

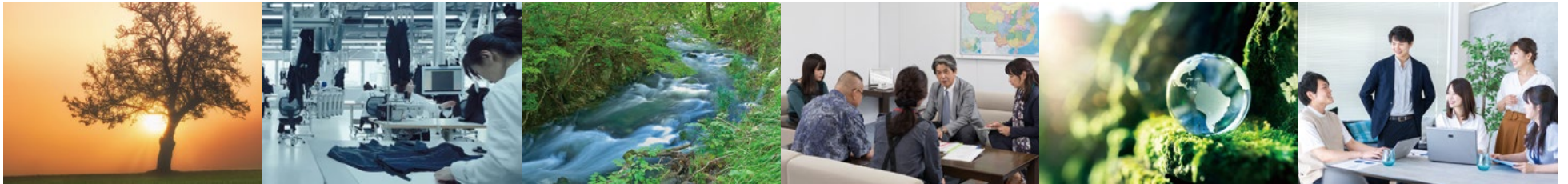
# —ONWARD—

## ANNUAL REPORT 2022

Year Ended February 28, 2022



*The next potential is in process*



The Onward Group's Raison D'etre  
(Mission Statement)

# Enriching and Adding Color to People's Lives while Caring for the Planet

The world of today is plagued with various global environmental and social issues, and we are therefore pressed to take actions specifically for contributing to the realization of a sustainable society. The Onward Group realizes that sustainable management is an important theme that forms the foundation for its corporate activities. Accordingly, we will continue to practice management that pursues coexistence with the environment based on our mission statement of "enriching and adding color to people's lives while caring for the planet."



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#### Forward-Looking Statements

The information in this report is not a solicitation to purchase or sell Onward Holdings stock. Opinions and forecasts stated herein represent the judgments of the Company at the time this report was published. Onward Holdings makes no guarantee regarding the accuracy of the information in this report and may make revisions without prior notice. Onward Holdings and the providers of this information assume no responsibility whatsoever for any losses incurred in association with this information.



## Corporate Information



## Message from the President



**Michinobu Yasumoto**  
President and CEO

# We will complete our global business reforms and make an aggressive comeback aimed at new growth.

## Salutations

I would like to express my sincere gratitude for your continued support. We would also like to express our deepest sympathy to everyone who has been affected by the COVID-19 pandemic, and we sincerely hope that the situation will improve as soon as possible.

In April 2021, the Group prepared ONWARD VISION 2030, our medium- to long-term management vision with its final year ending February 28, 2031, and set its new mission statement (raison d'être) of "enriching and adding color to people's lives while caring for the planet." At present, there is no end in sight for the COVID-19 pandemic, the Japanese yen is rapidly depreciating in foreign exchange markets, and resource prices are skyrocketing due to the situation in Russia and Ukraine. For these reasons, the economic outlook is likely to remain uncertain. However, we will accelerate various initiatives with the aim of realizing ONWARD VISION 2030.

## Overview of ONWARD VISION 2030

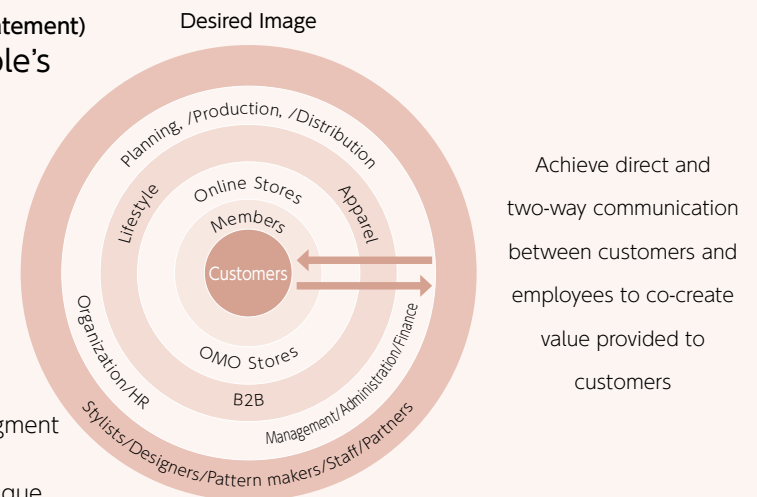
### ■ The Onward Group's Raison D'être (Mission Statement) Enriching and Adding Color to People's Lives while Caring for the Planet

### ■ Desired Image of the Onward Group

Evolving into a Customer-Centric Company,  
Making the Best Use of Employees' Diverse  
Strengths

### ■ Five Strategies Leading up to FY02/31

1. Transform the Apparel Business Segment's Business Model
2. Accelerate Growth in the Lifestyle Business Segment
3. Strengthen Business-to-Business Operations
4. Evolve into a Company Where Diverse and Unique Personnel Can Exhibit Their Strengths
5. Promote Sustainable Management That Pursues Coexistence with the Environment



## Message from the President

### Q1. Could you give us your assessment, reflecting on the fiscal year ended February 28, 2022?

In the fiscal year ended February 28, 2022, which is the first year of ONWARD VISION 2030, we continued to withdraw from unprofitable businesses and close unprofitable stores, as part of the global business reforms that have been conducted since autumn 2019. At the same time, we made steady progress in our plan to merge our physical stores with our e-commerce platform (the OMO strategy). Specifically, we introduced the “Click & Try” service at more OMO stores, started the full-scale operation of a centralized inventory management system in order to reduce losses of sales opportunities due to shortages, and realized sales growth at both our physical stores and online platform and improved our gross profit margin. Thus, we were able to advance measures aimed at growth in the past year.

In terms of business performance, despite the impact of the COVID-19 pandemic, we were able to achieve both recurring profit and net profit, and also improved operating profitability significantly from the previous fiscal year.

In the Apparel Business, we were able to greatly improve operating profitability both in Japan and abroad. As mentioned above, in our domestic apparel business, our core operating company, Onward Kashiya achieved growth in sales and improved its gross profit margin by introducing the “Click & Try” service at a significantly larger number of stores. In our overseas apparel business, we improved profitability by withdrawing from unprofitable businesses through business reforms.

On the other hand, in the Lifestyle Business, we improved performance steadily even during the COVID-19 pandemic, and posted both increased sales and profits.

In March 2022, we sold Onward Beach Resort Guam, Inc., which had become unprofitable due to the COVID-19 pandemic, and business reforms are progressing smoothly.

As described above, in the term under review, we were able to prepare for the fiscal year ending February 28, 2023, which is the year in which we make an aggressive comeback.



\*OMO: Acronym for ‘Online Merges with Offline’ (the online store merges with physical stores)

### Q2. You said that the fiscal year ending February 28, 2023 will be the year in which we make an aggressive comeback aimed at realizing ONWARD VISION 2030. What specific strategies and measures do we have?

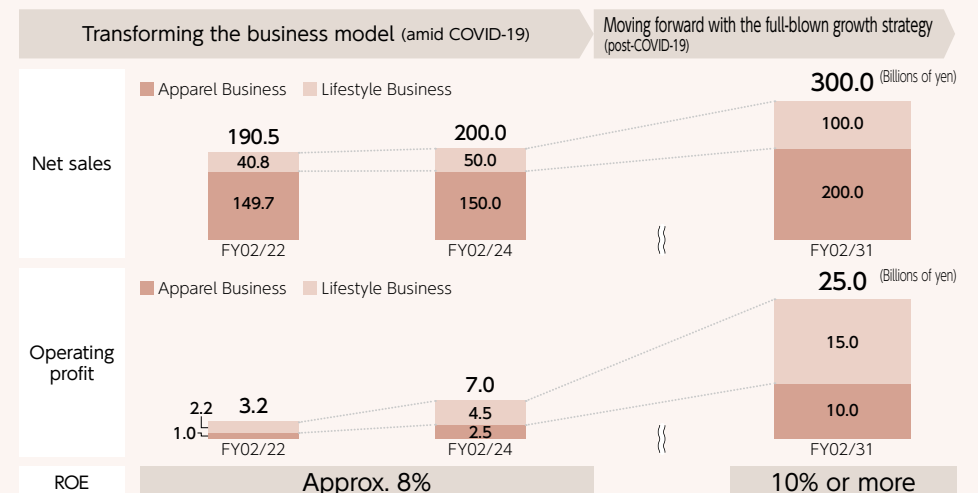
In the Apparel Business, Onward Kashiya started its “Click & Try” service in April 2021, and has now introduced this service to roughly 290 stores (as of July 2022). We have plans to further expand the service this year. This service has been especially appreciated by customers who are looking for irregular sizes, and customers in rural areas with insufficient access to brands and products. Moving forward, we aim to boost business performance even further by working to raise awareness, which has been an issue for us.

We have also introduced product life cycle management (PLM). By sharing information regarding the sales situations at stores with our business partners, we will contribute to solving environmental problems by reducing wasteful manufacturing, and promote improvement of operational efficiency and strengthening of production systems.

In the Lifestyle Business, we will further strengthen our management structure in order to raise the speed of growth to a higher level, and will actively make necessary investments, going forward.

By taking the measures described above, we forecast consolidated net sales of ¥168,700 million (up 0.1%, year-on-year), and plan to return to profitability with consolidated operating profit of ¥2,100 million (an operating loss of ¥1,079 million in the previous fiscal year) in the fiscal year ending February 28, 2023.

### Growth Roadmap



\*Figures for FY02/22 are those at the time ONWARD VISION 2030 was prepared.

## Message from the President

### Q3. Can you explain the future growth opportunities and risks, as well as business strategies for Onward Holdings?

Behind the creation of ONWARD VISION 2030 is the perspective of promoting new growth strategies that meet the needs of the times, after transforming our conventional business structure into a new structure, and being reborn with a leaner constitution through global business reforms. The Japanese domestic market has entered an era of full-scale population decline, and some predict that the population of Japan will decrease by half within half a century. This is a risk faced by companies that mainly do business in the domestic market. In order to respond to this era of population decline, with a view toward diversification and globalization, we will promote three business strategies: transform the Apparel Business segment's business model, accelerate growth in the Lifestyle Business segment, and strengthen business-to-business operations.

With regard to transforming the Apparel Business segment's business model, we will accelerate the opening of OMO stores, and develop and introduce new brands. At the same time, we will further strengthen e-commerce by improving convenience.

In terms of accelerating growth in the Lifestyle Business segment, we will focus mainly on Chacott, KOKOBUY, Creative Yoko, and Yamato, whose business areas are in growth domains such as beauty, health, healing, comfort, and gifts. We will accurately assess market needs in each area, and provide products and services that are better received by our customers than ever before.

With respect to strengthening business-to-business operations, Onward Trading now primarily manufactures and sells products such as uniforms and promotional items for companies, schools and others. In the future, we will advance into new business areas that meet the diverse needs of corporate customers, such as office and logo design, as well as consulting for sustainable activities.

In addition, we are considering the possibility of providing services as a business for production and logistics, such as through the provision of manufacturing services to brands outside the Group, using the Group's production factories.



Furthermore, in the medium term, we hope to once again take on the challenge of developing overseas markets. When doing so, we aim to shift our business model from opening conventional physical stores, which requires a huge initial investment, to global business that is centered on our online stores, which enables more efficient business development.

### Q4. Tell us about the status of sustainability initiatives.

The business environment of the Group is undergoing major structural changes. One critical theme supporting the business foundation of the Group is sustainability initiatives that achieve both the solution of global environmental and social issues, and the realization of sustainable corporate growth. We established new dedicated organizations in order to further advance the activities we have conducted thus far, and also established the Sustainability Committee in September 2021, with its activities being promoted by myself, as the chairman of the committee.

In the Sustainability Committee meetings, we have held repeated discussions, identified five material issues (materiality), and developed sustainability promotion activities. Among these, for Materiality 1, "business activities that enable coexistence with the global environment and illuminate a path to the future," we are recycling products collected through the Onward Green Campaign into work gloves and blankets. In cooperation with the Japanese Red Cross Society, we have been using these items for more than 10 years to support disaster-stricken areas and developing countries around the world. In order to eliminate wasteful production, we are also actively working to expand the scope of the made-to-order business.

#### The Onward Group Sustainability Committee Organizational Structure



## Message from the President

### Q5. What is our policy for shareholder returns?

In 2027, the Onward Group will celebrate the 100th Anniversary of its founding. We believe that it has been important for building relationships of trust with our shareholders that, throughout our long history, we have been able to pay stable shareholder dividends from a medium- to long-term perspective, without being influenced by short-term fluctuations in business performance.

Based on this policy, we paid dividends even in the fiscal years ended February 28, 2021 and February 28, 2022, which produced the toughest financial results since our founding.

We plan to transition to a phase in which our business performance recovers and net profit increases, and we will continue to pay stable performance-based dividends.

Status of shareholder returns	FY02/20	FY02/21	FY02/22
Cash dividends per share	¥24	¥12	¥12
Payout ratio	—	—	19.0%

### Q6. Do you have a message for our shareholders, investors, and other stakeholders?

Over the past few years, we have produced very unfortunate financial results due to the impact of COVID-19, in addition to enduring the pain of bold global business reforms. However, I am confident that the results of various growth strategies will start to appear in earnest from this fiscal year onwards, which we have positioned as the fiscal year in which we make an aggressive comeback.

In the future, our policy is to further accelerate the speed of growth of the Group, and with the aim of efficient management of capital, conduct management that emphasizes return on equity (ROE).

I will continue to do my best to meet the expectations of our shareholders, investors, and other stakeholders, and I ask for your continued support in doing so.





## Our History

# 95<sup>th</sup> Anniversary

The Onward Group is celebrating its 95th anniversary since its founding in 1927. We continue to move forward, with our sights set on the future, as we aim to become a 100-year old company.



### 1927 - 1940s



Company founder Junzo Kashiwama

## Founding

Onward Kashiwama Co., Ltd. is established in 1927 by its founder Junzo Kashiwama and begins operations as Kashiwama Trading in Osaka.

### 1950s - 1960s

## Development as a Menswear Manufacturer

In the 1950s, Onward begins the production and sale of ready-made menswear. Taking its cue from apparel manufacturing in the United States, the Company adopts an assembly-line production system and introduces such advanced equipment as Hoffman steam press machines. These efforts result in substantial improvements in productivity and the quality of ready-made clothing.

Along with this success, the Company develops a business format for consignment transactions\* between apparel companies and department stores that is now widely used in the business operations of department stores. In the 1960s, driven by Japan's high economic growth, Onward grows rapidly to become a leading menswear manufacturer in Japan.



#### \*Consignment transactions

Consignment transactions are a type of transaction in which the ownership of a product is not transferred, nor is a sale recorded, when a product is delivered to a department store or other retailer. Rather, the ownership of a product is transferred and a sale is recorded when a customer purchases a product on display at a retailer.

### 1970s - 1980s

## Acceleration of Overseas Expansion

In keeping a step ahead of other Japanese apparel manufacturers, during the 1970s Onward establishes subsidiaries in three of the world's major fashion cities: New York, Paris, and Milan, and by the end of the 1980s, Onward had built a foundation for overseas business at the three cities. By establishing the local subsidiaries in a short period of time, Onward succeeded in laying the foundation of the overseas business, drawing on the most up-to-date information on the global fashion business.

In the late 1970s, Onward appointed up-and-coming designer Jean-Paul Gaultier to be an exclusive designer for its Bus Stop line of boutiques in Paris. His first fashion show is held in Paris in 1978 with the support of the Company.



## Showa financial crisis–World War II

### Major Events

- Westernization of women's clothing trends (after the Great Kanto Earthquake in 1923-)
- Great Depression originating in the United States (1929-late 1930s)
- World War II (1941-1945)

## Post-war reconstruction– High economic growth

### Major Events

- Start of mass-production boom (1950s-)
- Ready-made clothing revolution for men's and women's clothing (1960s-)
- Economic boom created by the Tokyo Olympic Games (1962-1964)
- Japan ranked No. 2 in the world for gross national product (1968)

## Stable economic growth–Bubble economy

### Major Events

- First oil crisis (1973)
- Plaza Accord (1985)
- Enactment of Equal Employment Opportunity Act for Men and Women (1986)
- Emergence of prominent Japanese designers
- Spread of luxury fashion

## Our History

### 1990s

#### Launch of Core Brands

The womenswear business dramatically expands in the 1990s with the launch of core brands, beginning with Kumikyoku in 1992 and followed by Nijyusanku, ICB, and Gotairiku.

The luxury brand boom driven by Japan's bubble economy comes to an end in the 1990s, and consumers start to attribute greater value to more refined and practical clothing, and they are able to find this style in Japanese brands.

Department stores begin expanding womenswear floor spaces and emphasizing new brands from Japanese makers. Thanks to this trend, Onward Kashiwajima's store numbers grow rapidly after the launch of the new brands, and this impressive growth forms the foundations for future advancement.



### 2000 - 2010

#### Evolution into a Global Apparel Group

At the beginning of the century, Onward accelerated its global strategies while maintaining its focus on the department store channel in the domestic market. The strategies included full-scale entry into the Chinese market, establishment of a manufacturing platform in Italy, and acquisition of a prominent European brand JOSEPH.

The transition to a holding company system is made in 2007. In the years that follow, the Company continues to draw uniquely powerful brands under its umbrella in Japan, acquiring pet fashion pioneer Creative Yoko Co., Ltd. and Island Co., Ltd., the maker of the trusted Grace Continental brand for discerning women. It was at this time that Onward truly makes a new start as a global apparel group that undertakes various types of fashion businesses all over the world.



### 2010s - Today

#### Road to Sustainable Growth

After the global financial crisis of 2008, the landscape of the fashion business and, subsequently, the structure of the apparel supply chain undergo a drastic transformation. The emergence of so-called fast fashion, the increase in production costs in Asia, the reorganization of domestic department stores, and the rise of e-commerce can all be seen as indicators of this transformation.

Signaling its participation in the e-commerce field, the Onward Group cuts the ribbon for Onward Crossover, its directly managed e-commerce website, in December 2009.

The Onward Members' loyalty point card system, applicable to all Onward Group brands, launches in 2014.

Through this and other initiatives, the Onward Group proceeds to strengthen its customer base while accelerating its Omni-channel retailing strategy, which merges the advantages of online stores and physical stores.

In 2017, the Onward Group launches the KASHIYAMA brand, a new made-to-order suit business that employs a proprietary factory innovation scheme to realize low prices and quick deliveries.

It would not be an exaggeration to say that in the fiscal year ended February 2021, the COVID-19 pandemic dealt the hardest blow to the Onward Group's domestic and overseas operations since its founding. At the same time, the Group continued to push ahead with the global business reforms to its operations it undertook in October 2019, making steady progress regarding the withdrawal from unprofitable operations in Italy, the discontinuation of underperforming brands, and the closure of domestic and overseas stores that were not turning profits. In April 2021, we formulated ONWARD VISION 2030, our medium- to long-term management vision for the period up to the fiscal year ending February 2031.



#### Burst of bubble economy– Post-bubble recession

##### Major Events

- Release of Windows 95 (1995)
- Rapid spread of the Internet among the general public
- Diversification of retail channels and emergence of specialty retailers selling of private label apparel

#### Era of economic maturity

##### Major Events

- Lehman Brothers bankruptcy and global financial crisis (2008)
- Mass consolidation and reorganization of Japanese department stores
- Growth of fast fashion

#### Fourth industrial revolution (Industry 4.0)

##### Major Events

- Great East Japan Earthquake (March 2011)
- Annual inbound visitors to Japan exceed 30 million (2018)
- Global COVID-19 pandemic (ongoing from January 2020)

## Value Creation Story of the Onward Group

Medium- to long-term environmental awareness

Exacerbation of the climate change problems

Rising resource consumption level

Shrinking population, declining birthrate, and aging society

Advances in technology

Exacerbation of human rights problems

Changes in values and consumer behavior toward fashion

### Management Capital

(As of the end of February 2022)

#### Financial Capital

- Total assets ¥157.7 billion
- Net assets ¥77.2 billion
- Shareholders' equity ratio 42.4%

#### Business Capital

- Number of group companies (including the Company) 58 companies
- Apparel Business 33 companies
- Lifestyle Business 24 companies

#### Intellectual Capital

- Trademark rights
- Patents
- Development of OMO stores
- Digitalization of the supply chain

#### Human Capital

- Number of group employees 6,377
- Promoting the activities of diverse personnel
- Diversification of workstyles
- Ratio of female employees 81.0%
- Ratio of female managers (section manager and above) 27.2%

#### Social Capital

- Improvement of traceability
- Initiatives to address human rights issues at production sites

#### Natural Capital

- Initiatives to reduce CO<sub>2</sub> emissions at production sites
- Initiatives to recover and reuse products
- Recovered approximately 6.05 million items of clothing (cumulative total from FY02/10 to FY02/22)
- Eliminate wasteful production

### Material Issues

(Materiality)

#### Materiality 1

Business activities that enable coexistence with the global environment and illuminate a path to the future



#### Materiality 2

Growing together with partners



#### Materiality 3

Workstyles that enhance and add color to employees' lifestyle as well



#### Materiality 4

Workplace where diverse individuals are engaged



#### Materiality 5

Fair management with integrity



### Management Philosophy

Having defined its business domain as "a world of fashion that gives refreshment and beauty to people's lives," the Onward Group is committed to contributing to the society as a living culture company.

The Onward Group's Raison D'etre

**Enriching and Adding Color to People's Lives while Caring for the Planet**

### Sustainability Management

### ONWARD VISION 2030 Five Strategies

- Transform the Apparel Business Segment Business Model
- Accelerate Growth of the Lifestyle Business Segment
- Strengthen Business-to-Business Operations
- Evolve into a Company Where Diverse and Unique Personnel Can Exhibit Their Strengths
- Promote Sustainable Management That Pursues Coexistence with the Environment

### Business Model

We will grow the Lifestyle Business segment as another core business of the Group, alongside the Apparel Business segment



### Group Platforms (Systems)

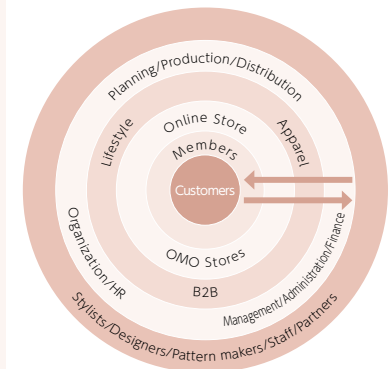
Product planning, production, and distribution	Management/Administration/Finance
Sales Onward Crosset and OMO stores	Organization and HR
Marketing Onward Members	

### Values Provided

Achieve direct and two-way communication between customers and employees to co-create value provided to customers

### Desired Image

Evolving into a Customer-Centric Company, Making the Best Use of Employees' Diverse Strengths





### Corporate Governance

## Onward at a Glance

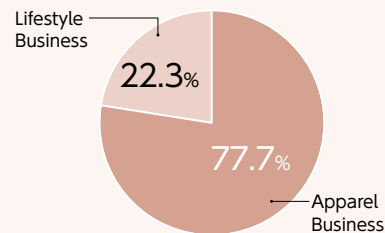
The Onward Group is the apparel manufacturer and retailer established in 1927 that pioneered the manufacture and sale of ready-made clothing in Japan and laid the foundation of the industry. Today, we continue to be recognized as a leading company in the industry specializing in high-value-added products with outstanding quality, and we are more than able to compete in apparel markets around the world. Our business model encompasses all stages of the apparel value chain, including planning, design, production, and sales. The Onward Group also prides itself on its lineup of products and services that interconnect with various areas of people's lives. This fashion-oriented lineup includes men's, women's, and children's clothing as well as uniforms in the apparel business, dance wear, pet-fashion items, gift catalogs, and others in the lifestyle business.

### Net Sales

¥168.5 billion

 Key Financial Data  P44



### Sales Breakdown by Business Segment<sup>\*1</sup>



 Segment Information  P24

### Founding

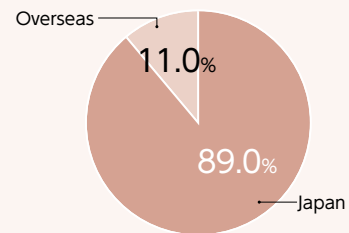
95 years

 Our History  P08

### Operating Profit

¥-1.0 billion

### Sales Breakdown by Japan/Overseas<sup>\*1</sup>



### Number of Group Companies

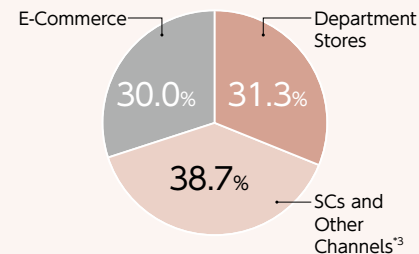
58 companies

 Our Network  P52

### Cash Dividends per Share

¥12

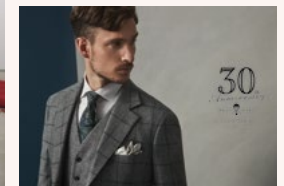
### Sales Breakdown by Domestic Sales Channel<sup>\*2</sup>



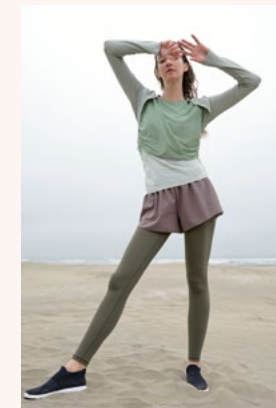
### Number of Group Employees

6,377

## Apparel Business



## Lifestyle Business



Note: Figures are results for the fiscal year ended February 28, 2022 or as of the end of the fiscal year

\*1 This ratio is calculated by simply adding up figures before inter-company eliminations.

\*2 This targets e-commerce business companies.

\*3 SC stands for shopping center.





## Sustainable Management

## Sustainability Vision and Promotion System

### Sustainability Vision

Enriching and adding color to people's lives while caring for the planet, the Onward Group reaches out to future generations through the universal language of fashion.



The Onward Group established the Sustainability Committee in September 2021 to promote concrete sustainability initiatives.

The Sustainability Committee will take the lead in formulating the action plan and KPIs (key performance indicators). Enriching and adding color to people's lives while caring for the planet, the Onward Group reaches out to future generations through the universal language of fashion by promoting sustainable management.

### Promote Sustainable Management That Pursues Coexistence with the Environment

The Onward Group has been promoting recovery, recycling, and reuse of its products through the Onward Green Campaign for over 10 years. We are also working actively to expand the scope of the made-to-order business that eliminates wasteful production. From the viewpoint of improving traceability, the Japan Apparel Quality Center, a general incorporated association in the Onward Group, conducts factory audits in Japan and overseas.

By embracing new challenges while stepping up these initiatives, we are promoting sustainable management that pursues coexistence with the global environment.

### Evolve into a Company Where Diverse and Unique Personnel Can Exhibit Their Strengths

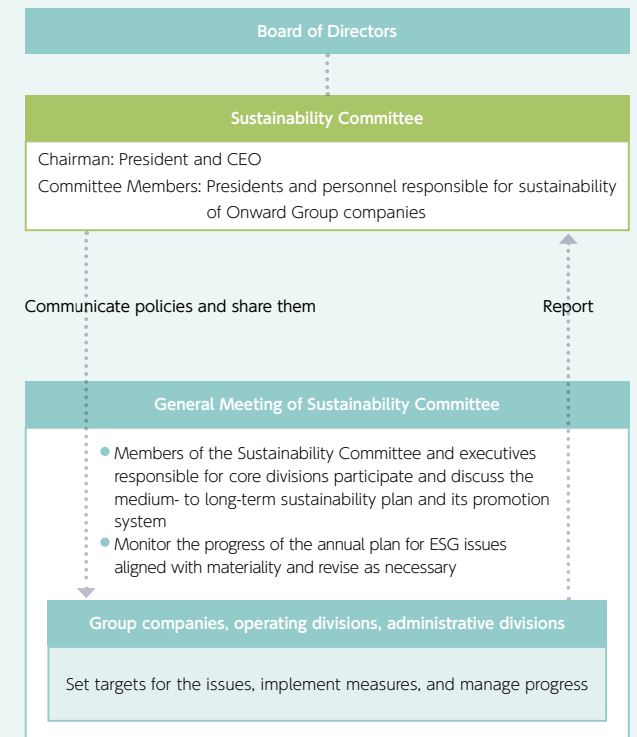
The Onward Group realizes that in order to respond to diversifying customer needs and values and contribute to society, the Onward Group must be an enterprise where diverse and unique personnel are encouraged to exhibit their strengths. By promoting our workstyle reform project and enriching various personnel systems, we are endeavoring to cultivate a workplace environment where diverse employees can flourish and achieve work-life synergy.

### Sustainability Promotion System

#### Sustainability Committee

The Onward Group's Sustainability Committee, headed by the President and CEO of Onward Holdings, includes the presidents and personnel responsible for sustainability of Onward Group companies. The Sustainability Committee discusses sustainability risks and opportunities.

#### The Onward Group Sustainability Committee Organizational Structure



## Materiality of the Onward Group

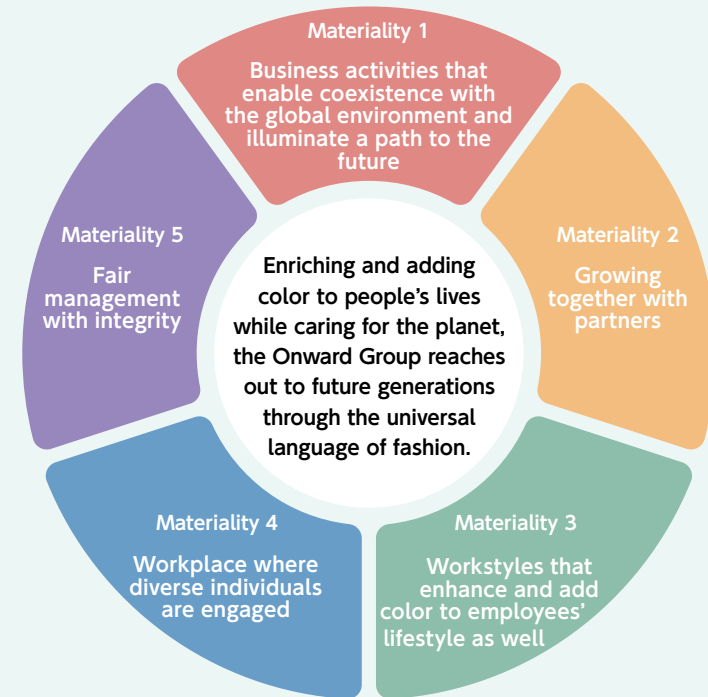
### Five Material Issues

The Onward Group identified five material issues (materiality) in accordance with the mission statement, "Enriching and adding color to people's lives while caring for the planet."

The Group is promoting sustainable management that pursues coexistence with the global environment by identifying "1. Business activities that enable coexistence with the global environment and illuminate a path to the future" and "2. Growing together with partners" as material issues related to the Group's business activities, including manufacturing.

"3. Workstyles that enhance and add color to employees' lifestyle as well" and "4. Workplace where diverse individuals are engaged" are identified as material issues concerning our earnest desire to be an enterprise where diverse and unique personnel can exhibit their strengths. We are pursuing workstyle reform initiatives and cultivating a working environment where diverse employees can flourish.

From the viewpoint of corporate governance, we identified "5. Fair management with integrity" as a material issue and are striving to cultivate a corporate culture supporting the Onward Group's concerted efforts to be an indispensable enterprise earning the trust of society.



### Materiality Identification Process

#### 1 Identification and organizing of (environmental, social, and economic) issues Longlisting

Referring to the GRI (Global Reporting Initiative) Standards, the SASB (Sustainability Accounting Standards Board) Standards, SDGs, and evaluation items of ESG rating agencies, we identified 63 items concerning those environmental, social, and economic issues that are considered to have major impacts.

#### 2 Prioritization of issues and check of validity

We identified and organized the customers' and other stakeholders' expectations toward the Onward Group and priority issues to be addressed, as well as the impacts on them. Reflecting the opinions of external experts, and those responsible for various divisions of the Onward Group, we selected 17 items concerning the issues and checked their validity.

#### 3 Identification of material issues constituting the core of corporate activities at executive meetings

Through discussion at the Sustainability Committee chaired by the President and CEO of Onward Holdings and with external experts, five material issues were identified.

#### 4 Formulation of action plans and setting of quantitative targets Proactive engagement

We are formulating action plans in accordance with the Group's material issues and setting medium- to long-term quantitative targets. Through proactive engagement in a collaborative endeavor with stakeholders, we intend to achieve these targets.

## Materiality of the Onward Group

**Materiality 1** Business activities that enable coexistence with the global environment and illuminate a path to the future

**We aim to contribute to the realization of a low-carbon, recycling-based society in order to pass on a rich and vivid planet to future generations.**

We are emphasizing environmentally friendly manufacturing, through expansion of made-to-order production and sustainable procurement. To realize a recycling-based society (circular economy), we promote recovery, recycling, and reuse of our products while also stepping up the reduction and recycling of plastic waste. Each of us at Onward is taking measures to mitigate climate change by promoting business activities emphasizing coexistence with the global environment.

### Promoting a Circular Economy

In addition to the Onward Green Campaign (collection of used Onward Group apparel items for recycling and reuse) launched in 2009 with the aim of establishing an apparel circulation system, the Onward Group is also vigorously addressing plastic waste reduction and recycling. Promoting business activities that pursue coexistence with the global environment, we aim to realize a recycling-based society.



Priority SDGs



### ■ Onward Green Campaign Designed to Create an Apparel Circulation System

Onward Kashiyama launched the Onward Green Campaign in 2009 with the objective of encouraging the circulation of apparel to promote the efficient utilization of limited resources and to ensure our precious environment still exists for future generations to enjoy. Through this campaign, we promote an apparel circulation system in which we collect used Onward Group apparel items from customers so that they can be reused or recycled to the greatest degree possible.

Collected clothing items are recycled as RPF or thread is harvested from them to produce blankets and work gloves. The blankets are provided to disaster-affected areas in Japan and abroad and to developing countries in cooperation with the Japanese Red Cross Society. Work gloves are distributed for various purposes, such as for disaster relief, forest preservation, and awareness-raising activities. In addition, collected clothing items that are in good condition will be cleaned and sold at Onward Re-use Park in Kichijoji, Tokyo, which is our concept store to communicate the Group's environmental initiatives, and online at charity prices with the proceeds used to fund sustainable initiatives.

Since starting in 2009, a total of 1,149,508 customers have donated 6,057,819 items of clothing, of which we recycled 82% and reused 18%.





## Materiality of the Onward Group

**Materiality 1** Business activities that enable coexistence with the global environment and illuminate a path to the future

### Environmentally Friendly Manufacturing

The Onward Group is promoting manufacturing and the online merges with offline-style services, or OMO services that achieve both environmental friendliness and enhanced customer satisfaction and convenience. Our initiatives include expansion of made-to-order production, efficient merchandising by eliminating barriers between physical stores and e-commerce through the integration of inventory data, and development of sustainable products.



#### Smart Factory Kashiwama Dalian (KASHIYAMA, a made-to-order suits brand)

- **Drastic Reforms to All Manufacturing Processes to Eliminate Wasteful Production**
  - Smart factories link data from orders with computer-aided manufacturing processes and use automatic cutting machines to cut cloth more precisely and thereby reduce the portions of cloth that cannot be used. In addition, these factories utilize automatic ordering systems for incidental items (buttons, lining, etc.) to ensure appropriate inventory levels.
  - We manage products with radio frequency identification (RFID)\* tags and hanger systems while using tablets for process management to swiftly produce items customized based on customers' requests.

\*RFID is an automatic recognition technology that uses radio waves to read and write information on IC tags without contact.



Fabric automation management



Management by RFID and hanger system



Sewing of customized orders quickly and carefully

#### High-Efficiency Distribution System

- In our made-to-order businesses, we take wasteful warehouses out of the equation and deliver products directly from factories to customers.
- We use PACK-RUNNER compressed and sealed packages to help substantially save space in logistics vehicles.
- We have also changed our delivery packages for suits from cardboard boxes to paper packages. This approach makes our packages even more environmentally friendly and compact.



PACK-RUNNER



Paper delivery package



Environmentally friendly, compact package

#### Other Environmental and Workstyle Initiatives

- The Onward Group is advancing paperless process initiatives to reduce the use of paper. For example, we have abolished paper order slips, instead choosing to process orders via tablets and send order information in data form. Similarly, we transitioned from paper to digital customer records.
- We have also replaced certain lighting fixtures with LED lighting to conserve energy.
- These efforts have helped to receive CSR (Corporate Social Responsibility) and QC (Quality Control) certification from the Japan Apparel Quality Center.



LED lighting on the sewing line



Cafeteria, a place for employees to relax



Cafeteria

## Materiality of the Onward Group

### Materiality 2 Growing together with partners

**We cultivate long-term relationships rooted in trust with suppliers, local communities and other partners, emphasizing coexistence with them and the pursuit of mutually beneficial growth.**

Each one of us will comply with the Onward Group Guidelines for Action and conduct ethical business activities. We emphasize ensuring human rights and occupational health and safety throughout the supply chain in Japan and overseas, sharing values with our business partners. Moreover, through co-creation of value with communities and social contribution activities, we aim to be an enterprise that grows together with them.

### Co-prosperity with Suppliers

At the Onward Group, we share values with our partners in the supply chain. We aim to establish long-term relationships rooted in trust with our partners and aspire to be an enterprise that can grow together with them.



### Respect for Human Rights and Development of Working Environments of Sewing Factories

The Onward Group operates the Japan Apparel Quality Center (JAQC) to enable other companies and organizations in the apparel fashion industry to utilize the expertise and insights on quality control that the Onward Group has cultivated over the years. Since its establishment in 2017, JAQC has been offering services, such as factory audits, QMD\*, testing & analysis, and repair, to companies inside and outside the Onward Group.

\*QMD is an acronym for "Quality Merchandising." It means from the product planning stage, we provide total support for quality, including material color fastness and physical performance checks, to appearance checks through product testing of sample products, to commercialization.

### Factory audits launched in 2007

Since 2007, we have been obligated to conduct a "CSR audit" of our production factories, to satisfy the requirements of international brands with which we had license agreements.

Priority SDGs



CSR audits should not be a means of terminating transactions with factories that do not satisfy the standards. Rather, we think brands have a social responsibility to point out problems that could develop to human rights issues and help factory management understand the significance of the issues and raise their performance to a higher level. JAQC staff are always present together with local auditors when factory audits are conducted. We explain the purpose of the audit and the reasons for the requirements to the management of the factory being audited. Moreover, in light of the factory's unique circumstances, we provide guidance for improvement action plans, as we conduct "guidance type audits." If the prescribed standards have been met, we issue a certificate of compliance to the factory.

Japan Apparel Quality Center ▶ P23

### Co-prosperity with Communities

The Onward Group aims to be an enterprise that can grow together with various communities through co-creation with local communities, social contribution activities, and cultural, artistic and educational initiatives.

#### Co-creation with local communities

##### CRAHUG, a New Direct-to-Consumer Business, Launched

Onward Digital Lab Co., Ltd., which is responsible for the Group's digital strategies, has launched CRAHUG, a new business for the development and direct sales of "factory brand" (original brands established by factories) products and original products from producers and factories from across the country, with the aim of supporting production in Japan.

The word "CRAHUG" is a combination of "craftsman," "life," and "hug." Under the CRAHUG scheme, we offer sales support to producers and factories nationwide that aspire to build sustainable business models through direct sales and by becoming independent based on a collaboration plan selected from two options. The aim is to enable factories to have a stable business foundation through sales of original products directly to consumers. In the future, cross-border sales are envisaged to communicate the expertise of Japanese manufacturing and the attractiveness of Japanese products.



## Materiality of the Onward Group

**Materiality 3** Workstyles that enhance and add color to employees' lifestyle as well

### We aim to achieve work-life synergy by cultivating a working environment where every employee can work cheerfully, freely, and vigorously.

We are implementing the Work Style Design Project for workstyle reform and enriching personnel systems so that all employees can bring their skills, capabilities, and new ideas into full play, thus enhancing and adding color to their lives. We will strive to achieve work-life synergy by enabling employees to enhance both work and private life while meeting customers' expectations and contributing to society.

#### Designing Workstyles

The Onward Group is executing the Work Style Design Project to enhance operational efficiency and productivity by achieving work-life balance. This workstyle reform project encourages employees to take the initiative in changing the way they work.

Work-life synergy through enhancement of both work and private life is having a positive impact on business.



#### Our initiatives

##### Kaeru Kaigi meetings

Each team that usually works together holds a weekly meeting to consider what team members should do to improve their workstyles. Kaeru Kaigi meetings go beyond simply facilitating reports on work progress to promote self-driven processes of trial and error by all members for the purpose of transforming workstyles and achieving their goals for work. Most important, these meetings aim to be enjoyable for all attendees. For this reason, we are promoting Kaeru Kaigi meetings on a Companywide basis while ensuring that these meetings have an atmosphere conducive to voicing frank opinions regardless of rank or career history.

Priority SDGs



#### Work Style Design Project for Workstyle Reform

##### Online Discussion Event: Management Explains Onward's Challenges and Achievements

Following about two years of initiatives for Work Style Design, we have achieved a 65% reduction in overtime work, a 3-fold increase in the rate of men taking childcare leave, and an increase of 5 days off taken (increase of 18 days off taken for managers). Following the advice of Outside Director Yoshie Komuro, the President himself participated in Kaeru Kaigi meetings, where he realized that the sense of distance with the employees on site had changed. Because employees can enjoy their lives, they can create synergies with work that makes the most of their individual characteristics and achieve better results in their work. We are encouraging Work Style Design that shifts from work-life balance to work-life synergy.





## Materiality of the Onward Group

**Materiality 4** Workplace where diverse individuals are engaged

**We welcome diversity and aim to be an enterprise where diverse and unique personnel can exhibit their strengths.**

The Onward Group realizes that in order to respond to diversifying customer needs and values and contribute to society, the Onward Group must be an enterprise where diverse and unique personnel are encouraged to exhibit their strengths. Welcoming each person's unique qualities and capabilities, we are cultivating an environment that can facilitate innovation.

### Promotion to Support the Balance between Work and Childcare

Aspiring to be an enterprise where diverse and unique personnel can exhibit their strengths, the Onward Group supports employees' efforts to achieve a good balance between work and childcare. As a result, almost all female employees take childcare leave. Among eligible female employees, the proportion taking childcare leave averaged 99.0% over the last three years. Going forward, we aim to increase this proportion to 100% while also achieving 100% for eligible male employees.



Priority SDGs



### Initiatives to Facilitate Taking of Childcare Leave by Male Employees

In the fiscal year ended February 2022, we conducted management training to encourage male employees to take childcare leave. We also held "Pre-Dad/Mom Seminars" for male employees whose spouse or partner is expecting a child and female employees who are expecting a child, on the desirability of childcare leave for men and childcare for couples. We also prepared the Guidebook for Supporting Balance Between Work and Childcare among other measures. As a result, the ratio of men taking childcare leave at Onward Kashiyama was 27.3%, which greatly exceeded the national average of 12.65% in the fiscal year ended February 2021, and the average number of leave days taken was 141 days.

Proportion taking childcare leave

	FY02/19 Result	FY02/20 Result	FY02/21 Result	FY02/22 Result
Male	7.7%	10.5%	20.0%	27.3%
Female	100.0%	100.0%	97.0%	100.0%
Total	59.3%	65.3%	79.1%	75.0%

\*Calculated based on the personnel within the scope of Work Style Design (office workers of Onward Kashiyama Co., Ltd.)

Diversity Management Initiatives ▶ P20

**Materiality 5** Fair management with integrity

**We are cultivating a corporate culture whose hallmarks are integrity and fairness, convinced that these attributes are essential for an enterprise in order to continue to be indispensable and earn the trust of society.**

To put in practice fair management with integrity, we are making a concerted effort to enhance the effectiveness of corporate governance and establish a sound management foundation.

Priority SDGs



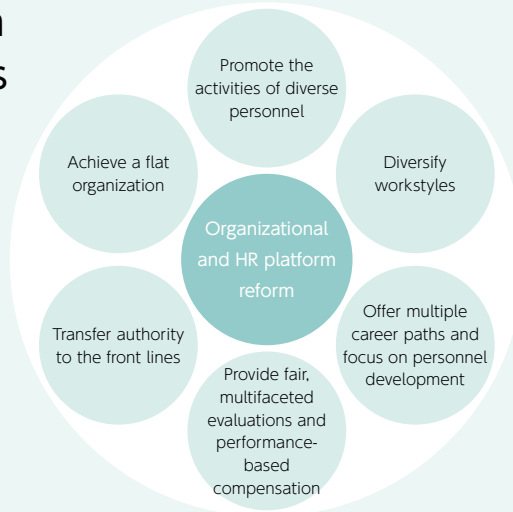
Corporate Governance ▶ P37



## Diversity Management Initiatives

# Evolution into a Company Where Diverse and Unique Personnel Can Exhibit Their Strengths

To evolve into a customer-centric company and make the best use of its employees' diverse strengths, Onward is endeavoring to train in-house personnel who will spear-head change while ramping up the recruitment of personnel externally in order to promote organizational and human resource platform reform. We thereby aim to become a company where diverse and unique personnel can exhibit their strengths.

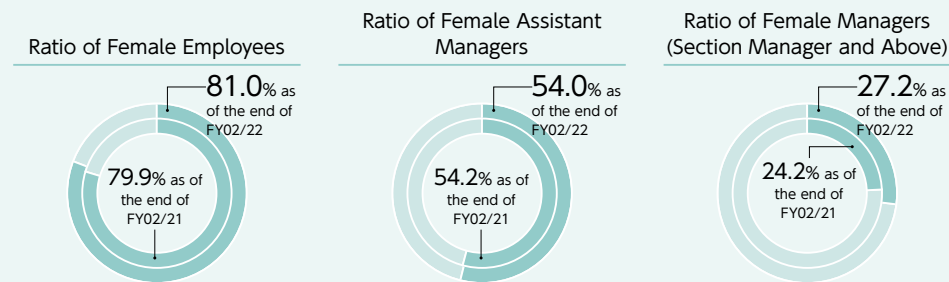


□ Materiality 3  
 Workstyles that enhance and add color to employees' lifestyle as well ▶ P18

## Empowerment of Female Employees

The apparel business requires fresh ideas and innovative value propositions. We believe that such ideas and propositions are best created when all employees respect and accept the differences between individuals and are able to exercise their skills to the fullest.

We have established the Diversity Promotion Section within our human resource division in order to foster a workplace environment in which all employees can feel motivated and deliver their best performance. This section is responsible for revising prior work processes and implementing ongoing workstyle reforms for the purpose of improving productivity.



(All figures are for Onward Kashiyama)

## Start of the Work Style Design Project

The Onward Group is executing the Work Style Design Project to enhance operational efficiency and to improve productivity by achieving work-life balance. This workstyle reform project encourages employees to take the initiative in changing the way they work.

Until undertaking the Work Style Design, employees were busy with meetings and document preparation, and in some departments, long overtime hours had become a chronic issue. While we had taken measures such as setting building closing times as physical restrictions, this did not lead to a fundamental improvement in business operations, and some members sometimes took their work home with them. In addition, there were departments where leaders spoke often at meetings, but the atmosphere made it difficult for members to speak up.

We started this initiative not with the purpose of merely reducing overtime work, increasing leave days taken, or improving work efficiency. Rather, we would like to use the time saved by making these changes in order to create opportunities to give shape to new ideas and make innovations.

### Work Style Design Project Goal ①

#### Work styles conscious of productivity

Enable members to work more efficiently by proactively promoting work style reforms through Kaeru Kaigi, and establishing systems.

#### Realizing work-life balance

Enriching privacy in one's free time saved by the project

#### Creating work-life synergy

A fulfilling private life and work influence each other, and create synergy

### Work Style Design Project Goal ②

#### Organizations with high psychological safety

Creating an environment where everyone can easily express their opinions at Kaeru Kaigi meetings

#### Creating innovation

Proactively generate new ideas, leading to the buds of new businesses

## Changes as a Result of the Work Style Design Project

	FY02/19 Result	FY02/20 Result	FY02/21 Result	FY02/22 Result
Overtime hours*1	17.7 hours	18.2 hours	6.3 hours	6.8 hours
Days of leave taken*1	119.0 days	125.1 days	124.0 days	124.9 days
Rate of taking My Golden Week*2	—	—	39.4%	39.0%

\*1 Calculated based on the personnel within the scope of Work Style Design (office workers of Onward Kashiyama Co., Ltd.)

\*2 System to encourage employees to take 10 consecutive days off

## Diversity Management Initiatives

### Work Style Design Initiatives: Holding Kaeru Kaigi Meetings

We hold these meetings to consider what team members should do to improve their workstyles, and members meet with the teams whom they usually work with. Each team holds meetings once a week, or once every other week.

At Kaeru Kaigi meetings, each member raises matters that they consider to be issues, no matter how small they may be, on the meeting agenda. By searching for the root cause, no matter what the issue, members discovered that there were unexpected things which they could change on their own. Therefore, we started by saying "Let us begin with what we can change ourselves." Building up these small efforts leads members to design their own work styles.

Psychological safety\* is critical to holding Kaeru Kaigi meetings. When psychological safety is low, people who tend to speak a lot will speak the most, inhibiting the free and open exchange of opinions. Specifically, psychological safety is about simply "sharing your opinion no matter what it is, not rejecting opinions that are shared, but giving a reaction." Through Kaeru Kaigi meetings, we have fostered a climate of free and open discussion, and there is palpable growth into teams in which diverse personnel can exhibit their strengths.

\*A state in which there is no personal risk within teams, but rather sharing a safe space among members.

#### Examples of Discussion at Kaeru Kaigi Meetings

##### Case Study 1 Holding monthly meetings where employees can talk about anything

**Issue:** Employees were doing a lot of work from home, and there was a high volume of communication in individual chats, but there was a lack of sharing about what was happening as a whole.

**Action:** We held monthly meetings where employees can talk about anything.

**Result:** By spending more time on ice breaking, we increased the number of reports, notifications, and consultations, thereby decreasing wasteful actions and improving work efficiency.

##### Case Study 2 Task inventory

**Issue:** Tasks conducted by individual employees cannot be seen, so they get stuck with their work, and cannot respond to sudden changes.

**Action:** Take inventory of tasks, always asking "Is this task really necessary?" and "What is the purpose of this task?"

**Result:** By uncovering unnecessary tasks, we were able to create time for actions aimed at achieving the team's ideal form.

##### Case Study 3 Passing on technology

**Issue:** Knowledge and skills related to making apparel become personal efforts.

**Action:** Skilled technicians replace paper patterns with data for sheeting on computers, then hold lectures on how to create patterns while inputting information about seams to be sewn and put them on virtual bodies.

**Result:** This led to improved brand quality.



Diversity Promotion Section, Human Resource Division

### Chiemi Otake

Since starting Work Style Design, we have promoted this initiative on the two wheels of "cultivating corporate culture" and "re-forming systems." As a result of conducting various training and Kaeru Kaigi meetings, we are making progress toward changing awareness of workstyles (cultivating corporate culture). As for overtime hours and days off taken, numerical results show that there will be no going back to before the COVID-19 pandemic, and I felt that we have been realizing work-life balance for employees. In this fiscal year, we will introduce new systems and revise old systems, with the aim of becoming a company where diverse human resources can exhibit their strengths.

## Improvement of Traceability / Respecting Human Rights and Developing the Working Environment

### Onward-Approved Factory System

Society's expectations for companies to exercise social responsibility are rising, expanding the scope of risks that could present problems in business operations. These risks include environmental pollution in countries and regions from which products are procured as well as human rights violations at factories.

The Onward Group seeks to combat these risks through the Onward-Approved Factory System launched in the fiscal year ended February 2016. Ongoing factory audits are conducted through this system. Should a need for improvement be found, the applicable factory will be provided with a list of issues to be remedied along with guidance for implementing improvements. By implementing this system, we will practice CSR procurement to contribute to the sustainable growth of society.

### Goal of the Onward-Approved Factory System

The Onward-Approved Factory System was instituted with the goal of developing a manufacturing platform that can continuously supply impeccable-quality products.

The Onward Group is well aware of how important safe and appropriate work environments at production sites are to improving employee retention rates and is thereby securing manufacturing techniques and ensuring stable product quality. Through the Onward-Approved Factory System, we encourage partner factories to reinforce their management systems with regard to corporate social responsibility (CSR) and to quality control (QC). We therefore support factories exhibiting excellence in achieving sustainable growth.

### Audit Methods

Audits related to CSR are conducted in accordance with Onward Holdings' proprietary Suppliers' Code of Conduct, which is based on international standards. Actual audits are entrusted to local audit firms, but representatives from the Japan Apparel Quality Center (JAQC) are always present when audits are conducted. We thereby endeavor to help ensure appropriate auditing based on the current business environment and to develop the understanding necessary for us to exercise our responsibility as the order placer to support factories in carrying out any improvements that need to be made.

Audits related to QC are conducted directly by representatives from JAQC. The results of audits and any compliance findings are compiled into audit reports, and the results of both CSR and QC audits are provided to the factory. If no serious compliance findings are discovered through the audit, a certificate of compliance is issued that is valid for two years. If improvements are deemed necessary, feedback is supplied with regard to the areas requiring improvements and guidance for action plans is provided by JAQC. The factory is then re-audited after a period of one year.



Certificate of Compliance



Audits

### Audit Targets

In the fiscal year ended February 2016, the Onward Group introduced the Onward-Approved Factory System, which is used when performing audits of sewing factories.

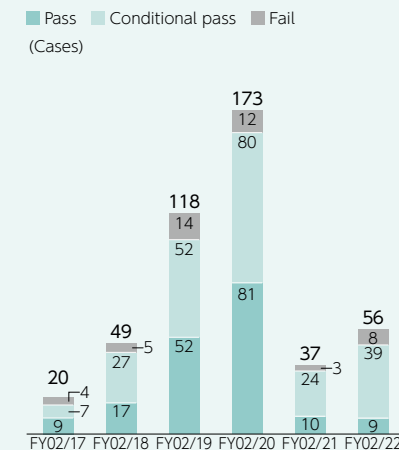
To receive certification under the Onward-Approved Factory System, factories must pass CSR and quality control audits conducted by JAQC.

### JAQC audit results (total number of audits including Japan and overseas)

Audits started in the fiscal year ended February 2016, and the pass rate has increased year by year. Our goal is to conduct guidance type audits, in which we do not terminate transactions with factories that do not satisfy the standards, but instead point out problems and help factory management understand the significance of the issues. We then take into consideration the factory's unique circumstances, and present specific methods such as guidance for improvement action plans.

(\*The table below shows the number of audits by year, not the total number of factories.)

	Number of Factories Audited	Pass	Conditional Pass*2	Fail
FY02/17	20	9 (45%)	7 (35%)	4 (20%)
FY02/18	49	17 (35%)	27 (55%)	5 (10%)
FY02/19	118	52 (44%)	52 (44%)	14 (12%)
FY02/20	173	81 (47%)	80 (46%)	12 (7%)
FY02/21*1	37	10 (27%)	24 (65%)	3 (8%)
FY02/22*1	56	9 (16%)	39 (70%)	8 (14%)
<b>Total</b>	<b>453</b>	<b>178 (39%)</b>	<b>229 (51%)</b>	<b>46 (10%)</b>



\*1 For overseas factories in FY02/21 and FY02/22, CSR audits were conducted only by local auditors.

\*2 A conditional pass is a pass granted on the premise of prompt correction when nonconformities are found in relatively important elements, including working hours, wages, and occupational safety. In the case of a conditional pass, a correctional audit will be conducted to confirm the status of corrections after 1 year.

## Improvement of Traceability / Respecting Human Rights and Developing the Working Environment

### Japan Apparel Quality Center

"Japanese quality," cultivated to satisfy the most eagle-eyed customers, is renowned worldwide for its attention to detail and we believe it is a unique aspect of Japanese culture with global appeal. The Japan Apparel Quality Center (JAQC) was established in March 2017 as a spin-off from its predecessor, the quality control department of Onward Kashiya, with the purpose of contributing to the development of the entire apparel industry by enabling other companies and organizations in the apparel fashion industry to utilize the expertise and insights on quality control that the Onward Group has cultivated over many years. Our social mission is to help offer safe and reliable "Japan quality" products to a wide range of customers.

### Business Activities of Japan Apparel Quality Center

JAQC provides its audit requirements and decision standards to the Japan Apparel-Fashion Industry Council, a domestic apparel industry organization, so that its accumulated factory audit expertise over many years can be utilized throughout the industry. JAQC also offers advisory and audit proxy services for apparel and textile trading companies.

Furthermore, JAQC provides QMD (quality merchandising), a comprehensive support for quality from the product planning phase, checking the color fastness and physical performance of materials, and checking the appearance by sample product testing, through to commercialization. JAQC also offers advice on proper care labeling in compliance with laws and regulations.

Follow-ups after the sale of products is also an important corporate responsibility. Customer feedback leads to quality improvement in the future. JAQC investigates and verifies the items that are requested to test and analyze from various perspectives to find the causes of any detected phenomena of interest.

In addition to sewing machines, press machines, and other sewing equipment, JAQC has various repair facilities at its premises, and the dedicated staff respond to repair needs meticulously and promptly. In June 2022, JAQC opened Shibaura Repair Workshop as a business for corporations, where the company mend and repair apparel, remove stains, do pressing, and recycle products. By developing the renovation business, we will contribute to sustainability and environmental conservation in the apparel and fashion industry.

### Initiatives to Respect Human Rights and Working Environments of Sewing Factories

In 2007, the company's predecessor Onward Kashiya became obligated to conduct CSR audits of its production factories, at the behest of international brands with which it had licensing agreements. When we started conducting CSR audits to satisfy the requirements of international brands, there were many international brands that had concerns about child labor, and we faced issues such as employees not being paid the minimum wage stipulated by law, or not being paid adequately for overtime work. Wages were improved as a result of guidance provided after audits. However, in terms of the working environment, some factories lacked fire extinguishing equipment, and were found lacking in terms of sanitation, in the facilities such as cafeterias, toilets, and employee dormitories.

CSR audits should not be a means of terminating transactions with factories that do not satisfy the standards. Rather, we think brands have a social responsibility to point out problems that could develop to human rights issues and help factory management understand the significance of the issues and raise their performance to a higher level. We are always present together with local auditors when factory audits are conducted. We explain the purpose of the audit and the reasons for the requirements to the management of the factory being audited. Moreover, in light of the factory's unique circumstances, we provide guidance for improvement action plans, as we conduct audits. If the prescribed standards have been met, we issue a certificate of compliance to the factory. We also conduct quality control (QC) audits at the same time.

### Suppliers' Code of Conduct Items

<b>A</b> Legal compliance and management	Business Partners of Onward shall comply with all relevant local laws and regulations. Furthermore, Business Partners shall comply with all relevant legal requirements and respect the legal and moral rights of their employees. At the same time, in order to comply with legal requirements, management systems for maintaining respective documents have to be established.
<b>B</b> Juvenile workforces	Business Partners of Onward shall not employ minors younger than the local legal minimum working age, or age 15. This code is applicable to all facilities of Business Partners.
<b>C</b> Forced labor	Business Partners of Onward, in any part of their business, shall not associate with business partners who utilize captivity or forced labor. Additionally, Business Partners of Onward shall not associate with business partners who violate the above.
<b>D</b> Wages, allowances, and benefits	Business Partners of Onward shall comply with all laws and regulations on local wages, hours of work, and allowances. Fundamental policy on wages and allowances shall comply with local laws, regulations and standards, while equally satisfying international requirements. Onward will not associate with any Business Partner who violates local laws and regulations or industry common practices.
<b>E</b> Harassment and abuse	Business Partners of Onward shall not utilize any form of physical or psychological coercion or retribution to workers. Furthermore, Business Partners of Onward shall not associate with business partners who violate the above.
<b>F</b> Work hours	Business Partners of Onward shall comply with all legal requirements regarding work hour issues and abide by all local laws.
<b>G</b> Non-discrimination	Business Partners of Onward shall not discriminate in employment or recruitment on the basis of age, nationality, race, color, gender, religion, or any other factor. Business Partners of Onward shall not associate with business partners who partake in any form of discrimination.
<b>H</b> Health and safety	Business Partners of Onward shall provide a safe and healthy work environment for workers. Additionally, they shall ensure not to expose workers to an unsanitary and hazardous workplace environment.
<b>I</b> Free association	Business Partners of Onward shall guarantee the freedom of unions and workers who wish to join unions in accordance with local requirements.
<b>J</b> Sub-contractors and homeworkers	Business Partners of Onward shall require all entities to which they outsource some or all of the duties with which they have been entrusted to comply with the Suppliers' Code of Conduct and shall inform Onward of such outsourcing.
<b>K</b> Environmental practices	Business Partners of Onward shall have basic awareness of environmental protection. Business shall be conducted in accordance with local and internationally recognized environmental practices.

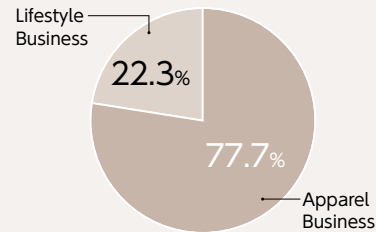




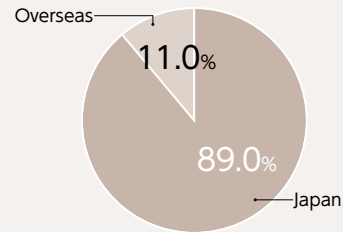
## Segment Information

## Business Segment Introductions (Summaries) Fiscal Year Ended February 28, 2022

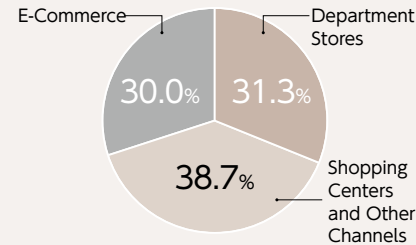
### Sales Breakdown by Business Segment<sup>\*1</sup>



### Sales Breakdown by Japan/Overseas<sup>\*1</sup>



### Sales Breakdown by Domestic Sales Channel<sup>\*2, \*3</sup>



### Sales by Business Segment<sup>\*4</sup>

#### Apparel Business

¥138,354 million  
(Total of 33 companies)

Onward Kashiya+ Onward Holdings	¥91,395 million
Onward Trading	¥14,760 million
Island	¥5,753 million

#### Lifestyle Business

¥39,655 million  
(Total of 24 companies)

Chacott	¥8,311 million
Creative Yoko	¥5,194 million
Yamato	¥20,326 million

### Sales by Japan/Overseas<sup>\*4</sup>

#### Domestic Sales

¥158,421 million

#### Overseas Sales

¥19,588 million

### Sales by Domestic Sales Channel<sup>\*4</sup>

#### Department Stores

¥42,630 million

#### Shopping Centers and Other Channels

¥52,632 million

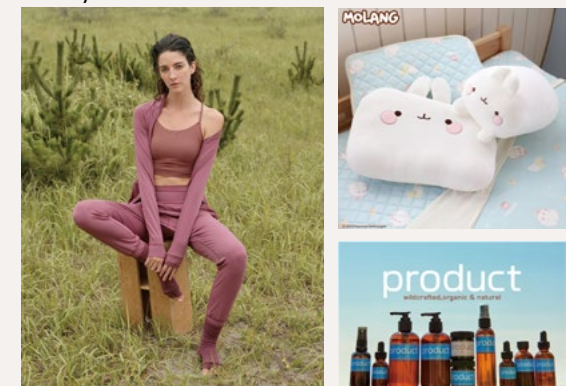
#### E-Commerce

¥40,897 million

### Apparel Business



### Lifestyle Business



\*1 Ratios are calculated by simply adding up figures before inter-company eliminations.

\*2 This targets e-commerce business companies.

\*3 SC stands for shopping center.

\*4 Figures are simple total figures before inter-company eliminations.

## Apparel Business

### Overview and Financial Results in FY02/22

The Apparel Business segment, which operates the principal business of the Onward Group, comprises 33 operating companies and generates 77.7% of the Company's consolidated net sales. This segment primarily performs the planning, production, and sale of textile products. The operations of this segment are divided into the domestic apparel business, which includes core operating company Onward Kashiya Co., Ltd., and the overseas apparel business, a global business developed in regions such as Europe, Asia, and North America.

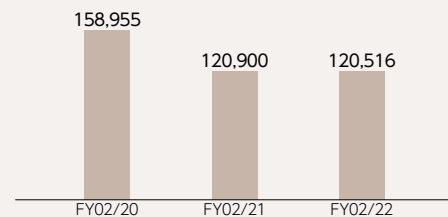
In the domestic apparel business, Onward Kashiya Co., Ltd. achieved increased net sales and significantly reduced operating loss by continuing to abolish unprofitable businesses and close unprofitable stores, while steadily implementing sales strategies such as increasing the number of OMO stores. Despite a decrease in sales at Onward Trading Co., Ltd., which conducts a B2B business, profit increased owing to robust sales in the highly profitable uniform business. Sales also grew at Tiaclasse Co., Ltd., whose main sales channel is e-commerce, and at Onward Personal Style Co., Ltd., which is developing the KASHIYAMA made-to-order suit brand that has garnered high praise for its interview suits.

In the overseas apparel business, due mainly to withdrawal from unprofitable businesses under the global business reforms, profitability improved, and operating profit and loss improved significantly.

As a result, the loss was significantly reduced despite a decrease in sales for the Apparel Business as a whole.

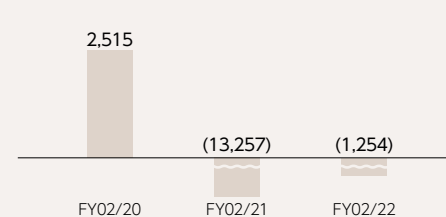
#### Net Sales (Domestic Apparel Business)

(Millions of yen)



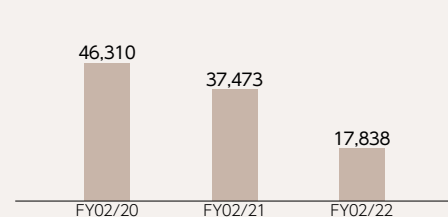
#### Operating Profit (Domestic Apparel Business)

(Millions of yen)



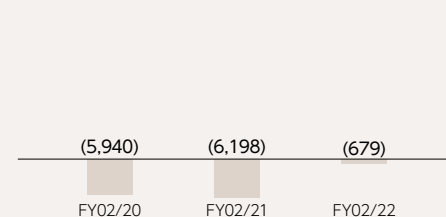
#### Net Sales (Overseas Apparel Business)

(Millions of yen)



#### Operating Profit (Overseas Apparel Business)

(Millions of yen)



**Domestic Apparel Business**  
Onward Kashiya Co., Ltd.



**Domestic Apparel Business (for corporate clients)**  
Onward Trading Co., Ltd.



**Overseas Apparel Business (Europe)**  
Joseph Ltd.



**Overseas Apparel Business (Asia)**  
Onward Fashion Trading (China) Co., Ltd.



**Overseas Apparel Business (U.S.)**  
J. Press, Inc.

## Apparel Business

### Domestic Apparel Business

**Principal Company** Onward Kashiya Co., Ltd.

**Business Activities** Comprehensive apparel manufacturer of men's, women's, and children's clothing

Onward Kashiya offers women's and men's core brands and mainstay brands, such as Nijyusanku, ICB, Jiyuku, J. PRESS, and Gotairiku, primarily at department stores and brands such as any SiS and any FAM at shopping centers. The company also operates directly managed stores for such brands as JOSEPH, Paul Smith, and TOCCA at commercial complexes etc. to communicate the brands' vision and message to consumers.

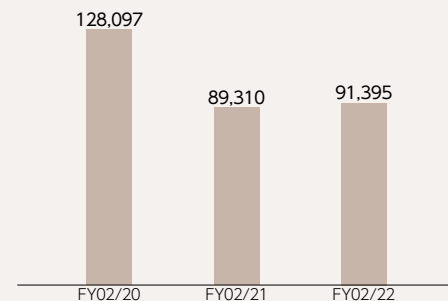


Onward Kashiya's brands whose main sales channel is e-commerce are uncrave, #Newans, ANEVER, and UNFILO. With the aim of developing these brands as a mainstay business from now on, Onward Kashiya is offering an innovative customer experience based on a new business model.

The company is working to establish a new style of store operation by creating venues where customers can enjoy the maximum benefits of both online and offline experiences through OMO (Online Merges with Offline) stores, a new business format offering the services of physical stores combined with those of online stores.

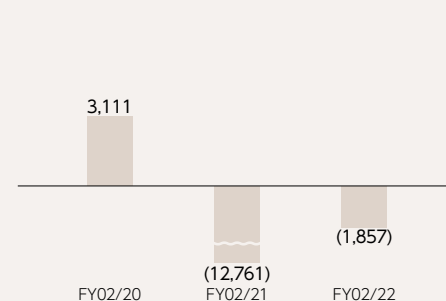
#### Net Sales

(Millions of yen)



#### Operating Profit

(Millions of yen)



### Topic

**“Order online, then try on and purchase at the store”  
Renewal of the OMO service Click & Try  
Expanded to 278 stores\* in 44 prefectures, making for more convenient  
and familiar services**

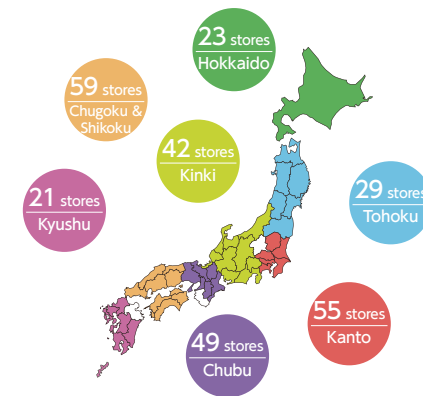
In spring of 2022, Onward Kashiya renewed its Click & Try OMO service where almost all of ONWARD brand items can be delivered to a store to be tried on and purchased.

Click & Try service is an order service that allows users to try on and purchase products at physical stores, which they ordered from Onward Group's official fashion online shopping site Onward Crosset. At our stores nationwide where we have introduced this service, users can try on the items they ordered online, and enjoy shopping with confidence in their purchase.

The service has become increasingly easy and convenient to use via mobile phones and PCs, and is offered in 278 stores in 44 prefectures. It is enjoyed by many customers who wish to try the exact same clothing coordination they saw on the website, try items in one place since visiting multiple stores is worrying under COVID-19, and finish shopping in the same place with their partners.

We will continue to offer even better environments where the service can be used conveniently in more stores nearby, and expand nationwide new purchasing experience opportunities with online and offline merits combined.

\*As of April 2022





## Apparel Business

### Domestic Apparel Business (for corporate clients)

**Principal Company** Onward Trading Co., Ltd.

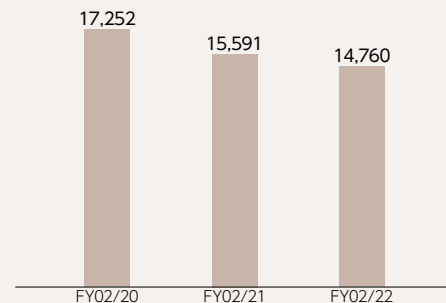
**Business Activities** Operates the uniform business (company uniforms, school uniforms, medical wear, etc.) and the sales promotion business for general corporate clients

Based on its apparel business, Onward Trading proposes solutions to the branding and promotion issues faced by general corporate clients in their respective fields. Directly soliciting client requests, various internal departments at Onward Trading team up to address customer issues and respond to potential needs. Moreover, this company develops designs, patterns, and materials in-house to ensure that all proposals are completely original. Onward Trading also offers robust post-delivery support for tasks including inventory management, operating, cleaning, and re-ordering. Leveraging the strengths of the Onward Group, Onward Trading provides high-level responses to the various needs of corporate clients.



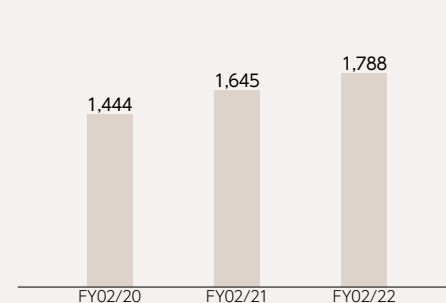
#### Net Sales

(Millions of yen)



#### Operating Profit

(Millions of yen)



## Topics

### Digital Transformation (DX) initiatives in uniform production

We introduced “CLO,” an apparel 3D fitting simulation system, in March 2021, realizing efficient sample production.

On CLO, it is now possible to change colors and patterns, and modify specifications immediately, thereby reducing the number of samples produced. We succeeded in reducing the number of samples produced by 40% as a result of using CLO at the internal sample review meeting for the first quarter of the fiscal year ending February 2023 of Raffiria, our catalog targeted at medical professionals. With only 2D pattern data, applications as design samples are limited, while actual samples are subject to limited storage space and time, so they must be discarded. By introducing CLO, the 3D pattern data remains, and even without actual samples, it is possible to effectively archive pattern data to use as reference materials for designs.

In addition, samples can be put on avatars to check movement, design, and how it looks in spaces such as stores. In virtual reality, it can display situations with people of various ages, genders, and body types wearing uniforms in the same space. This contributes to realizing presentations that make it easier to imagine people actually wearing the uniforms.

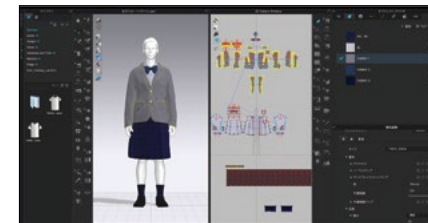
### Introduced “UOS,” which makes it possible to complete measurement remotely, from size recommendation to order aggregation. The appropriate size recommendation function reduces losses due to mistaken sizes, etc.

Conventionally, size measurement work for corporate and school uniforms has involved bringing together many people who will wear the uniforms and having them actually try on samples, then aggregating the data in analog format, which takes a great deal of time and effort. Furthermore, it was unavoidable that there would be incidents of human error arising from manual aggregation. Therefore, in October 2020, we introduced the uniform order system UOS in order to promote digitalization of uniform measurement and order aggregation work.

A machine learning algorithm (AI) is used to measure the dimensions of the body, such as arm length and shoulder width, from front and side full-body photos taken with a smartphone. We have realized remote measurement without going to a venue and doing measurement face-to-face as is done conventionally.

It has also greatly reduced the time, labor, and costs that were previously required, such as making arrangements for measurement venues, making time adjustments, labor costs for measurement staff, and compilation of aggregated data.

Conventional management of measurement information brings the risk of human error, but using UOS, aggregation is done automatically when an order is received. Furthermore, by improving the accuracy of production size details, we have reduced the number of returns and exchanges after orders are placed, decreasing the number of products discarded.



Converting 2D data to 3D with CLO



Image of photography screen with UOS

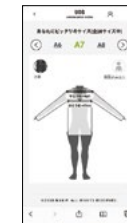


Image of recommendation screen with UOS

## Apparel Business

### Overseas Apparel Business

#### <Europe>

**Principal Company** Joseph Ltd.

**Business Activities** Operates JOSEPH, the global brand based in London, the UK.

Joseph is engaged in planning and sales of JOSEPH, a British brand established by Joseph Ettedgui in 1972. JOSEPH offers the world a contemporary yet timeless wardrobe of luxury essentials. By reinforcing the brand's positioning in the market while strengthening the online business through Joseph's own e-commerce operation, the company will continue its efforts to expand the business globally, including in Asia.



#### <Asia>

**Principal Company** Onward Fashion Trading (China) Co., Ltd.

**Business Activities** Offers brands, such as Nijyusanku and ICB

Onward Fashion Trading (China) is collaborating with local partners in China to expand e-commerce and cultivate new sales channels, as well as on product development, including local planning. The company operates stores for made-to-order items of the KASHIYAMA brand in the Shanghai area. By expanding touchpoints through strengthened digital marketing, the company is proposing a new style of made to order to customers. Plans call for opening stores elsewhere in China step by step.

#### Topic

### Expanding the business area of the made-to-order items brand KASHIYAMA in China

In August 2022, we opened the KASHIYAMA Nanjing Jinling store in a famous state-owned hotel located a five minute walk from a subway station in downtown Nanjing. Nearby, there are office buildings and commercial facilities such as Deji Plaza, which boasts the second largest sales in all of China. At this store, we offer made-to-order suits (men's and women's), made-to-order shirts (men's), and made-to-order coats (men's and women's) to many people who come to do business or go shopping.



#### <U.S.>

**Principal Company** J. Press, Inc.

**Business Activities** Operates J. PRESS, a brand of authentic American traditional clothing

J. Press directly operates stand-alone stores of the J. PRESS brand in New Haven, Washington, D.C., and New York City. Founded in 1902, J. PRESS remains a pillar of the Ivy League style. J. PRESS was a favorite brand of Gerald Ford, the former U.S. president. J. Press is working to further strengthen the presence of the J. PRESS brand in North America and elsewhere in the world.

#### Topic

### Commemorating the J. PRESS brand's 120th anniversary, the flagship store J. PRESS NEW HAVEN opened in New Haven, U.S., the birthplace of the brand

J. Press Inc. relocated and reopened its flagship store "J. PRESS NEW HAVEN" in New Haven, Connecticut, the birthplace of the brand, on Friday, June 3, 2022, to commemorate the 120th anniversary of "J. PRESS" as a "global heritage" brand that has tailored Ivy League-style clothing for many years.



## Lifestyle Business

### Overview and Financial Results in FY02/22

The Lifestyle Business segment comprises 24 operating companies and generates 22.3% of the Company's consolidated net sales.

In this segment, we use the product development and sales capabilities of Onward Group to make fashionable proposals in various fields in order to create new value and lifestyles. This segment consists of the wellness business, which includes cosmetics, ballet/dance goods, and resorts, the pet and home life business, the beauty and cosmetics business, the gifts business, as well as the gourmet foods business and the real estate leasing business.

Sales increased significantly, and profitability was restored at Chacott Co., Ltd., which operates a wellness business, due to the recovery of orders received for its mainstay ballet products, which faced severe circumstances due to the impact of COVID-19 pandemic in the previous fiscal year. Sales and profit increased at Yamato Co., Ltd., which conducts a gift business, at Creative Yoko Co., Ltd., which is engaged in a pet and home life business, and at KOKOBUY Co., Ltd., which conducts a beauty and cosmetics business.

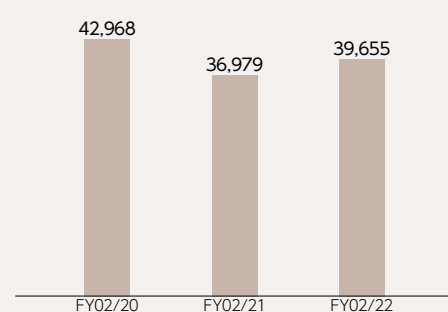
Sales continued to decrease at Onward Beach Resort Guam, Inc., which operates a hotel business in Guam, and another company, due to a sharp decline in visitors to Guam.

As a result, both sales and profit increased for the Lifestyle Business as a whole.

In March 2022, we sold Onward Beach Resort Guam Inc.

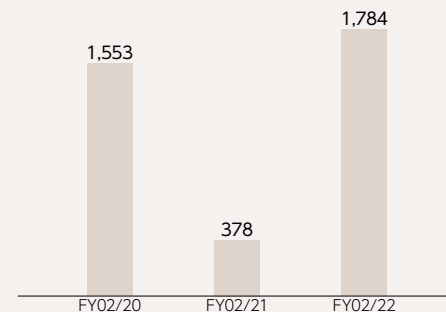
#### Net Sales

(Millions of yen)



#### Operating Profit

(Millions of yen)



**Wellness Business**  
Chacott Co., Ltd.



**Beauty & Cosmetics Business**  
KOKOBUY Co., Ltd.



**Pet & Home Life Business**  
Creative Yoko Co., Ltd.



**Gourmet Foods Business**  
Onward Digital Lab Co., Ltd.



**Gifts Business**  
Yamato Co., Ltd.



## Lifestyle Business

## Wellness Business

**Principal Company** Chacott Co., Ltd.

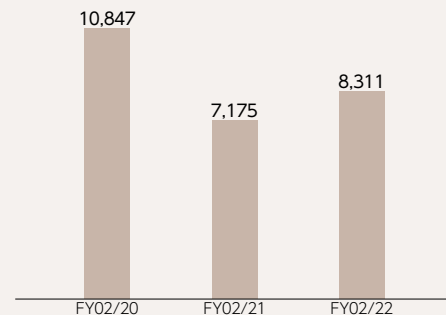
**Business Activities** Comprehensive business development including the sale of ballet/dance goods and cosmetics, and the operation of ballet schools

With its “Make life beautiful from the inside out” brand philosophy, Chacott is promoting comprehensive business development, including the sale of ballet, dance and fitness goods and cosmetics and the operation of ballet schools, based on the “From Closed to Open” strategy. While continuing to develop the core ballet business it has fostered since its founding, Chacott has taken a step toward the next stage by ramping up the proposal brands for the wellness area, namely, Chacott BALANCE and Chacott COSMETICS.



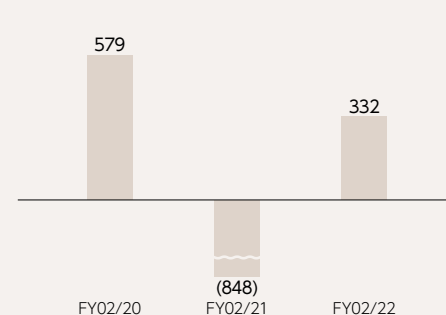
### Net Sales

(Millions of yen)



### Operating Profit

(Millions of yen)



## Topics

### Collaboration between the National Ballet of Japan and Chacott Development of a new ballet makeup suitable for the faces of Japanese people

In spring of 2021, we developed new ballet makeup with the National Ballet of Japan in the Chacott COSMETICS line, which was renewed to make it more convenient for general users. It debuted in the 2021/2022 season opening performance of the ballet Swan Lake.

Japanese ballet makeup tended to erase individuality, making it difficult to convey to the audience the facial expressions of the performers. Miyako Yoshida, the recently appointed Artistic Director of Ballet & Dance of the National Ballet of Japan, recognized the need for a support system for ballet makeup, which until now has been left up to individuals. This recognition follows the direction of the ballet toward opening to the general public, and is consistent with the “From Closed to Open” strategy promoted by Chacott. Therefore, in order to meet the demands of the National Ballet of Japan, we started a new ballet makeup development project. This is a new type of ballet makeup that is more suitable for the faces of Japanese people, and looks beautiful both from a distance and up close.



Chacott COSMETICS

### Grand opening of a next-generation global flagship store

Giving shape to our brand philosophy “Make life beautiful from the inside out,” we held the grand opening of the Chacott Daikanyama Tokyo Main Store in March 2022.

This is a next-generation global flagship store, with the store itself and a ballet lesson studio relocated from Shibuya to the former KASHIYAMA DAIKANYAMA.

While firmly maintaining ballet, which has been our core business since the foundation, we have strengthened development of our proposal brands for the wellness area, Chacott BALANCE and Chacott COSMETICS. Chacott also operates cafes and restaurants, spreading its brand philosophy totally to all manner of lifestyle scenes.

As the world continues to face uncertain circumstances, the Chacott Daikanyama Tokyo Main Store aims to be a bridge for international cultural exchange, connecting the world through ballet culture.





## Lifestyle Business

### Pet & Home Life Business

**Principal Company** Creative Yoko Co., Ltd.

**Business Activities** Development of comfort goods and pet-related products

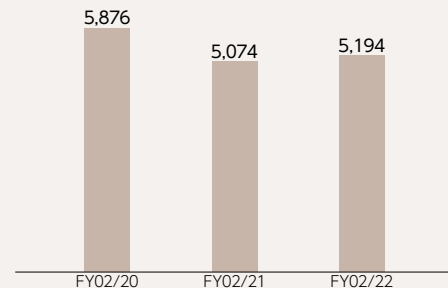
Creative Yoko plans and sells pet-related products and comfort goods. Shops operated by Creative Yoko include PET PARADISE, Mother garden, and Sirotan Friends Museum. Sirotan, Creative Yoko's proprietary character inspired by a harp seal, embodies the company's philosophy of offering quality merchandise and services that make people feel at ease, peaceful and positive. Mainstay products of Sirotan are soft cuddly toys of various sizes. Creative Yoko also operates a licensing business for Sirotan, which is used for not only commercialization but also for campaigns and promotions, and there are plans to work with 30 companies in the fiscal year ending February 2023.

The company is also actively working to achieve the SDGs, and in 2020 it was certified as an SDGs promoting company by Nagano Prefecture. In 2022, Creative Yoko received certification from Nagano Prefecture in the Work-Life Balance Course, as a company where employees can choose work styles that fit various lifestyles and needs.



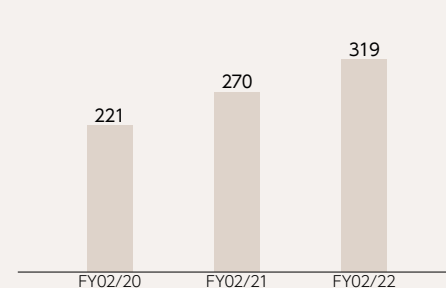
#### Net Sales

(Millions of yen)



#### Operating Profit

(Millions of yen)



## Topics

### Debut of PET PARADISE CAT with the theme of "adding something extra to life with cats"

Creative Yoko Co., Ltd. has started developing PET PARADISE CAT, its first dedicated brand of cat supplies, and has started selling this brand at the directly operated stores of PET PARADISE nationwide, as well as on its online shop.

The COVID-19 pandemic has caused people to spend more time at home because they are telecommuting or voluntarily refraining from going out, so the number of people who have pets has increased and they get to spend more time with their pets. Pets are important members of the family, and there is a growing awareness of the importance of pets for their ability to soothe people and bring the joy of life.

We have mainly developed products for dogs, but in response to changes in the circumstances of keeping pets, we formed a project team to develop products for cats. We have launched and started selling PET PARADISE CAT, a dedicated brand of cat supplies made with the theme of "adding something extra to life with cats."

In the fall/winter season of 2022, we will expand our lineup by adding more than 30 items, including cat collars, food, and care products, and will work to increase recognition of cat products in PET PARADISE, to pioneer the market and spread the brand.



### Launch of the increasingly popular MOLANG goods for the first time in Japan at Mother garden

Creative Yoko Co., Ltd. has acquired merchandising rights in Japan, Taiwan, Hong Kong, Macau, and Thailand for the popular character MOLANG, which is rapidly growing in popularity thanks to its appearance on Amazon Prime Video, Netflix, and Disney Channel. We are now the first company in Japan to start selling MOLANG goods, both at the directly operated stores of Mother garden nationwide, as well as on our online shop.

MOLANG is a gentle and affectionate character, expressing empathy, softness, kindness, and happiness, and it has no nationality, is ageless and gender-neutral. MOLANG has a unique bond with its best friend Piu Piu, which enables them to turn any obstacle into a moment of happiness with their humor and kindness.

The company's philosophy is to provide products that offer ease, peaceful and positive feeling. At Mother garden, we are developing "comfort goods" such as wooden play house sets, dress-up educational toys, and stationery. The borderless, gender-neutral, and ageless world of MOLANG embodies our philosophy. We aim to spread awareness of MOLANG among Japanese customers, and acquire new customers for Mother garden.



## Lifestyle Business

### Beauty & Cosmetics Business

**Principal Company** KOKOBUY Co., Ltd.

**Business Activities** Development of "product", a natural organic cosmetics brand

KOKOBUY offers the "product" brand, a line of natural organic products launched in California, USA in 2007. The "product" haircare items have earned the utmost confidence of hair stylists and other professional users. Today, they are recognized and favored by a wide range of customers regardless of gender or generation. By offering products of high quality and value at affordable prices, KOKOBUY aims to make natural organic products part of everyday life. KOKOBUY will continue to offer sustainable products that are functional and friendly not only to people's hair and skin but also to the environment.

In terms of procurement and product development, we select and use appropriate raw materials from around the world, with a focus on those that have acquired USDA (United States Department of Agriculture) organic certification.

We use only natural ingredients in all of our products, and our brand philosophy is to develop products that are friendly to both humans and the environment.

In April 2022, at the Sustainable Cosmetic Award 2021, which was held to give recognition to cosmetics that are friendly to both people and the planet, we won the "Corporate Division: International Award," which is given to companies that are actively engaged in SDGs initiatives.

#### Topics

##### Disney designs appear on popular items from "product," with a limited release!

The organic and wild crafted "product" launched products packaged with special labels featuring Mickey Mouse and Minnie Mouse, popular characters among a wide age range, in September 2021 in a limited quantity.



##### For the first time in the history of "product," its popular hair wax has been released as makeup balm! New makeup items produced entirely from natural ingredients

The highlighter "natural face balm" (2 colors) blends into the skin with a radiant luster, and the multi-color balm "natural glow color" (5 colors) can be used for eyeshadow and blush, blending into the skin with its natural colors derived from minerals. The "product" items are made with naturally derived ingredients, and they prevent rough skin by gently protecting it from damage. The multi-color balm allows users to freely enjoy colors with comfortable elasticity. It keeps the skin beautiful, radiant, and moisturized.



### Gourmet Foods Business

**Principal Company** Onward Digital Lab Co., Ltd.

**Business Activities** Operation of Onward Marche, an e-commerce site for high-quality gourmet foods for refined tastes

Onward Marche is a high-quality gourmet food e-commerce website aimed at individuals with refined tastes who want to be particular about food just as they enjoy fashion.

This website is a gateway to the new world of gourmet foods offered by Onward, a constant provider of new value and lifestyles in the world of fashion.

Onward's buyers travel across Japan to talk to producers in search of exquisite culinary masterpieces, choosing only the best based on sight and taste. Like an artist painting a canvas, the rich assortment of gourmet foods available at the Onward Marche market enriches and adds color to people's lives.



#### Topic

##### Start of "e-Gift" service on Onward Marche, our gourmet e-commerce site that collects delicacies from across Japan

Currently, about half of all customers using Onward Marche are using it to give gifts. Taking advantage of this feature, we started an "e-Gift" service from spring of 2022, so that in addition to the users aged 40 and older who are the main customer group for gifts, young customers in their 20s and 30s can easily enjoy and send gifts.

"e-Gift" is a next-generation gift service that responds to changes in people-to-people connections and lifestyles. Users can send gifts by LINE, email, and other means even if they do not know the recipient's address, and this service is also known as social gifts, digital gifts, online gifts, and so on.

In preparation for the introduction of "e-Gift", Onward Marche has renewed its website to improve usability for both gift givers and recipients, based on the concept of "making gift-giving easier." We have also expanded the lineup of products suitable for "e-Gift", from high quality gourmet food gathered from across Japan, to also include other stylish goods.



## Lifestyle Business

### Gifts Business

**Principal Company** Yamato Co., Ltd.

**Business Activities** Gift solutions featuring gift catalogs

In 2019, Yamato Co., Ltd., a major catalog gift company specialized in gifts joined the Onward Group.

Founded in Nagano Prefecture in 1940, Yamato started as a wholesaler of glassware, and has expanded into gift solution businesses, including catalog gifts. Fully utilizing two strengths, namely, the planning and proposal capabilities cultivated in the gift market and the management and logistics function of the support center at the head office, Yamato has a system in place capable of responding to diversifying needs for gifts.

Currently, Yamato is doing business as a dedicated planner and producer of gifts and catalog gifts, with the goal of contributing to development of richer communities through continuous transformation of the gift market. It also supports corporate gift needs and provides agency services related to shareholder rewards, hometown tax programs, and other such schemes.

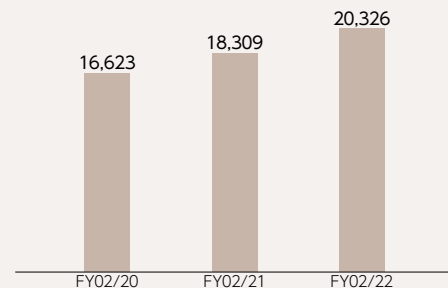
Yamato is strengthening e-commerce and has entered the social gifting space. By developing new products and services, Yamato will offer new value to customers. It has all the functions necessary for gift solutions, including planning, buying, output, and logistics.

Yamato has established a logistics center at its head office in Azumino, Nagano Prefecture, to offer a place valued by its customers, where they can find everything they need and have their requests fulfilled.

[Total site area: 26,000m<sup>2</sup> / Total floor area: 19,000m<sup>2</sup>]

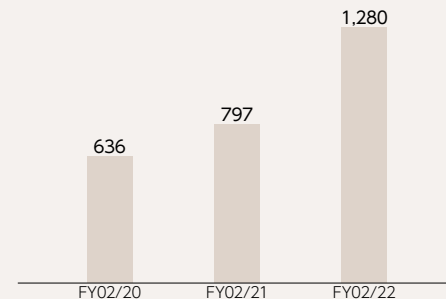
#### Net Sales

(Millions of yen)



#### Operating Profit

(Millions of yen)

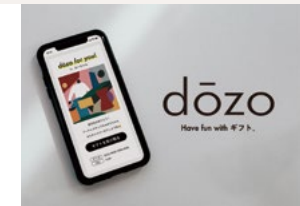


## Topics

### Launch of “dōzo - Have fun with gifts.”, the social gift service that lets you send gifts on social media

From April 2022, Yamato Co., Ltd. has launched dōzo, a new type of service that allows users to easily send gifts on social media without having to hand over gifts in person or ship them. Applying know-how cultivated with catalog gifts business, this service seamlessly completes every step from taking orders to shipping products in-house.

With dōzo, Yamato has set more than 80 gift themes, and has 51 popular illustrators drawing unique illustration designs for each theme. Gifts are carefully selected by buyers of the user's generation, with Millennials and Generation Z as the target demographics. There are two ways to give gifts with dōzo: “give on social media” or “give by hand.” Recipients can choose 1 out of 5 gifts from the dedicated site for receiving gifts. In the future, we will gradually expand gift themes and propose new ways to give gifts which both the giver and receiver can enjoy.



### The first physical store appearing for a limited period at the media-type OMO store CHOOSEBASE SHIBUYA

The first physical dōzo store opened for a limited time, from Friday, July 1 to Friday, September 30, 2022, at CHOOSEBASE SHIBUYA, a media-type OMO store operated by Sogo & Seibu Co., Ltd.

From more than 80 gift themes held by dōzo, we selected 12 popular themes for sales, such as “#PleaseTakeCareOfYourself!” to give to the person you care about who is working hard, and “#BeersIsBetterThanAnythingElse!” for beer lovers.









### Developing a limited-time pop-up store at Ginza LOFT (5F stationery and miscellaneous goods section)

dōzo opened a physical pop-up store for a limited time, from Monday, August 1 to Friday, September 2, 2022, at the Ginza LOFT, 5th Floor, stationery and miscellaneous goods section, which is operated by THE LOFT CO., LTD. While the pop-up store was open, from more than 80 gift themes held by dōzo, 70 popular gift themes were exhibited on large displays and sold, including the gifts for meat enthusiast, “#MeatIsTheBest” and “#SummerGreetings”, which are ideal for summer gifts. At this pop-up store, only gift tickets for giving by hand were sold.



## Onward Group Key Brands

### Apparel Business





Brand		Concept/Outline [Business Operating Company]
Logo	Development Genre	
	Women's Golf	Japanese Women's Standard What does 'Japanese Women' mean to Nijyusanku? Women who wish to enjoy the dignified, elegant beauty that emanates from within. Sometimes uninhibited, sometimes reserved. Sometimes strong, sometimes gentle. Women who keep their own style. What does 'Standard' mean to Nijyusanku? Simple, high quality, comfortable clothing, endlessly chic and beautiful designs that transcend generations and time, and are widely and long-loved. [Onward Kashiya Co., Ltd.]
	Women's Children's	We offer girly and casual styles for working women for whom both work and private life are important. Based on the concept of "evolving staples" that constantly add new essences to traditional materials and items, we offer items that combine quality, cuteness, and zeitgeist. [Onward Kashiya Co., Ltd.]
	Women's	This is an era in which the individuality of each person who lives his or her life comes into focus. Be yourself, not dressed up. Wear something that looks good on you instead of something that's trendy. We offer effortless styles that can be worn both on and off the job, with a focus on jackets for working women. Clothes that fulfill each and every one of our customers' desires to be like this. Clothes that allow each and every one of our customers to become the person they want to be. [Onward Kashiya Co., Ltd.]
	Women's	Be Happy For the smile of contemporary woman. —For the smiles of all women— Classy, quality, daily Jiyuku proposes a natural and radiant wardrobe for the mature generation of women. [Onward Kashiya Co., Ltd.]
	Women's	The name is derived from 'undyed essence'. The word represents truly mature women who can freely express themselves without excessive adornment, and the comma (,) represents the women who, through their encounter with this brand, will continue to evolve toward the future with even greater abundance and beauty. The brand proposes dignified elegance, unfussy glamour, and refined quality. [Onward Kashiya Co., Ltd.]
	Men's	English tradition, French flair, Italian chic, American rationality... Standard clothes that incorporate the best of each country and are tailored with Japanese sophistication. "Japanese Gents Style" for today's leaders. [Onward Kashiya Co., Ltd.]
	Women's Men's Children's	Founded in New Haven in the Eastern United States, on the doorstep of Yale University, in 1902. The brand has long been loved by the elite of American history and represents the authentic American traditional. [Onward Kashiya Co., Ltd.] [J. Press, Inc.]
	Women's Men's	A British brand that offers the world a contemporary and timeless wardrobe with the essence of luxury. [Onward Kashiya Co., Ltd.] [Joseph Ltd.]

Brand		Concept/Outline [Business Operating Company]
Logo	Development Genre	
	Men's Golf	Brand of the British company DAKS that features the British traditional style. A total coordination brand for adults who love authenticity, incorporating modernity into the British tradition. [Onward Kashiya Co., Ltd.]
	Women's	Sir Paul Smith is a leading British designer renowned for his creative spirit that combines tradition and modernity. Widely known for its clothing and accessory collections, Paul Smith creatively combines traditional craftsmanship with cutting-edge design to create beautiful, modern items. [Onward Kashiya Co., Ltd.]
	Men's	Adult casual wear with finesse proposed by Joseph Abboud. An international American brand that takes inspiration from nature, manufactures from a variety of perspectives, and proposes lifestyles for the wearer as well as the design of clothing, with the eternal theme of "coexistence with nature," such as emphasis on natural, organic, and natural materials. [Onward Kashiya Co., Ltd.]
	Women's Children's	The Italian word "TOCCA" means "touch" in English. The brand's icon is the classic and beautiful embroidery that one cannot help but want to touch. It expresses a timeless worldview of romantic, elegant and high quality style with a focus on the "TOUCH (texture)" that "TOUCHes (feelings)" the customer. [Onward Kashiya Co., Ltd.]
	Women's	"Lady to Wear, Ready for Feminine" any SiS proposes the NEXT FEMININE BASIC for Japanese working women. [Onward Kashiya Co., Ltd.]
	Women's Children's	Clothes for a happy tomorrow. Busy, commonplace days pass by. Just by imagining, "I'm going to wear this outfit tomorrow," you can make an ordinary day seem a little more special. any time, any wear, any fam. any FAM will continue to create "opportunities for happiness" for people who wear our clothes. [Onward Kashiya Co., Ltd.]
	Women's	Clothes that are trendy and playful, yet classy. A ladylike mode style for women who are sensitive to the times. [Onward Kashiya Co., Ltd.]
	Women's Men's	A real standard that can only be worn by adults who have established their own style. It is a strange combination of form and comfort: comfortable yet shiny, crisp yet lightweight. ATON takes pride in its uncompromising craftsmanship, backed by experience and ingenuity in making the most of the original characteristics of materials. [Onward Kashiya Co., Ltd.]
	Women's	A new balance of basics with a focus on authentic tailoring and materials. We propose a new set-up by combining various items with "just the right amount of trend." [Onward Kashiya Co., Ltd.]






## Onward Group Key Brands

### Apparel Business

Brand		Concept/Outline [Business Operating Company]
Logo	Development Genre	
#NEWANS	Women's	Based on four policies, we propose a new era of workwear that is tailored to the needs of working women. "Co-Creation": Creating what people really want together with those who wear it. "Universal": Finding clothes that suit any occasion and any person. "Sustainability": Making only what is necessary, not disposing of waste, and having good products at reasonable prices. "Easy care": Can be worn beautifully as it is after washing and drying. [Onward Kashiya Co., Ltd.]
	Goods Women's Men's	ANEVER is a brand that captures the best moment of flowers forever. The brand name coexists within the opposites of "a moment = A NEVER" and "eternity = AN EVER." The logo is in the shape of a flower made up of a combination of 0 and 9. As if time has stopped inside the resin, the moment of the beautiful blooming of the flowers remains. We want people to wear "true floral patterns" with the same feeling as decorating a room with flowers and carrying a piece of nature with them. Like flowers in the field, no two are alike. [Onward Kashiya Co., Ltd.]
UNFILO	Women's Men's	There are clothes that you pick up when you wake up in the morning, take a deep breath, and think about your plans for the day. For example, when you go to the park with your dog, the thing you want next to lightness would be an idea that lifts your spirits. Add a little bit of yourself and your current mood to your outfit even for a walk. 365 days of ordinary, varied, but lovely days. Take the season and the weather on your side, and choose clothes that are kind to you, from UNFILO. [Onward Kashiya Co., Ltd.]
KASHIYAMA	Women's Men's	Aiming to democratize "made-to-order," the brand started selling made-to-order suits in October 2017, as a new business based on an evolved omni-channel approach. It takes measurements not only at its nationwide stores and Guide Shops, but also at homes or offices, and from the second piece, orders can be placed through its online store. [Onward Personal Style Co., Ltd.]
	Women's	We go to great lengths to travel the world to find and create the materials we are particular about. The designers visit each country in person until they are satisfied, and then carefully bring back the materials and inspirations they have found. They do this because they know the beauty of the products so carefully finished. With the theme of "clothes for the truly fashion-conscious," the brand targets women who are uncompromising in their quest for elegance. [Island Co., Ltd.]
	Women's	With age comes grace. We would like to propose such elegant styling. We want to deliver elegant clothes for adults in their 30s and older that radiate beauty. We want to support women who work hard every day. And we hold such thoughts in mind. [Tiaclasse Co., Ltd.]
Mulberry	Goods Women's	We bring out new charm by adding an edgy twist to an authentic style that is not influenced by times or trends. Tradition and rebellion collide, breaking the rules to create something new. This is Mulberry's approach. [Mulberry Japan Co., Ltd.]
	Inner	What makes each day wonderful...that's an unspoken secret. Chut! INTIMATES will share such secret with you. It is a brand of intimate wear (lingerie) created with the hope that lingerie can be enjoyed like fashion. [Intimates Co., Ltd.]

### Lifestyle Business

Brand		Concept/Outline [Business Operating Company]
Logo	Development Genre	
	Ballet Fitness Cosmetics	With its "Make life beautiful from the inside out" brand philosophy, the company operates the Wellness Business based on the "From Closed to Open" strategy. It has five brands: Chacott BALLE for ballet goods, Chacott BALANCE for fitness goods, Chacott ARTSPORT for rhythmic gymnastics goods, etc., Chacott COSMETICS for cosmetics, and Chacott STUDIO, which operates culture studios. [Chacott Co., Ltd.]
	Haircare Cosmetics	The natural organic brand "product" aims to make natural organic products part of everyday life by offering products of high quality and value at affordable prices. It offers sustainable products that are functional and friendly not only to people's hair and skin but also to the environment. [KOKOBUY Co., Ltd.]
PET PARADISE	Pet products	Delivering a comfortable life for your precious family members. We propose comfortable daily life and exciting lifestyles with pets. The brand offers pet sundries, pet wear, dog food, and care products, etc. [Creative Yoko Co., Ltd.]
	Comfort goods	Sirotan, the company's proprietary character inspired by a harp seal, embodies its philosophy of offering quality merchandise and services that make people feel at ease, peaceful and positive. Since its birth in 1999, the Sirotan's mainstay products have been soft cuddly toys of various sizes. [Creative Yoko Co., Ltd.]



## Corporate Governance

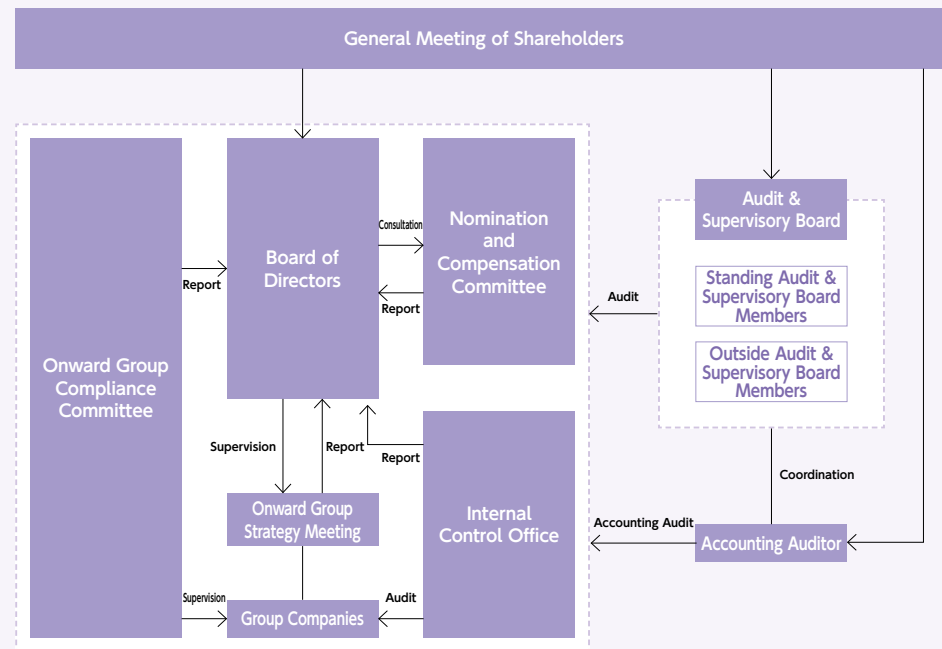
## Corporate Governance

### Our Basic Approach to Corporate Governance

The Onward Group believes that responding promptly to changes in its business environment and ensuring a level of corporate governance that enhances the health, fairness, transparency, and compliance of its management and operations are among its most important responsibilities and central to increasing corporate and shareholder value.

In its basic management policy, the Onward Group has defined its business domain as “a world of fashion that gives refreshment and beauty to people’s lives.” By offering fashion as an integral part of consumer culture, the Group creates new lifestyles and values that contribute to the enrichment of life for all people. Moreover, the Company believes that, in order to exercise this policy and accomplish its objectives, it is vital for it to build and maintain strong networks and relationships with customers and all other stakeholders it connects with in its corporate activities.

### Corporate Governance Structure



### Directors and the Board of Directors

In order to further clarify the management responsibilities of directors, to increase opportunities to gain the confidence of shareholders, and to put in place an optimal and flexible management framework that is capable of responding to changes in the business environment in a timely manner, the Company has set the term of directors at one year. In addition, two of the six members of the Board of Directors (five men and one woman) are appointed from outside the Company and selected on the basis of their high level of independence. This initiative is aimed at reinforcing the supervisory function of the Board.

In the fiscal year ended February 2022, the Board of Directors met 11 times, and four separate meetings were held in the form of document correspondence.

### Reasons for the Appointment of Outside Directors

Name	Reasons for Appointment as an Outside Director and Status of Attendance in FY02/22
Akira Kawamoto	We have elected Mr. Kawamoto as an Outside Director because we are expecting him to use his extensive experience gained while working for the government for many years and diverse knowledge and insight from his academic experience to enhance the Company's management. He attended 11 out of 11 (100%) Board of Directors' meetings.
Yoshie Komuro	We have elected Ms. Komuro as an Outside Director because we are expecting her to use her expertise as a corporate manager and experience and insight developed through serving as an expert sitting in various government-affiliated councils to enhance the Company's management. She attended 11 out of 11 (100%) Board of Directors' meetings.

### Skill Matrix of the Board of Directors

Name	Outside Directors and Outside Audit & Supervisory Board Members	Expertise and Experience Expected by the Company					
		Company Management Business Operation	International Experience Overseas Business	Finance Accounting M&A	Legal Affairs Compliance Risk Management	IT/Digital	Personnel Diversity Environment CSR
Michinobu Yasumoto		●	●			●	●
Kenji Chishiki		●		●	●		
Osamu Sato		●		●	●		
Daisuke Ikeda		●			●		●
Akira Kawamoto	○	●	●	●		●	
Yoshie Komuro	○	●				●	●

## Corporate Governance

### Audit & Supervisory Board Members and the Audit & Supervisory Board

The Company has adopted an Audit & Supervisory Board structure, under which the Company has appointed four Audit & Supervisory Board members (three men and one woman), two of whom are outside Audit & Supervisory Board members. Staff has also been assigned to assist Audit & Supervisory Board members in carrying out their duties and to strengthen their supervisory function. Each member audits and monitors the performance of directors. Responsibilities include reviewing the documentation of important decisions and attending important meetings, such as Board of Directors' meetings, Group financial account settlement meetings, and budget committee meetings, in accordance with audit policies and the roles established by the Audit & Supervisory Board. In addition, the Internal Control Office and business departments conduct periodic monitoring in an effort to establish an effective and lawful corporate structure.

The Audit & Supervisory Board meets with the representative directors and the accounting auditor on a regular basis to share and exchange information and opinions. This initiative is also designed to ensure a structure is in place that is capable of conducting audits in an effective and lawful manner. Moreover, the Audit & Supervisory Board receives reports from each member in accordance with audit policies and the roles. Deliberations are undertaken and resolutions are made based on this information as required.

In the fiscal year ended February 2022, the Audit & Supervisory Board met 16 times.

### Reasons for the Appointment of Outside Audit & Supervisory Board Members

Name	Reasons for Appointment as an Outside Audit & Supervisory Board Member and Status of Attendance in FY02/22
Ryu Umezu	We have elected Mr. Umezu as an Outside Audit & Supervisory Board Member because we are expecting him to use his wealth of knowledge, insight, and specialties from his experience as an attorney, particularly his robust insight and experience pertaining to capital market transactions and financial transactions, in audits of the Company. He attended 11 out of 11 (100%) Board of Directors' meetings and 16 out of 16 (100%) Audit & Supervisory Board meetings.
Mitsuyo Kusano	We have elected Ms. Kusano as an Outside Audit & Supervisory Board Member because we are expecting her to use her wide-ranging experience and robust insight from her years of experience in the media industry and her time on expert panels of government committees in audits of the Company. She attended 11 out of 11 (100%) Board of Directors' meetings and 16 out of 16 (100%) Audit & Supervisory Board meetings.

**WEB** For the Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members, please refer to the Corporate Governance Policy on the Company's website.  
[https://www.onward-hd.co.jp/en/company/policy\\_en.pdf](https://www.onward-hd.co.jp/en/company/policy_en.pdf)

### Nomination and Compensation Committee

The Nomination and Compensation Committee functions as both a nominating committee and a compensation committee. The Nomination and Compensation Committee responds to consultations from the Board of Directors by discussing matters pertaining to the nomination and compensation of directors. The results of these discussions are reported to the Board of Directors.

The Nomination and Compensation Committee is to comprise three or more members selected by the Board of Directors, a majority of whom should be outside directors designated as independent directors.

### Business Execution Structure

The Onward Group has adopted a holding company structure that allows the Company's Board of Directors to engage in strategic decision-making and supervise operating companies. At the same time, the Group has separated the supervisory and execution functions in order to clarify the responsibilities and authority of each operating company and to facilitate accelerated strategic decision-making.

When matters that require urgent attention arise, the Board of Directors convenes as necessary. In this manner, the Onward Group has a system in place that ensures a swift and appropriate response to rapid changes in the business environment.

Moreover, the Group has introduced an executive officer system (five male executive officers but no female representation at this time) with the aim of clarifying management decision-making and business execution functions. In order to facilitate flexible decision-making on a Groupwide basis, the Onward Group Strategy Meeting, which primarily comprises directors and operating officers from Group companies, is in place to review the management strategies and important management matters of operating companies and confirm the status of operations.

The Onward Group also has advisory contracts with a number of attorneys to receive legal advice.

### Evaluation of the Effectiveness of the Board of Directors

The Company's directors conduct annual self-evaluations to assess the effectiveness and appropriateness of the Board of Directors' management oversight function as well as the degree of accomplishment of their own duties. The results of these evaluations are reported to the Board of Directors. Based on these self-evaluations, the Board of Directors analyzes and evaluates its overall effectiveness, disclosing an overview of the results.

#### 1. Scope of evaluations

- All directors and Audit & Supervisory Board members

#### 2. Procedures for evaluations

- Self-evaluation via questionnaire
- Support for evaluations provided by external advisor

#### 3. Overview of results of analysis and evaluation of Board of Directors' effectiveness in FY02/22

- Board of Directors effectively exercising functions for establishing management strategies and targets, resolving management issues, and overseeing business execution in accordance with Onward's Corporate Governance Basic Policy
- Current composition, discussion quality, and operation methods of Board of Directors generally appropriate
- Ongoing examination of diversity of the Board of Directors, monitoring of operational execution, and number of agenda items and materials for the Board of Directors' meetings as well as more efficient operation required in the fiscal year ending February 2023 for improvements to the effectiveness of the Board of Directors



## Corporate Governance

### Directors' and Audit & Supervisory Board Members' Compensation

#### Policies for Deciding Amounts of and Calculation Methods for Directors' and Audit & Supervisory Board Members' Compensation

##### ① Policies for Deciding Amounts of Directors' and Audit & Supervisory Board Members' Compensation

Compensation paid to directors and Audit & Supervisory Board members of the Company comprises basic compensation and compensation for the purpose of acquiring Company stock, which are fixed compensation, and bonuses, which are performance-linked compensation.

Outside Directors and Audit & Supervisory Board members only receive basic compensation from the standpoint of maintaining independence.

Additionally, the Nomination and Compensation Committee, the majority of the members of which are outside directors, was established as a voluntary advisory body to the Board of Directors. The amount allocated to individual directors is determined by the Board of Directors, upon discussion of the matters relating to the nomination and compensation of directors by the Nomination and Compensation Committee and reports to the Board of Directors.

##### i. Basic Compensation

Basic compensation is paid to directors and Audit & Supervisory Board members based on predefined standards that take into account factors such as full-time or part-time status, role, rank, years of service, and performance evaluations. Specific amounts of compensation paid to directors are determined by the Board of Directors while amounts of compensation paid to Audit & Supervisory Board members are determined through discussions among Audit & Supervisory Board members.

##### ii. Compensation for the Purpose of Acquiring Company Stock

In June 2015, the Company replaced the prior stock options with compensation for the purpose of acquiring Company stock, with the aim of improving the motivation of directors to pursue stock price increases and business performance improvements. Compensation for the purpose of acquiring Company stock is paid to directors (excluding outside directors).

##### iii. Bonuses

Bonuses are paid to directors (excluding outside directors) based on the Company's consolidated performance, etc. for the given fiscal year.

The authority to determine the amount of compensation, etc. for directors of the Company and the policy for determining the calculation method is held by the Board of Directors. The amount of compensation, etc. is determined within the total amount approved by the general meeting of shareholders by comprehensively taking into account factors such as the director's duties, the business performance of each fiscal year, and the degree of the director's contribution.

The compensation, etc. for Audit & Supervisory Board members is determined through discussions among Audit & Supervisory Board members within the compensation amount approved by the general meeting of shareholders upon taking into account factors such as full-time or part time status and the division of duties.

##### ② Resolutions by the General Meeting of Shareholders with Regard to Directors' and Audit & Supervisory Board Members' Compensation

The upper limit for the compensation paid to directors was resolved at ¥500 million a year (including ¥30 million a year for outside directors) at the 60th Annual General Meeting of Shareholders held on May 24, 2007. The number of directors at the time of the resolution was seven.

Additionally, at the 74th Annual General Meeting of Shareholders held on May 27, 2021, it was resolved to maintain the upper limit for total compensation paid to directors (at ¥500 million a year) but to revise the upper limit paid to outside directors from ¥30 million a year to ¥50 million a year. The number of directors at the time of the resolution was seven.

The upper limit for the compensation paid to Audit & Supervisory Board members was resolved at ¥60 million a year at the 48th Annual General Meeting of Shareholders held on May 25, 1995. The number of Audit & Supervisory Board members at the time of resolution was four.

##### ③ Performance Indicators and Method for Determining the amount of Performance-Linked Compensation

Bonuses are paid as performance-linked compensation. The purpose of this compensation is to reflect single-year business performance in compensation, heighten motivation for improving business performance, increase focus on accomplishing management targets, and clearly evaluate successes.

Bonuses are based on Companywide performance in accordance with the same standards used to calculate the bonuses of employee ranks and adjusted based on performance evaluations that comprehensively account for factors such as the degree of accomplishment of target indicators for management accounting that include sales and profit and loss in the areas of responsibility assigned to each director at the beginning of each fiscal year.

Performance evaluations are determined at the Onward Group Strategy Meeting attended by directors, Audit & Supervisory Board members, and executive officers.

#### Total Amount of Compensation Paid by Classification of Directors and Audit & Supervisory Board Members, Total Amount of Compensation Paid by Type of Compensation, and Number of Eligible Directors and Audit & Supervisory Board Members

Classification	Total Amount of Compensation Paid (Millions of yen)	Total Amount of Compensation Paid by Type of Compensation (Millions of yen)			Number of Eligible Directors and Audit & Supervisory Board Members
		Fixed Compensation		Performance-Linked Compensation	
		Basic Compensation	Compensation for the Purpose of Acquiring Company Stock	Bonuses	
Directors (of which, Outside Directors)	236 (33)	162 (33)	49 (—)	23 (—)	7 (3)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	52 (16)	52 (16)	— (—)	— (—)	4 (2)
<b>Total</b>	<b>288 (49)</b>	<b>215 (49)</b>	<b>49 (—)</b>	<b>23 (—)</b>	<b>11 (5)</b>

Note: As of February 28, 2022, the Company had seven directors and four Audit & Supervisory Board members.

## Corporate Governance

### Training of Directors, Audit & Supervisory Board Members, and Executive Officers

The Company offers opportunities for directors, Audit & Supervisory Board members, and executive officers to acquire the knowledge necessary for performing their duties along with opportunities for ongoing self-study to ensure that they are able to fulfill their roles and responsibilities. In addition, discussions are held with new directors, Audit & Supervisory Board members, and executive officers upon their appointment regarding the Company's management, business, and financial strategies; important relevant matters; and identification of issues faced by the Onward Group and their solutions. Outside directors and outside Audit & Supervisory Board members, meanwhile, are provided with explanations of the Company's business and organizational structures when they are appointed, and necessary information pertaining to issues faced in business activities and other matters is supplied regularly.

### Policies for Cross-Shareholdings and Exercise of Related Voting Rights

In addition to stocks held purely for investment purposes, the Company may hold shares of listed companies with the aim of maintaining and strengthening business relationships and thereby improving medium-to-long-term corporate value. With regard to cross-shareholdings, the Board of Directors will conduct annual assessments of the meaningfulness and economic rationality of these holdings, taking into account growth potential, profitability, strengthening of business relationships, etc., from the perspective of controlling shareholding risk and capital efficiency. Our basic policy is to sell those holdings that are deemed to no longer be appropriate after gaining the understanding of the business partner in question. In addition, holdings that have been deemed appropriate may also be sold in light of the market environment, management and financial strategies.

Furthermore, with respect to the exercise of voting rights related to cross-shareholdings, in order to ensure appropriate responses, the Company deliberates on each agenda item in accordance with the following criteria from the perspective of the medium-to long-term improvement of the corporate value of the business partner in question and medium-to long-term increases to the economic benefits for the Company and Group companies, and make a comprehensive decision on approval or disapproval at the Board of Directors meeting each year.

- (1) Whether the counterparty has been suffering from a significant and ongoing deterioration in business performance?
- (2) Whether the counterparty has engaged in any antisocial activities or otherwise lost the trust of society?
- (3) Whether there are any proposals submitted that may harm the interests of shareholders?

### Compliance System

Recognizing that society as a whole increasingly expects it to improve its compliance systems, the Onward Group has positioned compliance as an important issue for management. Furthermore, by enhancing its corporate governance systems, the Company aims to earn high levels of trust among its customers and shareholders and from society as a whole.

The Company has established the Onward Group Compliance Committee as an organization for overseeing the Company's compliance structure.

### Initiatives for Compliance

As for initiatives for compliance, the Group created the Compliance Manual to clearly outline the direction of compliance activities and define standards for adhering to ethical concerns and social norms. The Onward Group Compliance Committee takes the lead in conducting continuous educational activities, including in-house training, as a part of efforts to ensure widespread awareness and understanding. Moreover, the Group strives to maintain and improve product quality and subsequently raise customer satisfaction by utilizing its expertise in quality control through the Japan Apparel Quality Center. In addition, the Company will continue to improve the working environments at our partner factories through the Onward-Approved Factory System as a facet of its supply chain management.

Also, in terms of the Act on the Protection of Personal Information, the Company has established Guidelines on the Protection of Personal Information and continuously carries out training by conducting seminars for all officers and employees.

### Risk Management System

The Onward Risk Management Regulations were established with the purpose of guiding the development of the Company's risk management system. The Compliance Division is responsible for the development of the risk management system, the identification of issues, and the formulation of risk-management-related plans. The division reports to the Board of Directors. An effective system is in place to address natural disaster risk, information system risk, and other risks that may severely impact the continuation of business. Additionally, the Board of Directors works in cooperation with external professionals as the situation requires in order to respond appropriately to such risks.

### Dialogues with Shareholders


The Company conducts various investor relations (IR) activities, and the IR Division has been established as a dedicated body for ensuring the functionality of these activities. This division maintains close coordination with Corporate Planning, Accounting, Legal Affairs, and other relevant divisions. It also reports the opinions and requests obtained through IR activities to the Onward Group Strategy Meeting and the Board of Directors for use in discussions regarding measures for improving corporate value.

#### 1 Periodic briefings for analysts and institutional investors

The officer responsible for IR information disclosure plays a central role in holding periodic briefings for analysts and institutional investors at which we explain our financial results and business strategies.

#### 2 Provision of IR materials on corporate website

An extensive amount of information is disclosed through Onward Holdings' corporate website. Please refer to this website for information on various topics.

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

## Message from Outside Director



### Akira Kawamoto

Outside Director (Independent Director)

#### Career summary

Apr. 1981	Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
Aug. 1995	Organization for Economic Co-operation and Development (OECD) (Paris)
Jan. 2001	Manager of Electricity Market Division, Electricity and Gas Industry Department, Agency for Natural Resources and Energy
July 2009	Deputy Director-General of Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry
Oct. 2012	Senior Partner of Aspirant Group Inc. (current position)
Apr. 2013	Professor of Faculty of Economics of Keio University (current position)
Mar. 2014	Outside Director (Audit and Supervisory Committee Member) of Future Corporation (current position)
May 2018	Outside Director of the Company (current position)

At this turning point in management, I will use the knowledge I have accumulated, together with a sense of urgency to contribute to the discussions of the Board of Directors.

#### Q1. As an outside director, how do you make use of your background and experience?

During my time as a bureaucrat working in the Ministry of Economy, Trade and Industry (METI) and the Organization for Economic Co-operation and Development (OECD), I have worked in various policy fields such as industrial policy, macroeconomics, environmental issues, and regulatory reforms. Since leaving my post as a bureaucrat, I have been engaged in fund management and taught at universities. I was appointed as an outside director of the Company in May 2018, and have worked to reflect the knowledge I have gained through my experiences in the discussions of the Board of Directors of the Company.

Specifically, I have engaged in risk management based on diverse perspectives. I have also been conscious of proposing countermeasures at meetings of the Board of Directors, by verbalizing bad scenarios, such as human rights issues becoming geopolitically important issues and affecting supply chains, and the COVID-19 pandemic becoming more serious and causing demand to drop sharply, and visualizing various probable risks.

Another contribution I have made is based on my experience at a private equity fund company. Examples of this include alerts for meticulous management monitoring, as well as advice for M&A with regard to building a business portfolio.

#### Q2. How do you assess the operational status of the Board of Directors?

The Group is approaching a turning point in many respects, as we have been experiencing difficult times, and have continued the business reforms that started in the fall of 2019, as well as our response to the COVID-19 pandemic. I believe that the Board of Directors of the Company has a structure that enables the active exchange of opinions from diverse perspectives, as well as bold decision-making. Since I was appointed as an outside director, the discussion that left the greatest impression on me was the decision to implement unprecedented major

reforms, in the form of global business reforms. In the course of these discussions, I emphasized the importance of speedy discussion and execution.

With regard to governance, the Nomination and Compensation Committee, which we established in February of last year is helping to improve transparency. While there is no perfect form of governance, it is important to continue considering optimal systems for the Group, in response to changes in our environment and needs.

#### Q3. What sort of expectations and challenges are there for the Group to achieve sustainable growth?

The Group has connections with many stakeholders, including consumers. I also feel that each and every employee is highly aware of sustainability, such as getting involved in the recycling business from an early stage. Following the Onward Group's Raison D'être of "enriching and adding color to people's lives while caring for the planet," which was announced in April 2021, we have placed a great deal of emphasis on environmental initiatives. Moving forward, it will be important to take these efforts to a deeper level.

In terms of diversity, we are actively working to promote diversity with a focus on the empowerment of female employees. We will continue to steadily develop internal human resources, and the Board of Directors will also monitor progress on a regular basis.





## Management Team



**Daisuke  
Ikeda**  
Director

**Osamu  
Sato**  
Director

**Yoshie  
Komuro**  
Outside  
Director

**Akira  
Kawamoto**  
Outside  
Director

**Michinobu  
Yasumoto**  
President and  
CEO

**Kenji  
Chishiki**  
Director and  
Vice President

**Ryu  
Umezu**  
Outside Audit  
& Supervisory  
Board Member

**Mitsuyo  
Kusano**  
Outside Audit  
& Supervisory  
Board Member

**Nobuyoshi  
Onogi**  
Standing Audit  
& Supervisory  
Board Member

**Hikosaburo  
Seike**  
Standing Audit  
& Supervisory  
Board Member





## Key Financial Data



## 11 Years of Key Financial Data

(Millions of yen)	FY02/12	FY02/13	FY02/14	FY02/15	FY02/16	FY02/17	FY02/18	FY02/19	FY02/20	FY02/21	FY02/22
Net sales	242,402	258,369	280,007	281,501	263,516	244,900	243,075	240,652	248,233	175,899	168,453
Cost of sales	127,288	133,878	149,270	152,438	144,063	131,638	129,498	129,019	135,550	105,196	80,841
Selling, general and administrative expenses	104,159	113,298	120,537	123,332	115,674	109,059	108,409	107,171	115,744	90,876	88,691
Operating profit	10,953	11,192	10,200	5,731	3,778	4,203	5,167	4,461	(3,061)	(20,173)	(1,079)
Recurring profit	13,329	13,405	12,211	7,162	5,504	5,577	5,928	5,161	(3,835)	(20,174)	507
Income taxes - current	7,528	7,398	3,111	5,033	8,679	1,533	3,305	1,244	1,653	814	2,695
Profit attributable to owners of parent	3,529	4,503	4,658	4,204	4,278	4,744	5,366	4,948	(52,135)	(23,181)	8,566
Cash flows from operating activities	13,180	10,137	13,361	16,490	3,632	6,844	13,228	4,635	8,003	(19,614)	7,814
Cash flows from investing activities	(1,961)	(10,682)	(14,300)	(15,656)	1,782	25,270	(7,299)	(10,305)	(10,758)	6,091	21,685
Cash flows from financing activities	(7,449)	(7,848)	2,121	757	(6,357)	(32,856)	(6,593)	11,542	(1,595)	5,860	(36,173)
Free cash flow	11,219	(545)	(939)	834	5,414	32,114	5,929	(5,670)	(2,755)	(13,523)	29,499
Capital expenditures	6,230	8,948	16,750	26,884	15,955	10,599	12,058	13,472	9,533	6,501	5,657
Depreciation and amortization	5,478	5,721	6,800	7,218	7,799	6,662	6,334	6,510	6,392	5,659	4,605
Cash and deposits	33,192	24,677	27,375	31,122	29,407	26,096	26,334	31,284	28,795	21,301	15,209
Current assets	98,895	100,321	110,349	117,051	121,468	103,572	105,977	114,324	106,782	80,460	60,508
Property, plant and equipment	82,987	86,861	102,878	109,658	106,695	92,268	93,714	96,717	83,231	71,825	58,042
Total assets	276,939	286,779	313,430	340,854	313,454	273,226	278,133	287,554	234,316	196,052	157,727
Current liabilities	84,091	100,740	101,009	109,619	106,109	85,684	86,384	105,405	108,743	99,549	55,761
Shareholders' equity	176,320	177,141	178,077	179,879	176,263	169,027	168,341	167,429	105,023	68,926	75,030
Net assets	157,302	165,372	175,028	185,315	172,337	165,670	168,152	162,210	94,036	59,509	77,257
Basic earnings per share (EPS) (Yen)	22.52	28.71	29.69	26.78	28.27	31.47	36.97	35.24	(383.97)	(171.18)	63.17
Net assets per share (Yen)	995.11	1,043.64	1,102.99	1,166.89	1,101.21	1,116.47	1,155.04	1,148.30	665.17	418.32	493.14
Cash dividends (Yen)	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	12.00	12.00
Payout ratio (%)	106.6	83.6	80.8	89.6	86.5	74.0	63.7	66.9	—	—	19.0
ROE (%)	2.3	2.8	2.8	2.4	2.4	2.8	3.3	3.1	(42.0)	(31.6)	13.9
ROA (%)	4.8	4.8	4.1	2.2	1.7	1.9	2.2	1.8	(1.5)	(9.4)	0.3
Operating profit margin (%)	4.5	4.3	3.6	2.0	1.4	1.7	2.1	1.9	(1.2)	(11.5)	(0.6)
Gross profit margin (%)	47.5	48.2	46.7	45.8	45.3	46.2	46.7	46.4	45.4	40.2	52.0
SG&A expenses / Net sales (%)	43.0	43.9	43.0	43.8	43.9	44.5	44.6	44.5	46.6	51.7	52.7
Shareholders' equity ratio (%)	56.3	57.1	55.2	53.8	54.2	59.8	59.2	55.1	38.3	28.9	42.4
Number of full-time employees (Consolidated)	3,993	5,208	5,224	4,973	5,119	4,456	4,530	4,643	5,153	7,498	6,377

Notes: 1. The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021) early, from the beginning of the fiscal year ended February 28, 2022.

2. The presentation method has been changed from the fiscal year ended February 28, 2022, and therefore, with regard to net sales and operating profit for the previous fiscal year, the Company states figures after reclassification that reflect this change in the presentation method.

3. The increase in the number of employees (consolidated) in and after the fiscal year ended February 28, 2021, is mainly due to the changes in the employment categories of the Company and Onward Kashiyama Co., Ltd.

## Analysis of Financial Position, Operating Results and Cash Flows

### Overview of Operating Results, etc.

During the fiscal year under review, the Japanese economy remained in a difficult situation due to the prolonged impact of COVID-19, such as stay-at-home due to the application of the priority measures such as for prevention of the spread of disease taken on account of the rapid spread of the Omicron variant and rising prices of raw materials, even though the spread of infection was temporarily suppressed by improved vaccination rates and other factors.

In these circumstances, the Group has steadily promoted the integration of physical stores and e-commerce as a priority measure in the Apparel Business and expanded the number of OMO (Online Merges with Offline)-type stores which introduced the "Click & Try" service, as well as reduced loss of sales opportunities caused by out of stock items through full-scale operation of an integrated inventory management system, thus realizing net sales growth and higher gross profit margins in both existing physical stores and e-commerce.

Due to the global business reforms that have been conducted since the fiscal year ended February 29, 2020, such as abolitions and closures of unprofitable businesses and unprofitable stores, operating profitability significantly improved. In addition, thanks to efforts at restoring financial health mainly by securitizing non-current assets and streamlining fund management, the shareholders' equity ratio at the end of the fiscal year under review increased by 13.5pt from the end of the previous fiscal year to 42.4%.

As a result of the above, consolidated net sales amounted to ¥168,453 million (a 4.2% decrease year-on-year), a consolidated operating loss was recorded at ¥1,079 million (an operating loss of ¥20,173 million for the previous fiscal year), a consolidated recurring profit was recorded at ¥507 million (a recurring loss of ¥20,174 million for the previous fiscal year), and profit attributable to owners of parent amounted to ¥8,566 million (a loss attributable to owners of parent of ¥23,181 million for the previous fiscal year).

### Status by Business Segment

#### [Apparel Business]

In the domestic business, Onward Kashiya Co., Ltd., which is a core operating company, abolished and closed unprofitable businesses and unprofitable stores and steadily executed sales strategies such as expanding OMO stores. As a result, it increased net sales and significantly reduced losses. Despite a decrease in sales at Onward Trading Co., Ltd., which conducts a B2B business, profit increased owing to robust net sales in the highly profitable uniform business. Sales also grew at Tiaclasso Co., Ltd., whose main sales channel is e-commerce, and at Onward Personal Style Co., Ltd., which is developing the KASHIYAMA made-to-order suit brand that has garnered high praise for its interview suits.

In the overseas business, due mainly to withdrawal from unprofitable businesses under the global business reforms, profitability improved, and the profit and loss improved significantly.

As a result, the loss was significantly reduced despite a decrease in sales for the Apparel Business as a whole.

#### [Lifestyle Business]

Sales increased significantly, and profitability was restored at Chacott Co., Ltd., which operates a wellness business, due to the recovery of orders received for its mainstay ballet products, which

faced severe circumstances due to the impact of COVID-19 pandemic in the previous fiscal year. Sales and profit increased at Yamato Co., Ltd., which conducts a gift business, at Creative Yoko Co., Ltd., which is engaged in a pet and home life business, and at KOKOBUY Co., Ltd., which conducts a beauty and cosmetics business.

Meanwhile, sales continued to decrease at Onward Beach Resort Guam, Inc., which operates a hotel business in Guam, due to a sharp decline in visitors to Guam.

As a result, both sales and profit increased for the Lifestyle Business as a whole.

### Cash Flows

Cash flows provided by operating activities amounted to ¥7,814 million (an outflow of ¥19,614 million for the previous fiscal year) mainly due to a profit before income taxes, an impairment loss, a decrease in trade receivables, and a decrease in trade payables.

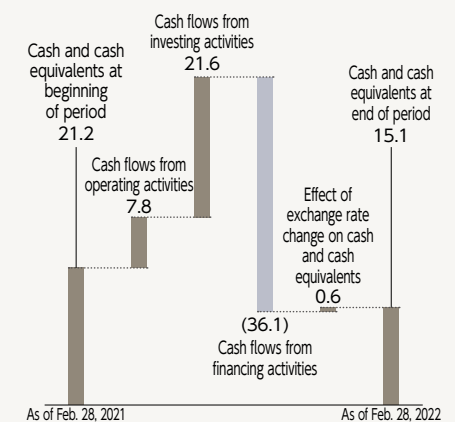
Cash flows provided by investing activities amounted to ¥21,685 million (an inflow of ¥6,091 million for the previous fiscal year) mainly due to proceeds from sales of property, plant and equipment and sales of shares of subsidiaries resulting in change in scope of consolidation.

Cash flows used in financing activities amounted to ¥36,173 million (an inflow of ¥5,860 million for the previous fiscal year), which primarily included a net increase (decrease) in borrowings and repayment of long-term borrowings.

As a result, cash and cash equivalents at the end of the fiscal year under review decreased by ¥6,070 million compared with the end of the previous fiscal year to ¥15,199 million.

#### Cash Flows

(Billions of yen)



### Production, Orders and Sales

#### a. Production

The results of production by segment during the fiscal year under review are as follows.

Given the difficulty of defining production in the Lifestyle Business, the figures for "Production" are not given.

Segment	Amount (Millions of yen)	YoY Change (%)
Apparel Business	17,572	45.3

Notes: 1. Figures represent manufacturing costs.

2. The above amounts do not include consumption taxes, etc.

## Analysis of Financial Position, Operating Results and Cash Flows

### b. Orders

The Group engages in mostly Make-to-Stock production rather than Make-to-Order production.

Furthermore, items produced by Make-to-Order are also produced by Make-to-Stock, and it is difficult to calculate them separately. Therefore, descriptions are omitted.

### c. Sales

The results of sales by segment during the fiscal year under review are as follows.

Segment	Amount (Millions of yen)	YoY Change (%)	
Apparel Business	Domestic	120,516	99.7
	Overseas	17,838	47.6
	Total	138,354	87.4
Lifestyle Business	39,655	107.2	
<b>Consolidated Total</b>	<b>168,453</b>	<b>95.8</b>	

Notes: 1. The figures under each segment represent the sum of the individual companies and the consolidated total includes eliminations.  
2. The above amounts do not include consumption taxes, etc.

## Analysis of Operating Results

### a. Net Sales and Gross Profit

Net sales decreased by ¥7,445 million to ¥168,453 million due to the effects of business withdrawals, etc., as part of the global business reforms.

Gross profit increased by ¥16,909 million from the previous fiscal year to ¥87,612 million and the gross profit margin improved by 11.8pt due to the effects of the global business reforms as well as fewer loss of sales opportunities, thanks to the implementation of the centralized inventory control system.

### b. Operating Loss and Recurring Profit

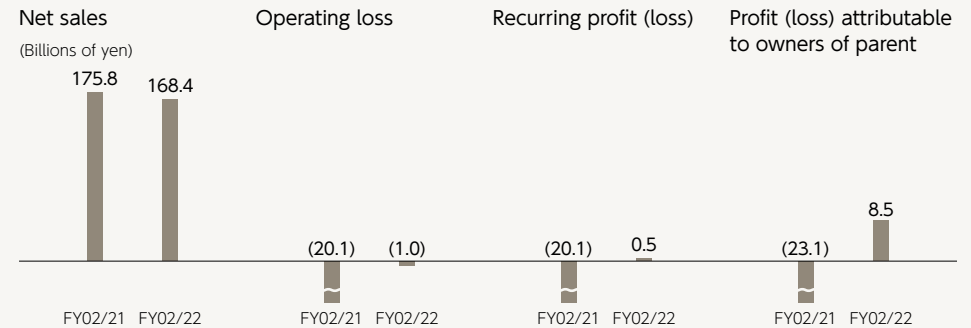
Selling, general and administrative expenses decreased by ¥2,184 million from the previous fiscal year to ¥88,691 million. This was due to the increase of ¥9,752 million as a result of the application of the new revenue recognition standard and the decrease of ¥11,936 million as a result of cutting fixed costs and the effects of the global business reforms.

As a result, operating loss improved by ¥19,094 million from the previous fiscal year to ¥1,079 million and recurring profit (loss) improved by ¥20,681 million from the previous fiscal year to a recurring profit of ¥507 million.

### c. Profit Before Income Taxes and Profit Attributable to Owners of Parent

Extraordinary income amounted to ¥21,327 million as a result of gain on sales of non-current assets and gain on sales of shares of subsidiaries and associates. Extraordinary losses amounted to ¥7,921 million as a result of reporting "extraordinary loss due to closing and other" under extraordinary losses for the fixed costs incurred during the period of closures under the declaration of the state of emergency, in addition to the reporting of loss on sales of shares of subsidiaries and associates, loss on liquidation of subsidiaries and associates, and impairment loss as part of the global business

reforms. Profit (loss) before income taxes improved by ¥39,473 million from the previous fiscal year to ¥13,912 million and profit (loss) attributable to owners of parent improved by ¥31,748 million to ¥8,566 million.



## Analysis of Financial Position

### a. Assets

Total assets decreased by ¥38,324 million compared with the end of the previous fiscal year to ¥157,727 million. Current assets decreased by ¥19,952 million due to decreases in cash and deposits, notes and accounts receivable—trade, and contract assets, etc. Non-current assets decreased by ¥18,372 million due to the sale of property, plant and equipment, etc.

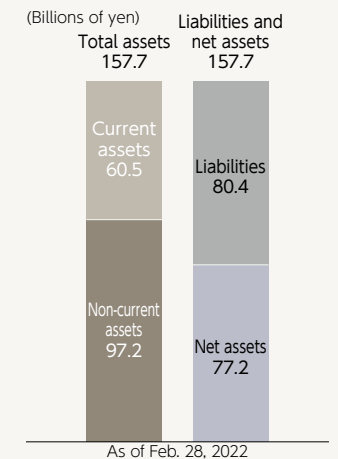
### b. Liabilities

Total liabilities decreased by ¥56,073 million compared with the end of the previous fiscal year to ¥80,470 million. Current liabilities decreased by ¥43,788 million due to decreases in short-term borrowings, notes and accounts payable—trade, etc., and non-current liabilities decreased by ¥12,284 million due to decreases in long-term lease obligations, long-term borrowings, etc.

### c. Net assets

Total net assets increased by ¥17,748 million compared with the end of the previous fiscal year to ¥77,257 million. Shareholders' equity increased by ¥6,104 million due to profit attributable to owners of parent, dividends of surplus, the increase in retained earnings at the beginning of the period due to changes in the accounting policies, and others. Accumulated other comprehensive income increased by ¥4,058 million due to an increase in foreign currency translation adjustment and others.

## Financial Position







PRINT



## Consolidated Financial Statements

### Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	21,301	15,209
Notes and accounts receivable—trade	18,251	—
Notes and accounts receivable—trade, and contract assets	—	14,204
Merchandise and finished goods	28,909	23,908
Work in process	1,010	449
Raw materials and supplies	4,435	2,478
Other	6,829	4,509
Allowance for doubtful accounts	(277)	(252)
Total current assets	80,460	60,508
Non-current assets		
Property, plant and equipment		
Buildings and structures	61,909	58,027
Accumulated depreciation	(37,592)	(35,019)
Buildings and structures, net	24,316	23,008
Land	35,259	23,371
Leased assets	9,969	9,998
Accumulated depreciation	(5,618)	(6,239)
Leased assets, net	4,351	3,759
Other	26,766	25,158
Accumulated depreciation	(18,868)	(17,254)
Other, net	7,898	7,903
Total property, plant and equipment	71,825	58,042
Intangible assets		
Goodwill	5,251	4,631
Other	5,416	4,717
Total intangible assets	10,667	9,349
Investments and other assets		
Investment securities	14,312	14,117
Long-term loans receivable	1,662	1,683
Long-term prepaid expenses	440	524
Retirement benefit asset	2,814	3,248
Deferred tax assets	7,486	4,338
Other	6,674	6,078
Allowance for doubtful accounts	(292)	(163)
Total investments and other assets	33,099	29,827
Total non-current assets	115,592	97,219
Total assets	196,052	157,727

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	13,472	6,361
Electronically recorded obligations—operating	8,484	11,860
Short-term borrowings	56,566	18,705
Current portion of long-term borrowings	5,052	4,053
Lease obligations	2,040	854
Income taxes payable	669	2,022
Provision for bonuses	589	626
Provision for bonuses for directors	25	50
Provision for sales returns	125	—
Provision for point card certificates	636	—
Other	11,887	11,225
Total current liabilities	99,549	55,761
Non-current liabilities		
Long-term borrowings	16,430	12,377
Lease obligations	11,615	3,676
Deferred tax liabilities for land revaluation	761	241
Retirement benefit liability	3,482	2,858
Provision for retirement benefits for directors and corporate auditors	232	247
Asset retirement obligations	1,661	2,503
Other	2,809	2,804
Total non-current liabilities	36,993	24,709
Total liabilities	136,543	80,470
<b>Net assets</b>		
Shareholders' equity		
Share capital	30,079	30,079
Capital surplus	50,390	50,390
Retained earnings	9,321	15,391
Treasury shares	(20,865)	(20,831)
Total shareholders' equity	68,926	75,030
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,939)	(1,646)
Deferred gains or losses on hedges	15	1
Revaluation reserve for land	(7,864)	(5,698)
Foreign currency translation adjustment	(1,669)	(328)
Remeasurements of defined benefit plans	(744)	(472)
Total accumulated other comprehensive income	(12,202)	(8,144)
Share acquisition rights	138	122
Non-controlling interests	2,646	10,248
Total net assets	59,509	77,257
Total liabilities and net assets	196,052	157,727



## Consolidated Financial Statements

### Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended February 28, 2021	For the fiscal year ended February 28, 2022
Net sales	175,899	168,453
Cost of sales	105,196	80,841
Gross profit	70,702	87,612
Selling, general and administrative expenses	90,876	88,691
Operating loss	(20,173)	(1,079)
Non-operating income		
Interest income	55	52
Dividend income	193	1,340
Foreign exchange gains	—	99
Subsidy income	884	1,013
Other	820	917
Total non-operating income	1,954	3,423
Non-operating expenses		
Interest expenses	595	391
Loss on disposal of salesfloor fixtures, etc.	213	96
Foreign exchange losses	443	—
Share of loss of entities accounted for using equity method	70	73
Non-deductible consumption taxes	166	252
Other	466	1,022
Total non-operating expenses	1,955	1,836
Recurring profit (loss)	(20,174)	507
Extraordinary income		
Gain on sales of investment securities	8	105
Gain on sales of non-current assets	8,416	17,921
Gain on sales of shares of subsidiaries and associates	154	2,944
Subsidies for employment adjustment, etc.	1,696	289
Other	237	67
Total extraordinary income	10,513	21,327
Extraordinary losses		
Loss on valuation of investment securities	1,685	—
Loss on sales of shares of subsidiaries and associates	5,171	1,829
Impairment loss	3,299	1,741
Loss on liquidation of subsidiaries and associates	—	1,968
Loss on liquidation of business	953	—
Extraordinary loss due to closing and other	3,893	1,620
Other	896	761
Total extraordinary losses	15,899	7,921
Profit (loss) before income taxes	(25,560)	13,912
Income taxes - current	814	2,695
Income taxes - deferred	(3,706)	2,523
Total income taxes	(2,892)	5,218
Profit (loss)	(22,668)	8,693
Profit attributable to non-controlling interests	513	127
Profit (loss) attributable to owners of parent	(23,181)	8,566

### Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended February 28, 2021	For the fiscal year ended February 28, 2022
Profit (loss)	(22,668)	8,693
Other comprehensive income		
Valuation difference on available-for-sale securities	2,642	292
Deferred gains or losses on hedges	(7)	(13)
Revaluation reserve for land	1,064	1,042
Foreign currency translation adjustment	(1,081)	1,370
Remeasurements of defined benefit plans, net of tax	17	272
Total other comprehensive income	2,635	2,963
Comprehensive income	(20,032)	11,657
Comprehensive income attributable to:		
Owners of parent	(20,529)	11,501
Non-controlling interests	497	155

Notes: 1. The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021) early, from the beginning of the fiscal year ended February 28, 2022.

2. The presentation method has been changed from the fiscal year ended February 28, 2022, and therefore, with regard to net sales and operating profit for the previous fiscal year, the Company states figures after reclassification that reflect this change in the presentation method.



## Consolidated Financial Statements

Fiscal year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as at March 1, 2020	30,079	50,043	46,338	(21,437)	105,023	(4,581)	22	(9,285)	(604)	(762)	(15,211)	484	3,740	94,036
Cumulative effects of changes in accounting policies			(10,011)		(10,011)									(10,011)
Restated balance	30,079	50,043	36,326	(21,437)	95,012	(4,581)	22	(9,285)	(604)	(762)	(15,211)	484	3,740	84,025
Changes during period														
Dividends of surplus			(3,240)		(3,240)									(3,240)
Loss attributable to owners of parent			(23,181)		(23,181)									(23,181)
Purchase of treasury shares				(0)	(0)									(0)
Disposal of treasury shares			(225)	571	345									345
Reversal of revaluation reserve for land			(356)		(356)									(356)
Change in ownership interest of parent due to transactions with non-controlling interests		347			347									347
Net changes in items other than shareholders' equity						2,642	(7)	1,421	(1,065)	17	3,008	(345)	(1,093)	1,569
Total changes in items during period	—	347	(27,005)	571	(26,085)	2,642	(7)	1,421	(1,065)	17	3,008	(345)	(1,093)	(24,516)
Balance as at February 28, 2021	30,079	50,390	9,321	(20,865)	68,926	(1,939)	15	(7,864)	(1,669)	(744)	(12,202)	138	2,646	59,509

Fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as at March 1, 2021	30,079	50,390	9,321	(20,865)	68,926	(1,939)	15	(7,864)	(1,669)	(744)	(12,202)	138	2,646	59,509
Cumulative effects of changes in accounting policies			272		272									272
Restated balance	30,079	50,390	9,594	(20,865)	69,198	(1,939)	15	(7,864)	(1,669)	(744)	(12,202)	138	2,646	59,781
Changes during period														
Dividends of surplus			(1,627)		(1,627)									(1,627)
Loss attributable to owners of parent			8,566		8,566									8,566
Purchase of treasury shares				(0)	(0)									(0)
Disposal of treasury shares			(18)	34	16									16
Reversal of revaluation reserve for land			(1,124)		(1,124)									(1,124)
Net changes in items other than shareholders' equity						292	(13)	2,166	1,341	272	4,058	(16)	7,601	11,644
Total changes in items during period	—	—	5,797	34	5,831	292	(13)	2,166	1,341	272	4,058	(16)	7,601	17,475
Balance as at February 28, 2022	30,079	50,390	15,391	(20,831)	75,030	(1,646)	1	(5,698)	(328)	(472)	(8,144)	122	10,248	77,257



## Consolidated Financial Statements

### Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended February 28, 2021	For the fiscal year ended February 28, 2022
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(25,560)	13,912
Depreciation and amortization	5,659	4,605
Impairment loss	3,299	1,741
Amortization of goodwill	786	766
Increase (decrease) in allowance for doubtful accounts	(56)	(123)
Decrease (increase) in retirement benefit asset	(109)	(434)
Increase (decrease) in retirement benefit liability	23	(217)
Interest and dividend income	(249)	(1,392)
Interest expenses	595	391
Share of loss (profit) of entities accounted for using equity method	70	73
Loss (gain) on disposal of non-current assets	(8,135)	(17,778)
Loss on disposal of salesfloor fixtures, etc.	213	96
Loss (gain) on sales of investment securities	(4)	(104)
Loss (gain) on valuation of investment securities	1,685	—
Loss (gain) on sales of shares of subsidiaries and associates	5,017	(1,114)
Decrease (increase) in trade receivables	8,418	1,004
Decrease (increase) in inventories	6,578	3,405
Increase (decrease) in trade payables	(10,112)	(1,013)
Other, net	(8,691)	3,703
Subtotal	(20,572)	7,523
Interest and dividends received	252	245
Interest paid	(421)	(425)
Income taxes paid	(743)	(2,064)
Income taxes refund	1,871	2,536
Net cash provided by (used in) operating activities	(19,614)	7,814
<b>Cash flows from investing activities</b>		
Payments into time deposits	(91)	(32)
Proceeds from withdrawal of time deposits	75	55
Purchase of property, plant and equipment	(4,249)	(2,929)
Proceeds from sales of property, plant and equipment	17,755	32,270
Purchase of investment securities	(88)	(10)
Proceeds from sales of investment securities	520	687
Purchase of long-term prepaid expenses	(48)	(27)
Payments of guarantee deposits	(276)	(662)
Proceeds from refund of guarantee deposits	687	1,099
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(5,612)	(8,286)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	1,620
Other, net	(2,581)	(2,098)
Net cash provided by (used in) investing activities	6,091	21,685

(Millions of yen)

	For the fiscal year ended February 28, 2021	For the fiscal year ended February 28, 2022
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	12,122	(38,471)
Proceeds from long-term borrowings	10,390	—
Repayments of long-term borrowings	(10,292)	(5,052)
Purchase of treasury shares	(0)	(0)
Dividends paid	(3,240)	(1,627)
Dividends paid to non-controlling interests	(739)	(2)
Other, net	(2,379)	8,980
Net cash provided by (used in) financing activities	5,860	(36,173)
Effect of exchange rate change on cash and cash equivalents	52	602
Net increase (decrease) in cash and cash equivalents	(7,609)	(6,070)
Cash and cash equivalents at beginning of period	28,780	21,270
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	100	—
Cash and cash equivalents at end of period	* 21,270	* 15,199

\* Reconciliation of ending balance of cash and cash equivalents with account balances per Consolidated Balance Sheets is as follows.

(Millions of yen)

	For the fiscal year ended February 28, 2021	For the fiscal year ended February 28, 2022
Cash and deposits	21,301	15,209
Time deposits with original maturities of more than 3 months	(31)	(10)
Cash and cash equivalents	21,270	15,199



## Our Network As of February 28, 2022

### Europe

#### U.K.

London

- Joseph Ltd.
- Freed of London Ltd.

#### France

Paris

- Horloge Saint Benoit S.A.S.

### Asia

#### China

Shanghai

- Onward Fashion Trading (China) Co., Ltd.
- Shanghai Onward Fashion Co., Ltd.
- Onward Trading (Shanghai) Co., Ltd.

Dalian

- Kashiyama (Dalian) Co., Ltd.

Hong Kong

- Onward Kashiyama Hong Kong Ltd.

#### Vietnam

Ho Chi Minh City

- Onward Kashiyama Vietnam Ltd.

### Japan

#### Japan

Tokyo

- Onward Holdings Co., Ltd.
- Onward Kashiyama Co., Ltd.
- Onward Trading Co., Ltd.
- Island Co., Ltd.
- Onward Personal Style Co., Ltd.
- Intimates Co., Ltd.
- Onward Digital Lab Co., Ltd.
- Chacott Co., Ltd.
- KOKOBUY Co., Ltd.
- Kashiyama Daikanyama Co., Ltd.
- Onward Creative Center Co., Ltd.
- Onward Resort & Golf Co., Ltd.
- O & K Co., Ltd.

Osaka

- Tiaclasse Co., Ltd.

Nagano

- Creative Yoko Co., Ltd.
- Yamato Co., Ltd.

Saga

- Kashiyama Saga Co., Ltd.

### United States

#### U.S.A.

New York

- J. Press, Inc.
- Onward U.S.A. L.L.C.

Guam

- Onward Beach Resort Guam, Inc.
- Onward Golf Resort Guam, Inc.

- Pure Holding Company
- Apparel Business
- Lifestyle Business

## Company Information

### Company Overview As of February 28, 2022

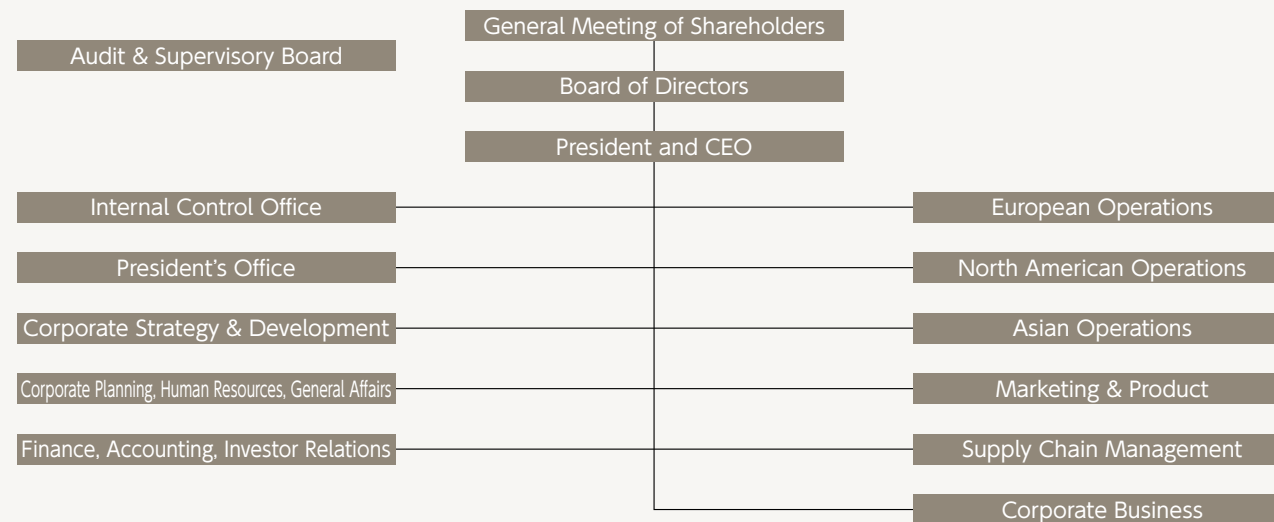
Name	Onward Holdings Co., Ltd.
Head Office	10-5, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8239, Japan
Tel	(+81) 3-4512-1051 (IR Div.)
Established	September 1947
Capital	¥30,079 million
Number of Employees	6,377 (Consolidated)

### Board of Directors, Audit & Supervisory Board Members, and Executive Officers As of May 26, 2022

Directors	Executive Officers
President and CEO Michinobu Yasumoto	Managing Executive Officer Kenji Takeuchi
Director and Vice President Kenji Chishiki	Managing Executive Officer Takeshi Egashira
Director Osamu Sato	Managing Executive Officer Yoshihiro Higuchi
Director Daisuke Ikeda	Executive Officer Akira Murakami
Outside Director Akira Kawamoto	Executive Officer Jun Odagiri
Outside Director Yoshie Komuro	
Audit & Supervisory Board Members	
Standing Audit & Supervisory Board Member Hikosaburo Seike	
Standing Audit & Supervisory Board Member Nobuyoshi Onogi	
Outside Audit & Supervisory Board Member Ryu Umezu	
Outside Audit & Supervisory Board Member Mitsuyo Kusano	

Notes: The name of Ms. Yoshie Komuro in the family register is Yoshie Ishikawa.

### Company Organization As of March 1, 2022



## Stock Information

### Status of Shares As of February 28, 2022

Common Stock	Authorized— 400,000,000 shares Issued— 157,921,669 shares (Including 22,287,771 shares of treasury stock)
Number of Shareholders	41,991
Stock Exchange Listing	Tokyo Stock Exchange Prime Market (since April 4, 2022)
Transfer Agent	Mitsubishi UFJ Trust & Banking Corporation 1-1, Nikkocho, Fuchu, Tokyo 183-0044, Japan

### Major Shareholders

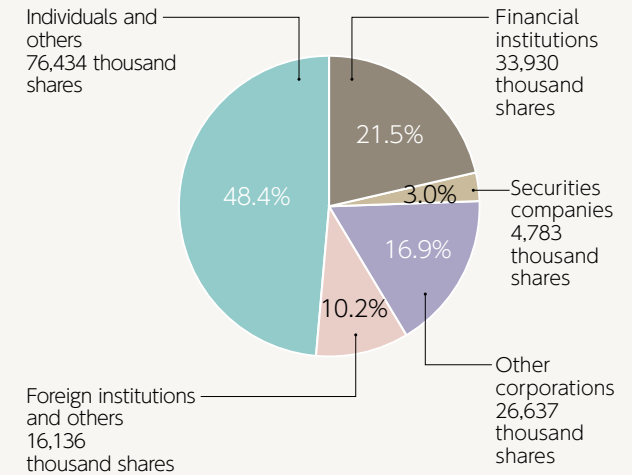
Name	Number of Shares Held (thousand shares)	Percentage of Total Shares Issued
The Master Trust Bank of Japan, Ltd. (Trust account)	12,231	9.0%
Kashiyama Scholarship Foundation	8,710	6.4%
Onward Holdings Customers' Shareholdings Association	4,907	3.6%
Nippon Life Insurance Company	4,671	3.4%
The Dai-ichi Life Insurance Company, Ltd.	4,200	3.0%
STATE STREET BANK AND TRUST COMPANY 505001	3,197	2.3%
Sumitomo Mitsui Banking Corporation	2,931	2.1%
Isetan Mitsukoshi Ltd.	2,301	1.6%
Custody Bank of Japan, Ltd. (Trust account)	2,159	1.5%
DAIDOH LIMITED	2,149	1.5%

Notes: 1. The number of shares held is rounded down to the nearest thousand shares.  
2. The Company holds 22,287 thousand shares of treasury stock.  
3. The percentage of total shares issued is calculated after deducting 22,287 thousand shares of treasury stock.  
4. The percentage of total shares issued is rounded down to the nearest indicated digit.

### Distribution of Ownership among Shareholders

(On a number of shares basis)

Total Number of Issued Shares 157,921 thousand shares



Notes: 1. The number of shares is rounded down to the nearest thousand shares.  
2. Data regarding individuals and others includes treasury stock.

### Stock Price Range and Trading Volume (Monthly)

