

## FY March 2019 Consolidated Financial Results [Japan GAAP] (April 1, 2018 to March 31, 2019)

Corporate Name: PROTO CORPORATION  
Securities Code: 4298  
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May 14, 2019  
Stock Exchange Listing: TSE  
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Scheduled dates:

Scheduled date for General Shareholders' Meeting: June 26, 2019  
Scheduled date for dividend payment: June 5, 2019  
Scheduled date of filing of financial report: June 27, 2019

Earnings supplementary explanatory documents: Yes  
Earnings presentation: Yes (for institutional investors and analysts)

(Figures are rounded down to million yen.)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

#### (1) Consolidated Operating Results

(Percentage represents change to the corresponding period of the previous year)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year Ended March 31, 2019	62,251	0.2	4,565	24.2	5,004	34.0	3,159	508.4
Year Ended March 31, 2018	62,111	9.5	3,674	31.4	3,735	29.6	519	(65.5)

Note: Comprehensive income

As of March 31, 2019: 3,044 million yen; 458.4% As of March 31, 2018: 545 million yen; (63.8%)

	Net Income per Share	Net Income per Share (fully diluted)	ROE (Net Income/ Shareholders' Equity)	ROA (Ordinary Income/ Total Assets)	Operating Income Ratio
	Yen	Yen	%	%	%
Year Ended March 31, 2019	157.51	—	11.7	11.3	7.3
Year Ended March 31, 2018	25.89	—	2.0	8.7	5.9

Reference: Equity in net income of affiliated companies

Year Ended March 31, 2019: - Year Ended March 31, 2018: -

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2019	43,879	28,029	63.8	1,395.69
As of March 31, 2018	44,393	25,977	58.5	1,293.62

Reference: Equity capital

March 31, 2019: 27,995 million yen

March 31, 2018: 25,948 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, End of Period
	Million yen	Million yen	Million yen	Million yen
Year Ended March 31, 2019	3,807	(1,352)	(2,846)	15,356
Year Ended March 31, 2018	3,999	(1,576)	898	15,729

### 2. Cash Dividends

	Cash Dividends per Share					Total Annual Dividends Paid	Payout Ratio (Cons.)	Dividends on Net Assets (Cons.)
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year Ended March 2018	—	25.00	—	25.00	50.00	1,002	193.1	3.8
Year Ended March 2019	—	25.00	—	25.00	50.00	1,002	31.7	3.7
Year Ended March 2020 (Forecast.)	—	13.75	—	13.75	27.50		33.7	

Notes:

- PROTO CORPORATION plans to conduct a 2-for-1 stock split for common shares on July 1, 2019. For the term ended Mar. 2020 (Forecast), PROTO CORPORATION took the stock split into consideration. For the term ended Mar. 2018 and the term ended Mar. 2019, the actual dividend amounts before the stock split are indicated.
- Breakdown of the annual dividend for the term ending Mar. 2020: an ordinary dividend of 25.00 yen/share and a commemorative dividend of 2.50 yen/share (for commemorating the listing in the first section of Tokyo Stock Exchange)

**3. Forecast for the Fiscal Year Ending March 2020  
(April 1, 2019 to March 31, 2020)**

(Percentage represents change to the corresponding previous period.)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to owners of parent		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six Months Ending September 30, 2019	29,516	(3.5)	2,105	(5.1)	2,114	(12.7)	1,362	(10.1)	33.95
Year Ending March 31, 2020	62,431	0.3	4,916	7.7	4,942	(1.2)	3,274	3.6	81.61

Note:

PROTO CORPORATION plans to conduct a 2-for-1 stock split for common shares on July 1, 2019.

The "net income per share" in the consolidated earnings forecast was estimated from the number of outstanding shares after the stock split, excluding treasury shares.

**\* Notes**

(1) Major changes in consolidated subsidiaries during period: None

(2) Changes in accounting policies, accounting estimates and restatement of corrections

- 1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: None
- 2) Other changes in accounting policies: None
- 3) Changes in accounting estimates: None
- 4) Restatement of corrections: None

(3) Numbers of shares issued (common stock)

1) Number of shares issued (including treasury stock)

As of March 31, 2019	20,940,000 shares	As of March 31, 2018	20,940,000 shares
As of March 31, 2019	881,530 shares	As of March 31, 2018	881,530 shares
Year Ended March 31, 2019	20,058,470 shares	Year Ended March 31, 2018	20,058,535 shares

2) Number of treasury stock

3) The average number of outstanding shares over period (cumulative term)

**Reference: Non-Consolidated Performance Summary**

**Non-Consolidated Operating Results for the Fiscal Year Ended March 31, 2019**

**(April 1, 2018 to March 31, 2019)**

(1) Non-Consolidated Operating Results

(Percentage represents change to the corresponding period of the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year Ended March 31, 2019	29,877	5.5	3,950	20.0	4,002	16.5	1,574	—
Year Ended March 31, 2018	28,312	10.1	3,292	34.3	3,434	32.8	105	(92.1)

	Net Income per Share	Net Income per Share (fully diluted)
	Yen	Yen
Year Ended March 31, 2019	78.49	—
Year Ended March 31, 2018	5.24	—

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2019	30,025	25,337	84.4	1,263.18
As of March 31, 2018	30,836	24,861	80.6	1,239.45

Reference: Equity capital

March 31, 2019: 25,337 million yen

March 31, 2018: 24,861 million yen

**\* Summary of financial results are not audited by certified public accountants or audit corporations.**

**\* Explanation for appropriate use of forecasts and other notes**

1. The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors.
2. The company will have a financial results briefing for institutional investors and analysts on May 22, 2019. The document to use on the day for the financial briefing will be posted on the company website.

## 1. Business Performance Overview

### (1) Business Performance Overview for Current Term

#### (a) Business Performance Overview for Current Term

The Japanese economy in this consolidated fiscal year was on a gentle recovery trend, as corporate earnings were healthy and the employment and income environments kept improving. On the other hand, there are uncertainties in overseas situations, including the trade friction between the U.S. and China, Brexit, and the slowdown of the Chinese economy; accordingly, the outlook remains unclear.

Under this economic environment, the automobile sale industry, including major clients of the PROTO Group, saw healthy sales of mini-vehicles, and the sales volume of new cars and the number of registered used cars were both almost unchanged from the previous year.

In these circumstances, our corporate group kept enhancing the development and provision of products and services from the viewpoint of users through active business investment, strived to increase productivity, and established the No.1 position in the field of automobile-related information. In addition, the PROTO Group developed a new business base by utilizing its resources, expanded sales opportunities by pursuing synergy, proceeded with the increase of points of contact with users by cementing the alliances with leading websites, and reformed an earnings structure for improving profitability.

As a result, the sales for the current consolidated fiscal year were 62,251 million yen (0.2% yr-on-yr increase), as the automobile-related information business, which is its mainstay, performed well. Operating income was 4,565 million yen (24.2% yr-on-yr increase), thanks to the reform of the cost structure in the Goo Series and the decrease in personnel cost and goodwill amortization, while ordinary income was 5,004 million yen (34.0% yr-on-yr increase), due to the posting of gain from valuation of derivatives, etc. Net income attributable to owners of parent was 3,159 million yen (508.4% yr-on-yr increase), due to the posting of gain from transfer of some businesses, gain from sale of fixed assets, and disaster loss, etc. Consequently, the ROE for the current consolidated fiscal year was 11.7% (the target value: 10.1%).

The performance of each business segment is as described below.

#### (b) Overview by segment

##### Automobile-related Information

Under the business policy of comprehensively supporting the business administration of used car dealers, we have strived to increase the number of business partners, maintain and raise the unit price of transactions per customer, and strengthen our services to meet the needs of users in car life.

In this consolidated fiscal year, we have proceeded with the comprehensive support for the business administration of used car dealers through the provision of “MOTOR GATE,” which is a background system of “Goo-net,” and the improvement of its functions, and cemented the alliances by offering the functions of “Goo-net” to leading websites that cooperate with us in offering used car information, to increase the points of contact with users and improve convenience. In addition, we changed the cycle of publishing the motorbike information magazine “Goo Bike,” optimized the roles of information magazines and websites, and reformed the cost structure.

In the car maintenance field, we kept increasing the affiliated firms of “GooPit” and enriching its contents, expanded the range of its services, and strengthened comprehensive support for car life.

In the new car field, we launched the function for producing a written proposal for the replacement with a new car for “DataLine SalesGuide,” to strengthen the support for new car dealers in business administration, increase the number of dealers that use this system, and meet the needs of users.

In the field of product sale, we kept promoting the sales of major brands and the combined sale of tires and wheels, and supported used car dealers in procurement by utilizing “MOTOR GATE Shopping.” In addition, we strived to increase profitability by reviewing costs, etc. in the used car export business. Consequently, sales were 56,167 million yen (0.1% yr-on-yr increase). Operating income was 5,758 million yen (16.7% yr-on-yr increase), as we strived to improve the brand power of the PROTO Group by enhancing sales promotion and increase the points of contact with users by cementing the alliances with leading websites, while reforming the cost structure of Goo Series and decreasing personnel expenses and goodwill amortization.

## **Lifestyle-related Information**

As for the business related to nursing care, medicine, and welfare, we kept improving the brand power of products and services and fortifying and improving its business base, as business partners were modifying their businesses to cope with the amendments of laws.

As for the business of Goo School and Goo Home, which are the websites for retrieving information on hobbies and qualifications, we kept improving profitability, enriching their contents, and increasing business partners. On the other hand, the business of “Oikura,” a comprehensive information website regarding recycling, was transferred to MarketEnterprise Co., Ltd. through simplified absorption-type company split on February 1, 2019. Like this, we proceeded with the selection and concentration of business.

Consequently, sales were 4,335 million yen (0.8% yr-on-yr decrease). The main factors in the drop in sales include the decline in revenue from advertisements in “Goo School” and the business related to nursing care, medicine, and welfare, as well as the transfer of the “Oikura” business. Operating income was 249 million yen (32.6% yr-on-yr decrease), as advertising and personnel costs augmented through the enhancement of sales promotion in the business related to nursing care, medicine, and welfare.

## **Real Estate Business**

As PROTO CORPORATION and Proto-Rios Inc. mainly conducted the lease management for their own real estate, sales were 195 million yen (8.6% yr-on-yr decrease), and operating income was 193 million yen (13.3% yr-on-yr increase).

## **Other Business**

Sales were 1,553 million yen (8.9% yr-on-yr increase), and operating income was 57 million yen (for the same period of the previous year, an operating loss of 71 million yen was posted), mainly thanks to the worker dispatch business of Okinawa Call Staff Service Co., Ltd., which was reorganized into a subsidiary in October 2017.

## **(2) Financial Standing Overview for Current Term**

### **(a) Assets, Liabilities and Net Assets**

Total assets at the end of the current consolidated fiscal year were 43,879 million yen, down 513 million yen from the end of the previous consolidated fiscal year. The situation of assets, liabilities, and net assets is as follows.

#### **i. Assets**

Current assets were 27,088 million yen, down 586 million yen from the end of the previous consolidated fiscal year, as cash and deposits decreased because the company paid corporate income tax, dividends, etc. and invested in fixed assets, and products decreased because of the sale of studless tires, etc. in the business of sale of tires and wheels.

Fixed assets were 16,791 million yen, up 72 million yen from the end of the previous consolidated fiscal year, mainly because tangible fixed assets increased through the equipment investment in the business of sale of tires and wheels.

#### **ii. Liabilities**

Current liabilities were 14,035 million yen, down 2,108 million yen from the end of the previous consolidated fiscal year, mainly because short-term debts and accounts payable decreased.

Long-term liabilities were 1,814 million yen, down 457 million yen from the end of the previous consolidated fiscal year, mainly due to the repayment of long-term debts.

#### **iii. Net assets**

Net assets were 28,029 million yen, up 2,052 million yen from the end of the previous consolidated fiscal year, as the dividend of surplus amounted to 1,002 million yen and net income attributable to owners of parent was 3,159 million yen.

### (3) Consolidated Cash Flows

Cash and cash equivalents at the end of the current consolidated fiscal year stood at 15,356 million yen, down 373 million yen from the end of the previous consolidated fiscal year. The main factors in the decline in cash and cash equivalents are as follows.

#### i. Cash flows from operating activities

The cash flow from operating activities yielded 3,807 million yen, as 1,759 million yen was paid for corporate income tax, etc. and notes and accounts receivable decreased 656 million yen, while 5,065 million yen was posted as net income before taxes and other adjustments and depreciation without payment and goodwill amortization totaled up to 1,353 million yen.

#### ii. Cash flows from investing activities

The cash flow from investment activities stood at expenditure of 1,352 million yen, mainly because there was an expenditure of 1,601 million yen for acquiring tangible and intangible fixed assets.

#### iii. Cash flows from financing activities

The cash flow from financial activities stood at expenditure of 2,846 million yen, mainly because short-term and long-term debts decreased 1,790 million yen and the company paid 1,002 million yen as dividends.

#### (Reference) Cash Flow Indicators

	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2019
Equity ratio (%)	66.4	63.6	63.0	58.5	63.8
Equity ratio based on market value (%)	94.8	68.5	70.0	75.2	91.4
Debt coverage (years)	0.9	1.9	2.1	2.1	1.9
Interest coverage ratio (times)	105.6	77.8	80.9	138.1	139.7

Equity ratio:

Equity capital/Total assets

Equity ratio based on market value:

Total stock based on market/Total assets

Debt coverage:

Interest-bearing debts/Operating cash flow

Interest coverage ratio:

Operating cash flow/Interest paid

Notes:

1. Each index is calculated based on consolidated financial figures.

2. Market capitalization is calculated by multiplying the closing stock price at the end of the year by the number of shares outstanding at the end of the year (after deducting the number of treasury shares).

3. Cash flow and interest paid are calculated using the operating cash flow and interest payment amount recorded in the Consolidated Statement of Cash Flows.

4. Interest-bearing debts refer to all debts with interest (listed in the Consolidated Balance Sheet).

#### **(4) Future Forecast**

PROTO CORPORATION carries out business administration under the ethos: “To convert the information of today into the wisdom of tomorrow, and contribute to society with dreams, inspirations, and joy.” With the corporate goal of becoming a “wonderful company,” it aims to establish a brand, and will strive to improve its mid/long-term corporate value, by satisfying users and clients through the provision of useful information and services.

The PROTO Group produced a “medium-term business plan (the term ending Mar. 2020 to the term ending Mar. 2022),” while considering the diversifying needs and the changes in the market environment. Based on this medium-term business plan, the PROTO Group aims to grow the automobile-related information business by enriching the products and services for used car dealers, maintenance shops, and new car dealers, and improve profitability by actualizing the synergy among group companies and reforming the cost structure. In the term ending Mar. 2022, which is the final fiscal year of the medium-term business plan, the PROTO Group plans to achieve an ROE of 12% or higher exceeding the capital cost, and its concrete activities are as follows.

In the filed of automobile-related information, which is the core business domain of the PROTO Group, the Group will strive to strengthen “Goo-net” and enhance profitability by increasing the affiliated firms of “MOTOR GATE” and improving productivity, in the used car business. For the car maintenance business, the Group aims to grow the business by increasing the affiliated shops for “GooPit,” which is a website specializing in car maintenance, and strengthening the “booking service” for escorting customers to maintenance shops. For the new car business, the Group aims to grow the business by promoting more dealers to install “DataLine SalesGuide,” a sales support tool, and increasing the variety of services. AUTOWAY Co., Ltd. and TIRE WORLD KAN BEST CO., LTD., which sell mainly tires and wheels, will pursue synergy with group companies by sharing the customer base, etc. and aim to grow the business. In the lifestyle-related information business, the Group aims to grow the business by increasing the business partners for the advertisement business and the welfare goods rental business in the field of nursing care, medicine, and welfare.

Accordingly, the consolidated business forecasts for the next term (ending Mar. 2020) show that sales will be 62,431 million yen (0.3% yr-on-yr increase), operating income will be 4,916 million yen (7.7% yr-on-yr increase), ordinary income will be 4,942 million yen (1.2% yr-on-yr decrease), and net income attributable to owners of parent will be 3,274 million yen (3.6% yr-on-yr increase).

## **2. Basic Principle of Selecting Accounting Standard**

The Group is intending to develop consolidated financial statements based on the Japanese standard for the time being, in consideration for the financial statements’ comparability between periods and comparability between companies.

Appropriate actions will be taken to apply IFRS in the future based on careful consideration of various domestic and international situations.

### 3. Consolidated Financial Statements and Annotation

#### (1) Consolidated Balance Sheets

(Thousands of yen)

	March 31, 2018	March 31, 2019
<b>ASSETS</b>		
Current Assets		
Cash	16,120,775	15,747,449
Notes and accounts receivable	5,218,868	4,751,840
Electronically Recorded Monetary Claims	17,073	47,467
Goods and products	4,291,194	4,308,004
Goods in process	103,396	84,231
Raw material and inventory goods	30,157	29,994
Other current assets	1,906,667	2,131,171
Allowance for doubtful accounts	(12,961)	(11,537)
<b>Total Current Assets</b>	<b>27,675,171</b>	<b>27,088,621</b>
Fixed Assets		
Tangible Fixed Assets		
Buildings and structures	9,041,339	9,174,567
Accumulated depreciation	(4,122,554)	(4,241,102)
Building and structures -Net	4,918,785	4,933,464
Land	5,818,155	5,689,904
Construction in progress	363,446	960,022
Other tangible fixed assets	1,436,503	1,796,108
Accumulated depreciation	(1,079,087)	(1,187,629)
Other tangible fixed assets -Net	357,416	608,478
<b>Total Tangible Fixed Assets</b>	<b>11,457,803</b>	<b>12,191,870</b>
Intangible Fixed Assets		
Goodwill	2,288,800	1,851,199
Other intangible fixed assets	1,392,146	1,219,223
<b>Total Intangible Fixed Assets</b>	<b>3,680,946</b>	<b>3,070,422</b>
Investment and Other Assets		
Investments in securities	916,590	778,962
Deferred tax assets	336,567	375,350
Other investments	398,206	420,762
Allowance for doubtful accounts	(71,781)	(46,253)
<b>Total investments and other assets</b>	<b>1,579,582</b>	<b>1,528,822</b>
<b>Total Fixed Assets</b>	<b>16,718,332</b>	<b>16,791,116</b>
<b>Total Assets</b>	<b>44,393,504</b>	<b>43,879,737</b>

(Thousands of yen)

	March 31, 2018	March 31, 2019
<b>LIABILITIES</b>		
Current Liabilities		
Notes and accounts payable-trade	1,347,972	1,103,679
Electronically recorded obligations	594,949	181,806
Short-term loans payable	6,450,000	5,240,000
Current portion of long-term borrowings	578,586	490,222
Accrued expenses	2,314,900	2,389,167
Accrued income taxes	1,065,665	1,218,872
Allowance for sales returns	75,827	32,268
Allowance for bonus payable	147,026	138,521
Provision for point card certificates	22,680	24,198
Other current liabilities	3,546,144	3,216,746
<b>Total Current Liabilities</b>	<b>16,143,753</b>	<b>14,035,482</b>
Long-Term Liabilities		
Long-term borrowings	1,561,834	1,069,795
Allowance for directors' retirement benefits	263,279	264,460
Asset retirement obligation	183,065	207,029
Other long-term liabilities	264,288	273,423
<b>Total Long-Term Liabilities</b>	<b>2,272,466</b>	<b>1,814,707</b>
<b>Total Liabilities</b>	<b>18,416,220</b>	<b>15,850,190</b>
<b>NET ASSETS</b>		
Shareholder's equity		
Common stock	1,824,620	1,824,620
Capital surplus	2,011,734	2,011,734
Retained earnings	22,554,059	24,710,486
Treasury stock	(1,305,943)	(1,305,943)
<b>Total Shareholders' Equity</b>	<b>25,084,470</b>	<b>27,240,897</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	155,440	59,927
Foreign currency translation adjustments	708,123	694,660
<b>Total accumulated other comprehensive income</b>	<b>863,564</b>	<b>754,587</b>
Non-controlling interests	29,248	34,061
<b>Total Net Assets</b>	<b>25,977,283</b>	<b>28,029,546</b>
<b>Total Liabilities and Net Assets</b>	<b>44,393,504</b>	<b>43,879,737</b>



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

(Thousands of yen)

	Year Ended March 31, 2018	Year Ended March 31, 2019
Net Sales	62,111,962	62,251,166
Cost of Sales	38,967,882	38,461,573
Gross Profit	23,144,080	23,789,592
Reversal of Reserve for Returned Products	73,477	75,390
Transfer to Reserve for Returned Products	75,212	32,431
Adjusted Gross Profit	23,142,344	23,832,551
Selling, General and Administrative Expenses		
Salaries for directors and employees	6,801,179	6,640,050
Provision for allowance for directors' retirement benefits	21,759	14,798
Provision for allowance for bonus payable	97,946	98,657
Advertising	4,295,508	4,486,505
Provision for allowance for doubtful accounts	15,685	(12,665)
Provision for point card certificates	3,717	3,008
Amortization of goodwill	632,346	437,600
Others	7,599,598	7,599,378
Total Selling, General and Administrative Expenses	19,467,742	19,267,334
Operating Income	3,674,602	4,565,217
Non-Operating Income		
Interest income	10,627	7,639
Dividend income	13,424	10,922
Foreign exchange gains	31,536	163,617
Gain on valuation of derivatives	—	211,194
Other income	148,532	85,090
Total Non-Operating Income	204,120	478,463
Non-Operating Expenses		
Interest expenses of loans	29,520	27,081
Other expenses	113,634	12,415
Total Non-Operating Expenses	143,154	39,496
Ordinary Income	3,735,568	5,004,184

(Thousands of yen)

	Year Ended March 31, 2018	Year Ended March 31, 2019
<b>Extraordinary Income</b>		
Gains from sales of fixed assets	115,614	48,611
Gain on transfer from business divestitures	—	75,072
<b>Total Extraordinary Income</b>	<b>115,614</b>	<b>123,684</b>
<b>Extraordinary Losses</b>		
Losses from sales of fixed assets	—	1,242
Losses from disposals of fixed assets	82,307	27,057
Impairment losses	1,696,324	—
Losses of disaster	—	28,471
Others	82,161	5,386
<b>Total Extraordinary Losses</b>	<b>1,860,793</b>	<b>62,157</b>
Income before Income Taxes	1,990,388	5,065,711
Income Taxes	1,570,786	1,908,651
Adjustment of Corporate Income Tax	(95,290)	3,331
<b>Corporate Income Tax Total</b>	<b>1,475,496</b>	<b>1,911,982</b>
Net income	514,892	3,153,728
Net loss attributable to non-controlling interests	(4,411)	(5,622)
Net income attributable to owners of parent	519,303	3,159,351

**Consolidated Statements of Comprehensive Income**

(Thousands of yen)

	Year Ended March 31, 2018	Year Ended March 31, 2019
Net income	514,892	3,153,728
Other Comprehensive Income		
Valuation difference on available-for-sale securities	11,569	(95,513)
Foreign currency translation adjustments	18,817	(13,463)
Other comprehensive income	30,386	(108,976)
Comprehensive Income	545,279	3,044,752
(Breakdown)		
Comprehensive income attributable to owners of Parent	549,690	3,050,374
Comprehensive income attributable to non-controlling interests	(4,411)	(5,622)

### (3) Consolidated Statements of Changes in Shareholders' Equity

Year Ended March 31, 2018

(Thousands of yen)

	Shareholder's Equity				Total Shareholder's Equity
	Capital stock	Capital Surplus	Retained earnings	Treasury stock	
Balance at the beginning of current year	1,824,620	2,011,734	23,037,683	(1,305,778)	25,568,260
Increase (decrease) during the year					
Cash dividends			(1,002,928)		(1,002,928)
Net income attributable to owners of parent			519,303		519,303
Acquisition of treasury stocks				(165)	(165)
Net changes of items other than shareholders' equity					
Total increase (decrease) during the period	—	—	(483,624)	(165)	(483,789)
Balance at end of period	1,824,620	2,011,734	22,554,059	(1,305,943)	25,084,470

	Accumulated other comprehensive income			Non-controlling interests	Total Net Assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at the beginning of current year	143,871	689,306	833,177	—	26,401,438
Increase (decrease) during the year					
Cash dividends					(1,002,928)
Net income attributable to owners of parent					519,303
Acquisition of treasury stocks					(165)
Net changes of items other than shareholders' equity	11,569	18,817	30,386	29,248	59,635
Total increase (decrease) during the period	11,569	18,817	30,386	29,248	(424,154)
Balance at end of period	155,440	708,123	863,564	29,248	25,977,283

Year Ended March 31, 2019

(Thousands of yen)

	Shareholder's Equity				Total Shareholder's Equity
	Capital stock	Capital Surplus	Retained earnings	Treasury stock	
Balance at the beginning of current year	1,824,620	2,011,734	22,554,059	(1,305,943)	25,084,470
Increase (decrease) during the year					
Cash dividends			(1,002,923)		(1,002,923)
Net income attributable to owners of parent			3,159,351		3,159,351
Acquisition of treasury stocks					—
Net changes of items other than shareholders' equity					
Total increase (decrease) during the period	—	—	2,156,427	—	2,156,427
Balance at end of period	1,824,620	2,011,734	24,710,486	(1,305,943)	27,240,897

	Accumulated other comprehensive income			Non-controlling interests	Total Net Assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at the beginning of current year	155,440	708,123	863,564	29,248	25,977,283
Increase (decrease) during the year					
Cash dividends					(1,002,923)
Net income attributable to owners of parent					3,159,351
Acquisition of treasury stocks					—
Net changes of items other than shareholders' equity	(95,513)	(13,463)	(108,976)	4,812	(104,164)
Total increase (decrease) during the period	(95,513)	(13,463)	(108,976)	4,812	2,052,263
Balance at end of period	59,927	694,660	754,587	34,061	28,029,546

**(4) Consolidated Statements of Cash Flows**

(Thousands of yen)

	Year Ended March 31, 2018	Year Ended March 31, 2019
<b>Cash Flows from Operating Activities</b>		
Income before income taxes	1,990,388	5,065,711
Depreciation	1,088,028	916,125
Impairment loss	1,696,324	—
Amortization of goodwill	632,346	437,600
Loss (gain) on valuation of derivatives	101,274	(211,194)
Increase (decrease) in allowance for doubtful accounts	12,255	(26,477)
Increase (decrease) in reserve for returned products	1,735	(42,958)
Increase (decrease) in reserve for bonuses	(168)	(8,504)
Increase (decrease) in provision for point card certificates	2,993	1,517
Increase (decrease) in reserve for directors' retirement allowances	6,939	1,180
Interest and dividend income	(24,051)	(18,561)
Interest expenses	29,520	27,081
Foreign exchange losses (gains)	(17,937)	(33,401)
Loss (gain) on sales/disposal of property and equipment	(33,306)	(20,312)
Gain on transfer from business divestitures	—	(75,072)
Loss on disaster	—	28,471
Decrease (increase) in trade receivables	(868,285)	247,837
Decrease (increase) in inventories	242,808	2,339
Increase (decrease) in accounts payable	(185,813)	(656,457)
Increase (decrease) in accrued expenses	156,322	97,810
Increase (decrease) in advances received	91,703	(230,223)
Increase (decrease) in accrued consumption taxes, etc	285,592	(165,312)
Others	(84,392)	213,848
Subtotal	5,124,279	5,551,077
Interest and dividends received	24,052	18,537
Interest paid	(28,966)	(27,254)
Income taxes paid	(1,171,863)	(1,759,261)
Income taxes refunded	51,630	24,599
Net Cash Provided by (Used in) Operating Activities	3,999,131	3,807,698

(Thousands of yen)

	Year Ended March 31, 2018	Year Ended March 31, 2019
<b>Cash Flows from Investing Activities</b>		
Decrease in time deposits	(24)	—
Increase in time deposits	10,015	—
Acquisition of property and equipment	(1,850,851)	(1,323,936)
Proceeds from sales of property and equipment	518,995	222,691
Acquisition of intangible fixed assets	(299,264)	(277,660)
Payment of long-term prepaid expenses	(18,041)	(9,408)
Payment for acquisition of subsidiary's shares accompanying changes in scope of consolidation	(22,400)	—
Proceeds from business divestitures	—	75,000
Others	85,261	(39,516)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(1,576,309)</b>	<b>(1,352,829)</b>
<b>Cash Flows from Financing Activities</b>		
Net increase (decrease) in short-term loans payable	2,600,000	(1,210,000)
Proceeds from long-term borrowings	120,000	—
Payment for repaying of long-term borrowings	(808,674)	(580,403)
Acquisition of treasury stock	(165)	—
Dividends paid	(1,002,619)	(1,002,899)
Repayments of lease obligations	(43,542)	(63,511)
Proceeds from share issuance to non-controlling shareholders	67,320	10,679
Repayments to non-controlling shareholders	(33,660)	—
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>898,658</b>	<b>(2,846,134)</b>
Translation Gain (Loss) Related to Cash and Cash Equivalents	25,150	17,916
<b>Net Change in Cash and Cash Equivalents</b>	<b>3,346,631</b>	<b>(373,349)</b>
Cash and Cash Equivalents at Beginning of Term	12,383,075	15,729,707
<b>Cash and Cash Equivalents at End of Term</b>	<b>15,729,707</b>	<b>15,356,357</b>