

Consolidated Statements of Cash Flows

ONWARD HOLDINGS Co., Ltd. and Consolidated Subsidiaries
Years ended February 28, 2017 and 2018

	Millions of yen		Thousands of U.S. dollars (Note 2. (21))
	2017	2018	2018
Cash flows from operating activities:			
Profit before income taxes	¥10,980	¥10,029	\$ 93,410
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization	6,663	6,335	58,998
Impairment loss on fixed assets	1,659	1,202	11,198
Net amortization of goodwill on consolidation	2,132	2,563	23,874
Increase (decrease) in allowance for bad debt	(395)	(462)	(4,311)
(Increase) decrease in net defined benefit asset	(1,760)	(670)	(6,246)
Increase (decrease) in net defined benefit liability	(151)	98	916
Interest and dividend income	(336)	(300)	(2,799)
Interest expenses	400	318	2,962
Equity in (earnings) losses of investees	316	775	7,220
(Gain) loss on sales or disposal of fixed assets, net	(6,859)	(3,645)	(33,945)
(Gain) loss on sale of investments in securities, net	(3,007)	(1,711)	(15,933)
(Increase) decrease in trade receivables	912	1,648	15,351
(Increase) decrease in inventories	1,247	(1,980)	(18,439)
Increase (decrease) in trade payables	(2,538)	921	8,580
Other, net	4,696	(1,830)	(17,048)
Subtotal	13,959	13,291	123,788
Interest and dividends received	433	376	3,501
Interest paid	(428)	(323)	(3,011)
Income taxes paid	(7,125)	(1,961)	(18,261)
Refunded income taxes	5	1,845	17,184
Net cash provided by (used in) operating activities	6,844	13,228	123,201
Cash flows from investing activities:			
Increase in time deposits	(5)	(640)	(5,965)
Decrease in time deposits	1,005	29	271
Acquisition of property, plant and equipment	(8,626)	(9,459)	(88,096)
Proceeds from sale of property, plant and equipment	21,764	6,392	59,538
Acquisition of investments in securities	(4,205)	(6,302)	(58,696)
Proceeds from sale of investments in securities	14,471	4,864	45,309
Payments for long-term prepaid expenses	(183)	(256)	(2,388)
Payments for security deposits	(419)	(301)	(2,806)
Proceeds from security deposits	1,377	1,121	10,438
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(5,116)	—	—
Payments for sale of investments in subsidiaries resulting in change in scope of consolidation	(12)	—	—
Proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation	6,058	—	—
Other, net	(838)	(2,748)	(25,590)
Net cash provided by (used in) investing activities	25,271	(7,300)	(67,985)

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	2017	2018	2018
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	(19,267)	6,004	55,919
Proceeds from long-term loans payable	383	20,000	186,272
Repayments of long-term loans payable	(3,028)	(24,570)	(228,831)
Acquisition of treasury stock	(6,299)	(3,532)	(32,893)
Dividends paid by the parent company	(3,700)	(3,511)	(32,705)
Dividends paid to non-controlling interests	(95)	(196)	(1,825)
Other, net	(850)	(788)	(7,344)
Net cash provided by (used in) financing activities	(32,856)	(6,593)	(61,407)
Effect of exchange rate changes on cash and cash equivalents	(1,565)	291	2,711
Net increase (decrease) in cash and cash equivalents	(2,306)	(374)	(3,480)
Cash and cash equivalents at beginning of year	28,330	26,024	242,373
Cash and cash equivalents at end of year (Note 10)	¥ 26,024	¥ 25,650	\$ 238,893

See accompanying notes to consolidated financial statements.