million yen [10.3%]

Full year ended February 29, 2024: 16,052 million yen [54.7%]

*** Notes:**

- (1) Significant changes in the scope of consolidation during the period: Yes
Newly included: Five companies (Company name: WEGO Co., Ltd., and four other companies)
Excluded: One company (Company name: Onward Italia S.r.l.)
- (2) Application of special accounting methods for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None
- (4) Total number of issued shares (common stock)
- 1) Total number of issued shares at the end of the period (including treasury shares):

As of November 30, 2024:	157,921,669 shares
As of February 29, 2024:	157,921,669 shares
 - 2) Total number of treasury shares at the end of the period:

As of November 30, 2024:	22,179,858 shares
As of February 29, 2024:	22,193,554 shares
 - 3) Average number of shares outstanding during the period:

Nine months ended November 30, 2024:	135,738,397 shares
Nine months ended November 30, 2023:	135,716,975 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* Explanation of the proper use of performance forecast and other notes

The performance outlook and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that have been deemed reasonable. Actual performance may differ significantly from these forecasts due to a wide range of factors. For conditions used as the assumptions for the performance forecast and notes on the use of performance forecast, please refer to “1. Overview of Operating Results, etc. (3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information” on page 4 of the Attachments.

Note:

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

In the nine months ended November 30, 2024 (hereafter referred to as the “period under review”), the Japanese economy showed signs of gradual recovery, driven by the normalization of economic activity, which was supported by a rebound in personal consumption and corporate earnings, and improvements in the employment and income conditions. However, the outlook remained uncertain, overshadowed by prolonged conflicts in the Middle East and Ukraine, concerns over the future of the Chinese economy, fluctuations in foreign exchange rates, and surging energy and raw material prices. In the apparel industry, the prolonged intensely hot weather from September to mid-November 2024, compared to the previous year, delayed the start of the fall and winter sales season.

In this business environment, the Onward Group reported an increase in net sales, owing to the continued expansion of Click & Try, an online-merges-with-offline (OMO) service. However, the gross profit margin declined, due to a shift in the timing of full-priced sales opportunities for winter clothing to the fourth quarter and inventory adjustments for prior-year products that had accumulated during the recovery phase from the COVID-19 pandemic. The SG&A ratio remained unchanged year-on-year, as improved store operational efficiency driven by the expansion of multi-brand stores offset increases in personnel and advertising expenses, with the former reflecting higher wages.

As a result, consolidated net sales totaled 149,940 million yen (+6.1% year-on-year), operating profit was 8,560 million yen (-11.8% year-on-year), recurring profit was 8,456 million yen (-6.6% year-on-year), and profit attributable to owners of parent amounted to 5,780 million yen (+0.6% year-on-year).

Amid efforts to accelerate growth by expanding and reinforcing its business foundation through initiatives such as new business development and M&A, the Group has adopted EBITDA (operating profit + depreciation and amortization) as a key performance indicator to facilitate earnings comparisons with other companies, irrespective of differences in accounting standards.

In the period under review, EBITDA was 12,328 million yen (-7.2% year-on-year).

Results by segment were as follows.

Note that effective from the first quarter of the fiscal year under review, the Group has revised its reportable segments. The year-on-year comparisons below are based on figures for the same period of the previous fiscal year, which have been retroactively adjusted to reflect the new segment classification.

[Domestic Business]

In the Domestic Business, the core operating company Onward Kashiyama Co., Ltd. expanded the number of OMO stores offering the Click & Try service nationwide and actively developed new functional products in response to climate change. As a result, sales of the mainstay brands Nijyusanku and Jiyuku, as well as the new brand UNFILO, were robust.

Onward Personal Style Co., Ltd., which operates the KASHIYAMA brand, reported sales growth, driven by increases in the customer count and average customer spend, benefiting from the continued success of promotional measures utilizing digital advertising.

At Chacott Co., Ltd., the newly developed pressed powder and the Moist Series for the fall and winter season in Chacott COSMETICS drove sales growth.

At Creative Yoko Co., Ltd., sales of such sundries as pet carts and carrying bags, were brisk, leading to higher sales.

At WEGO Co., Ltd., which was consolidated from the third quarter of the fiscal year under review, mainstay outerwear and accessories for the winter season performed strongly.

The gross profit margin, however, declined due to a delay in the start of full-priced sales of winter clothing to the fourth quarter and inventory adjustments for prior-year products that had increased during the recovery phase from the COVID-19 pandemic. While improved store operational efficiency driven by the expansion of

multi-brand stores offset higher personnel expenses attributed to wage increases, the operating profit margin decreased.

As a result, sales increased but profit declined in the Domestic Business.

[Overseas Business]

In Asia, sales declined despite improved utilization of the Dalian plant, due to sluggish wholesale sales in Hong Kong.

In the US, e-commerce sales of the traditional brand J.PRESS increased.

In Europe, JOSEPH, a contemporary designer brand founded in London, UK, delivered strong results.

As a result, both sales and profit improved significantly in the Overseas Business.

(2) Overview of Financial Position for the Period under Review

(Status of assets, liabilities, and net assets)

Total assets as of the end of the period under review increased by 23,800 million yen compared with the end of the previous fiscal year to 195,163 million yen. This was primarily due to increases in cash and deposits of 2,472 million yen, notes and accounts receivable—trade, and contract assets of 5,812 million yen, merchandise and finished goods of 8,621 million yen, and goodwill of 3,363 million yen.

Liabilities increased by 27,001 million yen compared with the end of the previous fiscal year to 113,369 million yen. This was primarily due to increases in notes and accounts payable—trade of 3,429 million yen, electronically recorded obligations—operating of 5,977 million yen, short-term borrowings of 3,507 million yen, and long-term borrowings of 10,133 million yen.

Net assets decreased by 3,201 million yen compared with the end of the previous fiscal year to 81,793 million yen. This was primarily due to profit attributable to owners of parent of 5,780 million yen, an increase in foreign currency translation adjustment of 1,617 million yen, a decrease in surplus of 2,451 million yen due to changes in the accounting period of consolidated subsidiaries, a decrease of 2,714 million yen from dividends of surplus, and a decrease in non-controlling interests of 5,122 million yen.

As a result, the shareholders' equity ratio was 41.9%.

(3) Explanation of Consolidated Performance Forecast and Other Forward-looking Information

Profit attributable to owners of parent is expected to exceed the consolidated performance forecast announced on October 3, 2024, due in part to the recording of deferred tax assets as a result of a close examination of the full-year performance forecast based on the results during the nine months ended November 30, 2024.

Accordingly, the consolidated performance forecast for the full year and the dividend forecast have been revised upward. The details of the consolidated performance forecast are as follows. For details of the dividend forecast, please refer to “Notice Concerning Revisions to Dividend Forecasts” announced today.

Revisions to the consolidated performance forecast for the full year ending February 28, 2025 (March 1, 2024 – February 28, 2025)

	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Yen
Previous forecast (A)	8,250	60.78
Revised forecast (B)	8,500	62.62
Change (B-A)	250	—
Change rate (%)	3.0	—
*(Reference) Fiscal year ended February 29, 2024	6,611	48.72

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of February 29, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	14,133	16,606
Notes and accounts receivable—trade, and contract assets	15,933	21,746
Merchandise and finished goods	35,257	43,879
Work in process	456	749
Raw materials and supplies	3,244	3,629
Other	4,675	4,951
Allowance for doubtful accounts	(301)	(341)
Total current assets	73,400	91,221
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,267	20,238
Land	22,626	22,849
Other, net	8,573	8,471
Total property, plant and equipment	50,468	51,559
Intangible assets		
Goodwill	3,289	6,652
Other	5,533	6,265
Total intangible assets	8,822	12,917
Investments and other assets		
Investment securities	16,600	14,901
Retirement benefit asset	7,774	7,982
Deferred tax assets	4,805	4,778
Other	9,585	11,901
Allowance for doubtful accounts	(93)	(97)
Total investments and other assets	38,671	39,465
Total non-current assets	97,962	103,942
Total assets	171,362	195,163

(Million yen)

	As of February 29, 2024	As of November 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable—trade	8,740	12,169
Electronically recorded obligations—operating	13,871	19,849
Short-term borrowings	25,412	28,920
Income taxes payable	965	1,703
Provision for bonuses	1,296	2,427
Provision for bonuses for directors	216	76
Other	11,847	14,308
Total current liabilities	62,350	79,455
Non-current liabilities		
Long-term borrowings	12,255	22,389
Retirement benefit liability	2,752	2,676
Provision for retirement benefits for directors and corporate auditors	290	43
Asset retirement obligations	2,629	3,106
Other	6,088	5,698
Total non-current liabilities	24,017	33,913
Total liabilities	86,367	113,369
Net assets		
Shareholders' equity		
Share capital	30,079	30,079
Capital surplus	50,342	50,335
Retained earnings	21,165	21,779
Treasury shares	(20,737)	(20,723)
Total shareholders' equity	80,849	81,471
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,431	2,141
Deferred gains or losses on hedges	4	(1)
Revaluation reserve for land	(5,837)	(5,825)
Foreign currency translation adjustment	451	2,069
Remeasurements of defined benefit plans	1,896	1,870
Total accumulated other comprehensive income	(1,052)	253
Share acquisition rights	76	68
Non-controlling interests	5,122	—
Total net assets	84,995	81,793
Total liabilities and net assets	171,362	195,163

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine months ended November 30

(Million yen)

	For the nine months ended November 30, 2023	For the nine months ended November 30, 2024
Net sales	141,383	149,940
Cost of sales	61,109	66,507
Gross profit	80,274	83,433
Selling, general and administrative expenses	70,573	74,872
Operating profit	9,700	8,560
Non-operating income		
Interest income	46	30
Dividend income	123	202
Share of profit of entities accounted for using equity method	42	149
Other	176	96
Total non-operating income	388	479
Non-operating expenses		
Interest expenses	392	274
Foreign exchange losses	380	70
Other	259	238
Total non-operating expenses	1,033	583
Recurring profit	9,055	8,456
Extraordinary income		
Gain on sales of non-current assets	52	906
Gain on sales of investment securities	362	865
Total extraordinary income	415	1,771
Extraordinary losses		
Impairment loss	362	363
Loss on disaster	187	–
Loss on liquidation of subsidiaries and associates	–	1,454
Loss on step acquisitions	–	1,088
Other	48	55
Total extraordinary losses	598	2,961
Profit before income taxes	8,872	7,266
Total income taxes	2,920	1,423
Profit	5,952	5,842
Profit attributable to non-controlling interests	205	61
Profit attributable to owners of parent	5,746	5,780

Quarterly Consolidated Statements of Comprehensive Income

Nine months ended November 30

(Million yen)

	For the nine months ended November 30, 2023	For the nine months ended November 30, 2024
Profit	5,952	5,842
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,067)	(287)
Deferred gains or losses on hedges	(38)	(6)
Revaluation reserve for land	–	12
Foreign currency translation adjustment	(129)	1,617
Remeasurements of defined benefit plans, net of tax	(70)	(26)
Share of other comprehensive income of entities accounted for using equity method	16	(2)
Total other comprehensive income	(1,289)	1,306
Comprehensive income	4,662	7,149
Comprehensive income attributable to:		
Owners of parent	4,457	7,087
Non-controlling interests	205	61

(3) Notes to Quarterly Consolidated Financial Statements
(Segment information, etc.)

I Nine months ended November 30, 2023 (from March 1, 2023 to November 30, 2023)

1. Information on net sales and profit or loss by reportable segment

	(Million yen)				
	Domestic Business	Overseas Business	Total	Adjustments (Note 1)	Amount recorded in Quarterly Consolidated Statements of Income (Note 2)
Net sales					
(1) Net sales to outside customers	128,437	12,945	141,383	—	141,383
(2) Intersegment sales or transfers	790	1,545	2,335	(2,335)	—
Total	129,227	14,491	143,719	(2,335)	141,383
Segment profit (loss)	10,843	(723)	10,120	(419)	9,700

(Notes) 1. The adjustment amount for segment profit (loss) of (419) million yen includes amortization of goodwill of (622) million yen, elimination of intersegment transactions of 2,995 million yen, and corporate expenses not allocated to reportable segments of (2,793) million yen.

Corporate expenses are mainly general and administrative expenses that are not attributable to reportable segments.

2. Segment profit (loss) coincides with the amount of operating profit in the Quarterly Consolidated Statements of Income.

2. Information on impairment loss on non-current assets or goodwill, etc. by reportable segment

There was no significant impairment loss or significant change in goodwill.

II Nine months ended November 30, 2024 (from March 1, 2024 to November 30, 2024)

1. Information on net sales and profit or loss by reportable segment

(Million yen)

	Domestic Business	Overseas Business	Total	Adjustments (Note 1)	Amount recorded in Quarterly Consolidated Statements of Income (Note 2)
Net sales					
(1) Net sales to outside customers	136,825	13,115	149,940	—	149,940
(2) Intersegment sales or transfers	1,170	2,261	3,431	(3,431)	—
Total	137,995	15,377	153,372	(3,431)	149,940
Segment profit (loss)	9,223	(328)	8,894	(333)	8,560

(Notes) 1. The adjustment amount for segment profit (loss) of (333) million yen includes amortization of goodwill of (656) million yen, elimination of intersegment transactions of 3,128 million yen, and corporate expenses not allocated to reportable segments of (2,805) million yen.

Corporate expenses are mainly general and administrative expenses that are not attributable to reportable segments.

2. Segment profit (loss) coincides with the amount of operating profit in the Quarterly Consolidated Statements of Income.

2. Information on impairment loss on non-current assets or goodwill, etc. by reportable segment

(Significant changes in goodwill)

The Company additionally acquired all shares of WEGO Co., Ltd., which was an equity-method affiliate of the Company, and made it a consolidated subsidiary from the third quarter of the current fiscal year. Following this event, WEGO Co., Ltd. and four other subsidiaries have been included in the scope of consolidation. As a result, goodwill of 4,013 million yen is recorded in the Domestic Business segment. The amount of goodwill was calculated on a tentative basis because the allocation of the acquisition cost has not been completed as of the end of the third quarter of the current fiscal year.

3. Changes in reportable segments

As of the first quarter of the fiscal year under review, we have changed our reportable segments from the previous categories of “Apparel Business (Domestic),” “Apparel Business (Overseas),” and “Lifestyle Business” to “Domestic Business” and “Overseas Business.”

This change is aimed at conducting business management more in line with actual conditions by integrating both segments, as the boundaries between apparel and lifestyle are becoming less distinct amid the ongoing diversification of the market.

The segment information for the nine months ended November 30, 2023 has been prepared and presented based on the new categorization.

(Notes when there are significant changes in amounts of shareholders' equity)

Not applicable.

(Uncertainties of entity's ability to continue as going concern)

Not applicable.

(Notes to quarterly consolidated statements of cash flows)

The quarterly consolidated statements of cash flows for the nine months ended November 30, 2024 have not been created.

Depreciation and amortization (including amortization pertaining to intangible assets, excluding goodwill) and amortization of goodwill for the nine months ended November 30, 2024 are as follows:

	For the nine months ended November 30, 2023	For the nine months ended November 30, 2024
Depreciation and amortization	2,959 million yen	3,111 million yen
Amortization of goodwill	622 million yen	656 million yen