

**[Delayed] Consolidated Financial Results
for the Fiscal Year Ended February 28, 2022
[Japanese GAAP]**



April 7, 2022

Company name: Onward Holdings Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Securities code: 8016

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

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Scheduled date of Annual General Meeting of Shareholders: May 26, 2022

Scheduled date of commencing dividend payments: May 27, 2022

Scheduled date of filing annual securities report: May 27, 2022

Availability of supplementary materials on financial results: Available

Schedule of financial results briefing session: Scheduled (for institutional investors, securities analysts, and the press)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Performance for the Fiscal Year Ended February 28, 2022 (March 1, 2021 - February 28, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended February 28, 2022	168,453	(4.2)	(1,079)	–	507	–	8,566	–
February 28, 2021	175,899	(29.1)	(20,173)	–	(20,174)	–	(23,181)	–

(Note) Comprehensive income: Fiscal year ended February 28, 2022: 11,657 million yen [–%]

Fiscal year ended February 28, 2021: (20,032) million yen [–%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of recurring profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended February 28, 2022	63.17	63.04	13.9	0.3	(0.6)
February 28, 2021	(171.18)	–	(31.6)	(9.4)	(11.5)

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended February 28, 2022: (73) million yen

Fiscal year ended February 28, 2021: (70) million yen

EBITDA (operating profit + depreciation and amortization):

Fiscal year ended February 28, 2022: 3,915 million yen [–%]

Fiscal year ended February 28, 2021: (14,133) million yen [–%]

- (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 under review.
2. The presentation method has been changed from the fiscal year under review, and therefore, with regard to net sales, operating profit, and EBITDA in the Consolidated Operating Results, the Company states figures and year-on-year changes after reclassification that reflect this change in the presentation method.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2022	157,727	77,257	42.4	493.14
As of February 28, 2021	196,052	59,509	28.9	418.32

(Reference) Shareholders' equity: As of February 28, 2022: 66,886 million yen

As of February 28, 2021: 56,723 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended February 28, 2022	7,814	21,685	(36,173)	15,199
February 28, 2021	(19,614)	6,091	5,860	21,270

2. Dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended February 28, 2021	–	–	–	12.00	12.00	1,627	–	2.1
Fiscal year ended February 28, 2022	–	–	–	12.00	12.00	1,627	19.0	2.4
Fiscal year ending February 28, 2023 (Forecast)	–	–	–	12.00	12.00		95.7	

3. Consolidated Performance Forecast for the Fiscal Year Ending February 28, 2023 (March 1, 2022 - February 28, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Recurring profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1H (cumulative)	77,000	(4.7)	(1,800)	–	(1,750)	–	(1,250)	–	(9.22)
Full year	168,700	0.1	2,100	–	2,050	304.1	1,700	(80.2)	12.54

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

Full year ending February 28, 2023 (forecast): 7,080 million yen [180.8%]

Full year ended February 28, 2022: 3,915 million yen [–%]

* Notes:

(1) Changes in significant subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly included: – (Company name:)

Excluded: – (Company name:)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares):

As of February 28, 2022:	157,921,669 shares
As of February 28, 2021:	157,921,669 shares

2) Total number of treasury shares at the end of the period:

As of February 28, 2022:	22,287,771 shares
As of February 28, 2021:	22,322,123 shares

3) Average number of shares outstanding during the period:

Fiscal year ended February 28, 2022:	135,619,330 shares
Fiscal year ended February 28, 2021:	135,420,529 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2022 (March 1, 2021 - February 28, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Recurring profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended February 28, 2022	14,478	27.5	10,799	54.5	5,345	—	8,525	—
February 28, 2021	11,356	8.0	6,989	17.7	(3,170)	—	(22,397)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended February 28, 2022	62.87	62.74
February 28, 2021	(165.39)	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2022	134,254	78,861	58.6	580.53
As of February 28, 2021	162,749	71,275	43.7	524.61

(Reference) Shareholders' equity: As of February 28, 2022: 78,739 million yen
As of February 28, 2021: 71,136 million yen

* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

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

The performance outlook and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that have been deemed reasonable. Actual performance may differ significantly from these forecasts due to a wide range of factors. For conditions used as the assumptions for the performance forecast and notes on the use of performance forecast, please refer to "1. Overview of Operating Results, etc." on page 2 of the Attachments.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year under review (from March 1, 2021 to February 28, 2022), 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 throughout Japan on account of the rapid spread of the Omicron variant and rising prices of raw materials, even though an increase in vaccination rates temporarily halted the spread of infection.

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 and Try system, as well as reduced lost 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 achievements, etc. of global business reforms that have been conducted since the fiscal year ended February 28, 2020, such as withdrawals from unprofitable businesses and unprofitable stores, operating profitability significantly improved. Thanks to efforts at restoring financial health mainly by securitizing non-current assets and streamlining fund management, the shareholders' equity ratio increased 13.5pt year-on-year to 42.4%.

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

Furthermore, the Group has adopted EBITDA (operating profit + depreciation and amortization) as a management indicator with the purpose of enabling convenient comparisons between companies regardless of differences in accounting standards, amid its efforts to accelerate growth through enhancement and expansion of business foundations that utilize creation of new businesses, M&A, etc.

EBITDA for the fiscal year under review was 3,915 million yen ((14,133) million yen for the previous fiscal year).

Status by segment is as follows.

[Apparel Business]

In the domestic business, Onward Kashiya Co., Ltd., which is a core group company, withdrew from unprofitable businesses and unprofitable stores and steadily executed sales strategies such as expanding OMO-type 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 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 in this year's job-hunting season.

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 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 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 resort 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.

(2) Overview of Financial Position for the Fiscal Year under Review

Total assets on a consolidated basis as of the end of the fiscal year under review decreased by 38,324 million yen compared with the end of the previous fiscal year to 157,727 million yen. This was primarily due to decreases in cash and deposits of 6,091 million yen, notes and accounts receivable—trade of 4,123 million yen, merchandise and finished goods of 5,000 million yen, buildings and structures of 1,308 million yen, and land of 11,887 million yen.

Liabilities decreased by 56,073 million yen compared with the end of the previous fiscal year to 80,470 million yen. This was primarily due to decreases in short-term borrowings of 37,861 million yen, long-term lease obligations of 7,939 million yen, notes and accounts payable—trade of 7,110 million yen, and long-term borrowings of 4,053 million yen.

Net assets increased by 17,748 million yen compared with the end of the previous fiscal year to 77,257 million yen. This was primarily due to profit attributable to owners of parent of 8,566 million yen, dividends of surplus of 1,627 million yen, and an increase in retained earnings at the beginning of the period due to changes in the accounting policies of 272 million yen.

As a result, the shareholders' equity ratio was 42.4%.

(3) Overview of Cash Flows for the Fiscal Year under Review

1) Status of cash flows as of the end of the fiscal year under review

Cash flows provided by operating activities amounted to 7,814 million yen (an outflow of 19,614 million yen 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 yen (an inflow of 6,091 million yen 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 yen (an inflow of 5,860 million yen 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 yen compared with the end of the previous fiscal year to 15,199 million yen.

2) Indicators related to cash flows

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Shareholders' equity ratio (%)	59.2	55.1	38.3	28.9	42.4
Shareholders' equity ratio based on fair value (%)	46.8	30.1	30.1	17.4	23.8
Ratio of interest-bearing debt to cash flow (%)	350.6	1,409.8	875.8	(461.1)	492.3
Interest coverage ratio (times)	40.9	12.6	17.4	(46.5)	18.3

Shareholders' equity ratio: $\frac{\text{Shareholders' equity}}{\text{Total assets}}$

Shareholders' equity ratio based on fair value: $\frac{\text{Total market value of shares}}{\text{Total assets}}$

Ratio of interest-bearing debt to cash flow: $\frac{\text{Interest-bearing debt}}{\text{Cash flow}}$

Interest coverage ratio: $\frac{\text{Cash flow}}{\text{Interest paid}}$

(Note 1) All indicators were calculated using consolidated financial figures.

(Note 2) The total market value of shares was calculated based on the total number of issued shares excluding treasury shares.

(Note 3) Cash flows from operating activities are used.

(Note 4) Interest-bearing debt includes all debt recorded on the Consolidated Balance Sheets for which interest is paid.

(4) Basic Policy on Shareholder Returns and Dividends for the Fiscal Year under Review and the Next Fiscal Year

The Company positions returning profits to its shareholders as one of the most important management measures, with the basic policy to provide stable and appropriate shareholder returns linked to performance.

With regard to dividends for the fiscal year under review, despite the extremely poor performance, the Company plans to pay out a dividend of 12 yen per share in light of its basic policy regarding dividend policy. The Company will determine whether to conduct a share buyback by taking into account factors such as its needs for funds.

The Company will flexibly utilize its internal reserve for strategic investments in the establishment of a robust business structure, enhancement of financial constitution, and other efforts while giving consideration to balancing its needs for funds.

(5) Future Outlook

For future outlook, please refer to "FY02/22 Results Presentation Supplement" announced today.

2. Basic Policy on Selection of Accounting Standards

In consideration of comparability between each reporting period of Consolidated Financial Statements and comparability between companies, the Group plans to prepare its Consolidated Financial Statements using the Japanese GAAP for the time being.

The Group plans to appropriately handle the adoption of IFRS (International Financial Reporting Standards) in consideration of various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of February 28, 2021	As of February 28, 2022
Assets		
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

(Million yen)

	As of February 28, 2021	As of February 28, 2022
Liabilities		
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
Net assets		
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

(2) Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income

(Million 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

(Million 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

(3) Consolidated Statements of Changes in Equity

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

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance as at March 1, 2020	30,079	50,043	46,338	(21,437)	105,023	(4,581)	22
Cumulative effects of changes in accounting policies			(10,011)		(10,011)		
Restated balance	30,079	50,043	36,326	(21,437)	95,012	(4,581)	22
Changes during period							
Dividends of surplus			(3,240)		(3,240)		
Loss attributable to owners of parent			(23,181)		(23,181)		
Purchase of treasury shares				(0)	(0)		
Disposal of treasury shares			(225)	571	345		
Reversal of revaluation reserve for land			(356)		(356)		
Change in ownership interest of parent due to transactions with non-controlling interests		347			347		
Net changes in items other than shareholders' equity						2,642	(7)
Total changes in items during period	—	347	(27,005)	571	(26,085)	2,642	(7)
Balance as at February 28, 2021	30,079	50,390	9,321	(20,865)	68,926	(1,939)	15

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as at March 1, 2020	(9,285)	(604)	(762)	(15,211)	484	3,740	94,036
Cumulative effects of changes in accounting policies							(10,011)
Restated balance	(9,285)	(604)	(762)	(15,211)	484	3,740	84,025
Changes during period							
Dividends of surplus							(3,240)
Loss attributable to owners of parent							(23,181)
Purchase of treasury shares							(0)
Disposal of treasury shares							345
Reversal of revaluation reserve for land							(356)
Change in ownership interest of parent due to transactions with non-controlling interests							347
Net changes in items other than shareholders' equity	1,421	(1,065)	17	3,008	(345)	(1,093)	1,569
Total changes in items during period	1,421	(1,065)	17	3,008	(345)	(1,093)	(24,516)
Balance as at February 28, 2021	(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)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance as at March 1, 2021	30,079	50,390	9,321	(20,865)	68,926	(1,939)	15
Cumulative effects of changes in accounting policies			272		272		
Restated balance	30,079	50,390	9,594	(20,865)	69,198	(1,939)	15
Changes during period							
Dividends of surplus			(1,627)		(1,627)		
Profit attributable to owners of parent			8,566		8,566		
Purchase of treasury shares				(0)	(0)		
Disposal of treasury shares			(18)	34	16		
Reversal of revaluation reserve for land			(1,124)		(1,124)		
Net changes in items other than shareholders' equity						292	(13)
Total changes in items during period	—	—	5,797	34	5,831	292	(13)
Balance as at February 28, 2022	30,079	50,390	15,391	(20,831)	75,030	(1,646)	1

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as at March 1, 2021	(7,864)	(1,669)	(744)	(12,202)	138	2,646	59,509
Cumulative effects of changes in accounting policies							272
Restated balance	(7,864)	(1,669)	(744)	(12,202)	138	2,646	59,781
Changes during period							
Dividends of surplus							(1,627)
Profit attributable to owners of parent							8,566
Purchase of treasury shares							(0)
Disposal of treasury shares							16
Reversal of revaluation reserve for land							(1,124)
Net changes in items other than shareholders' equity	2,166	1,341	272	4,058	(16)	7,601	11,644
Total changes in items during period	2,166	1,341	272	4,058	(16)	7,601	17,475
Balance as at February 28, 2022	(5,698)	(328)	(472)	(8,144)	122	10,248	77,257

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended February 28, 2021	For the fiscal year ended February 28, 2022
Cash flows from operating activities		
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
Cash flows from investing activities		
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

(Million yen)

	For the fiscal year ended February 28, 2021	For the fiscal year ended February 28, 2022
Cash flows from financing activities		
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

(5) Notes to Consolidated Financial Statements
(Uncertainties of entity's ability to continue as going concern)

Not applicable.

(Significant accounting policies for preparation of Consolidated Financial Statements)

1. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 48

Names of major consolidated subsidiaries

Onward Kashiya Co., Ltd.

Onward Trading Co., Ltd.

Chacott Co., Ltd.

Creative Yoko Co., Ltd.

Island Co., Ltd.

Onward Personal Style Co., Ltd.

Yamato Co., Ltd.

Onward Creative Center Co., Ltd.

Kokobuy Co., Ltd.

Onward Italia S.p.A.

Joseph Ltd.

Onward Beach Resort Guam, Inc.

Beginning in the fiscal year under review, Freeland S.r.L., Free Shoes S.r.L., Nadhour S.a.r.l., Zenith S.a.r.l., Jil Sander S.p.A., Jil Sander Paris S.a.r.l., Jil Sander GmbH, Jil Sander UK Limited, Jil Sander CH S.A.G.L., Jil Sander USA Inc., and Jil Sander Japan Co., Ltd. have been excluded from the scope of consolidation due to sale of their shares. Onward Life Design Network Co., Ltd. was merged into Onward Resort & Golf Co., Ltd. as the surviving company and therefore has been excluded from the scope of consolidation. Birz Association Ltd., LaLa PLAN Co., Ltd., and Onward J Bridge Co., Ltd. were liquidated and therefore have been excluded from the scope of consolidation.

(2) Names of major unconsolidated subsidiaries

Bien Co., Ltd.

Reasons for exclusion from scope of consolidation

Unconsolidated subsidiaries have been excluded from the scope of consolidation because they are small in scale and the effects of their total assets, net sales, profit or loss (amount attributable to the Company's share), retained earnings (amount attributable to the Company's share), etc. on the Consolidated Financial Statements in the aggregate are not material.

2. Disclosure about application of equity method

(1) Number of unconsolidated subsidiaries and associates accounted for using equity method

1

Names of major associates accounted for using equity method

Mulberry Japan Co., Ltd.

(2) Names of major unconsolidated subsidiaries and associates not being accounted for using equity method

Bien Co., Ltd.

Reasons for not being accounted for using equity method

Companies not accounted for using equity method have been excluded from the application of equity method because their effects on consolidated profit or loss, consolidated retained earnings, etc. are insignificant and immaterial individually or in the aggregate.

(3) The fiscal year-end of Mulberry Japan Co., Ltd. is March 31, and its financial statements prepared on a basis similar to that for the year-end closing as of December 31 have been used for consolidation purposes.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, companies whose fiscal year-end is different from the consolidated fiscal year-end are as follows.

(1) Companies with fiscal year-end on November 30

Onward Italia S.p.A.

Joseph Ltd.

9 other companies

(2) Companies with fiscal year-end on December 31

Onward Beach Resort Guam, Inc.

J. Press, Inc.

Onward Fashion Trading (China) Co., Ltd.

14 other companies

4. Disclosure of accounting policies

(1) Accounting policy for measuring significant assets

1) Accounting policy for measuring securities

Available-for-sale securities

Those with fair values

Carried at the fair values prevailing at the fiscal year-end date (unrealized gains or losses are included as a component of net assets, and cost of sales is computed by the moving-average method).

Those with no fair values

Stated at cost using the moving-average method.

2) Accounting policy for measuring derivatives

Stated at fair value.

3) Accounting policy for measuring inventories

Inventories are measured at cost determined principally by the specific identification method (the balance sheet value is calculated using the inventory write-down method based on decreased

profitability).

(2) Accounting policy for depreciation of significant assets

1) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries principally provide depreciation by the declining-balance method, while overseas consolidated subsidiaries provide depreciation by the straight-line method. Provided, however, that certain buildings (other than facilities attached to buildings) acquired on and after April 1, 1998 and facilities attached to buildings and structures acquired on and after April 1, 2016 are depreciated by the straight-line method.

The useful lives of property, plant and equipment are summarized as follows:

Buildings and structures	3 to 50 years
Other	2 to 20 years

2) Intangible assets (excluding leased assets)

Amortized by the straight-line method. Software costs for internal use are amortized over their expected useful lives (5 to 10 years) by the straight-line method.

3) Long-term prepaid expenses

Amortized by the straight-line method.

4) Leased assets

Leased assets pertaining to finance lease transactions without transfer of ownership
Depreciated by the straight-line method with the leasing period as the useful life and without residual value.

(3) Accounting policy for significant provisions

1) Allowance for doubtful accounts

In order to prepare for probable future losses on collection, estimated amount uncollectible is provided for in accordance with the historical average charge-off ratio in the case of ordinary receivables. In the case of certain accounts designated as highly doubtful accounts, a specific allowance is provided for based on individual detailed credit analysis.

2) Provision for bonuses

Provision for bonuses is recognized for the estimated amount to provide for payment of bonuses to employees.

3) Provision for bonuses for directors

The Company and certain of its domestic consolidated subsidiaries recognize provision for bonuses for directors in an estimated amount to provide for payment of bonuses to their directors.

4) Provision for retirement benefits for directors and corporate auditors

Certain domestic consolidated subsidiaries recognize provision for retirement benefits for directors and corporate auditors in an amount payable as of the end of the fiscal year based on internal regulations, to provide for payment of retirement benefits for Directors and Audit & Supervisory Board Member.

(4) Accounting policy for retirement benefits

1) Method of allocating estimated retirement benefits to each reporting period

In calculating retirement benefit liability, the method of allocating estimated retirement benefits

to each reporting period up to the end of the fiscal year under review is based on the benefit formula basis.

2) Accounting policy for actuarial differences and prior service costs

Prior service costs are accounted for as expenses over a certain number of years within the average remaining years of service of the employees at the time of occurrence (5 to 10 years) using the straight-line method.

Actuarial differences are accounted for as expenses over a certain number of years within the average remaining years of service of the employees at the time of occurrence during each fiscal year (5 to 10 years) using the straight-line method, commencing with the fiscal year following the one in which they were incurred.

(5) Accounting policy for significant revenue and expenses

The Company and its subsidiaries have adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and the “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021) (hereinafter referred to as “Accounting Standard for Revenue Recognition, etc.”), and the main content of performance obligations and ordinary times when revenue is recognized in core businesses are as follows.

1) Revenue related to wholesale sales

Revenue related to wholesale sales identifies the delivery and shipment of products as performance obligations. In wholesale sales, the performance obligation is fulfilled when the inspection by the customer is complete, but as there is no material difference between this and when the product ships, revenue is recognized when the product ships.

2) Revenue related to retail sales

Revenue related to retail sales identifies the delivery of products as a performance obligation. In retail sales, the performance obligation is normally fulfilled when a product is delivered, so revenue is recognized when the product is delivered.

3) Revenue related to service provision

Revenue related to provision of services includes primarily licensing fees and royalties, and loans of these are identified as performance obligations. This performance obligation is fulfilled as contractual terms and conditions are performed, so revenue is recognized over a certain period of time.

(6) Accounting policy for hedging

1) Accounting policy for hedging

Deferred hedging is applied. However, appropriation procedures are applied to trade payables and trade receivables denominated in foreign currencies with forward exchange contracts.

2) Hedging instruments and hedge items

The derivatives designated as hedging instruments are principally forward exchange contracts. The related hedged items are trade payables and trade receivables denominated in foreign currencies and scheduled transactions.

3) Hedging policy

For the purpose of fixing cash flows denominated in Japanese yen from payables and receivables denominated in foreign currencies by avoiding the risk of future foreign currency exchange rate fluctuation in relation to export and import transactions denominated in foreign currencies, the Company enters into forward exchange contracts based on settlement dates in response to orders

received from and sent to business partners.

4) Evaluation of hedge effectiveness

By setting up forward exchange contracts denominated in the same currencies with the same amounts and the same due dates to the amounts of orders received and sent denominated in foreign currencies, the Company ensures that the correlation from fluctuations in foreign currency exchange rates after entering into forward exchange contracts is maintained.

(7) Accounting policy for goodwill

Goodwill is evaluated on an individual basis and amortized on a straight-line basis over a reasonable number of years within 20 years.

(8) Scope of cash and cash equivalents in Consolidated Statement of Cash Flows

Funds (cash and cash equivalents) in the Consolidated Statement of Cash Flows are composed of cash on hand, bank deposits that can be withdrawn on demand, and short-term investments, which are highly liquid and readily convertible into cash, with an original maturity of 3 months or less and insignificant risk of changes in value.

(9) Other significant information for preparation of consolidated financial statements

1) Accounting for Japanese consumption taxes

Consumption taxes are accounted for by the tax exclusion method.

2) Application of consolidated taxation system

The Company and certain of its domestic consolidated subsidiaries apply the consolidated taxation system.

3) Treatment of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

Regarding the transition into the group tax sharing system established by the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 8 of 2020) and the items for which the single-entity taxation system has been revised in conjunction with the transition into the group tax sharing system, the Company and certain consolidated subsidiaries have not applied the provisions of paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), in accordance with the solution in paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No.39, March 31, 2020). The amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax laws prior to the amendment.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the fiscal year under review, and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time when the control of these goods or services is transferred to the customer.

The main changes resulting from the application of the Accounting Standard for Revenue Recognition, etc. are as follows.

(Revenue recognition for principal and agent transactions)

Regarding transactions in which the Company acts an agent in providing goods to a customer, the Company previously recognized the gross amount of consideration to be received from the customer as revenue. However, the Company has shifted to the method by which it recognizes revenue at the net amount after deducting the amount to be paid to the supplier of goods from the amount to be received from the customer. Meanwhile, with regard to transactions in which the Company acts as a principal and whose revenue was previously recognized at the net amount after deducting an amount equivalent to distribution fees from the amount to be received from the customer, the Company has shifted to the method by which it recognizes revenue at the gross amount of consideration.

(Revenue recognition for customer loyalty program)

Regarding the sale of goods under the customer loyalty program, which grants points to customers when goods are sold, the Company previously recognized revenue at the time of sale, recorded an amount expected to be used from the points granted as “Provision for point card certificates,” and recorded the amount of provision for point card certificates as “Selling, general and administrative expenses.” However, the Company has shifted to the method by which it identifies the points granted as performance obligations and allocates the transaction price based on the standalone selling price estimated in consideration of the points that are expected to expire in the future.

(Revenue recognition for sale with a right of return)

Regarding “Provision for sales returns,” which was previously recorded under “Current liabilities” based on an amount equivalent to gross profit, the Company has shifted to the method by which it recognizes revenue and cost of sales at the amounts excluding amounts equivalent to revenue and cost of sales for merchandise and finished goods that are expected to be returned. Compensation for merchandise and finished goods that are expected to be returned is recorded as refund liabilities in “Other” under “Current liabilities,” and assets recognized as the right to recover merchandise and finished goods from customers at the time of settlement of refund liabilities are recorded as return assets in “Notes and accounts receivable—trade, and contract assets” under “Current assets.”

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application of the new accounting policy, assuming it has been applied to periods prior to the beginning of the fiscal year under review, is added to or subtracted from retained earnings at the beginning of the fiscal year under review, and the new accounting policy is applied from the said beginning balance. However, the new accounting policy has not been retrospectively applied to contracts for which nearly all the revenue amounts had been recognized in accordance with the previous treatment prior to the beginning of the fiscal year under review, by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition.

As a result, for the fiscal year under review, net sales increased by 7,053 million yen, cost of sales decreased by 2,662 million yen, selling, general and administrative expenses increased by 9,752 million yen, operating loss increased by 35 million yen, and recurring loss and profit before income taxes each decreased by 35 million yen. In addition, the balance of retained earnings at the beginning of the period increased by 272 million yen. Due to the application of the Accounting Standard for Revenue Recognition, etc., “Notes and accounts receivable—trade,” which was presented under “Current assets” in the Consolidated Balance Sheets for the previous fiscal year, is instead included in “Notes and accounts receivable—trade, and contract assets” from the fiscal year under review. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the Company has not reclassified financial statements for the previous fiscal year by using the new presentation method.

(Changes in the presentation method)

(Consolidated Balance Sheets, Consolidated Statements of Income, and Consolidated Statements of Cash Flows)

While real estate lease revenue and real estate lease expenses were previously recorded in “Non-operating income,” “Selling, general and administrative expenses,” and “Non-operating expenses,” they are recorded in “Net sales” and “Cost of sales” from the fiscal year under review. The Company positions real estate leasing as one of its major businesses, recognizes real estate lease revenue as a steady source of revenue, and expects real estate lease revenue to grow along with an increase in the number of leasehold properties. In addition, the relevant department now appropriately manages the profitability of the real estate leasing business. In light of these circumstances, in order to present the actual state of the business more appropriately, the Company has changed the presentation method. Consolidated Financial Statements for the previous fiscal year have been reclassified to reflect this change in the presentation method.

As a result, 1,434 million yen presented in “Rental income from land and buildings” and 142 million yen presented in “Other” under “Non-operating income” in the Consolidated Statements of Income for the previous fiscal year have been reclassified as “Net sales.” Additionally, 76 million yen presented in “Selling, general and administrative expenses” and 519 million yen of “Rental expenses” under “Non-operating expenses” have been reclassified as “Cost of sales.”

Furthermore, 2,754 million yen presented in “Other” under “Investments and other assets” in the Consolidated Balance Sheets for the previous fiscal year has been reclassified as “Buildings and structures” of 3,928 million yen, “Buildings and structures (Accumulated depreciation)” of (1,200) million yen, “Other” of 169 million yen, and “Other (Accumulated depreciation)” of (143) million yen under “Property, plant and equipment.”

In addition, 152 million yen presented in “Other” under “Cash flows from operating activities” in the Consolidated Statements of Cash Flows for the previous fiscal year has been reclassified as “Depreciation and amortization.”

“Asset retirement obligations” included in “Other” under “Non-current liabilities” in the Consolidated Balance Sheets for the previous fiscal year has been presented independently from the fiscal year under review due to its increased monetary materiality. Consolidated Balance Sheets for the previous fiscal year have been reclassified to reflect this change in the presentation method.

As a result, 4,471 million yen presented in “Other” under “Non-current liabilities” in the Consolidated Balance Sheets for the previous fiscal year has been reclassified as “Asset retirement obligations” of 1,661 million yen and “Other” of 2,809 million yen under “Non-current liabilities.”

“Non-deductible consumption taxes” included in “Other” under “Non-operating expenses” for the previous fiscal year has been presented independently from the fiscal year under review due to its increased monetary materiality.

In addition, “Loss on disposal of non-current assets,” which was presented independently under “Extraordinary losses” for the previous fiscal year, has been included in “Other” under “Extraordinary losses” from the fiscal year under review due to its decreased monetary materiality.

Consolidated Financial Statements for the previous fiscal year have been reclassified to reflect these changes in the presentation method.

As a result, 632 million yen presented in “Other” under “Non-operating expenses” in the Consolidated Statements of Income for the previous fiscal year has been reclassified as “Non-deductible consumption taxes” of 166 million yen and “Other” of 466 million yen under “Non-operating expenses.”

In addition, 281 million yen presented in “Loss on disposal of non-current assets” and 614 million yen presented in “Other” under “Extraordinary losses” have been reclassified as “Other” of 896 million yen under “Extraordinary losses.”

(Notes to Consolidated Statements of Income)

In response to the requests from governments and municipalities in relation to COVID-19, many of the stores

located in retail facilities, directly-managed stores, resort facilities, and other locations were temporarily closed in regions including Japan, North America, and Europe. Fixed expenses (including personnel expenses, depreciation, and rent expenses) on stores and resort facilities incurred during the periods of closure were recognized as “Extraordinary loss due to closing and other” in “Extraordinary losses.”

(Notes to Consolidated Statements of Comprehensive Income)

* Notes regarding reclassification adjustments and tax effects relating to other comprehensive income

	(Million yen)	
	For the fiscal year ended February 28, 2021	For the fiscal year ended February 28, 2022
Valuation difference on available-for-sale securities:		
Amount arising during period	1,120	506
Reclassification adjustment for gain and loss	1,652	(106)
Amount before income tax effect	2,773	399
Income tax effect	(131)	(107)
Valuation difference on available-for-sale securities	2,642	292
Deferred gains or losses on hedges:		
Amount arising during period	22	1
Reclassification adjustment for gain and loss	(32)	(22)
Amount before income tax effect	(9)	(20)
Income tax effect	2	7
Deferred gains or losses on hedges	(7)	(13)
Revaluation reserve for land:		
Income tax effect	1,064	1,042
Revaluation reserve for land	1,064	1,042
Foreign currency translation adjustment:		
Amount arising during period	(1,008)	1,277
Reclassification adjustment for gain and loss	(72)	92
Foreign currency translation adjustment	(1,081)	1,370
Remeasurements of defined benefit plans, net of tax:		
Amount arising during period	(66)	396
Reclassification adjustment for gain and loss	98	23
Amount before income tax effect	31	419
Income tax effect	(13)	(146)
Remeasurements of defined benefit plans, net of tax	17	272
Total other comprehensive income	2,635	2,963

(Notes to Consolidated Statements of Changes in Equity)

For the fiscal year ended February 28, 2021

1. Notes regarding issued shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Ordinary shares (Shares)	157,921,669	—	—	157,921,669

2. Notes regarding treasury shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Ordinary shares (Shares)	22,901,445	1,178	580,500	22,322,123

(Outline of reasons for changes)

Major component of the increase are as follows.

Increase due to the purchase of shares less than one unit: 1,178 shares

Major component of the decrease are as follows.

Decrease due to the exercise of stock options: 580,500 shares

3. Notes regarding share acquisition rights

Company name	Breakdown	Class of underlying shares	Number of underlying shares (Shares)				Balance at end of period (Million yen)
			At beginning of period	Increase	Decrease	At end of period	
Reporting company	Share acquisition rights as stock options	—	—	—	—	—	138
Total			—	—	—	—	138

4. Notes regarding dividends

(1) Cash dividends paid

Resolution	Class of shares	Total cash dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
May 28, 2020 Annual General Meeting of Shareholders	Ordinary shares	3,240	24.00	February 29, 2020	May 29, 2020

(2) Dividends for which the record date falls in the fiscal year under review, but the effective date falls in the following fiscal year

Resolution	Class of shares	Total cash dividends (Million yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
May 27, 2021 Annual General Meeting of Shareholders	Ordinary shares	1,627	Retained earnings	12.00	February 28, 2021	May 28, 2021

For the fiscal year ended February 28, 2022

1. Notes regarding issued shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Ordinary shares (Shares)	157,921,669	—	—	157,921,669

2. Notes regarding treasury shares

Class of shares	Number of shares at beginning of period	Increase	Decrease	Number of shares at end of period
Ordinary shares (Shares)	22,322,123	948	35,300	22,287,771

(Outline of reasons for changes)

Major component of the increase are as follows.

Increase due to the purchase of shares less than one unit: 948 shares

Major component of the decrease are as follows.

Decrease due to the exercise of stock options: 35,300 shares

3. Notes regarding share acquisition rights

Company name	Breakdown	Class of underlying shares	Number of underlying shares (Shares)				Balance at end of period (Million yen)
			At beginning of period	Increase	Decrease	At end of period	
Reporting company	Share acquisition rights as stock options	—	—	—	—	—	122
Total			—	—	—	—	122

4. Notes regarding dividends

(1) Cash dividends paid

Resolution	Class of shares	Total cash dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
May 27, 2021 Annual General Meeting of Shareholders	Ordinary shares	1,627	12.00	February 28, 2021	May 28, 2021

(2) Dividends for which the record date falls in the fiscal year under review, but the effective date falls in the following fiscal year

Resolution	Class of shares	Total cash dividends (Million yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
May 26, 2022 Annual General Meeting of Shareholders	Ordinary shares	1,627	Retained earnings	12.00	February 28, 2022	May 27, 2022

(Notes to Consolidated Statements of Cash Flows)

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

	(Million 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 maturities of more than three months	(31)	(10)
Cash and cash equivalents	21,270	15,199

(Segment information, etc.)

[Segment information]

1. Summary of reportable segments

The Group's reportable segments are components for which separate financial information is available and regular evaluation by the Board of Directors is performed to decide how management resources are allocated and to assess performance.

The Group engages in the apparel business (planning, production, and sale of textile products, including men's and women's clothing) and the lifestyle business in Japan and overseas.

The reportable segments of the Group comprise the "Apparel Business," which is divided geographically into two categories, "Domestic" and "Overseas," and the "Lifestyle Business."

The "Apparel Business (Domestic)" operates the apparel business in Japan; the "Apparel Business (Overseas)" operates the apparel business overseas. The "Lifestyle Business" operates businesses including a cosmetic business, a wellness business related to ballet and dance and resorts, a pet supply and other business, a business related to gifts, and a real estate leasing business.

2. Method of calculating net sales, profit or loss, assets, liabilities, and other items by reportable segment

Accounting methods for reportable segments are mostly the same as the accounting methods described in "Significant accounting policies for preparation of Consolidated Financial Statements."

Profit by reportable segment refers to operating profit. Intersegment sales and transfers are based on market values.

3. Information on net sales, profit or loss, assets, liabilities, and other items by reportable segment

For the fiscal year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

(Million yen)

	Apparel Business			Lifestyle Business	Total	Adjustments (Note 1)	Amount recorded in Consolidated Financial Statements (Note 3)
	(Domestic)	(Overseas)	Total				
Net sales							
Net sales to outside customers	103,648	35,774	139,422	36,477	175,899	—	175,899
Intersegment sales or transfers	1,407	1,329	2,736	2,013	4,750	(4,750)	—
Total	105,055	37,103	142,158	38,491	180,650	(4,750)	175,899
Segment profit (loss)	(13,619)	(6,497)	(20,117)	1,128	(18,989)	(1,184)	(20,173)
Segment assets	94,559	25,304	119,863	47,392	167,255	28,796	196,052
Other items							
Depreciation and amortization (Note 2)	3,084	914	3,999	1,162	5,161	497	5,659
Investments in equity-method entities	12	—	12	—	12	—	12
Increases in property, plant and equipment, and intangible assets (Note 2)	2,804	1,995	4,799	1,192	5,992	509	6,501

(Notes) 1. Adjustments consist of the following:

- (1) The adjustment amount for segment profit (loss) of (1,184) million yen includes amortization of goodwill of (786) million yen, elimination of intersegment transactions of 3,668 million yen, and corporate expenses not allocated to reportable segments of (4,065) million yen. Corporate expenses are mainly general and administrative expenses that are not attributable to reportable segments.
- (2) The adjustment amount for segment assets of 28,796 million yen includes the unamortized balance of goodwill of 5,251 million yen, elimination of intersegment transactions of (133,274) million yen, and corporate assets not allocated to reportable segments of 156,820 million yen. Corporate assets are mainly assets held by the Company, a pure holding company.
2. Depreciation and amortization, and increases in property, plant and equipment and intangible assets include long-term prepaid expenses (furniture and fixtures).
3. Segment profit (loss) coincides with the amount of operating loss in the Consolidated Statements of Income.

For the fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(Million yen)

	Apparel Business			Lifestyle Business	Total	Adjustments (Note 1)	Amount recorded in Consolidated Financial Statements (Note 3)
	(Domestic)	(Overseas)	Total				
Net sales							
Net sales to outside customers	112,768	16,259	129,027	39,426	168,453	—	168,453
Intersegment sales or transfers	723	1,305	2,028	1,583	3,611	(3,611)	—
Total	113,491	17,564	131,055	41,009	172,065	(3,611)	168,453
Segment profit (loss)	(2,176)	(1,102)	(3,279)	2,403	(875)	(203)	(1,079)
Segment assets	82,615	12,339	94,954	45,310	140,265	17,462	157,727
Other items							
Depreciation and amortization (Note 2)	2,715	564	3,279	1,129	4,409	195	4,605
Investments in equity-method entities	—	—	—	—	—	—	—
Increases in property, plant and equipment, and intangible assets (Note 2)	1,904	1,634	3,538	1,166	4,705	952	5,657

(Notes) 1. Adjustments consist of the following:

- (1) The adjustment amount for segment profit (loss) of (203) million yen includes amortization of goodwill of (766) million yen, elimination of intersegment transactions of 3,766 million yen, and corporate expenses not allocated to reportable segments of (3,203) million yen. Corporate expenses are mainly general and administrative expenses that are not attributable to reportable segments.
- (2) The adjustment amount for segment assets of 17,462 million yen includes the unamortized balance of goodwill of 4,631 million yen, elimination of intersegment transactions of (118,564) million yen, and corporate assets not allocated to reportable segments of 131,395 million yen. Corporate assets are mainly assets held by the Company, a pure holding company.
2. Depreciation and amortization, and increases in property, plant and equipment and intangible assets include long-term prepaid expenses (furniture and fixtures).
3. Segment profit (loss) coincides with the amount of operating loss in the Consolidated Statements of Income.

4. Information on changes, etc. in reportable segments

As stated in “(Changes in accounting policies),” the Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the fiscal year under review and changed the accounting method for revenue recognition. Accordingly, it has also changed the method of calculating profit or loss for reportable segments.

As a result of these changes, for the fiscal year under review, for the “Apparel Business (Domestic),” net sales increase by 7,403 million yen and segment loss deteriorated by 33 million yen, and for the “Lifestyle Business,” net sales and segment profit decreased by 349 million yen and 1 million yen, respectively, compared with those calculated under the previous method.

As stated in “(Changes in the presentation method),” real estate lease revenue, which was previously recorded in “Rental income from land and buildings” and “Other” under “Non-operating income,” has been reclassified as “Net sales” from the fiscal year under review. In addition, real estate lease expenses, which were previously recorded in “Depreciation and amortization” under “Selling, general and administrative expenses” and “Rental expenses” under “Non-operating expenses” have been reclassified as “Cost of sales.” The figures in the segment information for the previous fiscal year have also been restated to reflect the reclassification.

As a result of these changes, segment loss for the “Apparel Business (Domestic)” improved by 47 million yen, and net sales and segment profit for the “Lifestyle Business” increased by 1,576 million yen and 981 million yen, respectively, while the adjustment amount for segment profit (loss) decreased by 28 million yen, compared with before the reclassification.

In addition, segment assets for the “Apparel Business (Domestic)” and the “Apparel Business (Overseas)” decreased by 252 million yen and 457 million yen, respectively, and for the “Lifestyle Business” increased by 3,007 million yen, while the adjustment amount decreased by 2,297 million yen.

Depreciation and amortization for the “Lifestyle Business” increased by 152 million yen.

[Information associated with reportable segments]

For the fiscal year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

1. Information for each product or service

Descriptions are omitted as similar information is disclosed in Segment information.

2. Information for each region

(1) Net sales

(Million yen)			
Japan	Europe	Other	Total
141,370	23,906	10,622	175,899

(2) Property, plant and equipment

(Million yen)				
Japan	U.S.	Europe	Other	Total
60,132	7,762	2,338	1,592	71,825

3. Information for each of main customers

Information is not stated as there are no parties whose net sales to outside customers comprise 10% or more of net sales in the Consolidated Statements of Income.

For the fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

1. Information for each product or service

Descriptions are omitted as similar information is disclosed in Segment information.

2. Information for each region

(1) Net sales

(Million yen)			
Japan	Europe	Other	Total
151,228	9,904	7,320	168,453

(2) Property, plant and equipment

(Million yen)

Japan	U.S.	Europe	Other	Total
45,137	8,421	1,809	2,674	58,042

3. Information for each of main customers

Information is not stated as there are no parties whose net sales to outside customers comprise 10% or more of net sales in the Consolidated Statements of Income.

(Disclosure of impairment loss on non-current assets for each reportable segment)

For the fiscal year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

(Million yen)

	Apparel Business			Lifestyle Business	Unallocated amounts and elimination	Total
	(Domestic)	(Overseas)	Total			
Impairment loss	1,385	1,003	2,389	910	—	3,299

For the fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(Million yen)

	Apparel Business			Lifestyle Business	Unallocated amounts and elimination	Total
	(Domestic)	(Overseas)	Total			
Impairment loss	998	289	1,287	22	430	1,741

(Amortization and unamortized balance of goodwill for each reportable segment)

Descriptions are omitted as similar information is disclosed in Segment information.

(Information about gain on bargain purchase for each reportable segment)

Not applicable.

(Per share information)

	For the fiscal year ended February 28, 2021	For the fiscal year ended February 28, 2022
Net assets per share (Yen)	418.32	493.14
Basic profit (loss) per share (Yen)	(171.18)	63.17
Diluted earnings per share (Yen)	—	63.04

(Notes) 1. Diluted earnings per share for the previous fiscal year are not stated because the Company recorded a basic loss per share, although dilutive shares exist.

2. The basis for the calculation of basic profit (loss) per share and diluted earnings per share is as follows:

Item	For the fiscal year ended February 28, 2021	For the fiscal year ended February 28, 2022
Basic profit (loss) per share		
Profit (loss) attributable to owners of parent (Million yen)	(23,181)	8,566
Components not pertaining to ordinary shareholders (Million yen)	—	—
Profit (loss) attributable to owners of parent relating to ordinary shares (Million yen)	(23,181)	8,566
Average number of ordinary shares during the period (Thousand shares)	135,420	135,619
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Million yen)	—	—
Increase in number of ordinary shares (Thousand shares)	—	266
[Of which, share acquisition rights (Thousand shares)]	[—]	[266]
Outline of residual shares not included in the calculation of diluted earnings per share due to not having a dilutive effect	—	—

3. The basis for the calculation of net assets per share is as follows:

Item	For the fiscal year ended February 28, 2021	For the fiscal year ended February 28, 2022
Total net assets (Million yen)	59,509	77,257
Amount deducted from total net assets (Million yen)	2,785	10,370
[Of which, share acquisition rights (Million yen)]	[138]	[122]
[Of which, non-controlling interests (Million yen)]	[2,646]	[10,248]
Net assets relating to ordinary shares at end of period (Million yen)	56,723	66,886
Number of ordinary shares at end of period used for the calculation of net assets per share (Thousand shares)	135,599	135,633

(Significant events after reporting period)

(Change in a consolidated subsidiary (share transfer) and transfer of receivables)

At the Board of Directors' meeting held on March 10, 2022, the Company made a resolution on transferring all of the shares (hereinafter referred to as "the Shares") in Onward Beach Resort Guam Inc. held by Onward Resort & Golf Co., Ltd., the Company's consolidated subsidiary, and on transferring the receivables (hereinafter referred to as "the Receivables") that the Company has against Onward Beach Resort Guam Inc. to Guam Hotel Management Co., Ltd. (hereinafter the transfers of the Shares and the Receivables are collectively referred to as "the Transfers").

Due to the Transfers, Onward Beach Resort Guam Inc. will be excluded from the Company's consolidated subsidiaries.

1. Reasons for the Transfers

The Company, in order to respond to the rapid and significant changes in the management environment, has worked for some time on the selection and concentration of its businesses by withdrawing from unprofitable businesses and reducing the scales thereof, as stated in "Announcement on Implementation of Global Business Reforms," a timely disclosure made as of October 4, 2019.

Under such circumstances, a variety of options for the future vision of the hotel business that the Group manages in Guam have been considered, as the need for large-scale improvements has increased in facilities after 30 years since the opening in 1992, and the hotel management environment in Guam has deteriorated on account of the impact of the global spread of COVID-19, which in turn has also had a serious, adverse effect on the performance of the Group.

As a result, the Group determined that withdrawing from the hotel management business in Guam (hereinafter referred to as "the Business") and transferring its shares to a third party is the best decision from the perspective of the Group's global business reforms. Accordingly, the Company has decided to transfer the Shares and the Receivables to Guam Hotel Management Co., Ltd. (a wholly owned subsidiary of Hoshino Resorts Inc.).

By conducting the Transfers, the Company will further facilitate the concentration of management resources into growing fields, thereby accelerating the enhancement of the Group's corporate value by improving and enhancing its financial constitution through stabilization of earnings base.

The Hoshino Resorts Group, the transferee, is a comprehensive resort management company that operates 56 facilities (as of March 8, 2022) in Japan and abroad, and we believe it is the optimum transferee for stakeholders including customers and employees of the Business, as the Hoshino Resorts Group's great ability to attract customers and facility management know-how can be greatly expected to produce synergies with the Business.

The golf businesses of Onward Mangilao Guam Inc. and Onward Golf Resort Guam Inc. are not included in the Transfer and will remain consolidated subsidiaries of the Company.

2. Outline of the subsidiary to be changed

(1) Name	Onward Beach Resort Guam Inc.		
(2) Address	445 Governor Carlos G. Camacho Rd. Tamuning, Guam 96913		
(3) Title and name of representative	Nobuyoshi Nakamoto, CEO		
(4) Business description	Operation and management of hotels and resorts		
(5) Share capital	54,989 thousand dollars		
(6) Date of establishment	May 23, 1992		
(7) Major shareholders and shareholding ratio	Onward Resort & Golf Co., Ltd. 100%		
(8) Relationship between the listed company and the said company	Capital relationship	The said company is the Company's consolidated subsidiary.	
	Personnel relationship	Three employees of the Company have been appointed Directors of the said company.	
	Transactional relationship	There are no direct transactional relationships. (The Company provides services to Onward Resort & Golf Co., Ltd., the parent company of the said company, in relation to management guidance and administration.)	
(9) Operating results of the said company for the past three years			
Fiscal year ended	December 31, 2018	December 31, 2019	December 31, 2020
Net sales (Million yen)	3,383	3,678	838
Operating profit (Million yen)	114	119	(913)
Net income (Million yen)	47	93	(928)

3. Name of the reportable segment in which the said subsidiary is included in the disclosure of segment information

Lifestyle Business

4. Outline of the counterparty in the Transfer

(1) Name	Guam Hotel Management Co., Ltd.		
(2) Address	2148 Oaza Nagakura, Karuizawa-machi, Kitasaku-gun, Nagano		
(3) Title and name of representative	Kaita Nakamura, Representative Director		
(4) Business description	Management of resorts and hot spring inns		
(5) Share capital	1 million yen		
(6) Date of establishment	February 4, 2022		
(7) Net assets	1 million yen		
(8) Total assets	1 million yen		
(9) Relationship between the listed company and the said company	Capital relationship	There are no capital relationships of note between the Company and the said company.	
	Personnel relationship	There are no personnel relationships of note between the Company and the said company.	

	Transactional relationship	There are no transactional relationships of note between the Company and the said company.
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5. Transfer price and status of shares held before and after the transfer and outline of transferred receivables

(1) Shareholding ratio before the transfer	Shareholding ratio: 100%
(2) Shareholding ratio to be transferred	Shareholding ratio: 100%
(3) Transfer price for the shares	6, 100 million yen
(4) Shareholding ratio after the transfer	Shareholding ratio: 0%
(5) Property subject to transfer of receivables	The Company's loan receivables against Onward Beach Resort Guam Inc.
(6) Transfer price for the transferred receivables	2,400 million yen

6. Schedule

(1) Date of resolution by the Board of Directors	March 10, 2022
(2) Date of execution of the agreement	March 10, 2022
(3) Date of implementation of the Transfer	March 30, 2022

(Omission of disclosure)

Disclosure of notes regarding leases, transactions with related parties, tax effect accounting, financial instruments, securities, derivatives, retirement benefits, share options, etc., business combinations, asset retirement obligations, and real estate for lease, etc. have been omitted because disclosing the information in the consolidated financial results is considered to have little materiality.

4. Others

Changes in officers

Other changes in officers (as of May 26, 2022)

1) Director to be retired

Name		Position and responsibility
Tsunenori Suzuki	Current	- Senior Managing Director of the Company - Representative Director and Chairman of Onward Kashiyama Co., Ltd.
	New	- Representative Director and Chairman of Onward Kashiyama Co., Ltd.

* Tsunenori Suzuki's name is Tsunenori Hasegawa on his family register, but his professional name is listed here.

2) Director to be promoted

Name		Position and responsibility
Kenji Chishiki	Current	- Outside Director of the Company - Independent Outside Director and Audit & Supervisory Committee Member of SHIFT Inc. - Outside Director of Ishii Food Co., Ltd. - Outside Director of Solasto Corporation
	New	- Director and Vice President of the Company - Independent Outside Director and Audit & Supervisory Committee Member of SHIFT Inc. - Outside Director of Ishii Food Co., Ltd. - Outside Director of Solasto Corporation

3) Audit & Supervisory Board Members to be retired

Name		Position and responsibility
Hirokazu Yoshizato	Current	- Standing Audit & Supervisory Board Member of the Company - Standing Audit & Supervisory Board Member of Onward Kashiyama Co., Ltd.
Hisayuki Ichinose	Current	- Standing Audit & Supervisory Board Member of the Company - Standing Audit & Supervisory Board Member of Onward Kashiyama Co., Ltd.

4) Candidates for new Audit & Supervisory Board Member

Name	Position and responsibility	
Hikosaburo Seike	Current	- Advisor of the Company
	New	- Standing Audit & Supervisory Board Member of the Company - Standing Audit & Supervisory Board Member of Onward Kashiyama Co., Ltd.
Nobuyoshi Onogi	Current	- Head of the Internal Control Office of the Company
	New	- Standing Audit & Supervisory Board Member of the Company - Standing Audit & Supervisory Board Member of Onward Kashiyama Co., Ltd.