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## Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 10, 2024

Company name: PROTO CORPORATION

Stock exchange listing: Tokyo, Nagoya

Code number: 4298

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

Representative: Kenji Kamiya

President

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Executive officer

Phone: +81-52-934-2000

Scheduled date of Annual General Meeting of Shareholders: June 27, 2024

Scheduled date of commencing dividend payments: June 6, 2024

Scheduled date of filing annual securities report: June 28, 2024

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes (For Institutional Investors & Analysts)

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

#### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	115,548	9.4	7,704	5.0	8,274	18.8	5,471	23.7
March 31, 2023	105,596	83.8	7,336	14.2	6,963	5.1	4,424	(24.7)

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 5,508 million [ 29.5%]  
Fiscal year ended March 31, 2023: ¥ 4,255 million [ (24.3)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended March 31, 2024	Yen 135.96	Yen -	% 12.1	% 13.0	% 6.7
March 31, 2023	110.05	-	10.6	12.1	6.9

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ 2 million  
Fiscal year ended March 31, 2023: ¥ 2 million

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of March 31, 2024	Millions of yen 66,604	Millions of yen 47,664	% 71.0	Yen 1,175.24
March 31, 2023	60,553	43,515	71.3	1,073.68

(Reference) Equity: As of March 31, 2024: ¥ 47,316 million  
As of March 31, 2023: ¥ 43,184 million

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended March 31, 2024	Millions of yen 4,537	Millions of yen (1,568)	Millions of yen (984)	Millions of yen 25,485
March 31, 2023	4,330	(4,638)	(2,128)	23,494

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	-	17.50	-	17.50	35.00	1,407	31.8	3.4
March 31, 2024	-	17.50	-	25.00	42.50	1,713	31.3	3.8
Fiscal year ending March 31, 2025 (Forecast)	-	25.00	-	25.00	50.00		36.1	

(Note) The total amount of dividends includes the dividends on the shares of our company held in the trust accounts of the Employee Stock Ownership Plan (ESOP) (which amounted to 2 million yen in the fiscal year ended March 2024).

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	55,546	1.8	3,393	(10.1)	3,377	(21.8)	2,295	(19.1)	57.00
Full year	117,178	1.4	8,238	6.9	8,227	(0.6)	5,571	1.8	138.37

### \* Notes:

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

New - (Company name: )  
Exclusion: - (Company name: )

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

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

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

March 31, 2024: 41,925,300 shares

March 31, 2023: 41,925,300 shares

2) Number of treasury shares at the end of the period:

March 31, 2024: 1,663,807 shares

March 31, 2023: 1,704,227 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 40,245,928 shares

Fiscal Year ended March 31, 2023: 40,207,215 shares

(Note) Total number of issued shares at the end of the period includes the number of shares of our company owned by ESOP Trust (110,000 in FY 3/2024). In addition, the number of treasury shares to be deducted when calculating the average number of shares outstanding during the period includes the number of shares of our company owned by ESOP Trust (110,000 in FY 3/2024).

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	32,096	5.2	6,714	8.9	6,642	9.3	4,552	11.2
March 31, 2023	30,516	5.6	6,163	8.5	6,076	6.9	4,095	(36.1)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	113.11	-
March 31, 2023	101.85	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	48,322	42,905	88.8	1,065.66
March 31, 2023	44,610	39,685	89.0	986.68

(Reference) Equity: As of March 31, 2024: ¥ 42,905 million  
As of March 31, 2023: ¥ 39,685 million

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporations.

\* Explanation for appropriate use of forecasts and other notes

1. The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors. Please refer to “1. Business Performance Overview (4) Future outlook” on page 9 for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

2. The company will have a financial results briefing for institutional investors and analysts on May 20, 2024. The document to use on the day for the financial briefing will be posted on the company website.

○Table of contents of appendix

1. Business Performance Overview .....	5
(1) Business Performance Overview for the Current Term .....	5
(2) Financial Standing Overview for Current Term .....	7
(3) Consolidated Cash Flows .....	8
(4) Future outlook .....	9
2. Basic Principle of Selecting Accounting Standard .....	9
3. Consolidated Financial Statements .....	10
(1) Consolidated Balance Sheets .....	10
(2) Consolidated Statements of Income and Comprehensive Income .....	12
Consolidated Statements of Income .....	12
Consolidated Statements of Comprehensive Income .....	13
(3) Consolidated Statements of Changes in Equity .....	14
(4) Consolidated Statements of Cash Flows .....	16
(5) Notes about consolidated financial statements .....	18
(Notes on the premise of a going concern) .....	18
(Notes about the case where shareholders' equity changes considerably) .....	18
(Basic items used for producing consolidated financial statements) .....	19
(Change in the accounting policy) .....	23
(Additional information) .....	24
(Segment information, etc.) .....	25
(Per share information) .....	30
(Important subsequent events) .....	30

## 1. Business Performance Overview

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

#### ① Business Performance Overview for the Current Term

Regarding the Japanese economy during the current consolidated fiscal year, it is expected that the slow economic rebound will go on as consumer spending shows signs of recovery owing to the improvement of employment and income conditions amid the lasting trend of wage increase against the backdrop of favorable enterprise revenues and the shortage of manpower. On the other hand, it is necessary to closely monitor risks which could cause the economic situation in Japan to decline, such as stagnant consumption caused by rising prices, which are the result of rising costs of import as the trend of the depreciation of the yen persists, stemming from higher geopolitical risks and global tightening of monetary policies.

Amid such business environment, the shortage of the supply of components such as semiconductors has gradually been alleviated in the industry of automobile dealers, which are the PROTO Group's main clients, and the number of new cars sold reached a level higher than in the previous year. Moreover, the number of registered used cars reached a level higher than the previous year owing to the alleviation of the shortage of the supply of new cars.

Under such circumstances, the PROTO Group has been working to provide new products and services that contribute to DX in the mobility domain in the platform business by combining the company's master data, AI technology, and data based on the "Medium-Term Management Plan (FY 3/2023–FY 3/2025)" formulated in light of diversifying user needs and the future market environment. Furthermore, in the commerce business, we made efforts to increase our sales share by establishing our brand.

As a result of the aforementioned, the sales in the consolidated fiscal year under review stood at 115,548 million yen (up 9.4% year on year). They increased mainly because the ticket sale business at COSMIC RYUTSUU SANGYO CO., LTD. kept steadily growing in addition to the steady expansion of the platform business, which is the key business. Operating income stood at 7,704 million yen (up 5.0% year on year) due to the stable provision of DX products related to the platform business, mainly "MOTOR GATE." Ordinary income stood at 8,274 million yen (up 18.8% year on year) due to posting a gain on valuation of derivatives brought about by unrealized gains from currency option transactions, implemented in order to avoid currency exchange risks stemming from the fluctuations of exchange rates. Profit attributable to owners of parent was 5,471 million yen (up 23.7% year on year) due to the aforementioned posting of the gain on valuation of derivatives. ROE was 12.1% (our target stated in the Medium-Term Management Plan was 12.0% or higher).

## ② Overview of each segment

The results of each business segment are as follows.

### (Platform)

Aiming for the establishment of the No. 1 platform in the mobility industry, we strove to enhance our services contributing to DX of the mobility field alongside endeavoring to expand our market share in each business field and increase average spending per customer.

Regarding the “media” in the platform business, we made efforts to maximize the “Goo-net” content, expand the number of affiliated stores and support the management of used car dealers by providing and improving the functions of “MOTOR GATE,” the background system of “Goo-net,” in the used car field. With regard to the maintenance field, we focused on building a network of service shops which work with us by promoting the adoption of “Goo Failure Diagnosis,” an On-Board Diagnostics (OBD) service, as well as “Goo Maintenance Pack,” a regular car maintenance service package, in addition to enhancing the content of “Goo-net Pit.”

Regarding “services” in the platform business, we kept working on the sales promotion of “DataLine SalesGuide” by establishing a system for cooperation with manufacturers in the new car field. We reviewed and revised the timing of recording sales of specific after-sales services as part of the annual account closing procedures for some of the subsidiaries whose businesses fall under this segment. Consequently, sales and operating income declined temporarily in the fourth quarter.

Consequently, sales were 31,467 million yen (up 3.8% year on year). The major cause of the increase in sales was the steady provision of DX products in the media business, mainly “MOTOR GATE.” Furthermore, operating income reached 8,917 million yen (up 4.1% year on year), owing to the aforementioned growth of the media business.

### (Commerce)

Regarding “sales of goods” in the commerce business, we endeavored to expand opportunities for the sale of tires, wheels, etc. through the development of logistics bases, enhancement of products for exclusive sale and revision of selling prices in addition to efforts for boosting sales of the major brands in which we deal. With regard to export of used cars, the number of cars exported to Malaysia, which is a major destination country for export, exceeded the plan.

Furthermore, with regard to “ticket sales” in the commerce business, we focused on expanding opportunities for both the sale and purchase of gift certificates and gift vouchers by providing our Internet business know-how while cultivating the market by opening new shops.

Consequently, sales stood at 75,529 million yen (up 10.2% year on year). Moreover, operating income reached 623 million yen (up 49.5% year on year).

### (Other Business)

Sales were 8,550 million yen (up 26.8% YoY) and operating income was 303 million yen (down 19.9% YoY) due to the expansion of BPO business at PROTO SOLUTION Co., Ltd. and steady business operations at Okinawa Basketball Inc.

## (2) Financial Standing Overview for Current Term

Total assets at the end of the consolidated fiscal year under review were 66,604 million yen, up 6,050 million yen from the end of the previous consolidated fiscal year. The situation concerning assets, liabilities and net assets is as described below.

### i . Assets

Current assets amounted to 44,539 million yen, up 5,001 million yen from the end of the previous fiscal year. This was mainly due to an increase in cash and deposits through the growth of sales at PROTO CORPORATION, despite a decrease in advances paid by GOONET EXCHANGE. Fixed assets reached 22,065 million yen, up 1,048 million yen from the end of the previous consolidated fiscal year due to the increase in software of PROTO CORPORATION, etc.

### ii . Liabilities

Current liabilities were 17,586 million yen, up 2,047 million yen from the end of the previous consolidated fiscal year due to the increase in short-term borrowings of COSMIC RYUTSUU SANGYO CO., LTD., etc. Fixed liabilities were 1,353 million yen, down 145 million yen from the end of the previous consolidated fiscal year due to the decrease in long-term borrowings of COSMIC RYUTSUU SANGYO CO., LTD., etc.

### iii . Net assets

Net assets stood at 47,664 million yen, up 4,149 million yen from the end of the previous consolidated fiscal year due to recording profit attributable to owners of parent of 5,471 million yen, etc., despite a payment of dividends from surplus of 1,408 million yen.

### (3) Consolidated Cash Flows

Cash and cash equivalents in the consolidated fiscal year under review reached 25,485 million yen, up 1,991 million yen from the end of the previous consolidated fiscal year. Major causes of the augmentation of cash and cash equivalents are as follows.

#### i . Cash flow from operating activities

There was a cash inflow from operating activities of 4,537 million yen, up 207 million yen year on year. The growth was caused mainly by the increase in net income before taxes of 1,240 million yen and a 1,043 million yen increase in notes and accounts receivable-trade.

#### ii . Cash flow from investment activities

There was a cash outflow from investment activities of 1,568 million yen, down 3,069 million yen year on year, mainly because the purchase of shares of subsidiaries resulting in change in scope of consolidation decreased 1,262 million yen and the purchase of property, plant and equipment decreased 1,235 million yen.

#### iii . Cash flow from financial activities

Regarding cash flows from financing activities, there was a cash outflow of 984 million yen, down 1,143 million yen year on year. Mainly due to the increase in the amount of short-term borrowings of 1,150 million yen.

(For Reference) Changes in indices related to cash flows

	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2022	Year Ended March 31, 2023	Year Ended March 31, 2024
Equity ratio (%)	71.3	72.7	74.0	71.3	71.0
Market value-based equity ratio (%)	77.0	95.2	76.2	78.4	86.6
Ratio of interest-bearing liabilities to cash flow (years)	0.6	0.5	0.7	1.0	1.1
Interest coverage ratio (times)	305.5	533.5	448.9	259.3	415.8

Equity ratio : equity/total assets  
Market value-based equity ratio : market capitalization/total assets  
Ratio of interest-bearing liabilities to cash flow : interest-bearing liabilities/cash flow  
Interest coverage ratio : cash flow/interest payments

(Notes)

1. All indices were calculated using the consolidated financial data.
2. Market capitalization was calculated as the share price at the end of the period multiplied by the number of shares outstanding (excluding treasury stock).
3. “Cash flow from operating activities” and “amount of interest payments” recorded on the consolidated statement of cash flows have been used for cash flow and interest payments.
4. Interest-bearing liabilities include all liabilities where interests have been paid out of liabilities recorded on the consolidated balance sheet.



#### (4) Future outlook

By “establishing a brand” to realize the corporate goal of becoming a “changing company,” we will strive to improve its corporate value through medium/long-term growth by satisfying its users and customers by providing valuable information and services.

Moreover, we are forging ahead with corporate management under our corporate ideology, which is “to turn challenges into future power and contribute to society with dreams, inspirations, and joy.” We are aiming for the creation of new value which previously did not exist by perceiving things through unconventional ideas and frameworks. This is why we would like to place special importance on challenges which lead to resolving social issues, fulfilling dreams and changing people’s feelings instead of focusing on immediate profit. Furthermore, we shall endeavor to establish a highly transparent and sound management structure which can be trusted by the society through initiatives for reinforcing corporate governance.

The PROTO Group has formulated its “Medium-Term Management Plan (FY 3/2023 to FY 3/2025)” in light of diversifying user needs and future changes in the market environment. Based on this Medium-Term Management Plan, we will promote the development of new products and services, enhancement of the functions of existing products, and expansion of the introduction of products and services that contribute to DX in the mobility domain. Furthermore, we will aim to achieve the No. 1 position in the market by further increasing the market share in the areas of used cars, maintenance, and new cars. In addition, to strengthen the foundation of existing businesses, we will seek further business growth by expanding into the travel and tourism domain as an initiative to expand its business domain that leverages the business assets in existing businesses.

Regarding the consolidated performance forecast for the next fiscal year (FY 3/2025), we are projecting sales of 117,178 million yen, an operating income of 8,238 million yen, an ordinary income of 8,227 million yen and a profit attributable to owners of parent of 5,571 million yen.

## 2. Basic Principle of Selecting Accounting Standard

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

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

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

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

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,709	1,754
Electronically recorded obligations - operating	1,482	1,999
Short-term borrowings	3,600	4,300
Current portion of long-term borrowings	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 awards	-	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

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	105,596	115,548
Cost of sales	77,653	86,783
Gross profit	27,943	28,764
Selling, general and administrative expenses	20,606	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	4	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	14	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

(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	4,255	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 Equity

For the fiscal year ended March 31, 2023

(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

(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

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
<b>Cash flows from operating activities</b>		
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 awards	-	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	403	(516)
<b>Subtotal</b>	<b>7,406</b>	<b>6,873</b>
Interest and dividends received	11	11
Interest paid	(16)	(10)
Income taxes refund (paid)	(3,070)	(2,336)
<b>Net cash provided by (used in) operating activities</b>	<b>4,330</b>	<b>4,537</b>



(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
<b>Cash flows from investing activities</b>		
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	(1,262)	-
Other, net	(72)	30
Net cash provided by (used in) investing activities	(4,638)	(1,568)
<b>Cash flows from financing activities</b>		
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, net	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	23,494	25,485

(5) Notes about consolidated financial statements

(Notes on the premise of a going concern)

None

(Notes about the case where shareholders' equity changes considerably)

Based on the resolution at the meeting of the board of directors held on July 14, 2023, our company retired 40,500 treasury shares as restricted stock compensation on August 10, 2023. As a result, capital surplus increased 19 million yen and equity capital decreased 29 million yen in the consolidated fiscal year, and capital surplus stood at 2,149 million yen and equity capital was 1,290 million yen as of the end of the consolidated fiscal year under review.

(Basic items used for producing consolidated financial statements)

1 Items about the scope of consolidation

All subsidiaries are included in the scope of consolidation.

No. 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

10 other companies

2 Items about the 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 Items about the fiscal years, etc. of consolidated subsidiaries

The account closing date of okinawa basketball inc., which is a consolidated subsidiary, is June 30. For producing consolidated financial statements, we used the financial statements based on the provisional settlement of accounts conducted on the consolidated account closing date.

The account closing date of CAR CREDO (Thailand) Co., Ltd. is December 31. For producing consolidated financial statements, we used the financial statements as of said date, and for important transactions during the period from said date to the consolidated account closing date, we conducted necessary adjustments for consolidated financial statements.

#### 4 Items about the accounting policy

##### (1) Standards and methods for evaluating important assets

###### ① Securities

###### Other securities

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

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, etc. that have no market price

Cost accounting with the moving-average method

###### Investment amount

- a Investments, etc. with no market price

Cost accounting with the moving-average method

- b Investments in investment limited partnerships or the like (deemed as securities in accordance with Article 2, Paragraph 2 of the Financial Instruments and Exchange Act)

Method of including the net amount of equity with reference to the latest financial statements available with respect to the financial results reporting date specified in the partnership contract

###### ② Inventory assets

The assets were evaluated with the cost method (writing down the book value to reflect the decline in profitability).

- a Merchandise

The specified identification method and the moving-average method

- b Finished goods

The specific identification method

- c Goods in process

The specific identification method

- d Raw materials

The specific identification method

- e Stored goods

The last cost method

###### ③ Derivatives

The market value method

##### (2) Methods for depreciation of important depreciable assets

###### ① Tangible fixed assets (excluding leased assets)

###### Buildings (excluding accompanying facilities)

- a Those acquired on or before March 31, 1998

Former declining-balance method

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

Former straight-line method

- c Those acquired on or after April 1, 2007

Straight-line method

Assets other than buildings

a Those acquired on or before March 31, 2007

Former declining-balance method

b Those acquired on or after April 1, 2007

Declining-balance method

However, the straight-line method was applied to equipment attached to buildings and structures acquired on or after April 1, 2016.

The service lives of major assets are as follows.

Buildings and structures                  6-50 years

Petty sum depreciable assets acquired in the price range from 100,000 yen to 199,999 yen are depreciated equally for 3 years.

② Intangible fixed assets (excluding leased assets)

Straight-line method

The service lives of major assets are as follows.

Software used in house                  5 years

Software for sale                          3 years

③ Leased assets

Leased assets for financing lease transactions without the transfer of ownership

The straight-line method with the lease period of an asset being the service life of said asset and residual value being zero.

(3) Standards for posting important allowances

① Allowance for doubtful accounts

In preparation for losses due to bad debts, uncollectible amounts were estimated with loan loss ratio for general accounts receivable and individually for specific receivables, such as doubtful accounts receivable.

② Provision for bonuses

For some consolidated subsidiaries, the estimated expenses for bonuses for employees in the consolidated fiscal year under review were posted.

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 Provision for product warranties

In preparation for the expenditure for replacement of recalled products of AUTOWAY Co., Ltd., refunds on them, etc., estimated expenses were posted.

⑤ Provision for executives' retirement benefits

In preparation for the expenditure for retirement benefits for executives, the payments at the end of the consolidated fiscal year were posted in accordance with our internal regulations.

(4) Accounting method for retirement benefits

For some consolidated subsidiaries, liabilities and expenses for retirement benefits are calculated with a simplified method in which the year-end payments of voluntary retirement benefits are handled as retirement benefit obligations.

(5) Standards for converting important foreign-currency-denominated assets or liabilities into yen-denominated ones

Foreign-currency-denominated receivables and payables are converted into yen-denominated ones with spot exchange rates on the consolidated account closing date, and translation adjustments are posted as profits or losses. The assets and liabilities of subsidiaries, etc. outside Japan are converted into yen-denominated ones with spot exchange rates on the account closing date of each company, and their revenues and expenses are converted into yen-denominated ones with the average exchange rates during the fiscal year, and translation adjustments are included in the section of net assets.

(6) Goodwill amortization method and period

The period in which investment effects are exerted is estimated reasonably, and goodwill is amortized equally for the reasonable period, which is not longer than 20 years.

(7) Range of funds in consolidated cash flow statements

The funds (cash and cash equivalents) in our consolidated cash flow statements include cash on hand, demand deposits, and short-term investments that can be easily converted into cash, has a minor risk of value change, and will mature in 3 months after the date of acquisition.

(8) Standards for posting important revenues and expenses

The PROTO Group recognizes revenues through the following five steps.

Step 1: To identify contracts with customers

Step 2: To identify performance obligations specified in contracts

Step 3: To calculate transaction prices

Step 4: To allocate transaction prices to the performance obligations specified in contracts

Step 5: To recognize revenues when the performance obligations are fulfilled

The major performance obligations in the primary business regarding the revenues arising out of contracts with the customers of the PROTO Group and the timing of fulfillment of said performance obligations (timing of revenue recognition) are as follows.

①Media

By providing consumers with merchandise inventory data owned by used car dealers, etc., which are our clients, through our media for distributing information, we expand opportunities to sell products to clients and collect service usage fees. Our company has the obligation to offer services during the period specified by each contract. Said performance obligation is fulfilled as time passes, and monthly fees specified by each contract are recognized as revenues.

②Services

By providing clients with mainly marketing support tools for new car dealers, we collect service usage fees from the clients. Our company has the obligation to offer services during the period specified by each contract. Said performance obligation is fulfilled as time passes, and monthly fees specified by each contract are recognized as revenues.

③Sales of goods

We sell tires, wheels, etc. mainly through the Internet site operated by the PROTO Group or directly managed stores, and recognize revenues when products are shipped to customers.

Regarding the sale of products for which our company or consolidated subsidiary is considered as a sales agency, we recognize the net amount calculated by deducting the payments to the other party from the amounts received in exchange for the products supplied by the other party as revenue.

④Ticket sales

We sell product coupons, gift certificates, etc. mainly through the Internet site operated by the PROTO Group or directly managed stores, and recognize revenues when products are shipped or delivered to customers.

(Change in the accounting policy)

None

(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.



(Segment information, etc.)

(Segment information)

1 Outline of segments to be reported

The segments to be reported for our corporate group can acquire separate financial information for individual components of our corporate group, and is the target of periodic evaluations so that the board of directors can determine allocation of management resources and evaluate results.

Our corporate group designated “Platform,” “Commerce,” and “Other” as segments to be reported. The major items included in each segment are as follows.

Segment to be reported	Major items, etc.
Platform	Car information media 「Goo-net」 Car information magazine 「Goo」, Imported car information magazine 「Goo World」 Website specializing in car maintenance 「Goo-net Pit」 General media on motorcycles 「Goo Bike」 Information magazine on auction prices of used cars “Auction Information” Platform for supporting new car dealers in management 「DataLine」 “Monthly Body Shop Report,” and the system for estimating the fees for sheet-metal working and coating 「MorenonIII」 General sheet-metal working system for the car maintenance industry 「RacroSIII」 Real estate information website 「Goo Home」 Automobile appraisal business
Commerce	Sale of tires, wheels, etc. Used car export business Sale of tickets
Other Business	BPO (Business process outsourcing) Solar power generation Development, sale, etc. of software Video production Agricultural business Investment business Operation of a basketball team Maintenance and management of real estate for rental, etc.

2 Methods for calculating the sales, profit/loss, assets, liabilities, and other items in each segment to be reported

The accounting method for the reported business segments is almost the same as the one described in “Important items for producing consolidated financial statements.”

### 3 Information on the amounts of sales, profit/loss, assets, and other items, and the breakdown of revenues

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

(Millions of yen)

	Segment to be reported				Adjustment (Note)1	Amount posted in the consolidated profit-and-loss statement (Note)2
	Platform	Commerce	Other Business	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 Business	—	—	6,590	6,590	—	6,590
Revenue arising out of contracts with customers	30,305	68,548	6,590	105,444	—	105,444
Other revenues (Note)3	—	—	152	152	—	152
Sales to external customers	30,305	68,548	6,742	105,596	—	105,596
Internal sales or transfer between segments	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	16,744	60,553
Other items						
Depreciation	352	373	177	904	84	988
Goodwill amortization	—	407	114	521	—	521
Increases in tangible and intangible fixed assets	721	868	225	1,814	1,084	2,898

(Notes)

1 The details of the adjustment are as follows.

(1) The adjustment of segment profit includes -36 million yen due to the exclusion of transactions between segments and -1,988 million yen due to group-wide expenses, which are composed of mainly general administrative expenses not attributable to the segments to be reported.

(2) The adjustment of segment assets (16,744 million yen) is group-wide assets not allocated to the segments to be reported. Group-wide assets are composed of mainly the surplus funds (cash and deposits), long-term investment funds (investment securities and investments), etc. of the parent company.

(3) The adjustment of the increases in tangible and intangible fixed assets (1,084 million yen) is the capital expenditure for land, etc. not allocated to the segments to be reported.

2 Segment profit was adjusted with the operating income in the consolidated profit-and-loss statement.

3 Other revenues mean the revenues from rental, etc. based on the “accounting standards for lease transactions” (Corporate Accounting Standard No. 13).

Consolidated fiscal year under review (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Segment to be reported				Adjustment (Note)1	Amount posted in the consolidated profit-and-loss statement (Note)2
	Platform	Commerce	Other Business	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 Business	—	—	8,388	8,388	—	8,388
Revenue arising out of contracts with customers	31,467	75,529	8,388	115,385	—	115,385
Other revenues (Note)3	—	—	162	162	—	162
Sales to external customers	31,467	75,529	8,550	115,548	—	115,548
Internal sales or transfer between segments	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	450	428	193	1,073	63	1,136
Goodwill amortization	—	74	145	219	—	219
Increases in tangible and intangible fixed assets	1,220	497	161	1,879	7	1,886

(Notes)

1 The details of the adjustment are as follows.

- (1) The adjustment of segment profit includes -38 million yen due to the exclusion of transactions between segments and 2,101 million yen due to group-wide expenses, which are composed of mainly general administrative expenses not attributable to the segments to be reported.
- (2) The adjustment of segment assets (18,034 million yen) is group-wide assets not allocated to the segments to be reported. Group-wide assets are composed of mainly the surplus funds (cash and deposits), long-term investment funds (investment securities and investments), etc. of the parent company.
- (3) The adjustment of the increases in tangible and intangible fixed assets (7 million yen) is the capital expenditure for land, etc. not allocated to the segments to be reported.

2 Segment profit was adjusted with the operating income in the consolidated profit-and-loss statement.

3 Other revenues mean the revenues from rental, etc. based on the “accounting standards for lease transactions” (Corporate Accounting Standard No. 13).

4 Information on the impairment loss of fixed assets, goodwill, etc. in each segment to be reported

None

(Related information)

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

1 Information on each of our products and services

Omitted, because this information has been disclosed as segment information.

2 Regional information

(1) Net sales

Omitted, because the sales to external clients in Japan exceed 90% of sales in the consolidated profit-and-loss statement.

(2) Tangible fixed assets

Omitted, because the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3 Information on each major client

Not included, because no external clients accounted for 10% or more of sales in the consolidated profit-and-loss statement.

Consolidated fiscal year under review (From April 1, 2023 to March 31, 2024)

1 Information on each of our products and services

Omitted, because this information has been disclosed as segment information.

2 Regional information

(1) Net sales

Omitted, because the sales to external clients in Japan exceed 90% of sales in the consolidated profit-and-loss statement.

(2) Tangible fixed assets

Omitted, because the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet.

3 Information on each major client

Not included, because no external clients accounted for 10% or more of sales in the consolidated profit-and-loss statement.

(Information on the impairment loss of fixed assets in each segment to be reported)

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

None

Consolidated fiscal year under review (From April 1, 2023 to March 31, 2024)

None

(Information on the goodwill amortization and unamortized balance in each segment to be reported)

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

(Millions of yen)

	Segment to be reported				Adjustment	Total
	Platform	Commerce	Other Business	Total		
Amortized amount	—	407	114	521	—	521
Balance at the end of the fiscal year	—	1,019	1,346	2,365	—	2,365

Consolidated fiscal year under review (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Segment to be reported				Adjustment	Total
	Platform	Commerce	Other Business	Total		
Amortized amount	—	74	145	219	—	219
Balance at the end of the fiscal year	—	945	1,200	2,146	—	2,146

(Information on gain from negative goodwill in each segment to be reported)

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

In the “commerce” segment, we acquired the shares of Cosmic GC System Co., Ltd. in the consolidated fiscal year under review, and included it in the scope of consolidation. Accordingly, 11 million yen was posted as gain from negative goodwill in the consolidated fiscal year under review.

Consolidated fiscal year under review (From April 1, 2023 to March 31, 2024)

None

(Per share information)

	Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Consolidated fiscal year under review (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)

- Diluted net income per share is not mentioned, because there are no dilutive shares.
- 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.
- The basis for calculating net income per share is as follows.

		Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)	Consolidated fiscal year under review (From April 1, 2023 to March 31, 2024)
Profit attributable to owners of parent	(Millions of yen)	4,424	5,471
Amount not attributable to common shareholders	(Millions of yen)	—	—
Profit attributable to owners of parent associated with common shares	(Millions of yen)	4,424	5,471
Average number of common shares during the fiscal year	(thousand)	40,207	40,245

- The basis for calculating net assets per share is as follows.

		End of the previous consolidated fiscal year (March 31, 2023)	End of the consolidated fiscal year under review (March 31, 2024)
Total amount in the section of net assets	(Millions of yen)	43,515	47,664
Deduction from the total amount in the section of net assets	(Millions of yen)	330	348
(non-controlling shareholders' equity)	(Millions of yen)	(330)	(348)
Net assets on common shares at the end of the fiscal year	(Millions of yen)	43,184	47,316
No. of outstanding common shares	(thousand)	41,925	41,925
No. of common shares for treasury	(thousand)	1,704	1,663
No. of common shares at the end of the fiscal year, which was used for calculating net assets per share	(thousand)	40,221	40,261

(Important subsequent events)

None