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## Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese GAAP]

May 13, 2021

Company name: PROTO CORPORATION

Stock exchange listing: Tokyo, Nagoya

Code number: 4298

URL: <https://www.proto-g.co.jp/>

Representative: Kenji Kamiya

Contact: Takehito Suzuki

Phone: 052-934-2000

President

Executive officer

Scheduled date of Annual General Meeting of Shareholders: June 29, 2021

Scheduled date of commencing dividend payments: June 08, 2021

Scheduled date of filing annual securities report: June 30, 2021

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 01, 2020 to March 31, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2021	60,097	1.6	5,941	15.7	6,118	14.3	4,853	(2.8)
March 31, 2020	59,127	(5.0)	5,136	12.5	5,354	7.0	4,991	58.0

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥ 5,055 million [ 3.0%]  
Fiscal year ended March 31, 2020: ¥ 4,908 million [ 61.2%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2021	120.86	-	14.3	13.0	9.9
March 31, 2020	124.33	-	16.7	12.1	8.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2021: ¥ - million  
Fiscal year ended March 31, 2020: ¥ - million

(Note) PROTO CORPORATION carried out a 2-for-1 split of common shares on July 1, 2019.

Basic earnings per share was calculated under the assumption that said share split had been conducted at the beginning of the previous consolidated accounting year.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	49,388	35,934	72.7	893.97
March 31, 2020	44,726	31,932	71.3	794.38

(Reference) Equity: As of March 31, 2021: ¥ 35,901 million  
As of March 31, 2020: ¥ 31,903 million

(Note) PROTO CORPORATION carried out a 2-for-1 split of common shares on July 1, 2019.

Net asset per share was calculated under the assumption that said share split had been conducted at the beginning of the previous consolidated accounting year.

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2021	6,574	(898)	(1,530)	21,485
March 31, 2020	6,014	401	(4,459)	17,336

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2020	-	13.75	-	13.75	27.50	1,104	22.1	3.7
March 31, 2021	-	12.50	-	12.50	25.00	1,003	20.7	3.0
Fiscal year ending March 31, 2022 (Forecast)	-	12.50	-	12.50	25.00		18.1	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2020 :

Ordinary dividend	25.00 yen
Commemorative dividend	2.50 yen

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 01, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Six months ended September 30, 2021	27,528	0.3	2,683	(5.5)	2,675	(5.4)	3,287	83.5	81.86
Full year	60,000	(0.2)	6,100	2.7	6,080	(0.6)	5,615	15.7	139.82

(Note) Since the company will apply the “accounting standards regarding revenue recognition” (Corporate Accounting Standards No. 29), etc. from the beginning of the term ending March 2022, so the earnings forecast indicates the figures based on the new standards.

\* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: )

Exclusion: - (Company name: )

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

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

March 31, 2021: 41,925,300 shares

March 31, 2020: 41,925,300 shares

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

March 31, 2021: 1,766,217 shares

March 31, 2020: 1,763,392 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2021: 40,159,300 shares

Fiscal Year ended March 31, 2020: 40,144,645 shares

\*PROTO CORPORATION carried out a 2-for-1 split of common shares on July 1, 2019.

Average number of shares during the period was calculated under the assumption that said share split had been conducted at the beginning of the previous consolidated accounting year.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 01, 2020 to March 31, 2021)

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

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2021	30,646	1.9	4,839	15.1	4,885	14.9	4,164	6.3
March 31, 2020	30,077	0.7	4,205	6.5	4,250	6.2	3,919	148.9

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2021	103.70	-
March 31, 2020	97.64	-

(Note) PROTO CORPORATION carried out a 2-for-1 split of common shares on July 1, 2019.

Basic earnings per share was calculated under the assumption that said share split had been conducted at the beginning of the previous financial year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2021	36,698	31,850	86.8	793.10
March 31, 2020	32,988	28,391	86.1	706.93

(Reference) Equity: As of March 31, 2021: ¥ 31,850 million

As of March 31, 2020: ¥ 28,391 million

(Note) PROTO CORPORATION carried out a 2-for-1 split of common shares on July 1, 2019.

Net asset per share was calculated under the assumption that said share split had been conducted at the beginning of the previous financial year.

**\* Financial results reports are exempt from audit conducted by certified public accountants or an 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 24, 2021. The document to use on the day for the financial briefing will be posted on the company website.

## **1. Business Performance Overview**

### **Business Performance Overview for the Current Term**

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

In the current consolidated fiscal year, the Japanese economy showed a sign of recovery thanks to economic-stimulus measures against the impact of COVID-19, the resumption of economic activities adopting new lifestyles, etc., but the waves of COVID-19 come successively without subsiding, causing negative impacts on some industries. There is still concern over the impact of the fourth wave on social and economic activities, and the outlook remains uncertain.

In this economic environment, the automobile sale industry, including major clients of the PROTO Group, witnessed a recovery in sales volume of new cars, which was sluggish in the first half, as it exceeded that in the previous year from October, and the number of registered used cars was favorable, as the demand for them as a means of transportation in new lifestyles grew.

In this situation, the PROTO Group has been offering private brand products and services to mainly used car dealers, maintenance shops, and new car dealers, in order to actualize comprehensive support for a life with cars by “establishing a service platform” set as a vision in the “mid-term management plan (FY 3/2020 to FY 3/2022),” which was formulated while considering diversifying needs from users and the future market environment.

As a result, the company earned net sales of 60,097 million yen (up 1.6% year on year) in the current consolidated fiscal year. The major reasons for the sales growth include the healthy performance of provision of services related to the service platform, including MOTOR GATE, and the growth of sales of tires and wheels. Operating profit was 5,941 million yen (up 15.7% year on year) and ordinary profit was 6,118 million yen (14.3% year on year), thanks to the above-mentioned sales growth, the sale and withdrawal from business of loss-making overseas subsidiaries in the previous consolidated fiscal year, etc. Profit attributable to owners of parent was 4,853 million yen (down 2.8% year on year), due to the posting of gain on sale of fixed assets through the sale of real estate in the previous consolidated fiscal year. In addition, ROE was 14.3% (the target value set in our mid-term management plan: 12%).

The performance of each business segment is as described below.

#### **(2) Overview of each segment**

##### **Automobile-related information**

With the aim of establishing the largest service platform in this industry, we have strived to expand its share in each business field, maintain and increase the average spending per customer, and have strengthened services covering needs from users in their lives with cars. In the current consolidated fiscal year, we have been developing and offering DX products to meet diversifying needs from users, while the novel coronavirus remains rampant. In the field of used cars, we have engaged in the maximization of the content volume of “Goo-net,” the increase of affiliated firms and productivity through the provision of “MOTOR GATE,” which is the background system for “Goo-net” and the improvement of its functions, the optimization of roles of information magazines and websites, the reform of the cost structure, etc. As a measure for improving the functions of “MOTOR GATE,” we have supported the business administration of used car dealers by offering services utilizing big data and AI technologies, including “MOTOR GATE AI,” which is an AI-based analysis tool for increasing orders. As the needs for non-contact communication are growing, we have offered new services in response to environmental changes, including “Goo-net Live” as a online business talk tool that can be used by users, automobile dealers, and others for consultation and negotiations.

In the car maintenance field, we have strived to increase the number of fee-paying maintenance shops by improving the convenience for users through the enrichment of content of “Goo-net Pit,” the installation of the AI chatbot function in “Goo-net Pit Smart Booking,” etc. In the field of new cars, we have continued the sales promotion of “DataLine SalesGuide.” As an optional function of this product, we started offering “DataLine SalesGuide—Car replacement Proposal Movie” which can predict the asset value of vehicles owned by users 3 years from now, automatically simulate the change of cars, compare costs, and so on with videos. Like this, we have provided optional products, to facilitate DX and improve the value of its services. As for the sale of tires, wheels, etc., we have continued the enhancement of the sale of high-end products and the combined sale of tires and wheels, and pursued synergy with “Goo-net,” “Goo-net Pit,” “MOTOR GATE Shopping,” etc. to increase sales opportunities. In the business of export of used cars, we have made efforts to strengthen our business models by cementing the alliances with leading used car exporters, etc. As a result, net sales were 53,679 million yen (up 1.5% year on year). The major reasons for the sales growth include the healthy performance of the business related to service platforms, including “MOTOR GATE,” and the recovery of the sales of tires and wheels in AUTOWAY Co., Ltd. from the downturn in the previous consolidated fiscal year. Operating profit was 7,036 million yen (up 6.9% year on year), due to the growth of the service platform-related business, the sales growth of tires and wheels, etc.

#### **Lifestyle-related information**

As for the business related to nursing care, medicine, and welfare, we strived to increase the number of our business partners through continuing to improve the brand power of products and services and fortifying its business base by enhancing the website functions and expanding the content and services. As for the business of Goo Home at PROTO SOLUTION Co., Ltd., we kept improving profitability, enriching their contents, and increasing business partners. Consequently, net sales were 3,914 million yen (down 6.1% year on year). The major reasons for the drop in sales include the decline in sales from the home-visiting dentist support business, which was discontinued in the previous consolidated fiscal year, in PROTO MEDICAL CARE Operating profit was 273 million yen (up 61.9% year on year), as sales decreased, but the company reduced the costs for personnel and advertisement, etc.

#### **Real estate**

As PROTO CORPORATION conducted the lease management for its real estate, net sales were 157 million yen (down 1.9% year on year), and operating profit was 140 million yen (up 3.8% year on year).

#### **Others**

Net sales were 2,345 million yen (up 21.6% year on year), and operating profit was 130 million yen (up 121.6% year on year). This was attributed to the growth of PROTO SOLUTION Co., Ltd. in software development and sales to external customers, and the growth of performance of existing consolidated subsidiaries for the worker dispatch business, in addition to Associe Co., Ltd. becoming a subsidiary in October 2019.

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

Total assets at the end of the current consolidated fiscal year were 49,388 million yen, up 4,662 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 stood at 31,623 million yen, up 3,392 million yen from the end of the previous consolidated fiscal year, due to the increases in cash, deposits and accounts receivable.

Fixed assets stood at 17,764 million yen, up 1,269 million yen from the end of the previous consolidated fiscal year, as investments and other assets augmented through the term-end value adjustments of investment securities, while tangible fixed assets decreased through depreciation and intangible fixed assets declined through goodwill amortization.

## ii. Liabilities

Current liabilities were 12,126 million yen, up 857 million yen from the end of the previous consolidated fiscal year, mainly due to the augmentation of accounts payable and accrued expenses.

Long-term liabilities were 1,327 million yen, down 196 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 35,934 million yen, up 4,001 million yen from the end of the previous consolidated fiscal year. This was due to factors such as the dividend of surplus reaching 1,054 million yen, the profit attributable to owners of parent standing at 4,853 million yen, and the growth of valuation difference on available-for-sale securities through term-end value adjustments.

# (3) Consolidated Cash Flows

Cash and cash equivalents at the end of the current consolidated fiscal year stood at 21,485 million yen, up 4,148 million yen from the end of the previous consolidated fiscal year. The main factors in the increase in cash and cash equivalents are as follows.

## i. Cash flow from operating activities

The cash flow from operating activities yielded 6,574 million yen, as the payment or refund of corporate income tax, etc. was 2,205 million yen, while net income before taxes and other adjustments was 6,068 million yen.

## ii. Cash flow from investing activities

The cash flow from financial activities stood at the expenditure of 898 million yen, as the expenditure for acquiring tangible and intangible fixed assets was 664 million yen and the cost for acquiring investment securities was 607 million yen, while the income from withdrawal of time deposits was 500 million yen.

## iii. Cash flow from financing activities

The cash flow from financial activities stood at the expenditure of 1,530 million yen, as the expenditure for repaying long-term debts was 388 million yen and the payment of dividends amounted to 1,053 million yen.

(Reference) Cash Flow Indicators

	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2020	Year Ended March 31, 2021
Equity ratio (%)	63.0	58.5	63.8	71.3	72.7
Equity ratio based on market value (%)	70.0	75.2	91.4	77.0	95.2
Interest-bearing debts/ Operating cash flow (year)	2.1	2.1	1.9	0.6	0.5
Interest coverage ratio (times)	80.9	138.1	139.7	305.5	533.5

Equity ratio : Equity capital/Total assets  
Equity ratio based on market value : Total stock based on market/Total assets  
Interest-bearing debts/Operating cash flow : Interest bearing debts/cash flow  
Interest coverage ratio : 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." The company hopes to remain a corporate group demanded truly by society, by valuing the connections with all stakeholders related to the company, sharing dreams, and creating impressive content.

In addition, for attaining the corporate goal "CHANGING COMPANY," the company will try to "establish a brand" and strive to improve corporate value through mid/long-term growth by satisfying users and clients with useful information and services. Furthermore, we will strive to establish a transparent, sound management system for winning social trust, through the initiatives for tightening corporate governance.

The PROTO Group produced a "mid-term management 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 mid-term management 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 further improve profitability by actualizing the synergy among group companies and reforming the cost structure.

The PROTO Group recognized the growth potential of net sales, gross profit and operating profit and also return on equity (ROE) as important management indicators for improving corporate value in a sustainable manner, and plans to achieve an ROE of 12% or higher, recouping capital cost, in the final fiscal year of the mid-term management plan. To do so, the company will carry out the following concrete measures.

In the field 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 partner companies 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 maintenance shops for "Goo-net Pit," 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 aim to grow the business by pursuing synergy with group companies through sharing the customer base, etc.

As a result, the consolidated earnings forecast for the next term ending March 2022 calls for net sales of 60,000 million yen, an operating profit of 6,100 million yen, an ordinary profit of 6,080 million yen, and a profit attributable to owners of parent of 5,615 million yen.

(Note) Since the company will apply the "accounting standards regarding revenue recognition" (Corporate Accounting Standards No. 29), etc. from the beginning of the term ending March 2022, so the earnings forecast indicates the figures based on the new standards.

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

The Group intends 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.

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Million yen)

	As of March 31,2020	As of March 31,2021
<b>Assets</b>		
Current assets		
Cash and deposits	18,057	21,705
Notes and accounts receivable - trade	4,913	5,010
Inventories	4,048	3,834
Other	1,219	1,080
Allowance for doubtful accounts	(6)	(6)
Total current assets	28,231	31,623
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,059	5,756
Land	4,570	4,570
Other, net	690	692
Total property, plant and equipment	11,320	11,019
Intangible assets		
Goodwill	1,546	1,124
Other	1,002	1,094
Total intangible assets	2,548	2,218
Investments and other assets		
Investment securities	1,014	2,127
Deferred tax assets	356	1,056
Other	1,260	1,359
Allowance for doubtful accounts	(6)	(17)
Total investments and other assets	2,625	4,525
Total non-current assets	16,494	17,764
Total assets	44,726	49,388



(Million yen)

	As of March 31,2020	As of March 31,2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,720	2,219
Short-term borrowings	2,400	2,400
Current portion of long-term borrowings	388	295
Accrued expenses	2,303	2,608
Income taxes payable	1,328	1,253
Provision for sales returns	10	-
Provision for bonuses	151	158
Provision for merchandise warranties	35	25
Provision for point card certificates	29	32
Other	2,901	3,132
Total current liabilities	11,268	12,126
Non-current liabilities		
Long-term borrowings	681	385
Provision for retirement benefits for directors (and other officers)	281	225
Retirement benefit liability	4	8
Asset retirement obligations	294	300
Other	262	407
Total non-current liabilities	1,524	1,327
Total liabilities	12,793	13,453
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,849	1,849
Capital surplus	2,036	2,036
Retained earnings	28,647	32,447
Treasury shares	(1,306)	(1,306)
Total shareholders' equity	31,227	35,026
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	199	543
Foreign currency translation adjustment	477	330
Total accumulated other comprehensive income	676	874
Non-controlling interests	28	33
Total net assets	31,932	35,934
Total liabilities and net assets	44,726	49,388

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Net sales	59,127	60,097
Cost of sales	34,741	34,916
Gross profit	24,385	25,180
Reversal of provision for sales returns	32	10
Provision for sales returns	10	-
Gross profit - net	24,406	25,191
Selling, general and administrative expenses	19,270	19,250
Operating profit	5,136	5,941
Non-operating income		
Interest and dividend income	12	8
Foreign exchange gains	229	145
Other	72	99
Total non-operating income	313	254
Non-operating expenses		
Interest expenses	20	12
Loss on investments in investment partnerships	31	32
Loss on valuation of derivatives	24	16
Other	21	15
Total non-operating expenses	96	76
Ordinary profit	5,354	6,118
Extraordinary income		
Gain on sale of non-current assets	1,811	0
Gain on sale of investment securities	18	-
Gain on sale of shares of subsidiaries and associates	221	-
Gain on transfer from business divestitures	-	3
Total extraordinary income	2,051	3
Extraordinary losses		
Loss on sale and retirement of non-current assets	31	12
Impairment losses	-	37
Loss on valuation of investment securities	199	-
Other	33	3
Total extraordinary losses	265	53
Profit before income taxes	7,139	6,068
Income taxes - current	2,191	2,072
Income taxes - deferred	(38)	(860)
Total income taxes	2,153	1,211
Profit	4,986	4,857
Profit (loss) attributable to non-controlling interests	(4)	3
Profit attributable to owners of parent	4,991	4,853

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Profit	4,986	4,857
Other comprehensive income		
Valuation difference on available-for-sale securities	139	344
Foreign currency translation adjustment	(217)	(146)
Total other comprehensive income	(77)	197
Comprehensive income	4,908	5,055
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,913	5,050
Comprehensive income attributable to non-controlling interests	(5)	4

Consolidated Statements of Changes in Net Assets  
For the fiscal year ended March 31,2020

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,824	2,011	24,710	(1,305)	27,240
Changes during period					
Issuance of new shares	24	24			49
Dividends of surplus			(1,053)		(1,053)
Profit attributable to owners of parent			4,991		4,991
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	24	24	3,937	(0)	3,986
Balance at end of period	1,849	2,036	28,647	(1,306)	31,227

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	59	694	754	34	28,029
Changes during period					
Issuance of new shares					49
Dividends of surplus					(1,053)
Profit attributable to owners of parent					4,991
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	139	(217)	(77)	(5)	(83)
Total changes during period	139	(217)	(77)	(5)	3,903
Balance at end of period	199	477	676	28	31,932

For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,849	2,036	28,647	(1,306)	31,227
Changes during period					
Issuance of new shares					-
Dividends of surplus			(1,054)		(1,054)
Profit attributable to owners of parent			4,853		4,853
Purchase of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	3,799	-	3,799
Balance at end of period	1,849	2,036	32,447	(1,306)	35,026

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	199	477	676	28	31,932
Changes during period					
Issuance of new shares					-
Dividends of surplus					(1,054)
Profit attributable to owners of parent					4,853
Purchase of treasury shares					-
Net changes in items other than shareholders' equity	344	(146)	197	4	202
Total changes during period	344	(146)	197	4	4,001
Balance at end of period	543	330	874	33	35,934

## Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Cash flows from operating activities		
Profit before income taxes	7,139	6,068
Depreciation	890	898
Impairment losses	-	37
Amortization of goodwill	429	422
Increase (decrease) in allowance for doubtful accounts	(44)	10
Increase (decrease) in provision for sales returns	(15)	(10)
Increase (decrease) in provision for bonuses	7	7
Increase (decrease) in provision for merchandise warranties	35	(9)
Increase (decrease) in provision for point card certificates	5	2
Increase (decrease) in provision for retirement benefits for directors (and other officers)	16	(55)
Interest and dividend income	(12)	(8)
Interest expenses	20	12
Foreign exchange losses (gains)	(60)	(5)
Loss (gain) on investments in investment partnerships	31	32
Loss (gain) on valuation of derivatives	24	16
Loss (gain) on sale and retirement of non-current assets	(1,780)	12
Loss (gain) on sale of investment securities	(18)	-
Loss (gain) on valuation of investment securities	199	-
Gain on transfer from business divestitures	-	(3)
Loss on disaster	1	-
Decrease (increase) in trade receivables	647	(128)
Decrease (increase) in inventories	370	214
Increase (decrease) in trade payables	441	502
Increase (decrease) in accrued expenses	(103)	290
Other, net	(121)	478
Subtotal	8,103	8,784
Interest and dividends received	12	8
Interest paid	(19)	(12)
Income taxes refund (paid)	(2,081)	(2,205)
Net cash provided by (used in) operating activities	6,014	6,574

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Cash flows from investing activities		
Payments into time deposits	(500)	-
Proceeds from withdrawal of time deposits	170	500
Purchase of property, plant and equipment	(1,398)	(189)
Proceeds from sale of property, plant and equipment	3,588	0
Purchase of intangible assets	(430)	(475)
Proceeds from sale of intangible assets	274	-
Purchase of long-term prepaid expenses	(9)	(30)
Purchase of investment securities	(270)	(607)
Proceeds from sale of investment securities	53	-
Payments for investments in capital	(760)	(120)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(115)	-
Payments of leasehold and guarantee deposits	(117)	-
Proceeds from separation of business	-	5
Other, net	(84)	18
Net cash provided by (used in) investing activities	401	(898)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(2,840)	-
Repayments of long-term borrowings	(490)	(388)
Purchase of treasury shares	0	-
Dividends paid	(1,053)	(1,053)
Repayments of lease obligations	(76)	(88)
Net cash provided by (used in) financing activities	(4,459)	(1,530)
Effect of exchange rate change on cash and cash equivalents	24	1
Net increase (decrease) in cash and cash equivalents	1,980	4,148
Cash and cash equivalents at beginning of period	15,356	17,336
Cash and cash equivalents at end of period	17,336	21,485

(Important subsequent events)

(Transfer of shares of a consolidated subsidiary)

At the extraordinary meeting of the board of directors held on May 10, 2021, the company resolved to transfer all shares of PROTO MEDICAL CARE which is a consolidated subsidiary of PROTO CORPORATION, to Benesse Holdings, Inc. (hereinafter referred to as “Benesse Holdings”), and concluded a contract for share transfer. As a result of the share transfer, PROTO MEDICAL CARE and PROTO MEDICAL CARE 's wholly owned subsidiaries MARUFUJI and SILVER HEART will no longer be consolidated subsidiaries of the Company.

Outline of the transaction

① Name and business description of the company to be transferred

Name of the company to be transferred	Business description
PROTO MEDICAL CARE	Advertisement-related business, lease and sale of welfare goods, introduction and dispatch of workers in the fields of nursing care, welfare, and medical care
MARUFUJI	Lease and sale of welfare goods
SILVER HEART	Lease and sale of welfare goods

② Date of share transfer

June 1, 2021

③ Reason for share transfer

The performance of PROTO MEDICAL CARE has been healthy, since the launch of its business, but it has not contributed significantly to the growth of the automobile-related information segment and the lifestyle-related information segment, which are the core businesses of the PROTO Group, through synergy. Against this backdrop, the company decided to transfer the shares of PROTO MEDICAL CARE to Benesse Holdings as part of selection and concentration in the business portfolio.