

# Consolidated Statements of Cash Flows

ONWARD HOLDINGS Co., Ltd. and Consolidated Subsidiaries  
Years ended February 28, 2018 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 2. (21))
	2018	2019	2019
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥10,029	¥ 3,155	\$ 28,456
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	6,335	6,511	58,722
Impairment loss on fixed assets	1,202	5,533	49,909
Net amortization of goodwill on consolidation	2,563	2,302	20,762
Increase (decrease) in allowance for bad debt	(462)	586	5,289
(Increase) decrease in net defined benefit asset	(670)	928	8,373
Increase (decrease) in net defined benefit liability	98	(131)	(1,181)
Interest and dividend income	(300)	(313)	(2,826)
Interest expenses	318	370	3,339
Equity in (earnings) losses of investees	775	84	754
(Gain) loss on sale or disposal of fixed assets, net	(3,645)	(2,313)	(20,861)
(Gain) loss on sale of investments in securities, net	(1,711)	(2,432)	(21,933)
(Increase) decrease in trade receivables	1,648	(752)	(6,785)
(Increase) decrease in inventories	(1,980)	(4,186)	(37,753)
Increase (decrease) in trade payables	921	(904)	(8,154)
Other, net	(1,830)	(1,537)	(13,864)
Subtotal	13,291	6,901	62,247
Interest and dividends received	376	394	3,553
Interest paid	(323)	(367)	(3,313)
Income taxes paid	(1,961)	(2,304)	(20,780)
Refunded income taxes	1,845	11	102
Net cash provided by (used in) operating activities	13,228	4,635	41,809
<b>Cash flows from investing activities:</b>			
Increase in time deposits	(640)	(5)	(46)
Decrease in time deposits	29	599	5,402
Acquisition of property, plant and equipment	(9,459)	(11,220)	(101,199)
Proceeds from sale of property, plant and equipment	6,392	4,803	43,320
Acquisition of investments in securities	(6,302)	(10,138)	(91,438)
Proceeds from sale of investments in securities	4,864	9,444	85,179
Payments for long-term prepaid expenses	(256)	(166)	(1,501)
Payments for security deposits	(301)	(1,166)	(10,516)
Proceeds from security deposits	1,121	1,465	13,212
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	39	351
Payments for sale of investments in subsidiaries resulting in change in scope of consolidation	—	(20)	(181)
Other, net	(2,748)	(3,941)	(35,538)
Net cash provided by (used in) investing activities	(7,300)	(10,306)	(92,955)

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	2018	2019	2019
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term loans payable	6,004	24,800	223,684
Proceeds from long-term loans payable	20,000	—	—
Repayments of long-term loans payable	(24,570)	(5,086)	(45,871)
Acquisition of treasury stock	(3,532)	(3,725)	(33,600)
Dividends paid by the parent company	(3,511)	(3,420)	(30,850)
Dividends paid to non-controlling interests	(196)	(154)	(1,387)
Other, net	(788)	(872)	(7,866)
Net cash provided by (used in) financing activities	(6,593)	11,543	104,110
Effect of exchange rate changes on cash and cash equivalents	291	(285)	(2,570)
Net increase (decrease) in cash and cash equivalents	(374)	5,587	50,394
Cash and cash equivalents at beginning of year	26,024	25,650	231,351
Cash and cash equivalents at end of year (Note 10)	¥ 25,650	¥31,237	\$281,745

See accompanying notes to consolidated financial statements.