

**[Delayed]Consolidated Financial Results
for the Fiscal Year Ended February 28, 2021
[Japanese GAAP]**



April 8, 2021

Company name: Onward Holdings Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange

Securities code: 8016

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

Representative: Michinobu Yasumoto, President and CEO

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Scheduled date of Annual General Meeting of Shareholders: May 27, 2021

Scheduled date of commencing dividend payments: May 28, 2021

Scheduled date of filing annual securities report: May 28, 2021

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, 2021 (March 1, 2020 - February 28, 2021)

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

| | Net sales | | Operating profit | | Recurring profit | | Profit attributable to owners of parent | |
|-------------------|-------------|--------|------------------|---|------------------|---|---|---|
| Fiscal year ended | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| February 28, 2021 | 174,323 | (29.8) | (21,230) | — | (20,174) | — | (23,181) | — |
| February 29, 2020 | 248,233 | 3.2 | (3,061) | — | (3,835) | — | (52,135) | — |

(Note) Comprehensive income: Fiscal year ended February 28, 2021: (20,032) million yen [—%]

Fiscal year ended February 29, 2020: (58,757) 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 |
|-------------------|--------------------------|----------------------------|------------------|---|--|
| Fiscal year ended | Yen | Yen | % | % | % |
| February 28, 2021 | (171.18) | — | (31.6) | (9.4) | (12.2) |
| February 29, 2020 | (383.97) | — | (42.0) | (1.5) | (1.2) |

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

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

Fiscal year ended February 29, 2020: (1,390) million yen

EBITDA (operating profit + depreciation and amortization):

Fiscal year ended February 28, 2021: (15,343) million yen [—%]

Fiscal year ended February 29, 2020: 5,079 million yen [61.7%]

(2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|-------------------------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of February 28, 2021 | 196,052 | 59,509 | 28.9 | 418.32 |
| As of February 29, 2020 | 234,316 | 94,036 | 38.3 | 665.17 |

(Reference) Shareholders' equity: As of February 28, 2021: 56,723 million yen

As of February 29, 2020: 89,812 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 |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | Million yen | Million yen | Million yen | Million yen |
| February 28, 2021 | (19,614) | 6,091 | 5,860 | 21,270 |
| February 29, 2020 | 8,003 | (10,758) | (1,595) | 28,780 |

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 29, 2020 | — | — | — | 24.00 | 24.00 | 3,240 | — | 2.5 |
| Fiscal year ended February 28, 2021 | — | — | — | 12.00 | 12.00 | 1,627 | — | 2.1 |
| Fiscal year ending February 28, 2022 (Forecast) | — | — | — | 12.00 | 12.00 | | 25.8 | |

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

(% 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) | 89,300 | 10.8 | (3,000) | — | (3,000) | — | 2,200 | 16.25 |
| Full year | 190,500 | 9.3 | 3,200 | — | 3,000 | — | 6,300 | 46.52 |

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

Full year ending February 28, 2022 (forecast): 9,300 million yen [—%]

Full year ended February 28, 2021: (15,343) 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, 2021: 157,921,669 shares

As of February 29, 2020: 157,921,669 shares

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

As of February 28, 2021: 22,322,123 shares

As of February 29, 2020: 22,901,445 shares

3) Average number of shares outstanding during the period:

Fiscal year ended February 28, 2021: 135,420,529 shares
Fiscal year ended February 29, 2020: 135,778,721 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2021 (March 1, 2020 - February 28, 2021)

(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, 2021 | 10,167 | (3.3) | 6,101 | 2.7 | (3,170) | — | (22,397) | — |
| February 29, 2020 | 10,519 | (2.5) | 5,940 | (4.7) | 4,658 | (18.6) | (39,297) | — |

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Fiscal year ended February 28, 2021 | (165.39) | — |
| February 29, 2020 | (289.42) | — |

(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, 2021 | 162,749 | 71,275 | 43.7 | 524.61 |
| As of February 29, 2020 | 172,806 | 94,372 | 54.3 | 695.36 |

(Reference) Shareholders' equity: As of February 28, 2021: 71,136 million yen
As of February 29, 2020: 93,888 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 "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, the Japanese economy remained in a situation where its outlook is unclear, due to the impact of events stemming from the global spread of COVID-19, such as the state of emergency in Japan, which has been declared twice, lockdowns in various countries, and negative influence on economic activities due to bans on overseas travel.

In this harsh management environment, the Company strived to curtail purchasing and reduce fixed expenses, while steadily implementing measures such as withdrawal from the Italy business, which had been an unprofitable business, discontinuation of unprofitable brands, and closing of unprofitable stores in Japan and overseas, as part of the global business reforms that has been conducted since the previous fiscal year.

E-commerce sales grew significantly, increasing by 26% year-on-year, mainly through Onward Crosset, an online store directly managed by Onward Kashiya Co., Ltd., which is a core group company, and the Lifestyle Business also trended strongly. However, the consolidated performance was seriously affected by factors such as a significant decrease in sales at physical stores including department stores and shopping centers, which are located mainly in metropolitan areas, and temporary closures due to lockdowns overseas.

As a result of the above, consolidated net sales amounted to 174,323 million yen (a 29.8% decrease year-on-year), consolidated operating loss amounted to 21,230 million yen (operating loss of 3,061 million yen for the previous fiscal year), consolidated recurring loss amounted to 20,174 million yen (recurring loss of 3,835 million yen for the previous fiscal year), and loss attributable to owners of parent amounted to 23,181 million yen (loss attributable to owners of parent of 52,135 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 (15,343) million yen (5,079 million yen for the previous fiscal year).

Status by segment is as follows.

[Apparel Business]

In the domestic business, profit increased at companies including Onward Trading Co., Ltd., which conducts a B2B uniform business, and Tiaclass Co., Ltd., whose main sales channel is e-commerce. Despite progress in a shift in sales channels to e-commerce such as Onward Crosset, a directly-managed online store, net sales through physical sales channels decreased due to the impact of COVID-19, causing both sales and profit to decrease at companies including Onward Kashiya Co., Ltd. As a result, both sales and profit decreased for the domestic business.

In the overseas business, despite cost reduction effects of the global business reforms which have been conducted since the previous fiscal year, the impact of COVID-19 continued in Europe and the U.S., causing both sales and profit to decrease for the overseas business.

As a result, both sales and profit decreased for the Apparel Business as a whole.

[Lifestyle Business]

In the Lifestyle Business, both sales and profit increased at Yamato Co., Ltd., which conducts a gift catalogue business, but sales decreased at companies including Onward Beach Resort Guam, Inc., which conducts a resort business in Guam where a lockdown has continued since the second quarter.

As a result, both sales and profit decreased for the Lifestyle Business, despite securing an operating profit.

(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 38,264 million yen compared with the end of the previous fiscal year to 196,052 million yen. This was primarily due to decreases in cash and deposits of 7,493 million yen, notes and accounts receivable—trade of 7,463 million yen, merchandise and finished goods of 6,823 million yen, buildings and structures of 4,750 million yen, and land of 6,823 million yen.

Liabilities decreased by 3,736 million yen compared with the end of the previous fiscal year to 136,543 million yen. This was primarily due to a decrease in other current liabilities of 11,172 million yen.

Net assets decreased by 34,527 million yen compared with the end of the previous fiscal year to 59,509 million yen. This was primarily due to loss attributable to owners of parent of 23,181 million yen, dividends of surplus of 3,240 million yen, a decrease in retained earnings at the beginning of the period due to changes in the accounting policies of 10,011 million yen, and an increase in valuation difference on available-for-sale securities and other accounts of 1,905 million yen.

As a result, shareholders' equity ratio was 28.9%.

(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 used in operating activities amounted to 19,614 million yen (an inflow of 8,003 million yen for the previous fiscal year) mainly due to a loss 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 6,091 million yen (an outflow of 10,758 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 provided by financing activities amounted to 5,860 million yen (an outflow of 1,595 million yen for the previous fiscal year), which primarily included a net increase (decrease) in borrowings and dividends paid.

As a result, cash and cash equivalents at the end of the fiscal year under review decreased by 7,509 million yen compared with the end of the previous fiscal year to 21,270 million yen.

2) Indicators related to cash flows

| | Fiscal year ended February 28, 2017 | Fiscal year ended February 28, 2018 | Fiscal year ended February 28, 2019 | Fiscal year ended February 29, 2020 | Fiscal year ended February 28, 2021 |
|---|---|---|---|---|---|
| Shareholders' equity ratio (%) | 59.8 | 59.2 | 55.1 | 38.3 | 28.9 |
| Shareholders' equity ratio based on fair value (%) | 44.6 | 46.8 | 30.1 | 30.1 | 17.4 |
| Ratio of interest-bearing debt to cash flow (%) | 662.2 | 350.6 | 1,409.8 | 875.8 | (461.1) |
| Interest coverage ratio (times) | 16.0 | 40.9 | 12.6 | 17.4 | (46.5) |

Shareholders' equity ratio:

Shareholders' equity / Total assets

Shareholders' equity ratio based on fair value:

Total market value of shares / Total assets

Ratio of interest-bearing debt to cash flow:

Interest-bearing debt / Cash flow

Interest coverage ratio:

Cash flow / 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 “FY02/21 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 29, 2020 | As of February 28, 2021 |
|-------------------------------------|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 28,795 | 21,301 |
| Notes and accounts receivable—trade | 25,715 | 18,251 |
| Merchandise and finished goods | 35,733 | 28,909 |
| Work in process | 2,041 | 1,010 |
| Raw materials and supplies | 5,448 | 4,435 |
| Other | 9,536 | 6,829 |
| Allowance for doubtful accounts | (488) | (277) |
| Total current assets | 106,782 | 80,460 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 74,626 | 57,981 |
| Accumulated depreciation | (48,288) | (36,392) |
| Buildings and structures, net | 26,338 | 21,588 |
| Land | 42,082 | 35,259 |
| Leased assets | 9,756 | 9,969 |
| Accumulated depreciation | (5,084) | (5,618) |
| Leased assets, net | 4,671 | 4,351 |
| Other | 32,400 | 26,597 |
| Accumulated depreciation | (22,261) | (18,725) |
| Other, net | 10,138 | 7,871 |
| Total property, plant and equipment | 83,231 | 69,070 |
| Intangible assets | | |
| Goodwill | 6,127 | 5,251 |
| Other | 6,033 | 5,416 |
| Total intangible assets | 12,160 | 10,667 |
| Investments and other assets | | |
| Investment securities | 13,340 | 14,312 |
| Long-term loans receivable | 1,612 | 1,662 |
| Long-term prepaid expenses | 300 | 440 |
| Retirement benefit asset | 2,704 | 2,814 |
| Deferred tax assets | 4,232 | 7,486 |
| Other | 10,256 | 9,429 |
| Allowance for doubtful accounts | (306) | (292) |
| Total investments and other assets | 32,142 | 35,854 |
| Total non-current assets | 127,534 | 115,592 |
| Total assets | 234,316 | 196,052 |

(Million yen)

| | As of February 29, 2020 | As of February 28, 2021 |
|--|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable—trade | 19,206 | 20,092 |
| Electronically recorded obligations—operating | 13,808 | 1,864 |
| Short-term borrowings | 44,907 | 56,566 |
| Current portion of long-term borrowings | 4,452 | 5,052 |
| Lease obligations | 808 | 2,040 |
| Income taxes payable | 527 | 669 |
| Provision for bonuses | 835 | 589 |
| Provision for bonuses for directors | 22 | 25 |
| Provision for sales returns | 228 | 125 |
| Provision for point card certificates | 886 | 636 |
| Other | 23,059 | 11,887 |
| Total current liabilities | 108,743 | 99,549 |
| Non-current liabilities | | |
| Long-term borrowings | 17,028 | 16,430 |
| Lease obligations | 4,224 | 11,615 |
| Deferred tax liabilities for land revaluation | 1,755 | 761 |
| Retirement benefit liability | 3,723 | 3,482 |
| Provision for retirement benefits for directors and corporate auditors | 233 | 232 |
| Other | 4,570 | 4,471 |
| Total non-current liabilities | 31,536 | 36,993 |
| Total liabilities | 140,279 | 136,543 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 30,079 | 30,079 |
| Capital surplus | 50,043 | 50,390 |
| Retained earnings | 46,338 | 9,321 |
| Treasury shares | (21,437) | (20,865) |
| Total shareholders' equity | 105,023 | 68,926 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (4,581) | (1,939) |
| Deferred gains or losses on hedges | 22 | 15 |
| Revaluation reserve for land | (9,285) | (7,864) |
| Foreign currency translation adjustment | (604) | (1,669) |
| Remeasurements of defined benefit plans | (762) | (744) |
| Total accumulated other comprehensive income | (15,211) | (12,202) |
| Share acquisition rights | 484 | 138 |
| Non-controlling interests | 3,740 | 2,646 |
| Total net assets | 94,036 | 59,509 |
| Total liabilities and net assets | 234,316 | 196,052 |

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

(Million yen)

| | For the fiscal year ended February 29, 2020 | For the fiscal year ended February 28, 2021 |
|---|--|--|
| Net sales | 248,233 | 174,323 |
| Cost of sales | 135,550 | 104,601 |
| Gross profit | 112,683 | 69,721 |
| Selling, general and administrative expenses | 115,744 | 90,952 |
| Operating loss | (3,061) | (21,230) |
| Non-operating income | | |
| Interest income | 45 | 55 |
| Dividend income | 241 | 193 |
| Rental income from land and buildings | 1,288 | 1,434 |
| Subsidy income | — | 883 |
| Other | 1,235 | 964 |
| Total non-operating income | 2,810 | 3,530 |
| Non-operating expenses | | |
| Interest expenses | 402 | 595 |
| Loss on disposal of salesfloor fixtures, etc. | 398 | 213 |
| Foreign exchange losses | 1 | 443 |
| Share of loss of entities accounted for using equity method | 1,390 | 70 |
| Rental expenses | 657 | 519 |
| Other | 734 | 632 |
| Total non-operating expenses | 3,584 | 2,474 |
| Recurring loss | (3,835) | (20,174) |
| Extraordinary income | | |
| Subsidies for employment adjustment, etc. | — | 1,696 |
| Gain on sales of non-current assets | 2,827 | 8,416 |
| Gain on sales of investment securities | 160 | 8 |
| Gain on sales of shares of subsidiaries and associates | — | 154 |
| Other | — | 237 |
| Total extraordinary income | 2,988 | 10,513 |
| Extraordinary losses | | |
| Loss on liquidation of business | 3,028 | 953 |
| Extraordinary loss due to closing and other | — | 3,893 |
| Loss on disposal of non-current assets | 403 | 281 |
| Impairment loss | 27,756 | 3,299 |
| Loss on valuation of investment securities | 1,564 | 1,685 |
| Extra retirement payments | 3,598 | — |
| Loss on sales of shares of subsidiaries and associates | — | 5,171 |
| Other | 381 | 614 |
| Total extraordinary losses | 36,732 | 15,899 |
| Loss before income taxes | (37,579) | (25,560) |
| Income taxes - current | 1,653 | 814 |
| Income taxes - deferred | 12,202 | (3,706) |
| Total income taxes | 13,855 | (2,892) |
| Loss | (51,435) | (22,668) |
| Profit attributable to non-controlling interests | 700 | 513 |
| Loss attributable to owners of parent | (52,135) | (23,181) |

Consolidated Statements of Comprehensive Income

(Million yen)

| | For the fiscal year ended February 29, 2020 | For the fiscal year ended February 28, 2021 |
|--|--|--|
| Loss | (51,435) | (22,668) |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (4,791) | 2,642 |
| Deferred gains or losses on hedges | (57) | (7) |
| Revaluation reserve for land | (106) | 1,064 |
| Foreign currency translation adjustment | (1,506) | (1,081) |
| Remeasurements of defined benefit plans, net of tax | (844) | 17 |
| Share of other comprehensive income of entities accounted for using equity method | (14) | — |
| Total other comprehensive income | * (7,321) | * 2,635 |
| Comprehensive income | (58,757) | (20,032) |
| Comprehensive income attributable to: | | |
| Owners of parent | (59,454) | (20,529) |
| Non-controlling interests | 697 | 497 |

(3) Consolidated Statements of Changes in Equity

Fiscal year ended February 29, 2020 (from March 1, 2019 to February 29, 2020)

(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, 2019 | 30,079 | 50,043 | 107,139 | (19,833) | 167,429 | (1,452) | 79 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | (3,308) | | (3,308) | | |
| Loss attributable to owners of parent | | | (52,135) | | (52,135) | | |
| Purchase of treasury shares | | | | (1,757) | (1,757) | | |
| Disposal of treasury shares | | | (78) | 154 | 75 | | |
| Reversal of revaluation reserve for land | | | 221 | | 221 | | |
| Change in scope of equity method | | | (4,767) | | (4,767) | | |
| Change in scope of consolidation | | | (732) | | (732) | | |
| Net changes in items other than shareholders' equity | | | | | | (3,128) | (57) |
| Total changes in items during period | — | — | (60,801) | (1,603) | (62,405) | (3,128) | (57) |
| Balance as at February 29, 2020 | 30,079 | 50,043 | 46,338 | (21,437) | 105,023 | (4,581) | 22 |

| | 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, 2019 | (8,956) | 1,134 | 81 | (9,113) | 559 | 3,336 | 162,210 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (3,308) |
| Loss attributable to owners of parent | | | | | | | (52,135) |
| Purchase of treasury shares | | | | | | | (1,757) |
| Disposal of treasury shares | | | | | | | 75 |
| Reversal of revaluation reserve for land | | | | | | | 221 |
| Change in scope of equity method | | | | | | | (4,767) |
| Change in scope of consolidation | | | | | | | (732) |
| Net changes in items other than shareholders' equity | (328) | (1,738) | (844) | (6,097) | (75) | 404 | (5,768) |
| Total changes in items during period | (328) | (1,738) | (844) | (6,097) | (75) | 404 | (68,173) |
| Balance as at February 29, 2020 | (9,285) | (604) | (762) | (15,211) | 484 | 3,740 | 94,036 |

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 |

(4) Consolidated Statements of Cash Flows

(Million yen)

| | For the fiscal year ended February 29, 2020 | For the fiscal year ended February 28, 2021 |
|--|--|--|
| Cash flows from operating activities | | |
| Loss before income taxes | (37,579) | (25,560) |
| Depreciation and amortization | 6,392 | 5,506 |
| Impairment loss | 27,756 | 3,299 |
| Amortization of goodwill | 1,748 | 786 |
| Increase (decrease) in allowance for doubtful accounts | (225) | (56) |
| Decrease (increase) in retirement benefit asset | 214 | (109) |
| Increase (decrease) in retirement benefit liability | (241) | 23 |
| Interest and dividend income | (286) | (249) |
| Interest expenses | 402 | 595 |
| Share of loss (profit) of entities accounted for using equity method | 1,390 | 70 |
| Loss (gain) on disposal of non-current assets | (2,424) | (8,135) |
| Loss on disposal of salesfloor fixtures, etc. | 398 | 213 |
| Loss (gain) on sales of investment securities | (160) | (4) |
| Loss (gain) on valuation of investment securities | 1,564 | 1,685 |
| Loss (gain) on sales of shares of subsidiaries and associates | — | 5,017 |
| Decrease (increase) in trade receivables | 540 | 8,418 |
| Decrease (increase) in inventories | 4,919 | 6,578 |
| Increase (decrease) in trade payables | (33) | (10,112) |
| Other, net | 3,587 | (8,538) |
| Subtotal | 7,963 | (20,572) |
| Interest and dividends received | 322 | 252 |
| Interest paid | (459) | (421) |
| Income taxes paid | (1,678) | (743) |
| Income taxes refund | 1,854 | 1,871 |
| Net cash provided by (used in) operating activities | 8,003 | (19,614) |
| Cash flows from investing activities | | |
| Payments into time deposits | (21) | (91) |
| Proceeds from withdrawal of time deposits | 52 | 75 |
| Purchase of property, plant and equipment | (5,701) | (4,249) |
| Proceeds from sales of property, plant and equipment | 4,056 | 17,755 |
| Purchase of investment securities | (2,276) | (88) |
| Proceeds from sales of investment securities | 3,654 | 520 |
| Purchase of long-term prepaid expenses | (131) | (48) |
| Payments of guarantee deposits | (694) | (276) |
| Proceeds from refund of guarantee deposits | 899 | 687 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (8,304) | — |
| Payments for sales of shares of subsidiaries resulting in change in scope of consolidation | — | (5,612) |
| Other, net | (2,291) | (2,581) |
| Net cash provided by (used in) investing activities | (10,758) | 6,091 |

(Million yen)

| | For the fiscal year ended February 29, 2020 | For the fiscal year ended February 28, 2021 |
|---|--|--|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (8,043) | 12,122 |
| Proceeds from long-term borrowings | 16,300 | 10,390 |
| Repayments of long-term borrowings | (3,986) | (10,292) |
| Purchase of treasury shares | (1,757) | (0) |
| Dividends paid | (3,308) | (3,240) |
| Dividends paid to non-controlling interests | (103) | (739) |
| Other, net | (695) | (2,379) |
| Net cash provided by (used in) financing activities | (1,595) | 5,860 |
| Effect of exchange rate change on cash and cash equivalents | (498) | 52 |
| Net increase (decrease) in cash and cash equivalents | (4,848) | (7,609) |
| Cash and cash equivalents at beginning of period | 31,237 | 28,780 |
| Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation | 2,391 | 100 |
| Cash and cash equivalents at end of period | * 28,780 | * 21,270 |

(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: 63

Names of major consolidated subsidiaries

Onward Kashiya Co., Ltd.

Onward Trading Co., Ltd.

Chacott Co., Ltd.

Creative Yoko Co., Ltd.

Island Co., Ltd.

Onward International Fashion 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, Onward Digital Lab Co., Ltd., which had been an unconsolidated subsidiary, has been included in the scope of consolidation due to its increased materiality. La Maison Moreau S.A.S., Maison Moreau Japan Co., Ltd., Onward Luxury Group UK Ltd., Onward Luxury Group S.p.A., Onward Luxury Group S.A.R.L., Onward Luxury Group, Inc., Green Iris Kft., Iris Sud S.R.L., OLG LAB S.R.L., Frassinetti s.r.l., and Maglificio Erika S.R.L. have been excluded from the scope of consolidation due to sale of their shares.

Jil Sander Austria GmbH, Onward Kashiya Korea Co., Ltd., and Innovate Organics, Inc. have been excluded from the scope of consolidation because they were liquidated.

(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

Names of major associates accounted for using equity method

Mulberry Japan Co., Ltd.

Gailygren Ltd. has been excluded from the scope of application of equity method because its impact has diminished.

(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.

20 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 sales returns

The Companies provide for estimated losses based on the actual percentage of sales return in prior years and gross profit margin.

5) Provision for point card certificates

The provision for point card certificates is provided for future costs arising from the utilization of points that customers of certain domestic consolidated subsidiaries have earned under the point service program, which is for sales promotions. Certain domestic consolidated subsidiaries have reserved an amount considered appropriate to cover possible future utilization of the points as of the end of the fiscal year under review.

6) 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 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.

(6) 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.

(7) 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 three months or less and insignificant risk of changes in value.

(8) 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.

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

Subsidiaries that have adopted the International Financial Reporting Standards began applying International Financial Reporting Standard 16 "Leases" ("IFRS 16") from the fiscal year under review. The impact of the application is as stated in "(Changes in accounting policies)."

(Changes in accounting policies)

(Application of IFRS 16 "Leases")

Subsidiaries that have adopted the International Financial Reporting Standards began applying IFRS 16 from the fiscal year under review. Accordingly, lessees of leases now recognize all leases as assets and liabilities in their Balance Sheets in principle. The application of IFRS 16 has been conducted in accordance with its transitional treatment, under which the cumulative effects of changes in accounting policies have been recognized in retained earnings at the beginning of the fiscal year under review.

As a result, for the fiscal year under review, "Other" in property, plant and equipment increased by 77 million yen, and "Lease obligations" in current liabilities and "Lease obligations" in non-current liabilities increased by 1,193 million yen and 7,624 million yen, respectively. The impact of these changes on the profit or loss for the fiscal year under review is insignificant.

In addition, the balance of retained earnings at the beginning of the period has decreased by 10,011 million yen.

(Additional information)

(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.

(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 29, 2020 | For the fiscal year ended February 28, 2021 |
| Valuation difference on available-for-sale securities: | | |
| Amount arising during period | (6,467) | 1,120 |
| Reclassification adjustment for gain and loss | 1,601 | 1,652 |
| Amount before income tax effect | (4,866) | 2,773 |
| Income tax effect | 74 | (131) |
| Valuation difference on available-for-sale securities | (4,791) | 2,642 |
| Deferred gains or losses on hedges: | | |
| Amount arising during period | 32 | 22 |
| Reclassification adjustment for gain and loss | (102) | (32) |
| Amount before income tax effect | (70) | (9) |
| Income tax effect | 13 | 2 |
| Deferred gains or losses on hedges | (57) | (7) |
| Revaluation reserve for land: | | |
| Income tax effect | (106) | 1,064 |
| Revaluation reserve for land | (106) | 1,064 |
| Foreign currency translation adjustment: | | |
| Amount arising during period | (1,507) | (1,008) |
| Reclassification adjustment for gain and loss | 0 | (72) |
| Foreign currency translation adjustment | (1,506) | (1,081) |
| Remeasurements of defined benefit plans, net of tax: | | |
| Amount arising during period | (1,177) | (66) |
| Reclassification adjustment for gain and loss | (112) | 98 |
| Amount before income tax effect | (1,290) | 31 |
| Income tax effect | 445 | (13) |
| Remeasurements of defined benefit plans, net of tax | (844) | 17 |
| Share of other comprehensive income of entities accounted for using equity method: | | |
| Amount arising during period | (14) | — |
| Reclassification adjustment for gain and loss | — | — |
| Share of other comprehensive income of entities accounted for using equity method | (14) | — |
| Total other comprehensive income | (7,321) | 2,635 |

(Notes to Consolidated Statements of Changes in Equity)
For the fiscal year ended February 29, 2020

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) | 20,052,156 | 3,001,709 | 152,420 | 22,901,445 |

(Outline of reasons for changes)

Major components of the increase are as follows.

- 1) Increase due to the acquisition of treasury shares by the resolution of the Board of Directors on April 5, 2019: 3,000,000 shares
- 2) Increase due to the purchase of shares less than one unit: 1,709 shares

Major components of the decrease are as follows.

- 1) Decrease due to the exercise of stock options: 152,400 shares
- 2) Decrease due to shareholders' request to buy additional shares to achieve one unit: 20 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 | — | — | — | — | — | 484 |
| Total | | | — | — | — | — | 484 |

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 23, 2019 Annual General Meeting of Shareholders | Ordinary shares | 3,308 | 24.00 | February 28, 2019 | May 24, 2019 |

(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 28, 2020 Annual General Meeting of Shareholders | Ordinary shares | 3,240 | Retained earnings | 24.00 | February 29, 2020 | May 29, 2020 |

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 components of the increase are as follows.

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

Major components of the decrease are as follows.

1) 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 dividend | 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 |

(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 29, 2020 | For the fiscal year ended February 28, 2021 |
| Cash and deposits | 28,795 | 21,301 |
| Time deposits with maturities of more than three months | (15) | (31) |
| Cash and cash equivalents | 28,780 | 21,270 |

(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, and a business related to gifts.

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 29, 2020 (from March 1, 2019 to February 29, 2020)

(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 | 158,954 | 46,310 | 205,265 | 42,968 | 248,233 | — | 248,233 |
| Intersegment sales or transfers | 1,393 | 2,499 | 3,892 | 2,869 | 6,762 | (6,762) | — |
| Total | 160,347 | 48,809 | 209,157 | 45,838 | 254,996 | (6,762) | 248,233 |
| Segment profit (loss) | 2,514 | (5,940) | (3,425) | 1,553 | (1,872) | (1,189) | (3,061) |
| Segment assets | 113,016 | 38,621 | 151,638 | 50,006 | 201,645 | 32,671 | 234,316 |
| Other items | | | | | | | |
| Depreciation and amortization (Note 2) | 3,675 | 943 | 4,618 | 1,278 | 5,896 | 495 | 6,392 |
| Investments in equity-method entities | 67 | 17 | 84 | — | 84 | — | 84 |
| Increases in property, plant and equipment, and intangible assets (Note 2) | 4,943 | 1,643 | 6,587 | 1,466 | 8,053 | 1,479 | 9,533 |

(Notes) 1. Adjustments consist of the following:

- (1) The adjustment amount for segment profit (loss) of (1,189) million yen includes amortization of goodwill of (1,748) million yen, elimination of intersegment transactions of 5,138 million yen, and corporate expenses not allocated to reportable segments of (4,579) 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 32,671 million yen includes the unamortized balance of goodwill of 6,127 million yen, elimination of intersegment transactions of (142,557) million yen, and corporate assets not allocated to reportable segments of 169,101 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, 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 | 34,901 | 174,323 | — | 174,323 |
| Intersegment sales or transfers | 1,407 | 1,329 | 2,736 | 2,013 | 4,750 | (4,750) | — |
| Total | 105,055 | 37,103 | 142,158 | 36,914 | 179,073 | (4,750) | 174,323 |
| Segment profit (loss) | (13,667) | (6,497) | (20,165) | 147 | (20,017) | (1,213) | (21,230) |
| Segment assets | 94,812 | 25,761 | 120,573 | 44,384 | 164,958 | 31,094 | 196,052 |
| Other items | | | | | | | |
| Depreciation and amortization (Note 2) | 3,084 | 914 | 3,999 | 1,009 | 5,009 | 497 | 5,506 |
| 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 (1,213) million yen includes amortization of goodwill of (786) million yen, elimination of intersegment transactions of 3,639 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 31,094 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 159,117 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.

[Information associated with reportable segments]

For the fiscal year ended February 29, 2020 (from March 1, 2019 to February 29, 2020)

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 |
|---------|--------|--------|---------|
| 198,070 | 29,983 | 20,179 | 248,233 |

(2) Property, plant and equipment

(Million yen)

| Japan | U.S. | Europe | Other | Total |
|--------|-------|--------|-------|--------|
| 68,088 | 9,357 | 4,335 | 1,448 | 83,231 |

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, 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 |
|---------|--------|--------|---------|
| 139,861 | 23,839 | 10,622 | 174,323 |

(2) Property, plant and equipment

(Million yen)

| Japan | U.S. | Europe | Other | Total |
|--------|-------|--------|-------|--------|
| 57,834 | 7,762 | 1,881 | 1,592 | 69,070 |

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 29, 2020 (from March 1, 2019 to February 29, 2020)

(Million yen)

| | Apparel Business | | | Lifestyle Business | Unallocated amounts and elimination | Total |
|-----------------|------------------|------------|-------|--------------------|-------------------------------------|--------|
| | (Domestic) | (Overseas) | Total | | | |
| Impairment loss | 3,136 | 5,260 | 8,397 | 8,259 | 11,099 | 27,756 |

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 |

(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 29, 2020 | For the fiscal year ended February 28, 2021 |
|----------------------------------|--|--|
| Net assets per share (Yen) | 665.17 | 418.32 |
| Basic loss per share (Yen) | (383.97) | (171.18) |
| Diluted earnings per share (Yen) | — | — |

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

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

| Item | For the fiscal year ended February 29, 2020 | For the fiscal year ended February 28, 2021 |
|--|--|--|
| Basic loss per share | | |
| Loss attributable to owners of parent (Million yen) | (52,135) | (23,181) |
| Components not pertaining to ordinary shareholders (Million yen) | — | — |
| Loss attributable to owners of parent relating to ordinary shares (Million yen) | (52,135) | (23,181) |
| Average number of ordinary shares during the period (Thousand shares) | 135,778 | 135,420 |
| | | |
| Diluted earnings per share | | |
| Adjustments to profit attributable to owners of parent (Million yen) | — | — |
| Increase in number of ordinary shares (Thousand shares) | — | — |
| [Of which, share acquisition rights (Thousand shares)] | [—] | [—] |
| 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 29, 2020 | For the fiscal year ended February 28, 2021 |
|---|--|--|
| Total net assets (Million yen) | 94,036 | 59,509 |
| Amount deducted from total net assets (Million yen) | 4,224 | 2,785 |
| [Of which, share acquisition rights (Million yen)] | [484] | [138] |
| [Of which, non-controlling interests (Million yen)] | [3,740] | [2,646] |
| Net assets relating to ordinary shares at end of period (Million yen) | 89,812 | 56,723 |
| Number of ordinary shares at end of period used for the calculation of net assets per share (Thousand shares) | 135,020 | 135,599 |

(Significant events after reporting period)

(Transfer of non-current assets)

At the Board of Directors' meeting held on March 11, 2021, the Company made a resolution on transferring non-current assets of the Company's consolidated subsidiaries.

1. Reasons for transfer

Seeking to streamline assets and enhance financial constitution

2. Details of assets for transfer

1) Nakamura-ku, Nagoya-shi; land and a building

| Name of asset | Address and details of asset | Current state |
|--|--|---------------|
| Nakamura-ku, Nagoya-shi Land and a building | 4-1107 Meiekinami, Nakamura-ku, Nagoya-shi, Aichi Area of the land: 3,158.01m ² Total floor area of the building: 16,227.29m ² | Office |

* Projected gain on the transfer is approximately 3.5 billion yen, which is estimated by deducting the carrying amount of 2.8 billion yen and various expenses related to the transfer from the transfer price of 6.5 billion yen.

2) Shibuya-ku; land and buildings

| Name of asset | Address and details of asset | Current state |
|----------------------------------|---|------------------|
| Shibuya-ku Land and buildings | 1-34-6 and 1-34-24 Jinnan, Shibuya-ku, Tokyo Area of the land: 246.65m ² Total floor area of the buildings: 1,675.56m ² | Store and office |

* The Company refrains from disclosing the transfer price and the carrying amount in accordance with the confidentiality agreement with the transferee. Projected gain on the transfer is approximately 1.3 billion yen, which is estimated by deducting the carrying amount and various expenses related to the transfer.

3. Outline of transferees

1) Nakamura-ku, Nagoya-shi; land and a building

| | |
|--------------------------------------|---|
| (1) Name | Sumitomo Realty & Development Co., Ltd. |
| (2) Address | Shinjuku NS Building, 2-4-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo |
| (3) Title and name of representative | Kojun Nishima, Executive Managing Director and President |

2) Shibuya-ku; land and buildings

The Company refrains from disclosing the details in accordance with the confidentiality agreement with the transferee.

* There are no capital relationships, personnel relationships, transactional relationships, or matters of note as related parties between the transferee and the Company.

4. Outline of consolidated subsidiaries

1) Nakamura-ku, Nagoya-shi; land and a building

| | |
|--------------------------------------|--|
| (1) Name | Onward Kashiya Co., Ltd. |
| (2) Address | 3-10-5 Nihonbashi, Chuo-ku, Tokyo |
| (3) Title and name of representative | Tsunenori Suzuki, Representative Director and President |
| (4) Business description | Planning, production, and sale of menswear, womenswear, children's clothing, accessories, etc. |
| (5) Share capital | 100 million yen |

2) Shibuya-ku; land and buildings

| | |
|--------------------------------------|--|
| (1) Name | Excel Co., Ltd. |
| (2) Address | 1-20-8 Jinnan, Shibuya-ku, Tokyo |
| (3) Title and name of representative | Koji Watanabe, Representative Director and President |
| (4) Business description | Real estate rental business |
| (5) Share capital | 80 million yen |

5. Dates for transfer

| | 1) Nakamura-ku, Nagoya-shi; land and a building | 2) Shibuya-ku; land and buildings |
|---|--|--------------------------------------|
| (1) Date of resolution at the Board of Directors' meeting | March 11, 2021 | March 11, 2021 |
| (2) Date of execution of the agreement | March 11, 2021 | March 11, 2021 |
| (3) Date of handover of the property | March 31, 2021 | March 11, 2021 |

6. Impact on performance

Gain on transfer of approximately 4.8 billion yen associated with the transfer of the said non-current assets is planned to be recognized in extraordinary income as "Gain on sales of non-current assets" of the consolidated results for the first quarter of the fiscal year ending February 28, 2022.

(Change in a consolidated subsidiary (share transfer))

At the Board of Directors' meeting held on March 5, 2021, the Company made a resolution on transferring all of the shares in Jil Sander S.p.A. held by Onward Italia S.p.A., the Company's consolidated subsidiary.

Due to this share transfer, Jil Sander S.p.A. will be excluded from the Company's consolidated subsidiaries.

1. Reasons for share transfer

The Company, in order to respond to the rapid and significant changes in the management environment, has worked 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.

Recently, the management environment of the overseas business, mainly in Europe, has deteriorated further on account of the impact of the global spread of COVID-19, which in turn has also seriously affected the performance of the Group.

Under such circumstances, after considering a variety of options for the future vision of the European business, the Company determined that withdrawing from the Jil Sander S.p.A. business, which has been unprofitable, 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 all of the shares in Jil Sander S.p.A. held by Onward Italia S.p.A.

As stated in "Announcement on Change in a Consolidated Subsidiary (Share Transfer)," a timely disclosure made as of December 11, 2020, the Company conducted a transfer of shares in Onward Luxury Group S.p.A. In addition to that transfer, by conducting this share transfer, the Company will reorganize businesses that have been unprofitable and 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.

2. Outline of the subsidiary to be changed

| | | | |
|--|--|---|-------------------|
| (1) Name | Jil Sander S.p.A. | | |
| (2) Address | Foro Buonaparte 71, 20121 Milano, Italy | | |
| (3) Title and name of representative | Axel Keller, Representative Director | | |
| (4) Business description | Planning and sale of Jil Sander brand products | | |
| (5) Share capital | 24,650 thousand euro | | |
| (6) Date of establishment | October 19, 2018 | | |
| (7) Major shareholders and shareholding ratio | Onward Italia S.p.A.; 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 Italia S.p.A., the parent company of the said operating company, in relation to management guidance and administration.) | |
| (9) Operating results of the said company for the past three years | | | |
| Fiscal year ended | February 28, 2018 | February 28, 2019 | February 29, 2020 |
| Net sales (Thousand euro) | — | 0 | 48,600 |
| Operating profit (Thousand euro) | — | (3) | (17,824) |
| Net income (Thousand euro) | — | (3) | (22,748) |

3. Name of the reportable segment in which the said subsidiary is included in the disclosure of segment information
Apparel Business (Overseas)

4. Outline of the counterparty in the share transfer

| | | |
|--|---|--|
| (1) Name | OTB S.p.A. | |
| (2) Address | Via Dell'Industria 2, Breganze (Vicenza), Italy | |
| (3) Title and name of representative | Renzo Rosso, Representative Director | |
| (4) Business description | A holding company in fashion business | |
| (5) Share capital | 25,000 thousand euro | |
| (6) Date of establishment | December 7, 1981 | |
| (7) Net assets | 884,356 thousand euro | |
| (8) Total assets | 1,833,885 thousand euro | |
| (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. |

5. Transfer price and status of shares held before and after the transfer

| | |
|--|---|
| (1) Shareholding ratio before the transfer | Shareholding ratio: 100% |
| (2) Shareholding ratio to be transferred | Shareholding ratio: 100% |
| (3) Transfer price for the shares | The Company refrains from disclosing the transfer price on account of the confidentiality stipulated in the share transfer agreement. |
| (4) Shareholding ratio after the transfer | Shareholding ratio: 0% |

6. Schedule

| | |
|--|----------------------|
| (1) Date of resolution by the Board of Directors | March 5, 2021 |
| (2) Date of execution of the agreement | March 5, 2021 |
| (3) Date of implementation of the share transfer | April 2021 (planned) |

7. Impact on performance

The impact of this share transfer is planned to be recognized in the fiscal year ending February 28, 2022.

The impact on the performance for the fiscal year ending February 28, 2022 is currently being examined.

(Change in a consolidated subsidiary (share transfer))

At the Board of Directors' meeting held on March 26, 2021, the Company made a resolution on transferring all of the shares in Freeland s.r.l. held by Onward Italia S.p.A., the Company's consolidated subsidiary.

Due to this share transfer, Freeland s.r.l. will be excluded from the Company's consolidated subsidiaries.

1. Reasons for share transfer

The Company, in order to respond to the rapid and significant changes in the management environment, has worked 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.

Recently, the management environment of the overseas business, mainly in Europe, has deteriorated further on account of the impact of the global spread of COVID-19, which in turn has also seriously affected the performance of the Group.

Under such circumstances, after considering a variety of options for the future vision of the European business, the Company determined that withdrawing from the Freeland s.r.l. 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 all of the shares in Freeland s.r.l. held by Onward Italia S.p.A.

As stated in "Announcement on Change in a Consolidated Subsidiary (Share Transfer)," timely disclosures made as of December 11, 2020 and March 5, 2021, the Company made resolutions on transfers of shares in Onward Luxury Group S.p.A. and Jil Sander S.p.A. In addition to these transfers, by conducting this share transfer, the Company will complete the series of business reforms in Italy.

Through the global business reforms which have been conducted continuously since the previous fiscal year, the Company will reorganize businesses that have been unprofitable and 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.

2. Outline of the subsidiary to be changed

| | | | |
|--|--|---|-------------------|
| (1) Name | Freeland s.r.l. | | |
| (2) Address | Via G da Verrazzano 4/6/8, 50054, Fucecchio Firenze, Italy | | |
| (3) Title and name of representative | Claudio Tiezzi, Representative Director | | |
| (4) Business description | Production and sale of athletic shoes for luxury brands | | |
| (5) Share capital | 20,000 thousand euro | | |
| (6) Date of establishment | May 29, 2000 | | |
| (7) Major shareholders and shareholding ratio | Onward Italia S.p.A.; 60% | | |
| (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 Italia S.p.A., the parent company of the said operating company, in relation to management guidance and administration.) | |
| (9) Operating results of the said company for the past three years | | | |
| Fiscal year ended | February 28, 2018 | February 28, 2019 | February 29, 2020 |
| Net sales (Thousand euro) | 56,741 | 66,619 | 52,385 |
| Operating profit (Thousand euro) | 10,476 | 12,040 | 9,666 |
| Net income (Thousand euro) | 6,219 | 7,849 | 6,078 |

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

Apparel Business (Overseas)

4. Outline of the counterparty in the share transfer

| | | |
|--|---|--|
| (1) Name | FREE S.r.l. | |
| (2) Address | Via Giovanni da Verrazzano n. 4/6/8, Fucecchio Firenze, Italy | |
| (3) Title and name of representative | Gabriella Pantani, Representative Director | |
| (4) Business description | Investing in companies and organizations | |
| (5) Share capital | 1,010 thousand euro | |
| (6) Date of establishment | February 16, 2020 | |
| (7) Net assets | 40,000 thousand euro | |
| (8) Total assets | 53,300 thousand euro | |
| (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. |

5. Transfer price and status of shares held before and after the transfer

| | |
|--|---|
| (1) Shareholding ratio before the transfer | Shareholding ratio: 60% |
| (2) Shareholding ratio to be transferred | Shareholding ratio: 60% |
| (3) Transfer price for the shares | The Company refrains from disclosing the transfer price on account of the confidentiality stipulated in the share transfer agreement. |
| (4) Shareholding ratio after the transfer | Shareholding ratio: 0% |

6. Schedule

| | |
|--|----------------|
| (1) Date of resolution by the Board of Directors | March 26, 2021 |
| (2) Date of execution of the agreement | March 26, 2021 |
| (3) Date of implementation of the share transfer | March 29, 2021 |

7. Impact on performance

The impact of this share transfer is planned to be recognized in the fiscal year ending February 28, 2022.

The impact on the performance for the fiscal year ending February 28, 2022 is currently being examined.

(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 27, 2021)

Candidate for new Director

| Name | | Position and responsibility |
|----------------|---------|--|
| Kenji Chishiki | Current | <ul style="list-style-type: none"> - Independent Outside Director and Audit & Supervisory Committee Member of SHIFT Inc. - Outside Director of Ishii Food Co., Ltd. |
| | New | <ul style="list-style-type: none"> - Outside Director of the Company - Independent Outside Director and Audit & Supervisory Committee Member of SHIFT Inc. - Outside Director of Ishii Food Co., Ltd. |