

*This document is an English translation of excerpts from the Annual Securities Report disclosed on June 28, 2024.
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 46th fiscal year (from April 1, 2023 to March 31, 2024)

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, 2023 to March 31, 2024) and non-consolidated financial statements for the accounting year (from April 1, 2023 to March 31, 2024).

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】

(Unit: Millions of yen)

	As of March 31,2023	As of March 31,2024
Assets		
Current assets		
Cash and deposits	23,739	25,764
Notes receivable - trade	347	311
Accounts receivable - trade	5,760	6,082
Inventories	※1 7,669	※1 9,134
Other	2,025	3,254
Allowance for doubtful accounts	(4)	(7)
Total current assets	39,537	44,539
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	※2 5,729	※2 5,497
Land	※2 5,590	※2 5,590
Other, net	758	911
Total property, plant and equipment	※3 12,078	※3 12,000
Intangible assets		
Goodwill	2,365	2,146
Other	1,858	2,632
Total intangible assets	4,224	4,778
Investments and other assets		
Investment securities	2,367	2,686
Deferred tax assets	462	643
Other	1,941	1,962
Allowance for doubtful accounts	(59)	(6)
Total investments and other assets	4,712	5,286
Total non-current assets	21,016	22,065
Total assets	60,553	66,604

(Unit: Millions of yen)

	As of March 31,2023	As of March 31,2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,709	1,754
Electronically recorded obligations - operating	1,482	1,999
Short-term borrowings	※1 3,600	※1 4,300
Current portion of long-term borrowings	※2 123	74
Accrued expenses	2,693	2,636
Income taxes payable	1,160	1,662
Contract liabilities	37	2,422
Provision for bonuses	210	238
Provision for share-based remuneration	—	22
Provision for merchandise warranties	16	14
Other	4,505	2,461
Total current liabilities	15,538	17,586
Non-current liabilities		
Long-term borrowings	529	358
Provision for retirement benefits for directors (and other officers)	256	276
Retirement benefit liability	135	158
Asset retirement obligations	343	352
Other	234	207
Total non-current liabilities	1,499	1,353
Total liabilities	17,038	18,939
Net assets		
Shareholders' equity		
Share capital	1,849	1,849
Capital surplus	2,070	2,149
Retained earnings	40,139	44,203
Treasury shares	(1,260)	(1,290)
Total shareholders' equity	42,799	46,911
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	396	428
Foreign currency translation adjustment	(11)	(23)
Total accumulated other comprehensive income	385	405
Non-controlling interests	330	348
Total net assets	43,515	47,664
Total liabilities and net assets	60,553	66,604

② 【Consolidated Statements of Income and Comprehensive Income】

【Consolidated Statements of Income】

(Unit: Millions of yen)

	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024
Net sales	※1 105,596	※1 115,548
Cost of sales	※2 77,653	※2 86,783
Gross profit	27,943	28,764
Selling, general and administrative expenses	※3,4 20,606	※3,4 21,060
Operating profit	7,336	7,704
Non-operating income		
Interest and dividend income	11	12
Share of profit of entities accounted for using equity method	2	2
Foreign exchange gains	—	161
Gain on valuation of derivatives	—	366
Other	93	126
Total non-operating income	107	668
Non-operating expenses		
Interest expenses	16	10
Loss on investments in investment partnerships	49	42
Loss on valuation of derivatives	375	—
Foreign exchange losses	11	—
Donations	10	11
Other	17	33
Total non-operating expenses	480	98
Ordinary profit	6,963	8,274
Extraordinary income		
Gain on sale of non-current assets	※5 4	※5 8
Settlement income	15	—
Gain on bargain purchase	11	—
Total extraordinary income	31	8
Extraordinary losses		
Loss on sale and retirement of non-current assets	※6 14	※6 30
Loss on valuation of investment securities	169	99
Cancellation penalty	—	103
Other	1	—
Total extraordinary losses	186	233
Profit before income taxes	6,808	8,048
Income taxes - current	2,374	2,754
Income taxes - deferred	(46)	(195)
Total income taxes	2,327	2,559
Profit	4,481	5,489
Profit attributable to non-controlling interests	56	17
Profit attributable to owners of parent	4,424	5,471

【Consolidated Statements of Comprehensive Income】

(Unit: Millions of yen)

	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024
Profit	4,481	5,489
Other comprehensive income		
Valuation difference on available-for-sale securities	(213)	31
Foreign currency translation adjustment	(11)	(11)
Total other comprehensive income	※ (225)	※ 19
Comprehensive income	4,225	5,508
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,199	5,491
Comprehensive income attributable to non-controlling interests	56	17

③ 【Consolidated Statements of Changes in Net Assets】

For the fiscal year ended March 31,2023

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,849	2,058	37,121	(1,279)	39,750
Changes during period					
Dividends of surplus			(1,406)		(1,406)
Profit attributable to owners of parent			4,424		4,424
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		11		19	31
Net changes in items other than shareholders' equity					
Total changes during period	—	11	3,017	18	3,048
Balance at end of period	1,849	2,070	40,139	(1,260)	42,799

	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	610	0	611	35	40,397
Changes during period					
Dividends of surplus					(1,406)
Profit attributable to owners of parent					4,424
Purchase of treasury shares					(0)
Disposal of treasury shares					31
Net changes in items other than shareholders' equity	(213)	(11)	(225)	295	69
Total changes during period	(213)	(11)	(225)	295	3,118
Balance at end of period	396	(11)	385	330	43,515

For the fiscal year ended March 31,2024

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,849	2,070	40,139	(1,260)	42,799
Changes during period					
Dividends of surplus			(1,408)		(1,408)
Profit attributable to owners of parent			5,471		5,471
Purchase of treasury shares				(141)	(141)
Disposal of treasury shares		79		111	190
Net changes in items other than shareholders' equity					
Total changes during period	—	79	4,063	(30)	4,112
Balance at end of period	1,849	2,149	44,203	(1,290)	46,911

	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	396	(11)	385	330	43,515
Changes during period					
Dividends of surplus					(1,408)
Profit attributable to owners of parent					5,471
Purchase of treasury shares					(141)
Disposal of treasury shares					190
Net changes in items other than shareholders' equity	31	(11)	19	17	36
Total changes during period	31	(11)	19	17	4,149
Balance at end of period	428	(23)	405	348	47,664

④ 【Consolidated Statements of Cash Flows】

(Unit: Millions of yen)

	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024
Cash flows from operating activities		
Profit before income taxes	6,808	8,048
Depreciation	987	1,136
Amortization of goodwill	521	219
Gain on bargain purchase	(11)	—
Increase (decrease) in contract liabilities	4	378
Increase (decrease) in allowance for doubtful accounts	(2)	(49)
Increase (decrease) in provision for bonuses	23	27
Increase (decrease) in provision for share-based remuneration	—	22
Increase (decrease) in provision for merchandise warranties	(2)	(1)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	18	19
Increase (decrease) in retirement benefit liability	24	22
Increase (decrease) in provision for loss on disaster	(41)	—
Loss (gain) on valuation of investment securities	169	99
Interest and dividend income	(11)	(12)
Interest expenses	16	10
Foreign exchange losses (gains)	12	(0)
Share of loss (profit) of entities accounted for using equity method	(2)	(2)
Loss (gain) on investments in investment partnerships	49	42
Loss (gain) on valuation of derivatives	375	(366)
Loss (gain) on sale and retirement of non-current assets	9	21
Decrease (increase) in trade receivables	(340)	(1,383)
Decrease (increase) in inventories	(2,172)	(1,464)
Increase (decrease) in trade payables	324	586
Increase (decrease) in accrued expenses	240	33
Other, net	432	(516)
Subtotal	7,406	6,873
Interest and dividends received	11	11
Interest paid	(16)	(10)
Income taxes refund (paid)	(3,070)	(2,336)
Net cash provided by (used in) operating activities	4,330	4,537

(Unit: Millions of yen)

	For the fiscal year ended March 31,2023	For the fiscal year ended March 31,2024
Cash flows from investing activities		
Payments into time deposits	(12)	(32)
Purchase of property, plant and equipment	(1,701)	(465)
Proceeds from sale of property, plant and equipment	5	12
Purchase of intangible assets	(905)	(623)
Purchase of long-term prepaid expenses	(8)	(7)
Purchase of investment securities	(500)	(427)
Payments for investments in capital	(181)	(55)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	※2 (1,262)	—
Other, net	(72)	30
Net cash provided by (used in) investing activities	(4,638)	(1,568)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(450)	700
Repayments of long-term borrowings	(234)	(219)
Dividends paid	(1,406)	(1,407)
Purchase of treasury shares	(0)	(141)
Proceeds from disposal of treasury shares	31	141
Repayments of lease liabilities	(80)	(56)
Other	11	—
Net cash provided by (used in) financing activities	(2,128)	(984)
Effect of exchange rate change on cash and cash equivalents	(9)	7
Net increase (decrease) in cash and cash equivalents	(2,444)	1,991
Cash and cash equivalents at beginning of period	25,939	23,494
Cash and cash equivalents at end of period	※1 23,494	※1 25,485

【Notes】

(Matters Concerning the Going Concern Assumption)

No applicable items.

(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: 18

COSMIC RYUTSUU SANGYO CO., LTD.

AUTOWAY Co., Ltd.

PROTO SOLUTION Co., Ltd.

TIRE WORLD KAN BEST CO., LTD.

GOONET EXCHANGE

CAR CREDO Co., Ltd

PROTO-RIOS INC.

PROTO Ventures

and 10 other companies

2. Matters concerning application of the equity method

(1) No. of affiliated companies to which the equity method is applied: 1

UB Datatech, Inc.

(2) No. of affiliated companies to which the equity method is not applied: 1

Kankokeizai News Corporation

Reason for not applying the equity method

When the equity in net income/loss, retained earnings, etc. of the affiliated company to which the equity method is not applied is considered, its impact on the consolidated financial statements is minor and not material as a whole. Accordingly, the equity method is not applied to said affiliated company. In April 2024, additional shares of this company were acquired and this company was included in the scope of consolidation.

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

Among consolidated subsidiaries, Okinawa Basketball Co., Ltd. closes accounts on June 30th. When producing consolidated financial statements, we provisionally close accounts for this company on the day of consolidated financial settlement to make the financial statements thereof.

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 value method based on the market prices, etc. as of the last day of the accounting period (Evaluation difference is reported as a component of shareholders' equity, while cost of products sold is calculated with 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

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 Provision for share-based remuneration

In order to prepare for providing employees with shares of our company or money in accordance with the regulations for share issuance, we have estimated and recorded a necessary amount for the end of the consolidated fiscal year under review. We calculated the necessary amount by multiplying the total quantity of reward points given to the employees according to the level of our corporate performance and each employee's individual business achievements by the share price at the time of the acquisition of the shares of our company via the ESOP.

④ 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.

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.

(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 Media

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 Service

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.

④ Ticket sales

We mainly sell coupons, vouchers, etc. via websites operated by our company and our directly managed stores, and recognize revenues at the point of shipment or delivery of each product to a client.

(Changes in Accounting Policy)

No applicable items.

(Change display method)

(Notes on the Consolidated Profit and Loss Statement)

“Subsidy income” and “Compensation income,” which were indicated in the section of “Non-operating income” in the previous consolidated fiscal year, will be included in “Other” from the consolidated fiscal year under review as they have accounted for one tenth or less of total non-operating income. The consolidated financial statements for the previous consolidated fiscal year have been revised to reflect this classification change.

Consequently, 16 million yen in “Subsidy income” and 13 million yen in “Compensation income” indicated in the section of “Non-operating income” in the consolidated statements of income for the previous consolidated fiscal year have been reclassified as 93 million yen in “Other.”

While “Donations” was included in “Other” of “Non-operating income” in the previous fiscal year, it will be stated separately from this fiscal year as it exceeded one tenth of total non-operating income. The consolidated financial statements for the previous fiscal year have been rearranged to reflect this classification change.

Consequently, 28 million yen stated in “Other” under “Non-operating income” in the consolidated statement of income for the previous fiscal year has been reclassified as 10 million yen in “Donations” and 17 million yen in “Other.”

(Notes on the Consolidated Statement of Cash Flows)

“Subsidy income” and “Compensation income,” which were indicated in the section of “Cash flows from operating activities” in the previous consolidated fiscal year, will be included in “Other” from the consolidated fiscal year under review as they have become insignificant in terms of monetary amounts. The consolidated financial statements for the previous consolidated fiscal year have been revised to reflect this classification change.

Consequently, a deficit of 16 million yen in “Subsidy income” and a deficit of 13 million yen in “Compensation income” indicated in the section of “Cash flows from operating activities” in the consolidated statement of cash flows for the previous consolidated fiscal year have been reclassified as 403 million yen in “Other.”

“Purchase of treasury shares,” which was included in “Other” in the section of “Cash flows from financing activities” in the previous consolidated fiscal year, will be separately stated from the consolidated fiscal year under review as it has become more significant in terms of monetary amounts. The consolidated financial statements for the previous consolidated fiscal year have been revised to reflect this classification change.

Consequently, 11 million yen in “Other” in the section of “Cash flows from financing activities” in the consolidated statement of cash flows for the previous consolidated fiscal year has been reclassified as a deficit of 0 million yen in “Purchase of treasury shares” and 11 million yen in “Other.”

(Additional information)

(Transactions through which the shares of our company are issued to employees and other related parties via the ESOP)

At the meeting of the board of directors held on December 14, 2023, we resolved to adopt the employee stock ownership plan “ESOP” (hereinafter referred to as “the System”) for giving an incentive to employees of our company (hereinafter referred to as “the Employees”), as described below.

(1) Overview of the transactions

This program is designed to give employees the shares of our company or money in accordance with the predetermined regulations for share issuance when any of the employees gains the right to receive benefits.

Our company gives reward points to employees according to the level of our corporate performance and each employee’s individual business achievements, and provides any employees who have gained the right to receive benefits by meeting certain conditions with the shares of our company or money equivalent to the reward points they have earned. We shall acquire the shares of our company to give them to the employees by using the money for which we have set up a trust in advance, including the shares to give in the future, and manage them separately as assets in trust.

(2) Shares of our company that remain in the trust

Our company records the shares of our company that remain in the trust as treasury shares under the section of net assets at the book value in the trust (excluding ancillary expenses). The book value and the number of the treasury shares are 141 million yen and 110,000, respectively, at the end of the consolidated fiscal year under review.

(Consolidated Balance Sheets)

*1 The breakdown of inventory assets is as follows.

	Previous Consolidated Fiscal Year (March 31, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
Merchandise and finished goods	7,398 million yen	8,955 million yen
Goods in process	236 million yen	147 million yen
Raw materials and stored goods	34 million yen	31 million yen
Total	7,669 million yen	9,134 million yen

*2 Collateral assets and secured liabilities

Assets used for collateral are as follows.

	Previous Consolidated Fiscal Year (March 31, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
Buildings and structures	559 million yen	527 million yen
Lands	267 million yen	267 million yen
Total	826 million yen	795 million yen

Secured liabilities are as follows.

	Previous Consolidated Fiscal Year (March 31, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
Current portion of long-term borrowings	18 million yen	— million yen
Total	18 million yen	— million yen

For assets in the consolidated fiscal year under review, a revolving mortgage was placed on the obligation to borrow from a financial institution, but there is no debt to repay.

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

	Previous Consolidated Fiscal Year (March 31, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
Cumulative depreciation on property, plant and equipment	7,300 million yen	7,846 million yen

*4 Account overdraft agreement

Our consolidated subsidiaries; AUTOWAY Co., Ltd., GOONET EXCHANGE, TIRE WORLD KAN BEST CO., LTD., COSMIC RYUTSUU SANGYO CO., LTD. ,and Onion Inc. have entered into account overdraft agreements with 9 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, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
Account overdraft limit	10,550 million yen	10,800 million yen
Borrowing balance	3,600 million yen	4,300 million yen
Difference	6,950 million yen	6,500 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 Consolidated Financial Statements “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, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)
	54 million yen	53 million yen

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

	Previous Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)
Allowance for executives’ compensation and salary	6,264 million yen	6,603 million yen
Reserve for executives’ retirement benefits	18 million yen	20 million yen
Reserve for bonuses	141 million yen	158 million yen
Provision for reserve for stock benefits	— million yen	22 million yen
Retirement benefit obligations	11 million yen	15 million yen
Advertising and promotional expenses	5,628 million yen	5,481 million yen
Allowance for doubtful accounts	1 million yen	(38) million yen

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

	Previous Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)
	194 million yen	64 million yen

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

	Previous Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)
Other (Property, plant and equipment)	4 million yen	8 million yen
Total	4 million yen	8 million yen

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

	Previous Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)
Buildings and structures	7 million yen	4 million yen
Other (Property, plant and equipment)	1 million yen	2 million yen
Other (Intangible assets)	5 million yen	22 million yen
Removal costs, etc. related to the above	— million yen	0 million yen
Total	14 million yen	30 million yen

(Consolidated statement of comprehensive income)

* Reclassification adjustments and tax effect relating to other comprehensive income

	Previous Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)
Valuation difference on available-for-sale securities		
Amount accrued during the fiscal year	(312) million yen	32 million yen
Reclassification adjustments	— million yen	— million yen
Before tax effect adjustment	(312) million yen	32 million yen
Amount of tax effect	98 million yen	(0) million yen
Valuation difference on available-for-sale securities	(213) million yen	31 million yen
Foreign currency translation adjustments		
Amount accrued during the fiscal year	(11) million yen	(11) million yen
Reclassification adjustments	— million yen	— million yen
Before tax effect adjustment	(11) million yen	(11) million yen
Amount of tax effect	— million yen	— million yen
Foreign currency translation adjustments	(11) million yen	(11) million yen
Total other comprehensive income	(225) million yen	19 million yen

(Consolidated statement of shareholders' equity-related items)

Previous Consolidated Fiscal Year (From April 1, 2022, to March 31, 2023)

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)	1,766,217	160	25,930	1,704,227

(Outline of the cause of changes)

The details of the increase are as follows.

Increase caused by the purchase of fractional shares 160 shares

The details of the decrease are as follows.

Decrease due to the retirement of treasury stock as transfer- special incentive funds 25,930 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 13, 2022	Common Stock	703	17.50	March 31, 2022	June 8, 2022
The Board of Directors meeting on October 31, 2022	Common Stock	703	17.50	September 30, 2022	November 21, 2022

(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 12, 2023	Common Stock	Retained Earnings	703	17.50	March 31, 2023	June 8, 2023

Current Consolidated Fiscal Year (From April 1, 2023, to March 31, 2024)

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)	1,704,227	110,080	150,500	1,663,807

(Notes)

1. Treasury shares as of the end of the current consolidated fiscal year include 110,000 shares of the company held by the trust.

2. (Outline of the cause of changes)

The details of the increase are as follows.

Increase caused by the purchase of fractional shares 80 shares

Increase caused by the purchase of shares through the Employee Stock Ownership Plan (ESOP) Trust 110,000 shares

The details of the decrease are as follows.

Decrease due to the retirement of treasury stock as transfer-restricted share-based compensation 40,500 shares

Decrease due to the disposal of treasury shares to the ESOP Trust 110,000 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 12, 2023	Common Shares	703	17.50	March 31, 2023	June 8, 2023
The Board of Directors meeting on October 31, 2023	Common Shares	703	17.50	September 30, 2023	November 20, 2023

(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 10, 2024	Common Shares	Retained Earnings	1,009	25.00	March 31, 2024	June 6, 2024

(Note) Dividends of 2 million yen on the treasury shares held by the ESOP Trust are included in the total amount of dividends on which a resolution was passed at the Board of Directors' meeting on May 10, 2024.

(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, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)
Cash and deposits	23,739 million yen	25,764 million yen
Time deposits of over 3 months	(245) million yen	(278) million yen
Cash and cash equivalents	23,494 million yen	25,485 million yen

*2 Main breakdown of assets and liabilities of companies that newly consolidated through stock acquisition

Previous consolidated fiscal year (April 1, 2022 - March 31, 2023)

The breakdown of assets and liabilities as well as the acquisition price and expenses for the acquisition when COSMIC RYUTSUU SANGYO CO., LTD. and other four companies were newly consolidated through share acquisition are as follows.

Current assets	3,491 million yen
Non-current asset	310 million yen
Goodwill	2,329 million yen
Current liabilities	2,408 million yen
Non-current liabilities	484 million yen
Gain on bargain purchase	11 million yen
Non-controlling interests	227 million yen
Acquisition price of shares	3,000 million yen
Cash and cash equivalents	1,737 million yen
Deduction: proceeds from sales	1,262 million yen

Current consolidated fiscal year (April 1, 2023 - March 31, 2024)

No applicable items.

(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 and electronically recorded obligations - operating, 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, 2023)

	Amount recorded on the consolidated balance sheet (million yen)	Market value (million yen)	Difference (million yen)
Investment securities			
Other securities	2,243	2,243	—
Total assets	2,243	2,243	—
Long-term debt (including current portion of long-term borrowings)	653	606	(46)
Total liabilities	653	606	(46)
Derivative transactions *3	(366)	(366)	—

- * 1. “Cash and deposits,” “notes receivable - trade,” “accounts receivable – trade,” “notes and accounts payable - trade,” “electronically recorded obligations – operating,” “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, 2023)
Unlisted shares	123
Investment in Investment Limited Partnerships	1,252

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

Current Consolidated Fiscal Year (March 31, 2024)

	Amount recorded in the consolidated balance sheet (million yen)	Market value (million yen)	Difference (million yen)
Investment securities			
Other securities	2,210	2,210	—
Total assets	2,210	2,210	—
Long-term debt (including current portion of long-term borrowings)	433	426	(7)
Total Debt	433	426	(7)
Derivative transactions *3	—	—	—

- * 1. “Cash and deposits,” “notes receivable - trade,” “accounts receivable – trade,” “notes and accounts payable - trade,” “electronically recorded obligations – operating,” “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, 2024)
Unlisted shares, etc.	475
Investment in Investment Limited Partnerships	1,289

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

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

Previous Consolidated Fiscal Year (March 31, 2023)

	Within 1 year (million yen)	1 – 5 years (million yen)	5 – 10 years (million yen)	Over 10 years (million yen)
Cash and deposits	23,739	—	—	—
Notes receivable - trade	347	—	—	—
Accounts receivable - trade	5,760	—	—	—
Investment securities				
Other securities with maturities (corporate bonds)	—	—	—	496
Total	29,847	—	—	496

Current Consolidated Fiscal Year (March 31, 2024)

	Within 1 year (million yen)	1 – 5 years (million yen)	5 – 10 years (million yen)	Over 10 years (million yen)
Cash and deposits	25,764	—	—	—
Notes receivable - trade	311	—	—	—
Accounts receivable - trade	6,082	—	—	—
Investment securities				
Other securities with maturities (corporate bonds)	—	—	—	498
Total	32,158	—	—	498

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

Previous Consolidated Fiscal Year (March 31, 2023)

	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	3,600	—	—	—	—	—
Long-term borrowings	123	71	76	62	62	256
Total	3,723	71	76	62	62	256

Current Consolidated Fiscal Year (March 31, 2024)

	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	4,300	—	—	—	—	—
Long-term borrowings	74	54	38	48	40	177
Total	4,374	54	38	48	40	177

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

Previous Consolidated Fiscal Year (March 31, 2023)

Type	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment Securities				
Other Securities	1,746	496	—	2,243
Total assets	1,746	496	—	2,243
Derivative transactions	—	(366)	—	(366)

Current Consolidated Fiscal Year (March 31, 2024)

Type	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment Securities				
Other Securities	1,711	498	—	2,210
Total assets	1,711	498	—	2,210
Derivative transactions	—	—	—	—

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

Previous Consolidated Fiscal Year (March 31, 2023)

Type	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Long-term debt (including current portion of long-term borrowings)	—	606	—	606
Total Debt	—	606	—	606

Current Consolidated Fiscal Year (March 31, 2024)

Type	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Long-term debt (including current portion of long-term borrowings)	—	426	—	426
Total Debt	—	426	—	426

(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, 2023)

1 Other Securities (as of March 31, 2023)

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	1,746	1,160	586
(2) Bonds	—	—	—
(3) Others	—	—	—
Subtotal	1,746	1,160	586
Amount recorded in the consolidated balance sheet does not exceed acquisition cost			
(1) Shares	—	—	—
(2) Bonds	496	506	(10)
(3) Others	—	—	—
Subtotal	496	506	(10)
Total	2,243	1,667	575

(Note) Unlisted shares (Amount recorded in the consolidated balance sheet: 123 million yen) and investments in investment limited partnerships (Amount recorded in the consolidated balance sheet: 1,252 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, 2022 - March 31, 2023)

No applicable items.

3 Securities that have been impaired

Impairment loss of 169 million yen was recognized for unlisted shares of other securities in the current fiscal year.

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, 2024)

1 Other Securities (as of March 31, 2024)

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	1,711	1,161	550
(2) Bonds	—	—	—
(3) Others	—	—	—
Subtotal	1,711	1,161	550
Amount recorded in the consolidated balance sheet does not exceed acquisition cost			
(1) Shares	0	0	(0)
(2) Bonds	498	506	(8)
(3) Others	—	—	—
Subtotal	498	507	(8)
Total	2,210	1,668	541

(Note) Unlisted shares, etc. (475 million yen posted in the consolidated balance sheet) and the amount of money invested in the limited partnership for investment (1,289 million yen posted in the consolidated balance sheet) are not included in “Others” in the above table.

2 Other securities sold during the current consolidated fiscal year (April 1, 2023 - March 31, 2024)

No applicable items.

3 Securities that have been impaired

Impairment loss of 99 million yen was recognized for unlisted shares of other securities in the current fiscal year.

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, 2023)

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	6,198	—	(45)	(45)
	Call for buy				
	US Dollars	6,198	—	(294)	(294)
	Foreign Exchange Reservation Transactions				
	Bought				
	US Dollars	826	—	(26)	(26)
Total		13,224	—	(366)	(366)

Current Consolidated Fiscal Year (March 31, 2024)

No applicable items.

(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, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)
Outstanding balance of liabilities related to retirement benefits at the beginning of the term	91 million yen	135 million yen
Retirement benefit costs	27 million yen	30 million yen
Retirement benefits paid	(3) million yen	(7) million yen
Increase due to acquisition of consolidated subsidiaries	18 million yen	— million yen
Year-end balance of liabilities related to retirement benefits	135 million yen	158 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, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
Non-savings plan retirement benefit obligations	135 million yen	158 million yen
Liabilities recorded in the consolidated balance sheet	135 million yen	158 million yen
Liabilities related to retirement benefits	135 million yen	158 million yen
Liabilities recorded in the consolidated balance sheet	135 million yen	158 million yen

- (3) Retirement benefit costs

The retirement benefit costs calculated with the simplified method were 30 million yen in the previous consolidated fiscal year and 32 million yen in the current consolidated fiscal year.

3. Defined Contribution Scheme

The required contributions to the defined contribution plan of consolidated subsidiaries were 2 million yen for the previous consolidated fiscal year and 2 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, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
Deferred tax assets		
Tax loss carried forward ^(Note)	354 million yen	497 million yen
Accumulated impairment loss	139 million yen	154 million yen
Excess amount of depreciation	31 million yen	33 million yen
Asset retirement obligations	107 million yen	110 million yen
Provision for retirement benefits for executives	78 million yen	84 million yen
Enterprise tax payable	67 million yen	92 million yen
Loss on the valuation of investments and other assets	182 million yen	121 million yen
Allowance for doubtful accounts	22 million yen	6 million yen
Loss on the valuation of goods	21 million yen	23 million yen
Other	374 million yen	391 million yen
Subtotal of deferred tax assets	1,379 million yen	1,516 million yen
Valuation allowance for tax loss carried forward ^(Note)	(316) million yen	(334) million yen
Valuation allowance for total future deductible temporary differences, etc.	(400) million yen	(327) million yen
Subtotal of valuation allowance	(716) million yen	(662) million yen
Total deferred tax assets	662 million yen	854 million yen
Deferred tax liabilities		
Asset retirement obligations Asset	(34) million yen	(31) million yen
Net unrealized gains (losses) on revaluation of other marketable securities	(178) million yen	(179) million yen
Other	(0) million yen	(0) million yen
Total deferred tax liabilities	(214) million yen	(211) million yen
Net deferred tax assets	448 million yen	643 million yen

(Note) Tax loss carried forward and their deferred tax assets by expiration date

Previous Consolidated Fiscal Year (March 31, 2023)

	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Over 5 years	Total
Tax loss carried forward (a)	—	—	8 million yen	18 million yen	57 million yen	269 million yen	354 million yen
Valuation allowance	—	—	—	(4) million yen	(53) million yen	(258) million yen	(316) million yen
Deferred tax asset	—	—	8 million yen	14 million yen	4 million yen	11 million yen	38 million yen

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

Current Consolidated Fiscal Year (March 31, 2024)

	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Over 5 years	Total
Tax loss carried forward (a)	—	—	—	—	119 million yen	377 million yen	497 million yen
Valuation allowance	—	—	—	—	(90) million yen	(243) million yen	(334) million yen
Deferred tax asset	—	—	—	—	28 million yen	134 million yen	162 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, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
Statutory effective tax rate	30.6%	30.6%
(Adjustment)		
Amortization of goodwill	2.3	0.9
Temporary differences related to investments in consolidated subsidiaries	(0.2)	(0.5)
Inhabitant taxes on per capita basis	0.6	0.7
Entertainment expenses and other items not permanently deductible for tax purposes	0.4	0.4
Changes in valuation allowance	(0.4)	0.3
Special deduction for corporate tax	(0.2)	(0.5)
Difference in applicable tax rate from consolidated subsidiaries	0.7	0.8
Other	(0.0)	(0.8)
Effective tax rate after application of tax effect accounting	33.7	31.8

(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, 2023)	Current Consolidated Fiscal Year (March 31, 2024)
Balance at the beginning of the period	281 million yen	343 million yen
Increase due to acquisition of property, plant, and equipment	15 million yen	11 million yen
Adjustments due to passage of time	2 million yen	2 million yen
Decrease due to fulfillment of asset retirement obligations	(1) million yen	(4) million yen
Increase due to acquisition of consolidated subsidiary	46 million yen	— million yen
Balance at the end of the period	343 million yen	352 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 (loss) related to said rental properties for the fiscal year ending March 31, 2023 is 92 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, 2024 is 94 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, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)
Amounts posted in the consolidated balance sheet	Balance at the beginning of the period	1,289	1,188
	Increase/decrease during the period	(100)	(20)
	Balance at the end of the period	1,188	1,168
End-of-Term Price		1,409	1,577

- (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.

(1) Balances in contract liabilities, etc.

	(Unit: Millions of yen)	
	Previous Consolidated Fiscal Year	Current Consolidated Fiscal Year
Obligations arising from contracts with customers (balance at the beginning of the fiscal year)	5,612	6,107
Obligations arising from contracts with customers (balance at the end of the fiscal year)	6,107	6,394
Contract liabilities (balance at the beginning of the fiscal year)	33	37
Contract liabilities (balance at the end of the fiscal year)	37	2,422

Part of the balance of contract liabilities at the beginning of the previous consolidated fiscal year, which is 1,555 million yen, and part of the balance of contract liabilities at the end of the previous consolidated fiscal year, which stands at 2,005 million yen, are included in “Other” under Current liabilities.

Contract liabilities are related primarily to advances received in accordance with contracts for use of systems. Contract liabilities will be reversed as they are recognized as revenue.

Out of the revenue recognized in the previous consolidated fiscal year, the amount included in the contract liabilities as of the beginning of the fiscal year is 929 million yen. Contract liabilities increased by 454 million yen in the previous consolidated fiscal year mainly because advances received went up as Okinawa Basketball Inc. was included in the scope of consolidation, which resulted in a rise in contract liabilities by 390 million yen.

The amount of the revenue recognized in the previous consolidated fiscal year (chiefly changes in transaction prices) from the obligations satisfied (or partially satisfied) in past periods is not significant.

Out of the revenue recognized in the current consolidated fiscal year, the amount included in the balance of contract liabilities at the beginning of the period stands at 1,347 million yen. Contract liabilities increased by 378 million yen in this consolidated fiscal year mainly because advances received went up following growth in the number of new transactions at PROTO-RIOS INC, which resulted in a rise in contract liabilities by 363 million yen.

The amount of the revenue recognized in this consolidated fiscal year (chiefly changes in transaction prices) from the obligations satisfied (or partially satisfied) in past periods is not significant.

(2) Transaction value allocated to remaining performance obligations

Our company and our consolidated subsidiaries adopted practical expedients for making notes on transaction value allocated to remaining performance obligations and did not consider any contracts whose contract periods are initially expected to be within a year as contracts subject to the notes.

The obligations not satisfied (or partially not satisfied) at the end of the previous consolidated fiscal year stands at 1,023 million yen. We expect that about 32% of the obligations will be recognized as revenue within a year from the end of the consolidated fiscal year, about 40% of them will be recognized as revenue after a year and within three years from the end of the consolidated fiscal year, and about 28% of them will be recognized as revenue after three years from the end of the consolidated fiscal year.

The obligations not satisfied (or partially not satisfied) as of the end of the current consolidated fiscal year amounts to 1,390 million yen. We expect that about 31% of the obligations will be recognized as revenue within a year from the end of the consolidated fiscal year, about 42% of them will be recognized as revenue after a year and within three years from the end of the consolidated fiscal year, and about 27% of them will be recognized as revenue after three years from the end of the consolidated fiscal year.

(Segment information, etc.)

[Segment information]

1. Overview of Segments to be Reported

(1) Method of determining reportable segments

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's segments are based composed of three segments: "platform," "commerce," and "Other."

(2) The major items included in each segment

The major items included in each segment are as follows.

Segment	Main services, etc.
Platform	Car information media "Goo-net" Car information magazine "Goo" and the imported car information magazine "Goo World" Car maintenance site "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 III" RacroS III, an integrated system for sheet metal in the automotive maintenance industry Real estate information site "Goo Home" Inspection of usedcar
Commerce	Sale of tires, wheels, etc. Used Car Export Business Ticket Sales
Other	BPO (Business Process Outsourcing) Solar power generation Development, sale, etc. of software Video production Agriculture business Investment business Management of basketball teams Preservation and management of real estate, including rental ones

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."

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, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Segment				Adjustment (Note 1)	Amount recorded in the consolidated statements of income (Note 2)
	Platform	Commerce	Other	Total		
Net sales						
Media	24,431	—	—	24,431	—	24,431
Services	5,873	—	—	5,873	—	5,873
Sales of goods	—	29,573	—	29,573	—	29,573
Ticket sales	—	38,974	—	38,974	—	38,974
Other	—	—	6,590	6,590	—	6,590
Revenues from contracts with customers	30,305	68,548	6,590	105,444	—	105,444
Other income (Note 3)	—	—	152	152	—	152
Sales to external customers	30,305	68,548	6,742	105,596	—	105,596
Intersegment sales and transfers	65	1	2,006	2,073	(2,073)	—
Total	30,370	68,549	8,749	107,670	(2,073)	105,596
Segment profit	8,565	417	378	9,361	(2,025)	7,336
Segment assets	11,889	22,736	9,184	43,809	16,774	60,553
Other items						
Depreciation and amortization	352	373	177	904	84	988
Amortization of goodwill	—	407	114	521	—	521
Increase in property, plant and equipment and intangible assets	721	868	225	1,814	1,084	2,898

(Notes) 1. Adjustments are as follows

- (1) Adjustment of segment income includes elimination of intersegment transactions of -36 million yen and corporate expenses of -1,988 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 16,744 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 1,084 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).

	Segment				Adjustment (Note 1)	Amount recorded in the consolidated statements of income (Note 2)
	Platform	Commerce	Other	Total		
Net sales						
Media	25,671	—	—	25,671	—	25,671
Services	5,796	—	—	5,796	—	5,796
Sales of goods	—	31,885	—	31,885	—	31,885
Ticket sales	—	43,644	—	43,644	—	43,644
Other	—	—	8,388	8,388	—	8,388
Revenues from contracts with customers	31,467	75,529	8,388	115,385	—	115,385
Other income (Note 3)	—	—	162	162	—	162
Sales to external customers	31,467	75,529	8,550	115,548	—	115,548
Intersegment sales and transfers	80	3	2,061	2,146	(2,146)	—
Total	31,548	75,533	10,612	117,694	(2,146)	115,548
Segment profit	8,917	623	303	9,844	(2,140)	7,704
Segment assets	13,071	24,029	11,469	48,570	18,034	66,604
Other items						
Depreciation and amortization	450	428	193	1,073	63	1,136
Amortization of goodwill	—	74	145	219	—	219
Increase in property, plant and equipment and intangible assets	1,220	497	161	1,879	7	1,886

(Notes) 1. Adjustments are as follows

- (1) Adjustment of segment income includes the elimination of intersegment transactions of -38 million yen and corporate expenses of -2,101 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 18,034 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 7 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, 2022 to March 31, 2023)

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, 2023 to March 31, 2024)

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, 2022 to March 31, 2023)

No applicable items.

Current Consolidated Fiscal Year (April 1, 2023 to March 31, 2024)

No applicable items.

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

Previous Consolidated Fiscal Year (April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Segment				Adjusted amount	Total
	Platform	Commerce	Other	Total		
Amortization for the current period	—	407	114	521	—	521
Balance at the end of current period	—	1,019	1,346	2,365	—	2,365

Current Consolidated Fiscal Year (April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	Segment				Adjusted amount	Total
	Platform	Commerce	Other	Total		
Amortization for the current period	—	74	145	219	—	219
Balance at the end of current period	—	945	1,200	2,146	—	2,146

[Information on gain on negative goodwill by segment]

Previous Consolidated Fiscal Year (April 1, 2022 to March 31, 2023)

The shares of COSMIC GIFT CARD SYSTEM CO., LTD. were acquired in this fiscal year and included in the scope of consolidation in the “commerce” segment. Accordingly, a gain on bargain purchase of 11 million yen was recorded in this fiscal year.

Current Consolidated Fiscal Year (April 1, 2023 to March 31, 2024)

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, 2022 to March 31, 2023) and the current consolidated fiscal year (April 1, 2023 to March 31, 2024)

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, 2022 to March 31, 2023) and the current consolidated fiscal year (April 1, 2023 to March 31, 2024)

No applicable items.

2. Notes on the Parent Company and Significant Affiliates

For the previous consolidated fiscal year (April 1, 2022 to March 31, 2023) and the current consolidated fiscal year (April 1, 2023 to March 31, 2024)

No applicable items.

(Per-share information)

	Previous Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)
Net assets per share	1,073.68 yen	1,175.24 yen
Net income per share	110.05 yen	135.96 yen

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

2. The shares of our company that remain in the ESOP Trust and have been recorded as treasury shares under the section of shareholders' equity are included in the treasury shares that are deducted in the calculation of the average number of shares during the fiscal year for calculating net income per share, and are included in the treasury shares that are deducted from the total number of shares outstanding at the end of the fiscal year for calculating net assets per share.

The average number of the treasury shares deducted for calculating net income per share is 110,000 in the consolidated fiscal year under review, and the number of the treasury shares deducted for calculating net assets per share at the end of the fiscal year is 110,000 in the consolidated fiscal year under review.

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

		Previous Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)
Net income attributable to owners of parent	(Millions of yen)	4,424	5,471
Amount not attributable to common shareholders	(Millions of yen)	—	—
Net income attributable to owners of parent associated with common stock.	(Millions of yen)	4,424	5,471
Average number of common shares during the period	(Thousand shares)	40,207	40,245

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

		End of the Previous Fiscal Year (March 31, 2023)	End of the Current Fiscal Year (March 31, 2024)
Total amount of net assets	(Millions of yen)	43,515	47,664
Amount deducted from total net assets	(Millions of yen)	330	348
(Non-controlling interest)	(Millions of yen)	(330)	(348)
Net assets related to common stock at the end of the period	(Millions of yen)	43,184	47,316
Number of common shares issued	(Thousand shares)	41,925	41,925
Number of common shares held in treasury	(Thousand shares)	1,704	1,663
Number of common shares used in the calculation of net assets per share at the end of the fiscal year	(Thousand shares)	40,221	40,261

(Significant Subsequent Events)

No applicable items.

⑤ [Consolidated Supplementary Schedules]

[Schedule of Bonds]

No applicable items.

[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	3,600	4,300	0.22	—
Current portion of long-term borrowings	123	74	0.24	—
Current portion of lease obligations	50	46	1.03	—
Long-term debt (excluding current portion)	529	358	0.12	2024-2035
Lease obligations (excluding current portion)	143	131	0.50	2025-2030
Other interest-bearing liabilities	—	—	—	—
Total	4,446	4,910	—	—

(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	54	38	48	40
Lease obligations	43	36	14	13

[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)	27,220	54,558	86,857	115,548
Quarterly net income for the current period before adjustment for taxes, etc.	(Millions of yen)	2,734	4,299	6,803	8,048
Quarterly net income for the current period attributable to owners of parent	(Millions of yen)	1,808	2,836	4,553	5,471
Quarterly net income per share	(Yen)	44.97	70.50	113.14	135.96

(Accounting period)		First quarter	Second quarter	Third quarter	Fourth quarter
Quarterly net income per share	(Yen)	44.97	25.53	42.64	22.82

2 [Financial Statement]

(1) [Financial Statement]

① [Balance Sheet]

(Unit: Millions of yen)

	Previous Fiscal Year (March 31, 2023)	Current Fiscal Year (March 31, 2024)
Assets		
Current assets		
Cash and deposits	13,169	14,677
Notes receivable	19	18
Electronically recorded monetary claims	53	162
Accounts receivable	※1 2,420	※1 2,428
Merchandise and finished goods	8	11
Work in process	1	3
Raw materials and supplies	7	5
Advance payments	161	46
Prepaid expenses	387	665
Short-term loans receivable from subsidiaries and associates	4,000	3,800
Current portion of long-term loans receivable from subsidiaries and associates	119	69
Other	※1 49	※1 1,146
Allowance for doubtful accounts	(1)	(1)
Total current assets	20,396	23,033
Non-current assets		
Property, plant and equipment		
Buildings, net	3,404	3,264
Structures, net	69	76
Machinery and equipment, net	0	0
Vehicles, net	7	5
Tools, furniture and fixtures, net	85	169
Land	3,310	3,310
Leased assets, net	1	0
Construction in progress	—	9
Total property, plant and equipment	※2 6,878	※2 6,835
Intangible assets		
Software	791	1,420
Software in progress	23	85
Telephone subscription right	23	23
Right of using water facilities	0	0
Other	0	1
Total intangible assets	838	1,532
Investments and other assets		
Investment securities	1,195	1,039
Shares of subsidiaries and associates	8,916	9,047
Investments in capital	0	0
Investments in capital of subsidiaries and associates	1,059	1,526
Long-term loans receivable from subsidiaries and associates	4,879	4,810
Claims provable in bankruptcy, claims provable in rehabilitation and other	12	6
Long-term prepaid expenses	78	88
Deferred tax assets	124	150
Lease and guarantee deposits	220	229
Other	※1 23	※1 29
Allowance for doubtful accounts	(12)	(6)
Total investments and other assets	16,496	16,921
Total non-current assets	24,214	25,288
Total assets	44,610	48,322

(Unit: Millions of yen)

	Previous Fiscal Year (March 31, 2023)	Current Fiscal Year (March 31, 2024)
Liabilities		
Current liabilities		
Accounts payable	※1 324	※1 312
Lease obligations	0	0
Accounts payable	※1 84	※1 101
Accrued expenses	※1 2,146	※1 2,036
Income taxes payable	942	1,233
Contract liabilities	—	220
Advances received	606	532
Deposits received	146	182
Provision for share-based remuneration	—	22
Other	158	244
Total current liabilities	4,409	4,886
Non-current liabilities		
Provision for directors' retirement benefits	234	248
Asset retirement obligations	229	231
Lease obligations	0	—
Other	51	51
Total non-current liabilities	516	531
Total liabilities	4,925	5,417
Net assets		
Shareholders' equity		
Capital stock	1,849	1,849
Capital surplus		
Legal capital surplus	2,036	2,036
Other capital surplus	34	113
Total capital surplus	2,070	2,149
Retained earnings		
Legal retained earnings	254	254
Other retained earnings		
General reserve	30,700	33,700
Retained earnings brought forward	5,665	5,808
Total retained earnings	36,619	39,762
Treasury shares	(1,260)	(1,290)
Total shareholders' equity	39,278	42,471
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	406	433
Total valuation and translation adjustments	406	433
Total net assets	39,685	42,905
Total liabilities and net assets	44,610	48,322

② [Statement of income]

(Unit: Millions of yen)

	Previous Fiscal Year (April 1, 2022 to March 31, 2023)	Current Fiscal Year (April 1, 2023 to March 31, 2024)
Net sales	※1 30,516	※1 32,096
Cost of sales	※1 11,529	※1 12,603
Gross profit	18,986	19,493
Selling, general and administrative expenses	※1,2 12,823	※1,2 12,778
Operating income	6,163	6,714
Non-operating income		
Interest income	※1 28	※1 34
Dividend income	5	5
Gain on sales of used paper	2	2
Other	※1 12	※1 16
Total non-operating income	48	59
Non-operating expenses		
Loss on investments in partnership	134	128
Other	0	1
Total non-operating expenses	134	130
Ordinary income	6,076	6,642
Extraordinary income		
Gain on sales of non-current assets	※3 2	※3 0
Total extraordinary income	2	0
Extraordinary losses		
Loss on retirement of non-current assets	7	20
Loss on valuation of shares of investment securities	69	—
Other	1	—
Total extraordinary losses	79	20
Profit before income taxes	5,999	6,622
Income taxes - current	1,896	2,111
Income taxes - deferred	8	(41)
Total income taxes	1,904	2,070
Profit	4,095	4,552

③ [Statement of changes in equity]

Previous Fiscal Year (April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of current period	1,849	2,036	22	2,058	254	25,700	7,976	33,930
Changes of items during period								
Dividends of surplus							(1,406)	(1,406)
Provision of general reserve						5,000	(5,000)	—
Profit							4,095	4,095
Purchase of treasury shares								
Disposal of treasury shares			11	11				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	11	11	—	5,000	(2,311)	2,688
Balance at end of current period	1,849	2,036	34	2,070	254	30,700	5,665	36,619

	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	(1,279)	36,559	616	616	37,175
Changes of items during period					
Dividends of surplus		(1,406)			(1,406)
Provision of general reserve		—			—
Profit		4,095			4,095
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	19	31			31
Net changes of items other than shareholders' equity			(209)	(209)	(209)
Total changes of items during period	18	2,719	(209)	(209)	2,509
Balance at end of current period	(1,260)	39,278	406	406	39,685

Current Fiscal Year (April 1, 2023 to March 31, 2024)

(Unit: Millions of 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	34	2,070	254	30,700	5,665	36,619
Changes of items during period								
Dividends of surplus							(1,408)	(1,408)
Provision of general reserve						3,000	(3,000)	—
Profit							4,552	4,552
Purchase of treasury shares								
Disposal of treasury shares			79	79				
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	79	79	—	3,000	143	3,143
Balance at end of current period	1,849	2,036	113	2,149	254	33,700	5,808	39,762

	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	(1,260)	39,278	406	406	39,685
Changes of items during period					
Dividends of surplus		(1,408)			(1,408)
Provision of general reserve		—			—
Profit		4,552			4,552
Purchase of treasury shares	(141)	(141)			(141)
Disposal of treasury shares	111	190			190
Net changes of items other than shareholders' equity			27	27	27
Total changes of items during period	(30)	3,192	27	27	3,219
Balance at end of current period	(1,290)	42,471	433	433	42,905

[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) Provision for share-based remuneration

Before providing employees with shares of our company or monetary remuneration in accordance with the regulations for issuance of shares, we have estimated and posted the necessary payment amount at the end of the fiscal year under review.

We calculated the necessary amount by multiplying the total quantity of reward points given to the employees according to the level of our corporate performance and each employee's individual business achievements by the share price at the time of the acquisition of the shares of our company via the ESOP.

(3) 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.

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)

No applicable items.

(Additional information)

(Transactions through which the shares of our company are issued to employees and other related parties via the ESOP)

At the meeting of the board of directors held on December 14, 2023, we resolved to adopt the employee stock ownership plan “ESOP” (hereinafter referred to as “the System”) for giving an incentive to employees of our company (hereinafter referred to as “the Employees”), as described below.

(1) Overview of the transactions

(2) Shares of our company that remain in the trust

Our company records the shares of our company that remain in the trust as treasury shares under the section of net assets at the book value in the trust (excluding ancillary expenses). The book value and number of shares of said treasury stock were 141 million yen and 110,000, respectively, as of the end of the consolidated fiscal year under review.

(Items Related to the Balance Sheet)

※1 Monetary claims and liabilities toward affiliated companies

	Previous Fiscal Year (March 31, 2023)	Current Fiscal Year (March 31, 2024)
Short-term monetary claims	17 million yen	20 million yen
Long-term monetary claims	22 million yen	28 million yen
Short-term monetary liabilities	889 million yen	835 million yen

※2 Cumulative depreciation of property, plant and equipment

	Previous Fiscal Year (March 31, 2023)	Current Fiscal Year (March 31, 2024)
Cumulative depreciation of property, plant and equipment	4,223 million yen	4,434 million yen

(Items Related to Profit-and-loss Statements)

※1 Volume of transactions with affiliated companies

	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Volume of business transactions		
Sales	346 million yen	354 million yen
Procurement amount	5,958 million yen	6,307 million yen
Volume of other business transactions	1,838 million yen	1,800 million yen
Volume of transactions other than business ones	29 million yen	36 million yen

※2 The roughly estimated ratio of selling expenses was 60% in the previous fiscal year and 57% in the current fiscal year. The roughly estimated ratio of general administrative expenses was 40% in the previous fiscal year and 43% in the current fiscal year.

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

	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Remuneration of executives	266 million yen	304 million yen
Salaries and bonuses	3,092 million yen	3,108 million yen
Provision for reserve for stock benefits	— million yen	22 million yen
Reserve for executives' retirement benefits	13 million yen	14 million yen
Advertising and promotional expenses	4,478 million yen	4,184 million yen
Sales promotion expenses	1,228 million yen	1,219 million yen
Allowance for doubtful accounts	4 million yen	5 million yen
Depreciation	104 million yen	86 million yen

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

	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Vehicles	2 million yen	0 million yen
Total	2 million yen	0 million yen

(Items Related to Securities)

The market prices of the shares or investment amount of affiliated companies are not written, because they have no market price.

The shares and investments of affiliated companies, which have no market price, posted in the balance sheet are as follows.

	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Shares of affiliated companies	8,916 million yen	9,047 million yen
Investments in capital of subsidiaries and associates	1,059 million yen	1,526 million yen
Total	9,975 million yen	10,573 million yen

(Tax Effect Accounting)

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

	Previous Fiscal Year (March 31, 2023)	Current Fiscal Year (March 31, 2024)
Deferred tax assets		
Accumulated impairment loss	128 million yen	125 million yen
Excess amount of depreciation	18 million yen	28 million yen
Asset retirement obligations	70 million yen	70 million yen
Provision for retirement benefits for executives	71 million yen	76 million yen
Enterprise tax payable	48 million yen	62 million yen
Loss on the valuation of investments and other assets	1,420 million yen	1,420 million yen
Allowance for doubtful accounts	4 million yen	4 million yen
Other	50 million yen	65 million yen
Subtotal of deferred tax assets	1,813 million yen	1,854 million yen
Valuation allowance	(1,511) million yen	(1,511) million yen
Total deferred tax assets	301 million yen	342 million yen
Deferred tax liabilities		
Asset retirement obligations Asset	(13) million yen	(12) million yen
Net unrealized gains (losses) on revaluation of other marketable securities	(164) million yen	(178) million yen
Other	— million yen	(0) million yen
Total deferred tax liabilities	(177) million yen	(191) million yen
Net deferred tax assets	124 million yen	150 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, 2023)	Current Fiscal Year (March 31, 2024)
Statutory effective tax rate	30.6%	30.6%
(Adjustment)		
Inhabitant tax on per capita basis	0.6	0.6
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	0.3	0.3
Other	0.2	(0.2)
Effective tax rate after application of tax effect accounting	31.8	31.3

(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.

(Significant Subsequent Events)

No applicable items.

④ [Accessory statements]

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

(Unit: Millions of 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	3,404	22	0	162	3,264	3,176
	Structures	69	17	—	10	76	488
	Machinery and equipment	0	—	—	—	0	270
	Vehicles	7	4	1	5	5	17
	Tools, furniture and fixtures	85	125	0	42	169	179
	Land	3,310	—	—	—	3,310	299
	Lease assets (tangible)	1	—	—	0	0	3
	Construction in progress	—	9	—	—	9	—
	Total	6,878	180	1	222	6,835	4,434
Intangible assets	Software	791	915	20	265	1,420	
	Software in process	23	194	131	—	85	
	Telephone subscription rights	23	—	—	—	23	
	Right of using water facilities	0	—	—	0	0	
	Other	0	2	0	0	1	
	Total	838	1,112	152	265	1,532	

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

Tools, furniture and fixtures 121 million yen Goo Failure Diagnosis device

Software 611 million yen Goo-net app development

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

Software in process 89 million yen DataLine development

3. Cumulative depreciation includes cumulative impairment loss.

[Statement of reserves]

(Unit: Millions of 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)	1	1	1	1
Allowance for doubtful accounts (Non-current)	12	6	12	6
Provision for share-based remuneration	—	22	—	22
Provision for retirement benefits for directors (and other officers)	234	14	—	248

(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 shares
Purchase and sale of fractional shares	(Special account) The securities agency section of Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo (Special account) Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo Free
Share handling site	
Shareholder registry administrator	
Commissions for purchase and sale	
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 45 th term)	From April 1, 2022 to March 31, 2023	Submitted to the chief of Tokai Local Finance Bureau on June 30, 2023
(2)	Internal control reports and attachments			Submitted to the chief of Tokai Local Finance Bureau on June 30, 2023
(3)	Report on revisions to securities report	Fiscal year (The 45 th term)	From April 1, 2022 to March 31, 2023	Submitted to the chief of Tokai Local Finance Bureau on July 6, 2023
(4)	Quarterly reports and written confirmations	1 st quarter of the 46 th term	From April 1, 2023 to June 30, 2023	Submitted to the chief of Tokai Local Finance Bureau on August 9, 2023
		2 nd quarter of the 46 th term	From July 1, 2023 to September 30, 2023	Submitted to the chief of Tokai Local Finance Bureau on November 14, 2023
		3 rd quarter of the 46 th term	From October 1, 2023 to December 31, 2023	Submitted to the chief of Tokai Local Finance Bureau on February 14, 2024
(5)	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, 2023
		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 28, 2024
		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. (Change of Representative Director).		Submitted to the chief of Tokai Local Finance Bureau on June 28, 2024
(6)	Securities registration statements and documents attached to them	Securities registration statements for the retirement of treasury shares through the third-party allocation following the adoption of ESOP Trust		Submitted to the chief of Tokai Local Finance Bureau on December 14, 2023

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

No applicable items.