

*This document is an English translation of excerpts from the Annual Securities Report disclosed on June 30, 2022.
In the event of any discrepancy between this translated document and Japanese original, the original shall prevail.*

Annual Securities Report

English excerpt translation of the “Yukashoken-Houkokusho”
for the 44th fiscal year (from April 1, 2021 to March 31, 2022)

PROTO CORPORATION

Situation of accounting

1. Regarding methods for producing consolidated and non-consolidated financial statements

(1) Our consolidated financial statements are produced in accordance with the “regulation concerning terminology, forms and method of preparation of consolidated financial statements, etc.” (the Ministry of Finance. Ordinance No. 28, 1976).

(2) Our non-consolidated financial statements are produced in accordance with the “regulation concerning terminology, forms and method of preparation of financial statements, etc.” (the Ministry of Finance. Ordinance No. 59, 1963).

In addition, our company is recognized as a company that has a comptroller to submit consolidated financial statements, so we produce financial statements in accordance with Article 127 of Regulations for Financial Statements, etc.

2. Regarding audit certification (Japanese version only)

In accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, KPMG AZSA LLC audits our company’s consolidated financial statements for the consolidated accounting year (from April 1, 2021 to March 31, 2022) and non-consolidated financial statements for the accounting year (from April 1, 2021 to March 31, 2022).

3. Regarding special measures for securing the appropriateness of consolidated financial statements, etc.

Our company takes special measures for securing the appropriateness of consolidated financial statements, etc. In detail, we joined Financial Accounting Standards Foundation, in order to develop a system for grasping the contents of the accounting standards, etc. appropriately or responding to changes in the accounting standards, etc. properly. In addition, we actively attend the trainings, etc. held by the foundation.

1 【Consolidated Financial Statements】

(1) 【Consolidated Financial Statements】

① 【Consolidated Balance Sheets】

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	21,705	26,159
Notes and accounts receivable - trade	5,010	-
Notes receivable - trade	-	249
Accounts receivable - trade	-	5,362
Inventories	※1 3,703	※1 4,208
Other	1,211	1,662
Allowance for doubtful accounts	(6)	(7)
Total current assets	31,623	37,635
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	※2 5,756	※2 5,433
Land	※2 4,570	※2 4,588
Other, net	692	723
Total property, plant and equipment	※3 11,019	※3 10,744
Intangible assets		
Goodwill	1,124	547
Other	1,094	1,403
Total intangible assets	2,218	1,950
Investments and other assets		
Investment securities	2,127	2,343
Deferred tax assets	1,056	263
Other	1,359	1,647
Allowance for doubtful accounts	(17)	(58)
Total investments and other assets	4,525	4,195
Total non-current assets	17,764	16,890
Total assets	49,388	54,525

(Million yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,219	2,666
Short-term borrowings	※2,4 2,400	※2,4 2,550
Current portion of long-term borrowings	※2 295	※2 224
Accrued expenses	2,608	2,387
Income taxes payable	1,253	1,594
Contract liabilities	-	33
Provision for bonuses	158	165
Provision for merchandise warranties	25	18
Provision for point card certificates	32	-
Provision for loss on disaster	-	41
Other	3,132	3,353
Total current liabilities	12,126	13,035
Non-current liabilities		
Long-term borrowings	※2 385	※2 230
Provision for retirement benefits for directors (and other officers)	225	238
Retirement benefit liability	8	91
Asset retirement obligations	300	281
Other	407	251
Total non-current liabilities	1,327	1,093
Total liabilities	13,453	14,128
Net assets		
Shareholders' equity		
Share capital	1,849	1,849
Capital surplus	2,036	2,058
Retained earnings	32,447	37,121
Treasury shares	(1,306)	(1,279)
Total shareholders' equity	35,026	39,750
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	543	610
Foreign currency translation adjustment	330	0
Total accumulated other comprehensive income	874	611
Non-controlling interests	33	35
Total net assets	35,934	40,397
Total liabilities and net assets	49,388	54,525

② 【Consolidated Statements of Income and Comprehensive Income】

【Consolidated Statements of Income】

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	※1 55,787	※1 57,446
Cost of sales	※2 30,956	※2 32,819
Gross profit	24,830	24,627
Reversal of provision for sales returns	10	-
Provision for sales returns	-	-
Gross profit - net	24,841	24,627
Selling, general and administrative expenses	※3,4 18,899	※3,4 18,205
Operating profit	5,941	6,422
Non-operating income		
Interest and dividend income	8	7
Share of profit of entities accounted for using equity method	-	0
Foreign exchange gains	145	250
Other	99	59
Total non-operating income	254	318
Non-operating expenses		
Interest expenses	12	10
Loss on investments in investment partnerships	32	20
Loss on valuation of derivatives	16	69
Other	15	18
Total non-operating expenses	76	117
Ordinary profit	6,118	6,622
Extraordinary income		
Gain on sale of non-current assets	※5 0	※5 18
Gain on sale of shares of subsidiaries and associates	-	2,146
Gain on liquidation of subsidiaries	-	476
Other	3	1
Total extraordinary income	3	2,642
Extraordinary losses		
Loss on sale and retirement of non-current assets	※6 12	※6 58
Impairment losses	※7 37	-
Provision for loss on disaster	-	41
Other	3	1
Total extraordinary losses	53	101
Profit before income taxes	6,068	9,163
Income taxes - current	2,072	2,531
Income taxes - deferred	(860)	749
Total income taxes	1,211	3,281
Profit	4,857	5,882
Profit attributable to non-controlling interests	3	2
Profit attributable to owners of parent	4,853	5,880

【Consolidated Statements of Comprehensive Income】

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	4,857	5,882
Other comprehensive income		
Valuation difference on available-for-sale securities	344	66
Foreign currency translation adjustment	(146)	(330)
Total other comprehensive income	197	(263)
Comprehensive income	5,055	5,619
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,050	5,616
Comprehensive income attributable to non-controlling interests	4	2

③ 【Consolidated Statements of Changes in Net Assets】

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					
Dividends of surplus			(1,054)		(1,054)
Profit attributable to owners of parent			4,853		4,853
Purchase of treasury shares					-
Disposal 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					
Dividends of surplus					(1,054)
Profit attributable to owners of parent					4,853
Purchase of treasury shares					-
Disposal 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

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,849	2,036	32,447	(1,306)	35,026
Changes during period					
Dividends of surplus			(1,205)		(1,205)
Profit attributable to owners of parent			5,880		5,880
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		22		26	49
Net changes in items other than shareholders' equity					
Total changes during period	-	22	4,674	26	4,723
Balance at end of period	1,849	2,058	37,121	(1,279)	39,750

	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	543	330	874	33	35,934
Changes during period					
Dividends of surplus					(1,205)
Profit attributable to owners of parent					5,880
Purchase of treasury shares					(0)
Disposal of treasury shares					49
Net changes in items other than shareholders' equity	66	(330)	(263)	2	(261)
Total changes during period	66	(330)	(263)	2	4,462
Balance at end of period	610	0	611	35	40,397

④ 【Consolidated Statements of Cash Flows】

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	6,068	9,163
Depreciation	898	877
Impairment losses	37	-
Amortization of goodwill	422	360
Increase (decrease) in contract liabilities	-	1
Increase (decrease) in allowance for doubtful accounts	10	42
Increase (decrease) in provision for sales returns	(10)	-
Increase (decrease) in provision for bonuses	7	24
Increase (decrease) in provision for merchandise warranties	(9)	(6)
Increase (decrease) in provision for point card certificates	2	-
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(55)	12
Increase (decrease) in retirement benefit liability	4	16
Increase (decrease) in provision for loss on disaster	-	41
Interest and dividend income	(8)	(7)
Interest expenses	12	10
Foreign exchange losses (gains)	(5)	(10)
Share of loss (profit) of entities accounted for using equity method	-	(0)
Loss (gain) on investments in investment partnerships	32	20
Loss (gain) on valuation of derivatives	16	69
Loss (gain) on sale and retirement of non-current assets	12	40
Loss (gain) on sale of shares of subsidiaries and associates	-	(2,146)
Decrease (increase) in trade receivables	(128)	(652)
Decrease (increase) in inventories	214	(477)
Increase (decrease) in trade payables	502	194
Increase (decrease) in accrued expenses	290	(132)
Other, net	470	(789)
Subtotal	8,784	6,650
Interest and dividends received	8	7
Interest paid	(12)	(10)
Income taxes refund (paid)	(2,205)	(2,115)
Net cash provided by (used in) operating activities	6,574	4,533

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	500	-
Purchase of property, plant and equipment	(189)	(359)
Proceeds from sale of property, plant and equipment	0	90
Payments for retirement of property, plant and equipment	-	(2)
Purchase of intangible assets	(475)	(774)
Purchase of long-term prepaid expenses	(30)	(16)
Purchase of investment securities	(607)	(119)
Payments for investments in capital	(120)	(359)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	89
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	※2 2,854
Other, net	23	56
Net cash provided by (used in) investing activities	(898)	1,458
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	-	50
Repayments of long-term borrowings	(388)	(295)
Purchase of treasury shares	-	(0)
Dividends paid	(1,053)	(1,205)
Repayments of lease liabilities	(88)	(96)
Net cash provided by (used in) financing activities	(1,530)	(1,547)
Effect of exchange rate change on cash and cash equivalents	1	10
Net increase (decrease) in cash and cash equivalents	4,148	4,454
Cash and cash equivalents at beginning of period	17,336	21,485
Cash and cash equivalents at end of period	※1 21,485	※1 25,939

【Notes】

(Matters Concerning the Going Concern Assumption)

None

(Basic Items for Preparing Consolidated Financial Statement)

1. Matters relating to the scope of consolidation

All of the subsidiaries are consolidated.

The number of consolidated subsidiaries: 13

AUTOWAY Co., Ltd.

TIRE WORLD KAN BEST CO., LTD.

GOONET EXCHANGE

PROTO-RIOS INC.

CAR CREDO Co., Ltd.

PROTO SOLUTION Co., Ltd.

PROTO Ventures

PROTO Ventures 2 Investment Limited Partnership

and 5 other companies

PROTO Ventures 2 Investment Limited Partnership was newly established on April 19, 2021, and included in the scope of consolidation from the current consolidated fiscal year.

We sold all of the shares of PROTO MEDICAL CARE on June 1, 2021, therefore, it is excluded from the scope of consolidation along with its wholly-owned subsidiaries, MARUFUJI and SILVER HEART.

The liquidation of PROTO MALAYSIA Sdn. Bhd. was completed on June 30, 2021, therefore, it is excluded from the scope of consolidation.

Onion Inc. is included in the scope of consolidation from the current consolidated fiscal year, after our consolidated subsidiary, PROTO SOLUTION Co., Ltd., acquired all of its shares on October 1, 2021.

2. Matters concerning application of the equity method

We apply the equity method to all of our affiliated companies.

The number of affiliated companies under the equity method: 1

Name of the affiliated company under the equity method: UB Datatech, Inc.

The consolidated subsidiary PROTO SOLUTION Co., Ltd. established UB Datatech, Inc. through the joint investment with Uzabase, Inc., on October 1, 2021, and the equity method has been applied to the company from the current consolidated fiscal year.

3. Matters concerning the fiscal year, etc. of consolidated subsidiaries

The account closing date of CAR CREDO (Thailand) Co., Ltd. is December 31. Financial statements as of that date are used to prepare for consolidated financial statements, and necessary adjustments for consolidation are made with regard to major transactions occurring between the date and the consolidated closing date.

4. Matters relating to accounting policies

(1) Standards and methods for evaluating important assets

① Securities

Other securities

- a. Items other than shares without market values, etc.

Market price method (Valuation difference is directly recorded as net assets, and cost of sales is calculated by the moving average method)

- b. Shares without market values, etc.

Moving-average cost method

Investments

- a. Investments without market values, etc.

Moving-average cost method

- b. Investments in investment limited partnership and similar investment associations (as defined as securities by Article 2, Paragraph 2 of the Financial Instruments and Exchanges Law)

The company books the net value of equity equivalents based on the latest available financial report of the association according to the financial closing date set forth in the partnership contract.

② Inventory assets

The cost method (method to reduce book value due to a decline in profitability) is used as a valuation standard.

- a. Goods procured

Primarily the specific cost method and the moving-average cost method

- b. Goods produced

Specific cost method

- c. Goods in process

Specific cost method

- d. Raw materials

Specific cost method

- e. Stored goods

Last purchase price method

③ Derivatives

Market value method

(2) Method of depreciation for important depreciable assets

① Property, plant and equipment (excluding lease assets)

Buildings (excluding building fixtures)

- a. Those acquired on or before March 31, 1998

Old declining balance method

- b. Those acquired between April 1, 1998, and March 31, 2007

Old straight-line method

- c. Those acquired on or after April 1, 2007

Straight-line method

Items other than buildings

a. Those acquired on or before March 31, 2007

Old declining balance method

b. Those acquired on or after April 1, 2007

Declining balance method

However, the straight-line method is adopted for building fixtures and structures acquired on or after April 1, 2016.

The major useful life is as follows:

Buildings and structures: 6 years to 50 years

Assets of small value acquired at the cost of 100,000 yen or more but less than 200,000 yen are depreciated with the straight-line method over three years.

② Intangible assets (excluding lease assets)

Straight-line method

The major useful lives are as follows:

Software for internal use: 5 years

Software for sale: 3 years

③ Lease assets

Lease assets related to finance lease transactions not involving transfer of ownership

Straight-line method over the useful lives until the residual value reaches zero.

(3) Standards for significant allowances and reserves

① Allowance for doubtful accounts

In preparation for a loss due to bad debts, the estimated uncollectable amount is posted for general accounts receivable by using the ratio of bad debts and for specific receivables, such as doubtful accounts receivable, by considering the collectability of each item.

② Reserve for bonuses

For some of the subsidiaries, we record the expected burden in the current consolidated fiscal year, in order to allocate the funds to the bonuses to be paid to their employees.

③ Allowance for product warranties

In order to prepare for anticipated expenditure concerning replacements and refunds on the recalled goods of AUTOWAY Co., Ltd., the estimated amount is recorded.

④ Reserve for the point service program

In order to prepare for expenses concerning future redemption of points, the estimated amount for point redemption is recorded based on the actual point usage ratio.

⑤ Allowance for executives' retirement benefits

To prepare for expenditure for directors' retirement benefits, the estimated amount to be paid at the end of the consolidated fiscal year pursuant to the internal rules is recorded.

⑥ Provision for loss on disaster

In order to prepare for expenses required for recovery of damaged assets due to disasters, the estimated amount is recorded.

(4) Accounting method concerning retirement benefit obligations

Some consolidated subsidiaries applied the simplified method which uses a method to assume the company's benefit obligation

to be equal to the amount of payment required for voluntary retirement at the end of the fiscal year related to the retirement benefit, to the calculation of retirement benefit obligations and retirement benefit costs.

(5) Standard for translation of important assets or liabilities denominated in foreign currency to Japanese currency

Monetary receivables and payables denominated in foreign currencies are translated into the Japanese yen using the spot exchange rate on the consolidated closing date, and difference resulting from the translation is treated as a profit or loss. In addition, the assets and liabilities of the foreign subsidiaries are translated into the Japanese yen using the spot exchange rate on the closing date of each company, and the earnings and costs are translated into the Japanese yen using the average market price during the period, and difference arising from the translation is included in foreign-currency translation adjustments account under the net assets.

(6) Amortization method and amortization period of goodwill

Goodwill is amortized using the straight-line method over a reasonable period of time, not exceeding 20 years, after reasonably estimating the time period in which effects of investment emerge.

(7) Scope of funds in the consolidated statements of cash flows

The funds (cash and cash equivalents) in the consolidated cash flow statement consist of cash on hand, demand deposits and short-term investments with a maturity of three months or less from the date of acquisition that are easily convertible to cash, with insignificant risk of value fluctuations.

(8) Accounting standard for significant revenues and expenses

Our group recognizes revenues based on the following 5 steps:

Step 1: Identify contracts with customers

Step 2: Identify obligations in contracts

Step 3: Calculate transaction prices

Step 4: Allocate transaction prices to individual obligations in contracts.

Step 5: Recognize revenues when or as the obligations are fulfilled

The details of primary obligations and the timing of satisfying such obligations concerning revenue arising from contracts of the company and its consolidated subsidiaries with their customers in main businesses are as follows:

① Advertising-related items

We receive service usage fees as compensation for expanding our customers' sales opportunities by providing consumers with inventory data of products held by used-vehicle retailers of our customers, mainly through our information media. We have the obligation to provide the services for a period of time set forth in contracts. Such obligations are satisfied over time, and we recognize revenues as we receive the monthly fees specified in contracts.

② Information and services

We receive service usage fees from our customers by providing them with sales support tools primarily for new-vehicle dealers. We have the obligation to provide the services for a period of time set forth in contracts. Such performance obligations are satisfied over time, and we recognize revenues as we receive the monthly fees specified in contracts.

③ Sale of goods

We sell tires and wheels mainly through the websites operated by our group and through our directly managed stores, and recognize revenues at the time when products are shipped to our customers.

Moreover, for the product sales for which our company and its consolidated subsidiaries are determined as an agency, we recognize the net amount obtained by deducting the amount payable to other parties from the amount we receive in exchange for the products provided by other parties, as revenue.

(Changes in Accounting Policy)

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

Our company applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020; hereinafter referred to as the “Accounting Standard for Revenue Recognition”), etc. from the beginning of the current consolidated fiscal year, and recognized revenues from goods or services which we promised to deliver at an amount expected to be received in exchange for the goods or services at the time when the control over the promised goods or services are transferred to customers. For transactions our group was determined to be involved as an agency, the amounts of such transactions are indicated on a net basis. Furthermore, a portion of sales promotion expenses, etc. that were posted as selling, general and administrative expenses is removed from sales. This change in accounting policy is applied retroactively as a general principle, and with regard to the previous consolidated fiscal year, such retrospective application is reflected in the consolidated financial statements. However, it should be noted that the following methods set forth in Paragraph 85 of the Accounting Standard for Revenue Recognition are applied.

- (1) Information for comparison within contracts that recognized the amount of nearly all revenue following the previous handling until the start of the previous fiscal year will not be revised retroactively
- (2) Information for comparison regarding the amount of variable consideration included in contracts that recognized the amount of nearly all revenues following the previous handling until the start of this fiscal year under review will be revised retroactively using the amount at the time the uncertainty concerning the amount of the variable consideration is eliminated.

Consequently, in the previous fiscal year, sales decreased 4,310 million yen, cost of sales decreased 3,959 million yen, and selling, general and administrative expenses decreased 350 million yen, compared to those prior to such retroactive application.

As the Accounting Standard for Revenue Recognition, etc. have been applied, “Notes and accounts receivable - trade,” which were indicated in “Current assets” in the consolidated balance sheet for the previous consolidated fiscal year, has been classified into “Notes receivable - trade” and “Accounts receivable - trade” from the current consolidated fiscal year. On the other hand, “Provision for point card certificates” previously indicated in “Current liabilities” is included in “Contract liabilities” from the current consolidated fiscal year. Furthermore, “Increase (decrease) in provision for point card certificates” under “Cash flows from operating activities” indicated in the consolidated cash flow statement of the previous consolidated fiscal year is included in “Increase (decrease) in contract liabilities” from the current consolidated fiscal year. In addition, pursuant to the transitional handling set forth in Paragraph 89-2 of Accounting Standard for Revenue Recognition, for the previous consolidated fiscal year, reclassification based on the new classification is not made.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The “Accounting Standard for Fair Value Measurement (ASBJ Statement No.30, July 4, 2019; hereinafter referred to as the “Fair Value Measurement Accounting Standard”) has been applied from the beginning of the current consolidated fiscal year, and pursuant to the transitional handling set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard, as well as Paragraph 44-2 of the “Accounting Standard for Financial Instruments (ASBJ Statement No.10, July 4, 2019), the company shall continue to apply the new accounting policy set forth in the Fair Value Measurement Accounting Standard in the future. There is no impact on the company’s consolidated financial statements as a result of this.

Moreover, in the “Notes (to Financial Instruments),” the company decided to provide notes to matters related to details of fair value of financial instruments for each level, etc. However, pursuant to transitional handling set forth in Paragraph 7-4 of the

“Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19, July 4, 2019), items concerning the previous consolidated fiscal year in such Notes are not indicated.

(Unapplied Accounting Standards, etc.)

(Accounting Standard Related to Fair Value Measurement, etc.)

- “Implementation Guidance on the Accounting Standard for Fair Value Measurement” (ASBJ No.31, June 17, 2021)

(1) Outline

Handling concerning the fair value calculation for and notes to investment trust and handling concerning notes to fair value of investments in investment partnership, of which the net amount equivalent to equity is recorded in the balance sheet, have been stipulated.

(2) Date of application

The application is to be carried out from the beginning of the term ending in March 2023.

(3) Application schedule

The impact of the application is being assessed at the time when these consolidated financial statements are being prepared.

(Additional Information)

(Conclusion of a Share Transfer Agreement)

Our company resolved at the Board of Directors meeting held on March 25, 2022 to acquire shares of COSMIC RYUTSUU SANGYO LTD., INC. and COSMIC GC SYSTEM LTD., INC. to make them our consolidated subsidiaries and commence new businesses, entered into a Share Transfer Agreement, and acquired their shares on April 1, 2022.

Outline of the transaction

① Name of the other party for share acquisition

Adventure, Inc.

② Name of the acquired companies and their business

Name	Business
COSMIC RYUTSUU SANGYO LTD., INC.	Operation of stores and websites to sell discount tickets, etc.
COSMIC GC SYSTEM LTD., INC.	Operation of stores and websites to sell gift coupons, etc.

③ Purpose of the share acquisition

Our company provides information services such as the Search Engine for Automobile Repair Shops “Goo-net Pit” based on our Automobile Information Media “Goo-net” with the largest number of used vehicle registration in the country. Further, we are working on promoting DX by AI utilizing various data obtained through such media operations, promoting DX in mobility-related areas, and expanding our business domains, by providing a sales support tool for new-vehicle dealers called “DataLine SalesGuide.”

On the other hand, COSMIC RYUTSUU SANGYO LTD., INC. and COSMIC GC SYSTEM LTD., INC. has operated shops of coupons of products, gifts, etc. in terminal stations, large-scale shopping malls, etc. in the Tokyo Metropolitan Area, and has grown their business while fostering trusting relationships with customers in each region.

Our company resolved to acquire their shares, to make them subsidiaries and commence new businesses based on our belief that, from this share acquisition, we will be able to secure more contact points with consumers and maximize synergies, by integrating our know-how for online media and DX and the know-how COSMIC RYUTSUU SANGYO LTD., INC. and COSMIC GC SYSTEM LTD., INC. that have been building and developing over the years as distribution businesses that operate shops specializing in selling vouchers and gift coupons.

④ Share transfer date

April 1, 2022

⑤ Number of shares to be purchased, the purchase price, and the shareholding status before and after the purchase

a. COSMIC RYUTSUU SANGYO LTD., INC.

Number of shares owned before the acquisition	0 (ownership ratio: 0%)
Number of shares to be acquired	600
Price of the acquisition	Common shares of the company: 1,449 million yen Advisory fee, etc.: 75 million yen Total: 1,524 million yen
Number of shares owned after the acquisition	600 (ownership ratio: 100%)

b. COSMIC GC SYSTEM LTD., INC.

Number of shares owned before the acquisition	0 (ownership ratio: 0%)
Number of shares to be acquired	200
Price of the acquisition	Common shares of the company: 50 million yen Advisory fee, etc.: 2 million yen Total: 53 million yen
Number of shares owned after the acquisition	200 (ownership ratio: 100%)

(Consolidated Balance Sheets)

*1 The breakdown of inventory assets is as follows.

	Previous Consolidated Fiscal Year (March 31, 2021)	Current Consolidated Fiscal Year (March 31, 2022)
Merchandise and finished goods	3,591 million yen	4,045 million yen
Goods in process	81 million yen	128 million yen
Raw materials and stored goods	30 million yen	34 million yen
Total	3,703 million yen	4,208 million yen

*2 Collateral assets and secured liabilities

Assets used for collateral are as follows.

	Previous Consolidated Fiscal Year (March 31, 2021)	Current Consolidated Fiscal Year (March 31, 2022)
Buildings and structures	631 million yen	591 million yen
Lands	267 million yen	267 million yen
Total	899 million yen	859 million yen

Secured liabilities are as follows.

	Previous Consolidated Fiscal Year (March 31, 2021)	Current Consolidated Fiscal Year (March 31, 2022)
Short-term borrowings	825 million yen	983 million yen
Current portion of long-term borrowings	180 million yen	134 million yen
Long-term borrowings	256 million yen	122 million yen
Total	1,262 million yen	1,240 million yen

*3 Amount of accumulated depreciation on property, plant and equipment

	Previous Consolidated Fiscal Year (March 31, 2021)	Current Consolidated Fiscal Year (March 31, 2022)
Cumulative depreciation on property, plant and equipment	6,045 million yen	6,605 million yen

*4 Account overdraft agreement

Our company and consolidated subsidiaries; AUTOWAY Co., Ltd., GOONET EXCHANGE, TIRE WORLD KAN BEST CO., LTD., and Onion Inc. have entered into account overdraft agreements with 8 financing banks in order to efficiently procure working capital. Unused lines of credit at the end of the consolidated fiscal year based on these agreements are as follows.

	Previous Consolidated Fiscal Year (March 31, 2021)	Current Consolidated Fiscal Year (March 31, 2022)
Account overdraft limit	11,200 million yen	13,000 million yen
Borrowing balance	2,400 million yen	2,550 million yen
Difference	8,800 million yen	10,450 million yen

(Consolidated Profit and Loss Statement)

*1 Revenues from contracts with customers

Sales are classified into revenues arising from contracts with customers and other revenues. The amount of revenues arising from contracts with customers is stated in “Notes (to Segment Information, etc.)

*2 Valuation of inventories that are included in cost of sales

The year-end inventories are those after the write-down due to the drop in profitability, and the following appraisal losses are included in the cost of sales.

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)
	75 million yen	50 million yen

*3 Major items and the amounts of selling, general and administrative expenses are as follows.

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)
Allowance for executives' compensation and salary	6,356 million yen	5,755 million yen
Reserve for executives' retirement benefits	18 million yen	18 million yen
Reserve for bonuses	109 million yen	130 million yen
Retirement benefit obligations	7 million yen	11 million yen
Advertising and promotional expenses	5,043 million yen	5,153 million yen
Allowance for doubtful accounts	15 million yen	9 million yen
Allowance for product warranty liabilities	32 million yen	— million yen

*4 The sum of research and development expenses included in general and administrative expenses

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)
	132 million yen	155 million yen

*5 Details of gain on sales of non-current assets

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)
Other (Property, plant and equipment)	0 million yen	18 million yen
Total	0 million yen	18 million yen

*6 Details of loss on sales of non-current assets

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)
Buildings and structures	0 million yen	5 million yen
Land	— million yen	40 million yen
Other (Property, plant and equipment)	0 million yen	7 million yen
Other (Intangible assets)	12 million yen	5 million yen
Total	12 million yen	58 million yen

*7 Impairment Loss

Our group recorded impairment loss with respect to the following asset group.

Previous Consolidated Fiscal Year (From April 1, 2020, to March 31, 2021)

(1) Major asset group in which impairment loss was recognized

Location	Purpose	Category	Impairment Loss
Higashi-ku, Hamamatsu City	Used-vehicle Exporting Business (Business assets, etc.)	Buildings and structures	37 million yen

(2) Background for recognition of impairment losses

For business assets of used vehicle exporting business, etc. of which profitability dropped, book value is recorded in the extraordinary loss as impairment losses.

(3) Breakdown of the amount of impairment losses and the amount in each non-current asset category

Buildings and Structures	37 million yen
Total	37 million yen

(4) Method for grouping assets

When grouping assets, mainly the management accounting categories are regarded as the smallest units that independently generate cash flows, and the asset grouping method based on such unit is adopted.

(5) Method for estimating collectible value

Collectible value is estimated by setting the use value at zero.

Current Consolidated Fiscal Year (From April 1, 2021, to March 31, 2022)

No applicable items.

(Consolidated statement of comprehensive income)

* Reclassification adjustments and tax effect relating to other comprehensive income

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)
Valuation difference on available-for-sale securities		
Amount accrued during the fiscal year	505 million yen	95 million yen
Reclassification adjustments	— million yen	— million yen
Before tax effect adjustment	505 million yen	95 million yen
Amount of tax effect	(160 million yen)	(28 million yen)
Valuation difference on available-for-sale securities	344 million yen	66 million yen
Foreign currency translation adjustments		
Amount accrued during the fiscal year	- 0 million yen	0 million yen
Reclassification adjustments	— million yen	(476 million yen)
Before tax effect adjustment	(0 million yen)	(475 million yen)
Amount of tax effect	(145 million yen)	145 million yen
Foreign currency translation adjustments	(146 million yen)	(330 million yen)
Total other comprehensive income	197 million yen	(263 million yen)

(Consolidated statement of shareholders' equity-related items)

Previous Consolidated Fiscal Year (From April 1, 2020, to March 31, 2021)

1. Information on outstanding shares

Type of shares	At the beginning of Current Consolidated Fiscal Year	Increase	Decrease	At the end of Current Consolidated Fiscal Year
Common Stock (shares)	41,925,300	—	—	41,925,300

2. Information on treasury shares

Type of shares	At the beginning of Current Consolidated Fiscal Year	Increase	Decrease	At the end of Current Consolidated Fiscal Year
Common Stock (shares)	1,763,392	2,825	—	1,766,217

(Outline of the cause of changes)

The details of the increase are as follows.

Free acquisition of unearned transfer-restricted

share-based compensation upon an executive's retirement 2,825 shares

3. Matters related to share acquisition rights, etc.

No applicable items.

4. Matters related to dividends

(1) Dividend payments

Resolution	Type of shares	Sum of the dividends (million yen)	Dividend per share (yen)	Record Date	Effective Date
The Board of Directors meeting on May 14, 2020	Common Stock	552	13.75	March 31, 2020	June 5, 2020
The Board of Directors meeting on October 30, 2020	Common Stock	501	12.50	September 30, 2020	November 20, 2020

(2) Dividends with the effective date in the next consolidated fiscal year, of which the record date is in the current consolidated fiscal year.

Resolution	Type of shares	Source of dividends	Sum of the dividends (million yen)	Dividend per share (yen)	Record Date	Effective Date
The Board of Directors meeting on May 13, 2021	Common Stock	Retained Earnings	501	12.50	March 31, 2021	June 8, 2021

Current Consolidated Fiscal Year (From April 1, 2021, to March 31, 2022)

1. Matters relating to outstanding shares

Type of shares	At the beginning of Current Consolidated Fiscal Year	Increase	Decrease	At the end of Current Consolidated Fiscal Year
Common Stock (shares)	41,925,300	—	—	41,925,300

2. Matters relating to treasury shares

Type of shares	At the beginning of Current Consolidated Fiscal Year	Increase	Decrease	At the end of Current Consolidated Fiscal Year
Common Stock (shares)	1,766,217	80	36,300	1,729,997

(Outline of the cause of changes)

The details of the increase are as follows.

Increase caused by the purchase of fractional shares 80 shares

The details of the decrease are as follows.

Decrease due to the retirement of treasury stock as transfer-restricted share-based compensation 36,300 shares

3. Matters related to share acquisition rights, etc.

No applicable items.

4. Matters relating to dividends

(1) Dividend payment amount

Resolution	Type of shares	Sum of the dividends (million yen)	Dividend per share (yen)	Record Date	Effective Date
The Board of Directors meeting on May 13, 2021	Common Shares	501	12.50	March 31, 2021	June 8, 2021
The Board of Directors meeting on October 29, 2021	Common Shares	703	17.50	September 30, 2021	November 19, 2021

(2) Dividends with the effective date in the next consolidated fiscal year, of which the record date is in the current consolidated fiscal year.

Resolution	Type of shares	Source of dividends	The sum of the dividends (million yen)	The amount of dividend per share (yen)	Record Date	Effective Date
The Board of Directors meeting on May 13, 2022	Common Shares	Retained Earnings	703	17.50	March 31, 2022	June 8, 2022

(Consolidated Statements of Cash Flows)

*1 The relationship of cash and cash equivalents at the end of the fiscal year and the amounts of items stated in the consolidated balance sheet

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)
Cash and deposits	21,705 million yen	26,159 million yen
Time deposits of over 3 months	(220 million yen)	(220 million yen)
Cash and cash equivalents	21,485 million yen	25,939 million yen

- *2 Main breakdown of assets and liabilities of companies that ceased to be consolidated subsidiaries due to the sale of shares
Previous consolidated fiscal year (April 1, 2020 - March 31, 2021)
No applicable items.

Current consolidated fiscal year (April 1, 2021 - March 31, 2022)

The breakdown of assets and liabilities as well as the sale price of the shares and the revenue from the sale at the time of sale of shares of PROTO MEDICAL CARE and its wholly-owned subsidiaries MARUFUJI and SILVER HEART, as they had ceased to be consolidated subsidiaries, are as follows:

Current assets	1,889 million yen
Non-current asset	589 million yen
Current liabilities	344 million yen
Non-current liabilities	30 million yen
Gain on sale of shares	2,146 million yen
Sale price of shares	4,250 million yen
Cash and cash equivalents	1,395 million yen
Deduction: proceeds from sales	2,854 million yen

(Leasing Transactions)

Omitted as no significant items to note.

(Financial Instruments)

1. Status of financial instruments

(1) Policy on Financial Instruments

Our corporate group limits our fund management to short-term deposits, etc., and procure funds through an increase in cash flow from operating activities, but if there is significant demand for funds due to large-scale capital investments, new business development, or the like, we will procure funds through bank borrowings, finance, etc.

In addition, our policy is to use derivatives to avoid risks and not to engage in speculative trading.

(2) Details of financial instruments, risks thereof and risk management systems

Trade notes and accounts receivable, which are operating receivables, are exposed to the credit risk of customers. With regard to such risks, in accordance with internal regulations, we manage the due date and balance for each business partner, and have a system to periodically grasp the credit information of our main business partners.

Investment securities are mainly high-rated bonds and shares of companies with which we have business relationships, which are exposed to market risk. With regard to such risks, we regularly monitor the market value and financial position of the issuer.

Trade notes and accounts payable, which are operating obligations, are due within one year.

Debts are mainly for the purpose of procuring working capital, and the redemption date is within 10 years after the closing date. With regard to liquidity risks related to fund procurement, we have created and updated our financial plan in a timely manner and reduced risk by maintaining on-hand liquidity.

Derivative transactions are foreign exchange reservation transactions, etc. by some consolidated subsidiaries, and execution and management are in accordance with our internal regulations that stipulate the group's trading authority.

In addition, in order to mitigate credit risks, we conduct transactions only with financial institutions with high credit ratings.

(3) Supplementary explanation on the market value of financial instruments

Since fluctuation factors are considered in the calculation of the market value of financial instruments, the value may vary according to assumptions.

2. Matters related to the market value, etc. of financial instruments

The amounts recorded in the consolidated balance sheet, market values, and the differences between them are as follows:

Previous Consolidated Fiscal Year (March 31, 2021)

	Amount recorded on the consolidated balance sheet (million yen)	Market value (million yen)	Difference (million yen)
Investment securities			
Other securities	1,956	1,956	—
Total assets	1,956	1,956	—
Long-term debt			
(including current portion of long-term borrowings)	681	681	0
Total liabilities	681	681	0
Derivative transactions ³	78	78	—

- * 1. “Cash and deposits,” “notes and accounts receivable - trade,” “notes and accounts payable - trade,” “short-term borrowings” and “income taxes payable” are omitted as their market values approximate their book values as they are cash, and because they are settled in a short periods of time.
2. Among shares, etc. without market prices, the amounts of unlisted stocks (items recorded on the consolidated balance sheet are investment securities) and investments in investment limited partnerships (non-current assets and other items recorded on the consolidated balance sheet) in the consolidated balance sheet are as follows:

Type	Previous Consolidated Fiscal Year (million yen) (March 31, 2021)
Unlisted shares	170
Investment in Investment Limited Partnerships	823

3. Net receivables and liabilities arising from derivative transactions are indicated as net amounts.

Current Consolidated Fiscal Year (March 31, 2022)

	Amount recorded in the consolidated balance sheet (million yen)	Market value (million yen)	Difference (million yen)
Investment securities			
Other securities	2,051	2,051	—
Total assets	2,051	2,051	—
Long-term debt			
(including current portion of long-term borrowings)	454	458	3
Total Debt	454	458	3
Long-term debt ³	8	8	—

- * 1. “Cash and deposits,” “notes and accounts receivable - trade,” “notes and accounts payable - trade,” “short-term borrowings” and “income taxes payable” are omitted as their market values approximate their book values as they are cash, and because they are settled in a short period of time.
2. Among shares, etc. without market prices, the amounts of unlisted stocks (items recorded on the consolidated balance sheet are investment securities) and investments in investment limited partnerships (non-current assets and other items recorded on the consolidated balance sheet) in the consolidated balance sheet are as follows:

Type	Current consolidated fiscal year (million yen) (March 31, 2022)
Unlisted shares	291
Investment in Investment Limited Partnerships	1,127

3. Net receivables and liabilities arising from derivative transactions are indicated as net amounts.

Note 1. The amounts of monetary claims and securities with maturities to be redeemed after the consolidated closing date

Previous Consolidated Fiscal Year (March 31, 2021)

	Within 1 year (million yen)	1 – 5 years (million yen)	5 – 10 years (million yen)	Over 10 years (million yen)
Cash and deposits	21,705	—	—	—
Notes and accounts receivable - trade	5,010	—	—	—
Investment securities				
Other securities with maturities (corporate bonds)	—	—	—	503
Total	26,716	—	—	503

Current Consolidated Fiscal Year (March 31, 2022)

	Within 1 year (million yen)	1 – 5 years (million yen)	5 – 10 years (million yen)	Over 10 years (million yen)
Cash and deposits	26,159	—	—	—
Notes receivable - trade	249	—	—	—
Accounts receivable - trade	5,362	—	—	—
Investment securities				
Other securities with maturities (corporate bonds)	—	—	—	501
Total	31,772	—	—	501

2. Amounts of short- and long-term debts scheduled to be repaid after the consolidated settlement date

Previous Consolidated Fiscal Year (March 31, 2021)

	Within 1 year (million yen)	1 – 2 years (million yen)	2 – 3 years (million yen)	3 – 4 years (million yen)	4 – 5 years (million yen)	Over 5 years (million yen)
Short-term borrowings	2,400	—	—	—	—	—
Long-term borrowings	295	220	101	39	23	—
Total	2,695	220	101	39	23	—

Current Consolidated Fiscal Year (March 31, 2022)

	Within 1 year (million yen)	1 – 2 years (million yen)	2 – 3 years (million yen)	3 – 4 years (million yen)	4 – 5 years (million yen)	Over 5 years (million yen)
Short-term borrowings	2,550	—	—	—	—	—
Long-term borrowings	224	110	48	32	8	29
Total	2,774	110	48	32	8	29

3. Details of market values of financial instruments at each level

The market values of financial instruments are classified into the following three levels according to the observability and importance of inputs related to the calculation of market value.

Level 1: A market value of the inputs to the calculation of those observable calculated based on the market value of the asset or liability subject to the calculation of such market value formed in an active market

Level 2: A market value of the inputs related to the calculation of observable market value calculated using inputs related to the calculation of market value other than level 1 inputs

Level 3: A market value calculated using inputs related to the calculation of unobservable market value

* When multiple inputs that have a significant impact on the calculation of market value are used, the market value is classified into the lowest priority level in the calculation of market value among the levels to which each input belongs.

(1) Financial instruments recorded on the consolidated balance sheet at market value

Current Consolidated Fiscal Year (March 31, 2022)

Type	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment Securities				
Other Securities	1,550	501	—	2,051
Total assets	1,550	501	—	2,051
Derivative transactions	—	8	—	8

(2) Financial instruments other than those recorded on the consolidated balance sheet at market value

Current Consolidated Fiscal Year (March 31, 2022)

Type	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Long-term debt (including current portion of long-term borrowings)	—	458	—	458
Total Debt	—	458	—	458

Notes Explanation of valuation techniques used for and inputs related to the calculation of market value

Investment securities

Listed stocks are classified as Level 1 market value as they are calculated based on the price of the exchange and are traded on active markets. Corporate bonds are calculated based on prices offered by financial institutions, etc., and are classified as Level 2 market prices.

Long-term debt

Calculated based on the present value discounted by the interest rate assumed in the case of similar new borrowings and are classified as Level 2 market value.

Derivative transactions

Calculated based on the prices offered by the business partner financial institutions, etc., and is classified as a Level 2 market value.

(Securities)

Previous Consolidated Fiscal Year (March 31, 2021)

1 Other Securities (as of March 31, 2021)

Type	Amount recorded in the consolidated balance sheet (million yen)	Acquisition cost (million yen)	Difference (million yen)
Amount recorded in the consolidated balance sheet exceeds acquisition cost			
(1) Shares	1,313	499	813
(2) Bonds	—	—	—
(3) Others	—	—	—
Subtotal	1,313	499	813
Amount recorded in the consolidated balance sheet does not exceed acquisition cost			
(1) Shares	140	157	(17)
(2) Bonds	503	506	(3)
(3) Others	—	—	—
Subtotal	643	663	(20)
Total	1,956	1,163	792

Note:

Unlisted shares (Amount recorded in the consolidated balance sheet: 170 million yen) and investments in investment limited partnerships (Amount recorded in the consolidated balance sheet: 823 million yen) are not included in the "Other Securities" section of the table above.

2 Other securities sold during the current consolidated fiscal year (April 1, 2020 - March 31, 2021)

No applicable items.

3 Securities that have been impaired

No applicable items.

If the market value at the end of the fiscal year falls by 50% or more compared to acquisition cost, all impairment losses are posted, and in the case of a decline of about 30 - 50%, impairment losses are posted for amounts deemed necessary in consideration of the possibility of recovery, etc.

Current Consolidated Fiscal Year (March 31, 2022)

1 Other Securities (as of March 31, 2022)

Type	Amount recorded in the consolidated balance sheet (million yen)	Acquisition cost (million yen)	Difference (million yen)
Amount recorded in the consolidated balance sheet exceeds acquisition cost			
(1) Shares	1,406	499	906
(2) Bonds	—	—	—
(3) Others	—	—	—
Subtotal	1,406	499	906
Amount recorded in the consolidated balance sheet does not exceed acquisition cost			
(1) Shares	144	157	(13)
(2) Bonds	501	506	(5)
(3) Others	—	—	—
Subtotal	645	663	(18)
Total	2,051	1,163	887

Note

Unlisted shares (Amount recorded in the consolidated balance sheet: 291 million yen) and investments in investment limited partnerships (Amount recorded in the consolidated balance sheet: 1,127 million yen) are not included in the "Other Securities" section of the table above.

2 Other securities sold during the current consolidated fiscal year (April 1, 2021 - March 31, 2022)

No applicable items.

3 Securities that have been impaired

No applicable items.

If the market value at the end of the fiscal year falls by 50% or more compared to acquisition cost, all impairment losses are posted, and in the case of a decline of about 30 - 50%, impairment losses are posted for amounts deemed necessary in consideration of the possibility of recovery, etc.

(Derivative Transactions)

Derivative Transactions without Hedging Accounting

Foreign Currencies

Previous Consolidated Fiscal Year (March 31, 2021)

Type	Kind	Contract amount, etc. (million yen)	For over 1 year (million yen)	market value (million yen)	Valuation gain/loss (million yen)
Trading other than market trading	Currency Options Trading				
	Put for sale US Dollars	6,225	—	1	1
	Call for buy US Dollars	6,225	—	42	42
	Foreign Exchange Reservation Transactions				
	Bought US Dollars	518	—	34	34
Total		12,968	—	78	78

Current Consolidated Fiscal Year (March 31, 2022)

Type	Kind	Contract amount, etc. (million yen)	For over 1 year (million yen)	market value (million yen)	Valuation gain/loss (million yen)
Trading other than market trading	Foreign Exchange Reservation Transactions				
	Bought US Dollars	113	—	8	8
Total		113	—	8	8

(Retirement benefits)

1. Outline of the retirement benefit plan adopted

Some consolidated subsidiaries have adopted a lump-sum retirement benefit system and a defined contribution system based on the retirement allowance regulations. In addition, in calculating the liabilities and retirement benefit expenses related to retirement benefits, we apply the simplified method that makes the amount of self-convenience required at the end of the term related to retirement benefits obligations as retirement benefit obligations.

2. Defined benefit system with a simplified method

(1) Adjustment table of the balance of liabilities related to retirement benefits at the beginning of the term and the balance at the end of the fiscal year under the system with a simplified method

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)
Outstanding balance of liabilities related to retirement benefits at the beginning of the term	4 million yen	8 million yen
Retirement benefit costs	4 million yen	21 million yen
Retirement benefits paid	—million yen	(5 million yen)
Increase due to acquisition of consolidated subsidiaries	—million yen	70 million yen
Decrease due to the sale of consolidated subsidiaries	—million yen	(3 million yen)
Year-end balance of liabilities related to retirement benefits	8 million yen	91 million yen

(2) Adjustment table of the year-end balance of retirement benefit obligations & the liabilities related to retirement benefits recorded in the consolidated balance sheet

	Previous Consolidated Fiscal Year (March 31, 2021)	Current Consolidated Fiscal Year (March 31, 2022)
Non-savings plan retirement benefit obligations	8 million yen	91 million yen
Liabilities recorded in the consolidated balance sheet	8 million yen	91 million yen
Liabilities related to retirement benefits	8 million yen	91 million yen
Liabilities recorded in the consolidated balance sheet	8 million yen	91 million yen

(3) Retirement benefit costs

The retirement benefit costs calculated with the simplified method were 4 million yen in the previous consolidated fiscal year and 25 million yen in the current consolidated fiscal year.

3. Defined Contribution Scheme

The required contributions to the defined contribution plan of consolidated subsidiaries were 3 million yen for the previous consolidated fiscal year and 0 million yen for the current consolidated fiscal year.

(Tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

	Previous Consolidated Fiscal Year (March 31, 2021)	Current Consolidated Fiscal Year (March 31, 2022)
Deferred tax assets		
Tax loss carried forward ^(Note 2)	463 million yen	378 million yen
Accumulated impairment loss	173 million yen	139 million yen
Excess amount of depreciation	11 million yen	27 million yen
Asset retirement obligations	92 million yen	86 million yen
Provision for retirement benefits for executives	69 million yen	73 million yen
Enterprise tax payable	78 million yen	98 million yen
Loss on the valuation of investments and other assets	1,036 million yen	161 million yen
Allowance for doubtful accounts	8 million yen	22 million yen
Loss on the valuation of goods	28 million yen	22 million yen
Other	190 million yen	281 million yen
Subtotal of deferred tax assets	2,152 million yen	1,291 million yen
Valuation allowance for tax loss carried forward ^(Note 2)	(463 million yen)	(374 million yen)
Valuation allowance for total future deductible temporary differences, etc.	(351 million yen)	(350 million yen)
Subtotal of valuation allowance ^(Note 1)	(814 million yen)	(724 million yen)
Total deferred tax assets	1,337 million yen	566 million yen
Deferred tax liabilities		
Asset retirement obligations Asset	(31 million yen)	(25 million yen)
Net unrealized gains (losses) on revaluation of other marketable securities	(248 million yen)	(277 million yen)
Foreign currency translation adjustment	(145 million yen)	— Million yen
Other	0 million yen	0 million yen
Total deferred tax liabilities	(426 million yen)	(303 million yen)
Net deferred tax assets	910 million yen	262 million yen

(Notes) 1. Valuation allowance decreased 90 million yen. The decrease is mainly due to the recognition of new tax effects from the change in company classification of TIRE WORLD KAN BEST CO., LTD. and GOONET EXCHANGE.

2 Tax loss carried forward and their deferred tax assets by expiration date

Previous Consolidated Fiscal Year (March 31, 2021)

	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Over 5 years	Total
Tax loss carried forward (a)	—	—	—	—	—	463 million yen	463 million yen
Valuation allowance	—	—	—	—	—	(463 million yen)	(463 million yen)
Deferred tax asset	—	—	—	—	—	—	—

(a) Tax loss carried forward is obtained by multiplying by the statutory effective tax rate.

Current Consolidated Fiscal Year (March 31, 2022)

	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Over 5 years	Total
Tax loss carried forward (a)	—	—	—	—	40 million yen	338 million yen	378 million yen
Valuation allowance	—	—	—	—	(35 million yen)	(338 million yen)	(374 million yen)
Deferred tax asset	—	—	—	—	4 million yen	—	4 million yen

(a) Tax loss carried forward is obtained by multiplying by the statutory effective tax rate.

2. Breakdown of major causes and components of the difference between the statutory effective tax rate and the income tax rate after the application of tax effect accounting

	Previous Consolidated Fiscal Year (March 31, 2021)	Current Consolidated Fiscal Year (March 31, 2022)
Statutory effective tax rate	30.6%	30.6%
(Adjustment)		
Amortization of goodwill	2.1	1.3
Temporary differences related to investments in consolidated subsidiaries	(14.4)	3.5
Inhabitant taxes on per capita basis	1.0	0.5
Entertainment expenses and other items not permanently deductible for tax purposes	0.1	0.0
Loss carried forward	0.3	(1.0)
Impairment loss	(0.0)	(0.2)
Allowance for doubtful accounts	0.1	(0.1)
Special deduction for corporate tax	(0.1)	(0.1)
Difference in applicable tax rate from consolidated subsidiaries	0.5	0.4
Other	(0.2)	0.8
Effective tax rate after application of tax effect accounting	20.0	35.8

(Related to Business Combination, etc.)

(Transfer of shares of consolidated subsidiaries)

The Company resolved at a meeting of its Board of Directors held on May 10, 2021 to transfer all shares of its consolidated subsidiary: PROTO MEDICAL CARE to Benesse Holdings Corporation ("Benesse Holdings") and concluded a share transfer agreement on the same date. As a result of the share transfer, PROTO MEDICAL CARE and its wholly-owned subsidiaries, MARUFUJI and SILVER HEART, will be no longer consolidated subsidiaries of the Company.

(1) Outline of the Transaction

① Name of the transferee

Benesse Holdings, Inc.

② Name and business of the company to be transferred

Name	Description of business
PROTO MEDICAL CARE	Advertising-related business in the nursing care, welfare and medical fields, welfare equipment rental and sales business, personnel placement and temporary staffing business
MARUFUJI	Welfare equipment rental and sales business
SILVER HEART	Welfare equipment rental and sales business

③ Date of share transfer

June 1, 2021

④ The number of shares to be transferred, the transfer price and the number of shares held after transfer

Number of shares to be transferred: 11,200 (ownership ratio: 100%)

Transfer price: 4,250 million yen

Number of shares held after transfer: - (ownership ratio: -%)

⑤ Reason for share transfer

Although PROTO MEDICAL CARE's performance has been solid since its business launch, it has yet to produce significant results that contribute to business growth in both segments as the Company pursues synergies between the automotive-related information segment and the lifestyle-related information segment, which are the core businesses of the Company group. Against this backdrop, the Company has decided to transfer all shares of PROTO MEDICAL CARE to Benesse Holdings as part of the initiatives for selection and concentration of its business portfolio.

(2) Summary of accounting procedures implemented

① Amount of gain (loss) on sale

Gain on sale of shares of affiliated companies	2,146 million yen
--	-------------------

② Appropriate book value of assets and liabilities related to the company to be transferred and their major breakdown

Current assets	1,889 million yen
Non-current assets	589 million yen
<hr/> Total assets	<hr/> 2,478 million yen
Current liabilities	344 million yen
Non-current liabilities	30 million yen
<hr/> Total liabilities	<hr/> 374 million yen

③ Accounting Processing

The difference between the consolidated book value of the company to be transferred and the transfer price is recorded in the section of extraordinary income as a gain on sales of shares of affiliates.

(3) Segments that included the company to be transferred

Lifestyle-related information

(4) Amount of profit/loss related to the company subject to transfer recorded in the consolidated statement of income for the current fiscal year

Net sales	608 million yen
Operating income	53 million yen

(Asset retirement obligations)

Asset retirement obligations recorded in the consolidated balance sheet

(1) Summary of asset retirement obligations

Obligations for restoration to the original state in connection with real estate lease contracts for outdoor advertising signs and offices, etc.

(2) Calculation method of the amount of the asset retirement obligations

The amount of the asset retirement obligation is calculated using the expected usable period as the useful life and the discount rate based on the yield of government bonds in circulation that corresponds to the expected usable period.

(3) Increase/decrease in the total amount of asset retirement obligations

	Previous Consolidated Fiscal Year (March 31, 2021)	Current Consolidated Fiscal Year (March 31, 2022)
Balance at the beginning of the period	294 million yen	300 million yen
Increase due to acquisition of property, plant, and equipment	4 million yen	6 million yen
Adjustments due to passage of time	1 million yen	1 million yen
Decrease due to sale of consolidated subsidiaries	— Million yen	(27 million yen)
Balance at the end of the period	300 million yen	281 million yen

(Rental and other real estate)

The Company Group has office buildings and residential properties for rent in Aichi Prefecture and other areas.

Rental income related to such rental properties for the fiscal year ended March 31, 2021 was 79 million yen (rental revenue is included in net sales and major rental expenses are included in the cost of sales).

Rental income (loss) related to said rental properties for the fiscal year ending March 31, 2022 is 103 million yen (rental revenue is included in net sales and major rental expenses are included in the cost of sales).

The consolidated balance sheet amount, changes during the period, and market value of the relevant leased property are as follows.

(Unit: Millions of yen)

		Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)
Amounts posted in the consolidated balance sheet	Balance at the beginning of the period	2,019	1,335
	Increase/decrease during the period	(683)	(46)
	Balance at the end of the period	1,335	1,289
End-of-Term Price		1,619	1,783

Notes 1. The amount posted in the consolidated balance sheet is obtained by subtracting the accumulated depreciation from the acquisition cost.

2. The decrease in the amount of decrease during the previous consolidated fiscal year and the current consolidated fiscal year is mainly due to the depreciation of real estate.

3. The market value at the end of the period is mainly based on the amount calculated by the Company in accordance with the "Real Estate Appraisal Standards" (including those adjusted by using indices, etc.).

(Revenue Recognition)

1. Information on the breakdown of revenues from contracts with customers

Information that classifies revenues from contracts with customers is shown in "Notes (Segment Information)."

2. Information that provides a basis for understanding revenues from contracts with customers

Information that provides a basis for understanding revenues from contracts with customers is shown in "Notes (Basis of Presenting Consolidated Financial Statements) (8) Basis for recording significant revenues and expenses.

3 Information on the relationship between the fulfillment of the obligations specified in contracts with customers and cash flows from such contracts, and the amount and timing of revenues expected to be recognized from contracts with customers existing at the end of the current fiscal year through the following fiscal year

This information is omitted due to immateriality.

(Segment information, etc.)

[Segment information]

1 Overview of Segments to be Reported

The Company's segments are components of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Company collects, organizes, and categorizes information related mainly to automobiles and daily life, processes it into useful information, and provides it to consumers and corporate clients through the Company's media, as well as providing related services to support corporate clients' business operations. Accordingly, the Company's segments are based on this information content, and composed of four segments: "Automobile-related Information," "Lifestyle-related Information," "Real Estate," and "Other." The major items included in each segment are as follows.

Segment	Main services, etc.
Automobile-related Information	Car information media "Goo-net" Car information magazine "Goo" and the imported car information magazine "Goo World" Car maintenance information media "Goo-net Pit" Goo Bike, a comprehensive motorcycle information media Used car auction market information magazine "Auction Information" DataLine, a management support platform for new car dealers Monthly Body Shop Report" and the sheet-metal coating estimation system "Morenon NEXT" RacroS II, an integrated system for sheet metal in the automotive maintenance industry Used Car Export Business Sale of tires, wheels, etc.
Lifestyle-related information	Real estate information site "Goo Home"
Real estate	Preservation and management of real estate, including rental ones
Other	BPO (Business Process Outsourcing) Solar power generation Development, sale, etc. of software Video production Agriculture business Investment business

2. Method of calculating sales, profit or loss, assets, and other items in each segment

The accounting method for reported business segments is generally the same as that described in "Basis of Presenting Consolidated Financial Statements."

As described in "Changes in Accounting Policies," the Company has applied the Accounting Standard for Revenue Recognition and other accounting standards from the beginning of the current fiscal year, and has changed its accounting method for revenue recognition, and has therefore changed the calculation method of profit or loss for business segments in the same manner.

The segment information for the previous consolidated fiscal year is presented based on the calculation method of profit or loss after the change.

3. Information on net sales, income or loss, assets, and other items by reportable segment and breakdown of income

Previous Consolidated Fiscal Year (April 1, 2020 to March 31, 2021)

(Unit: Millions of yen)

	Segment					Adjustment (Note 1)	Amount recorded in the consolidated statements of income (Note 2)
	Automobile -related Information	Lifestyle -related Information	Real estate	Other	Total		
Net sales							
Ad-related	21,776	—	—	—	21,776	—	21,776
Information & Services	5,257	—	—	—	5,257	—	5,257
Sales of goods	22,349	—	—	—	22,349	—	22,349
Other	—	2,457	—	2,326	4,784	—	4,784
Revenues from contracts with customers	49,384	2,457	—	2,326	54,168	—	54,168
Other income (Note 3)	—	1,457	142	18	1,618	—	1,618
Sales to external customers	49,384	3,914	142	2,345	55,787	—	55,787
Intersegment sales and transfers	8	0	291	1,154	1,455	(1,455)	—
Total	49,392	3,915	434	3,499	57,242	(1,455)	55,787
Segment profit	7,036	273	140	130	7,581	(1,639)	5,941
Segment assets	26,206	2,733	2,061	3,212	34,214	15,173	49,388
Other items							
Depreciation and amortization	640	66	60	74	841	58	899
Increase in property, plant and equipment and intangible assets	610	55	1	86	754	5	760

Notes 1. Adjustments are as follows

- (1) Adjustment of segment income includes elimination of intersegment transactions of -7 million yen and corporate expenses of -1,632 million yen. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.
- (2) The segment assets adjustment of 15,173 million yen is corporate assets that are not allocated to each segment. Corporate assets consist mainly of surplus operating funds (cash and deposits) and long-term investment funds (investment securities and investments) of the parent company.
- (3) The adjustment of 5 million yen for the increase in property, plant, equipment, and intangible assets represents capital expenditures related to software and other assets that are not allocated to each segment.

2 Segment income is adjusted with operating income in the consolidated statements of income.

3 Other income includes rental income based on "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13).

Current Consolidated Fiscal Year (April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Segment					Adjustment (Note 1)	Amount recorded in the consolidated statements of income (Note 2)
	Automobile -related Information	Lifestyle -related Information	Real estate	Other	Total		
Net sales							
Ad-related	22,675	—	—	—	22,675	—	22,675
Information & Services	5,890	—	—	—	5,890	—	5,890
Sales of goods	24,593	—	—	—	24,593	—	24,593
Other	—	608	—	3,263	3,872	—	3,872
Revenue from contracts with customers	53,159	608	—	3,263	57,032	—	57,032
Other income (Note 3)	—	247	147	19	414	—	414
Sales to external customers	53,159	856	147	3,282	57,446	—	57,446
Net sales or transfers between segments	8	0	291	1,510	1,811	(1,811)	—
Total	53,168	856	439	4,793	59,258	(1,811)	57,446
Segment profit	7,903	60	140	168	8,272	(1,850)	6,422
Segment assets	26,198	165	1,787	5,206	33,358	21,167	54,525
Other items							
Depreciation and amortization	635	28	48	105	818	59	877
Increase in property, plant and equipment and intangible assets	629	62	9	146	848	389	1,237

Notes 1. Adjustments are as follows

- (1) Adjustment of segment income includes the elimination of intersegment transactions of -31 million yen and corporate expenses of -1,819 million yen. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.
- (2) The segment assets adjustment of 21,167 million yen is corporate assets that are not allocated to each segment. Corporate assets consist mainly of surplus operating funds (cash and deposits) and long-term investment funds (investment securities and investments) of the parent company.
- (3) The adjustment of 389 million yen for the increase in property, plant, equipment, and intangible assets represents capital expenditures related to land and other assets that are not allocated to each segment.

2 Segment income is adjusted with operating income in the consolidated statements of income.

3 Other income includes rental income based on "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13).

[Related information]

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

1. Information on each product and each service

This information is omitted because the same information is disclosed in the section of segment information.

2. Information on each region

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

The description of this item is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information on each major customer

This information is omitted because there are no customers whose sales to external customers account for 10% or more of the net sales on the consolidated statements of income.

Current Consolidated Fiscal Year (April 1, 2021 to March 31, 2022)

1. Information on each product and each service

This information is omitted because the same information is disclosed in the section of segment information.

2. Information on each region

(1) Net sales

This information is omitted because sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

Description of this item is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet.

3. Information on each major customer

This information is omitted because there are no customers whose sales to external customers account for 10% or more of the net sales in the consolidated statements of income.

[Information on impairment loss on non-current assets by segment]

Previous Consolidated Fiscal Year (April 1, 2020 to March 31, 2021)

(Unit: Millions of yen)

	Segment					Adjusted amount	Total
	Automobile-related Information	Lifestyle-related Information	Real estate	Other	Total		
Impairment loss	37	—	—	—	37	—	37

Current Consolidated Fiscal Year (April 1, 2021 to March 31, 2022)

No applicable items.

[Information on amortization of goodwill and unamortized balance by segment]

Previous Consolidated Fiscal Year (April 1, 2020 to March 31, 2021)

(Unit: Millions of yen)

	Segment					Adjusted amount	Total
	Automobile-related Information	Lifestyle-related Information	Real estate	Other	Total		
Amortization for the current period	333	70	—	18	422	—	422
Balance at the end of current period	667	331	—	125	1,124	—	1,124

Current Consolidated Fiscal Year (April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Segment					Adjusted amount	Total
	Automobile-related Information	Lifestyle-related Information	Real estate	Other	Total		
Amortization for the current period	333	11	—	15	360	—	360
Balance at the end of current period	333	—	—	213	547	—	547

[Information on gain on negative goodwill by segment]

Previous Consolidated Fiscal Year (April 1, 2020 to March 31, 2021)

No applicable items.

Current Consolidated Fiscal Year (April 1, 2021 to March 31, 2022)

No applicable items.

[Related Party Information]

1. Transactions with Related Parties

(1) Transactions between the company submitting the consolidated financial statements and related parties

For the previous consolidated fiscal year (April 1, 2020 to March 31, 2021) and the current consolidated fiscal year (April 1, 2021 to March 31, 2022)

No applicable items.

(2) Transactions between consolidated subsidiaries of companies submitting consolidated financial statements and related parties

For the previous consolidated fiscal year (April 1, 2020 to March 31, 2021) and the current consolidated fiscal year (April 1, 2021 to March 31, 2022)

No applicable items.

2. Notes on the Parent Company and Significant Affiliates

For the previous consolidated fiscal year (April 1, 2020 to March 31, 2021) and the current consolidated fiscal year (April 1, 2021 to March 31, 2022)

No applicable items.

(Per-share information)

	Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)
Net assets per share	893.97 yen	1,004.13 yen
Net income per share	120.86 yen	146.34 yen

(Notes) 1. Diluted net income per share is not shown because there are no latent shares.

2. The basis for calculation of net income per share is as follows

		Previous Consolidated Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)
Net income attributable to owners of parent	(Millions of yen)	4,853	5,880
Amount not attributable to common shareholders	(Millions of yen)	—	—
Net income attributable to owners of parent associated with common stock.	(Millions of yen)	4,853	5,880
Average number of common shares during the period	(Thousand shares)	40,159	40,181

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

		End of the Previous Fiscal Year (March 31, 2021)	End of the Current Fiscal Year (March 31, 2022)
Total amount of net assets	(Millions of yen)	35,934	40,397
Amount deducted from total net assets	(Millions of yen)	33	35
(Non-controlling interest)	(Millions of yen)	(33)	(35)
Net assets related to common stock at the end of the period	(Millions of yen)	35,901	40,361
Number of common shares issued	(Thousand shares)	41,925	41,925
Number of common shares held in treasury	(Thousand shares)	1,766	1,729
Number of common shares used in the calculation of net assets per share at the end of the fiscal year	(Thousand shares)	40,159	40,195

(Significant Subsequent Events)

No applicable items.

Consolidated Supplementary Schedules

[Schedule of Bonds]

None

[Breakdown of debt, etc.]

Category	Opening balance of the current period (million yen)	Closing balance of the current period (million yen)	Average interest rate (%)	Repayment deadline
Short-term borrowing	2,400	2,550	0.26	—
Current portion of long-term borrowings	295	224	0.50	—
Current portion of lease obligations	88	75	0.96	—
Long-term debt (excluding current portion)	385	230	0.41	2023-2031
Lease obligations (excluding current portion)	190	177	0.35	2023-2030
Other interest-bearing liabilities	—	—	—	—
Total	3,360	3,257	—	—

Notes 1. "Average interest rate" is the weighted average interest rate for the balance of borrowings, etc. at the end of the fiscal year.

2. Total amount of long-term debt and lease obligations (excluding current portion) each year within five years of the consolidated balance sheet date.

Category	1 – 2 years (million yen)	2 – 3 years (million yen)	3 – 4 years (million yen)	4 – 5 years (million yen)
Long-term loan	110	48	32	8
Lease obligations	44	29	27	27

[Asset Retirement Obligations]

The amount of asset retirement obligations at the beginning and end of the current fiscal year is less than or equal to 1/100 of the total liabilities and net assets at the beginning and end of the current fiscal year, therefore, the description of asset retirement obligations is omitted.

(2) [Other]

Quarterly information, etc. for the current consolidated fiscal year

(Cumulative period)		First quarter	Second quarter	Third quarter	Current Consolidated Fiscal Year
Net sales	(Millions of yen)	13,661	26,308	42,692	57,446
Quarterly net income for the current period before adjustment for taxes, etc.	(Millions of yen)	4,015	5,863	7,931	9,163
Quarterly net income for the current period attributable to owners of parent	(Millions of yen)	2,281	3,623	5,049	5,880
Quarterly net income per share	(Yen)	56.81	90.20	125.69	146.34

(Accounting period)		First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly net income per share	(Yen)	56.81	33.39	35.50	20.65

2 [Financial Statement]

(1) [Financial Statement]

① [Balance Sheet]

(unit: million yen)

	Previous Fiscal Year (March 31, 2021)	Current Fiscal Year (March 31, 2022)
Assets		
Current assets		
Cash and deposits	11,852	18,357
Notes receivable	50	16
Electronically recorded monetary claims	35	53
Accounts receivable	*1 2,201	*1 2,273
Merchandise and finished goods	9	7
Work in process	1	0
Raw materials and supplies	2	4
Advance payments	51	226
Prepaid expenses	266	273
Short-term loans receivable from subsidiaries and associates	1,000	1,000
Current portion of long-term loans receivable from subsidiaries and associates	1,269	1,369
Other	*1 26	*1 117
Allowance for doubtful accounts	(0)	(0)
Total current assets	16,764	23,697
Non-current assets		
Property, plant and equipment		
Buildings, net	3,436	3,291
Structures, net	84	79
Machinery and equipment, net	0	0
Vehicles, net	8	3
Tools, furniture and fixtures, net	31	33
Land	2,412	2,440
Leased assets, net	3	2
Construction in progress	—	112
Total property, plant and equipment	*2 5,976	*2 5,963
Intangible assets		
Software	394	421
Software in progress	—	118
Telephone subscription right	23	23
Right of using water facilities	0	0
Total intangible assets	418	563
Investments and other assets		
Investment securities	1,523	1,621
Shares of subsidiaries and associates	7,965	7,338
Investments in capital	0	0
Investments in capital of subsidiaries and associates	—	763
Long-term loans receivable from subsidiaries and associates	2,917	2,198
Claims provable in bankruptcy, claims provable in rehabilitation and other	2	10
Long-term prepaid expenses	50	70
Deferred tax assets	884	19
Lease and guarantee deposits	185	181
Other	*1 11	*1 17
Allowance for doubtful accounts	(2)	(10)
Total investments and other assets	13,538	12,209
Total non-current assets	19,934	18,736
Total assets	36,698	42,433

(unit: million yen)

	Previous Fiscal Year (March 31, 2021)	Current Fiscal Year (March 31, 2022)
Liabilities		
Current liabilities		
Accounts payable	※1 310	※1 300
Lease obligations	0	0
Accounts payable	※1 39	※1 187
Accrued expenses	※1 2,102	※1 2,011
Income taxes payable	925	1,357
Advances received	484	474
Deposits received	149	145
Provision for loss on disaster	—	30
Other	358	259
Total current liabilities	4,370	4,765
Non-current liabilities		
Provision for directors' retirement benefits	208	220
Asset retirement obligations	217	219
Lease obligations	2	1
Other	49	51
Total non-current liabilities	478	492
Total liabilities	4,848	5,258
Net assets		
Shareholders' equity		
Capital stock	1,849	1,849
Capital surplus		
Legal capital surplus	2,036	2,036
Other capital surplus	0	22
Total capital surplus	2,036	2,058
Retained earnings		
Legal retained earnings	254	254
Other retained earnings		
General reserve	20,700	25,700
Retained earnings brought forward	7,769	7,976
Total retained earnings	28,723	33,930
Treasury shares	(1,306)	(1,279)
Total shareholders' equity	31,302	36,559
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	547	616
Total valuation and translation adjustments	547	616
Total net assets	31,850	37,175
Total liabilities and net assets	36,698	42,433

② [Statement of income]

(unit: million yen)

	Previous Fiscal Year (April 1, 2020 to March 31, 2021)	Current Fiscal Year (April 1, 2021 to March 31, 2022)
Net sales	※1 27,266	※1 28,910
Cost of sales	※1 10,626	※1 11,197
Gross profit	16,640	17,712
Reversal of provision for sales returns	9	—
Provision for sales returns	—	—
Gross profit - net	16,650	17,712
Selling, general and administrative expenses	※1,2 11,811	※1,2 12,031
Operating income	4,839	5,681
Non-operating income		
Interest income	※1 20	※1 19
Dividend income	3	2
Settlement received	3	3
Gain on sales of used paper	3	2
Insurance return	8	—
Other	※1 9	※1 7
Total non-operating income	49	35
Non-operating expenses		
Loss on investments in partnership	—	32
Transfer restricted shares expenses	3	—
Other	0	0
Total non-operating expenses	3	33
Ordinary income	4,885	5,683
Extraordinary income		
Gain on sales of non-current assets	—	※3 17
Gain on sales of shares of subsidiaries and associates	—	3,667
Gain on transfer from business divestitures	3	—
Total extraordinary income	3	3,685
Extraordinary losses		
Loss on sales of non-current assets	—	※4 40
Loss on retirement of non-current assets	7	4
Loss on valuation of shares of subsidiaries and associates	※5 60	—
Provision for loss on disaster	—	30
Other	3	0
Total extraordinary losses	71	75
Profit before income taxes	4,816	9,293
Income taxes - current	1,500	2,043
Income taxes - deferred	(847)	836
Total income taxes	652	2,880
Profit	4,164	6,412

③ [Statement of changes in equity]

Previous Fiscal Year (April 1, 2020 to March 31, 2021)

(unit: million yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings	Total retained earnings	
					General reserve	Retained earnings brought forward		
Balance at beginning of current period	1,849	2,036	0	2,036	254	17,700	7,658	25,613
Changes of items during period								
Dividends of surplus							(1,054)	(1,054)
Provision of general reserve						3,000	(3,000)	—
Profit							4,164	4,164
Purchase of treasury shares								
Disposal of treasury shares								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	—	3,000	110	3,110
Balance at end of current period	1,849	2,036	0	2,036	254	20,700	7,769	28,723

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(1,306)	28,192	199	199	28,391
Changes of items during period					
Dividends of surplus		(1,054)			(1,054)
Provision of general reserve		—			—
Profit		4,164			4,164
Purchase of treasury shares		—			—
Disposal of treasury shares		—			—
Net changes of items other than shareholders' equity			348	348	348
Total changes of items during period	—	3,110	348	348	3,458
Balance at end of current period	(1,306)	31,302	547	547	31,850

Current Fiscal Year (April 1, 2021 to March 31, 2022)

(unit: million yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of current period	1,849	2,036	0	2,036	254	20,700	7,769	28,723
Changes of items during period								
Dividends of surplus							(1,205)	(1,205)
Provision of general reserve						5,000	(5,000)	—
Profit							6,412	6,412
Purchase of treasury shares								
Disposal of treasury shares			22	22				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	22	22	—	5,000	207	5,207
Balance at end of current period	1,849	2,036	22	2,058	254	25,700	7,976	33,930

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(1,306)	31,302	547	547	31,850
Changes of items during period					
Dividends of surplus		(1,205)			(1,205)
Provision of general reserve		—			—
Profit		6,412			6,412
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	26	49			49
Net changes of items other than shareholders' equity			68	68	68
Total changes of items during period	26	5,256	68	68	5,325
Balance at end of current period	(1,279)	36,559	616	616	37,175

[Notes]

(Items regarding the premise of a going concern)

No applicable items.

(Important accounting policy)

1. Standards and methods for evaluating securities

Shares of subsidiaries

Moving-average cost method

Other securities

a. Securities other than shares, etc. that have no market price

Market value method (the valuation difference is posted in net assets, while the cost for selling them is calculated with the moving-average method)

b. Shares, etc. that have no market price

Moving-average cost method

Contributions

a. Contributions, etc. with no market prices

Moving-average cost method

b. Contributions to limited partnerships for investment and other partnerships similar to them (considered as securities in accordance with Article 2, Paragraph 2 of the Financial Instruments and Exchange Act)

Method of posting the net amount of equity equivalent with reference to the latest financial statements available according to the results reporting date specified in the partnership contracts

2. Standards and methods for evaluating inventory assets

The evaluation standards are based on the cost method (method to reduce book value due to a decline in profitability).

Goods procured	Specific cost method
Goods produced	Specific cost method
Goods in process	Specific cost method
Raw materials	Specific cost method
Stored goods	Last purchase price method

3. Method for depreciation of non-current assets

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

Buildings (excluding building fixtures)

a. Those acquired on or before March 31, 1998

Old declining balance method

b. Those acquired between April 1, 1998, and March 31, 2007

Old straight-line method

c. Those acquired on or after April 1, 2007

Straight-line method

Items other than buildings

a. Those acquired on or before March 31, 2007

Old declining balance method

b. Those acquired on or after April 1, 2007

Declining balance method

However, the straight-line method is adopted for building fixtures and structures acquired on or after April 1, 2016.

The major useful life is as follows:

Buildings: 6-50 years

Structures: 10-20 years

Machinery and equipment: 10 years

Vehicles: 5-6 years

Tools, furniture and fixtures: 3-20 years

Assets of small value acquired at the cost of 100,000 yen or more but less than 200,000 yen are depreciated with the straight-line method over three years.

(2) Intangible assets (excluding lease assets)

Straight-line method

For the software used in house, the straight-line method is used based on the usable period inside the company (five years).

(3) Lease assets

Lease assets related to finance lease transactions not involving transfer of ownership

Straight-line method over the useful lives until the residual value reaches zero

4. Standards for allowances and reserves

(1) Allowance for doubtful accounts

In preparation for a loss due to bad debts, the estimated uncollectable amount is posted for general accounts receivable by using the ratio of bad debts and for specific receivables, such as doubtful accounts receivable, by considering the collectability of each item.

(2) Allowance for executives' retirement benefits

To prepare for expenditure for directors' retirement benefits, the estimated amount to be paid at the end of the consolidated fiscal year pursuant to the internal rules is recorded.

(3) Provision for loss on disaster

In order to prepare for expenses required for recovery of damaged assets due to disasters, the estimated amount is recorded.

5. Accounting standard for significant revenues and expenses

Our group recognizes revenues based on the following 5 steps:

Step 1: Identify contracts with customers

Step 2: Identify obligations in contracts

Step 3: Calculate transaction prices.

Step 4: Allocate transaction prices to individual obligations in contracts.

Step 5: Recognize revenues when or as the obligations are fulfilled

The details of primary obligations and the timing of satisfying such obligations concerning revenue arising from contracts with our customers in main businesses are as follows:

① Advertising-related items

We receive service usage fees as compensation for expanding our customers' sales opportunities by providing consumers with inventory data of products held by used-vehicle retailers of our customers, mainly through our information media. We have the obligation to provide the services for a period of time set forth in contracts. Such obligations are satisfied over time, and we recognize revenues as we receive the monthly fees specified in contracts.

② Information and services

We receive service usage fees from our customers by providing them with sales support tools primarily for new-vehicle dealers. We have the obligation to provide the services for a period of time set forth in contracts. Such performance obligations are satisfied over time, and we recognize revenues as we receive the monthly fees specified in contracts.

③ Sale of goods

We sell tires, wheels, etc. mainly via the platform we operate, and recognize revenues at the time when products are shipped to our customers.

Regarding the product sales for which our company is determined as an agency, we recognize the net amount obtained by deducting the amount payable to other parties from the amount we receive in exchange for the products provided by other parties, as revenue.

(Changes in Accounting Policy)

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

Our company applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020; hereinafter referred to as the "Accounting Standard for Revenue Recognition"), etc. from the beginning of the current fiscal year, and recognized revenues from goods or services which we promised to deliver at an amount expected to be received in exchange for the goods or services at the time when the control over the promised goods or services are transferred to customers. For transactions our group was determined to be involved as an agency, the amounts of such transactions are indicated on a net basis. Furthermore, a portion of sales promotion expenses, etc. that were posted as selling, general and administrative expenses is removed from sales. This change in accounting policy is applied retroactively as a general principle, and with regard to the previous fiscal year, such retrospective application is reflected in the financial statements. However, it should be noted that the following methods set forth in Paragraph 85 of the Accounting Standard for Revenue Recognition are applied.

- (1) Information for comparison within contracts that recognized the amount of nearly all revenue following the previous handling until the start of the previous fiscal year will not be revised retroactively
- (2) Information for comparison regarding the amount of variable consideration included in contracts that recognized the amount of nearly all revenues following the previous handling until the start of this fiscal year under review will be revised retroactively using the amount at the time the uncertainty concerning the amount of the variable consideration is eliminated.

Consequently, in the previous fiscal year, sales decreased 3,380 million yen, cost of sales decreased 3,349 million yen, and selling, general and administrative expenses decreased 30 million yen, compared to those prior to such retroactive application.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The "Accounting Standard for Fair Value Measurement (ASBJ Statement No.30, July 4, 2019; hereinafter referred to as the

“Fair Value Measurement Accounting Standard”) has been applied from the beginning of the current fiscal year, and pursuant to the transitional handling set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard, as well as Paragraph 44-2 of the “Accounting Standard for Financial Instruments (ASBJ Statement No.10, July 4, 2019), the company shall continue to apply the new accounting policy set forth in the Fair Value Measurement Accounting Standard in the future. There is no impact on the company’s consolidated financial statements as a result of this.

(Change in the Indication Method)

(Items Related to Profit-and-loss Statements)

“Settlement received,” which was included in “Other” of “Non-operating income” in the previous fiscal year, has been independently posted from the current fiscal year, because its monetary significance increased. As a result, 13 million yen of “Other” in “Non-operating income” was divided into 3 million yen of “Settlement received” and 9 million yen of “Other.”

(Additional Information)

Omitted, because the contents are the same as those mentioned in “Notes (Additional Information)” for consolidated financial statements.

(Items Related to the Balance Sheet)

※1 Monetary claims and liabilities toward affiliated companies

	Previous Fiscal Year (March 31, 2021)	Current Fiscal Year (March 31, 2022)
Short-term monetary claims	19 million yen	23 million yen
Long-term monetary claims	11 million yen	16 million yen
Short-term monetary liabilities	702 million yen	839 million yen

※2 Cumulative depreciation of property, plant and equipment

	Previous Fiscal Year (March 31, 2021)	Current Fiscal Year (March 31, 2022)
Cumulative depreciation of property, plant and equipment	3,909 million yen	4,062 million yen

3 Account overdraft agreement

Our company has entered into account overdraft agreements with two financing banks to efficiently procure working capital. Unused lines of credit at the end of the fiscal year based on these agreements are as follows.

	Previous Fiscal Year (March 31, 2021)	Current Fiscal Year (March 31, 2022)
Account overdraft limit	6,000 million yen	6,000 million yen
Borrowing balance	— million yen	— million yen
Difference	6,000 million yen	6,000 million yen

4 Repayment guarantee

We guaranteed the repayment of borrowings from financial institutions for the following affiliated company, and the maximum guaranteed amount is as follows.

	Previous Fiscal Year (March 31, 2021)	Current Fiscal Year (March 31, 2022)
TIRE WORLD KAN BEST CO., LTD.	500 million yen	500 million yen

(Items Related to Profit-and-loss Statements)

※1 Volume of transactions with affiliated companies

	Previous Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Fiscal Year (From April 1, 2021 to March 31, 2022)
Volume of business transactions		
Sales	328 million yen	337 million yen
Procurement amount	4,763 million yen	5,490 million yen
Volume of other business transactions	1,523 million yen	1,679 million yen
Volume of transactions other than business ones	21 million yen	20 million yen

※2 The roughly estimated ratio of selling expenses was 51% in the previous fiscal year and 58% in the current fiscal year. The roughly estimated ratio of general administrative expenses was 49% in the previous fiscal year and 42% in the current fiscal year.

Major items and amounts in selling and general administrative expenses are as follows.

	Previous Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Fiscal Year (From April 1, 2021 to March 31, 2022)
Remuneration of executives	245 million yen	274 million yen
Salaries and bonuses	3,141 million yen	3,084 million yen
Reserve for executives' retirement benefits	13 million yen	13 million yen
Advertising and promotional expenses	3,925 million yen	4,036 million yen
Sales promotion expenses	865 million yen	1,228 million yen
Allowance for doubtful accounts	1 million yen	9 million yen
Depreciation	80 million yen	78 million yen

※3 Breakdown of gain on sale of non-current assets

	Previous Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Fiscal Year (From April 1, 2021 to March 31, 2022)
Vehicles	— million yen	17 million yen
Tools, furniture and fixtures	— million yen	0 million yen
Total	— million yen	17 million yen

※4 Breakdown of loss on sale of non-current assets

	Previous Fiscal Year (From April 1, 2020 to March 31, 2021)	Current Fiscal Year (From April 1, 2021 to March 31, 2022)
Land	— million yen	40 million yen
Total	— million yen	40 million yen

※5 Loss on valuation of shares of subsidiaries and associates

Previous Fiscal Year (From April 1, 2020 to March 31, 2021)

The loss on valuation of shares of subsidiaries and associates is related to the shares of GOONET EXCHANGE, which is a consolidated subsidiary of our company.

Current Fiscal Year (From April 1, 2021 to March 31, 2022)

No applicable items.

(Items Related to Securities)

Previous Fiscal Year (March 31, 2021)

The shares of subsidiaries (the amount posted in the balance sheet: 7,965 million yen) are not written, because they have no market price.

Current Fiscal Year (March 31, 2022)

Neither the shares of subsidiaries (the amount posted in the balance sheet: 7,338 million yen) nor the contributions to affiliated companies (the amount posted in the balance sheet: 763 million yen) are written, because they have no market price.

(Tax Effect Accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause

	Previous Fiscal Year (March 31, 2021)	Current Fiscal Year (March 31, 2022)
Deferred tax assets		
Accumulated impairment loss	135 million yen	123 million yen
Excess amount of depreciation	6 million yen	21 million yen
Asset retirement obligations	66 million yen	67 million yen
Provision for retirement benefits for executives	63 million yen	67 million yen
Enterprise tax payable	53 million yen	69 million yen
Loss on the valuation of investments and other assets	2,274 million yen	1,398 million yen
Allowance for doubtful accounts	1 million yen	3 million yen
Other	33 million yen	45 million yen
Subtotal of deferred tax assets	2,635 million yen	1,793 million yen
Valuation allowance	(1,490) million yen	(1,490) million yen
Total deferred tax assets	1,144 million yen	307 million yen
Deferred tax liabilities		
Asset retirement obligations Asset	(11) million yen	(11) million yen
Net unrealized gains (losses) on revaluation of other marketable securities	(248) million yen	(277) million yen
Total deferred tax liabilities	(260) million yen	(288) million yen
Net deferred tax assets	884 million yen	19 million yen

2. Breakdown of major causes and components of the difference between the statutory effective tax rate and the income tax rate after the application of tax effect accounting

	Previous Fiscal Year (March 31, 2021)	Current Fiscal Year (March 31, 2022)
Statutory effective tax rate	30.6%	30.6%
(Adjustment)		
Inhabitant tax on per capita basis	0.9	0.4
Dividends received and other items nor permanently included in gross revenue	(0.0)	(0.0)
Entertainment expenses and other items not permanently deductible for tax purposes	0.1	0.1
Loss on valuation of shares of subsidiaries and associates	(17.8)	—
Other	(0.3)	(0.1)
Effective tax rate after application of tax effect accounting	13.5	31.0

(Items Related to Business Combination, etc.)

(Transfer of shares of consolidated subsidiaries)

Summary of accounting procedures implemented

① Amount of gain (loss) on sale

Gain on sale of shares of affiliated companies 3,667 million yen

② Accounting Processing

We post the difference between the book value and transfer price of said shares in the section of extraordinary income as a gain on sales of shares of affiliates.

The items other than the above mentioned are the same as those mentioned in “Notes (related to business combination, etc.)” of consolidated financial statements, so they are omitted.

(Revenue Recognition)

The basic information for understanding the revenues arising out of contracts with customers is omitted, because it is mentioned in “Notes (related to revenue recognition)” of consolidated financial statements.

③ [Accessory statements]

[Statements of property, plant and equipment, etc.]

(unit: million yen)

Category	Type of assets	Balance at the beginning of the current term	Increase in the current term	Decrease in the current term	Depreciation in the current term	Balance at the end of the current term	Cumulative depreciation
Property, plant and equipment	Buildings	3,436	19	1	162	3,291	2,847
	Structures	84	7	0	12	79	472
	Machinery and equipment	0	—	—	—	0	270
	Vehicles	8	—	1	3	3	18
	Tools, furniture and fixtures	31	16	0	13	33	115
	Land	2,412	135	107	—	2,440	336
	Lease assets (tangible)	3	—	—	0	2	2
	Construction in progress	—	112	—	—	112	—
	Total	5,976	291	111	192	5,963	4,062
Intangible assets	Software	394	177	—	151	421	
	Telephone subscription rights	23	—	—	—	23	
	Right of using water facilities	0	—	—	0	0	
	Software in process	—	210	91	—	118	
	Total	418	387	91	151	563	

(Notes) 1. The increase in the current term is composed of mainly the following items.

Land 134 million yen The second building of the headquarters acquired

Construction in progress 112 million yen The second building of the headquarters constructed

2. The decrease in the current term is composed of mainly the following items.

Land 55 million yen Sale of the warehouse in Todagai, Nagakute

Land 51 million yen Sale of the warehouse in Tsukada, Nagakute

3. Cumulative depreciation includes cumulative impairment loss.

[Statement of reserves]

(unit: million yen)

Item	Balance at the beginning of the current term	Increase in the current term	Decrease in the current term	Balance at the end of the current term
Allowance for doubtful accounts (current)	0	0	0	0
Allowance for doubtful accounts (Non-current)	2	10	2	10
Provision for retirement benefits for directors (and other officers)	208	13	1	220
Provision for loss on disaster	—	30	—	30

(2) [Details of major assets and liabilities]

Omitted because we produced consolidated financial statements.

(3) [Other]

No applicable items.

[Outline of Handling of Shares of the Company that Submitted Financial Statements]

Fiscal year	From April 1 to March 31
Annual meeting of shareholders	June
Record date	March 31
Record dates of dividends of surplus	September 30 March 31
Number of shares per lot	100
Purchase and sale of fractional shares	
Share handling site	(Special account) The securities agency section of Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Shareholder registry administrator	(Special account) Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Commissions for purchase and sale	Free
Method for giving public notice	Electronic public notice. If there is an accident or a compelling reason that makes it impossible to give electronic public notice, we will give notice via Nihon Keizai Shimbun. (URL: https://www.proto-g.co.jp/IR/library.html)
Shareholder benefits	None

(Notes) In accordance with the Articles of Incorporation of our company, our shareholders cannot exercise the rights other than the rights mentioned below for fractional shares they hold.

- (1) Rights mentioned in Article 189, Paragraph 2 of the Companies Act
- (2) Right to demand the acquisition of shares with put option
- (3) Right to receive shares or share acquisition rights for subscription according to the number of shares they hold
- (4) Right to demand the sale of shares so that a unit of shares is formed when combined with the fractional shares they hold

[Reference Information of the Company that has Submitted Financial Statements]

1 [Information on the Parent Company or The Like of The Company that has Submitted Financial Statements]

There is no parent company of our company defined in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2 [Other Reference Information]

We submitted the following documents during a period from the date of start of the current fiscal year to the date of submission of financial statements.

(1)	Financial statements, attachments, and written confirmations	Fiscal year (The 43rd term)	From April 1, 2020 to March 31, 2021	Submitted to the chief of Tokai Local Finance Bureau on June 30, 2021
(2)	Internal control reports and attachments			Submitted to the chief of Tokai Local Finance Bureau on June 30, 2021
(3)	Quarterly reports and written confirmations	1 st quarter of the 44 th term	From April 1, 2021 to June 30, 2021	Submitted to the chief of Tokai Local Finance Bureau on August 6, 2021
		2 nd quarter of the 44 th term	From July 1, 2021 to September 30, 2021	Submitted to the chief of Tokai Local Finance Bureau on November 12, 2021
		3 rd quarter of the 44 th term	From October 1, 2021 to December 31, 2021	Submitted to the chief of Tokai Local Finance Bureau on February 14, 2022
(4)	Extraordinary reports	Extraordinary reports as set forth in Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance regarding the disclosure of the details of enterprises, etc. (Results of the exercise of voting rights at a general meeting of shareholders).		Submitted to the chief of Tokai Local Finance Bureau on June 29, 2022

[Information on The Guarantee Companies, etc. of The Company that has Submitted Financial Statements]

No applicable items.