Consolidated Financial Statements

VT HOLDINGS CO., LTD.

Year Ended March 31, 2024

1. Overview of Operating Results

(1) Overview of operating results for the fiscal year ended March 31, 2024

1) Overview of financial results

Forward-looking statements in this document are based on the judgments made by the Group (the Company and its consolidated subsidiaries) as of March 31, 2024.

New car sales in Japan were significantly affected by the suspension of production associated with product quality issues at some automakers in the three months ended March 31, 2024. However, production of automakers was on a recovery trend in general thanks to the easing of semiconductor and parts shortages. As a result, new car sales in Japan for the fiscal year ended March 31, 2024 were 103.3% year on year.

In this environment, the Automobile Sales-Related Business, which is the core business of the Group, suffered a year-on-year decline in new car orders in Japan in the fiscal year ended March 31, 2024 primarily as the fiscal year coincided with the transition periods prior to the launches of Nissan's new models. Consequently, new car sales also declined year on year. Used car sales increased as the product shortages, which had persisted from last year, started to ease. Meanwhile, outside Japan, while new car sales increased, used car sales declined. As a result, the Group's total car sales, both new and used, increased by 1,829 vehicles to 92,844 vehicles (102.0% YoY).

The Group recorded impairment losses on goodwill and non-current assets of some subsidiaries in the Automobile Sales-Related Business in the fiscal year ended March 31, 2024.

In the Housing-related Business, the financial results of detached housing companies that became consolidated subsidiaries in October 2022 added and contributed to the results of the Group. The Group strived to secure profit in the face of the impact of soaring land and material prices, and the business as a whole posted solid operational results. The factor behind the year-on-year decline in profit is that the Group did not have gain on bargain purchase of ¥1,834 million this fiscal year, which was recorded in the previous fiscal year in association with new consolidation. As a result, consolidated results for the fiscal year ended March 31, 2024 include revenue of ¥311,604 million (117.0% YoY), which was a record high, operating profit of ¥12,008 million (93.4% YoY), profit before tax of ¥11,458 million (90.6% YoY), and profit attributable to owners of parent of ¥6,697 million (93.3% YoY).

2) Business overview by segment

[Automobile Sales-Related Business]

In the new cars segment, the Group sold 7,780 Honda vehicles (106.4% YoY) and 16,238 Nissan vehicles (94.6% YoY) in Japan. New car sales of the entire Group, including sales outside Japan, were 48,338 vehicles (100.5% YoY), a slight year-on-year increase in the number of cars sold. Partly due to the increase in the ratio of passenger vehicles to all vehicles sold in Japan, the segment posted year-on-year increases in revenue and profit.

In the used cars segment, the Group exported 6,119 vehicles (103.6% YoY), a slight year-on-year increase. Used car sales in Japan also remained solid. Meanwhile, used car sales overseas declined. Used car sales of the entire Group were 44,506 vehicles (103.7% YoY), a slight year-on-year increase in the number of cars sold. The segment posted a year-on-year increase in revenue and a year-on-year decline in profit partly due to the impact of a significant decline in used car prices overseas.

In the services segment, the Group focused on expanding sales of JCI and other inspection services, repairs, and fee-generating services. The segment posted year-on-year increases in revenue and profit.

In the car rentals segment, the impact of people's refraining from going out was resolved, and the demand for tourism increased. Demand for substitute cars also increased. The segment posted year-on-year increases in revenue and profit.

As a result, the Automobile Sales-Related Business recorded revenue of ¥284,418 million (116.4% YoY) and operating profit of ¥8,858 million (102.7% YoY), both of which were record highs.

[Housing-related Business]

In the condominium segment, the Group brought to market four new condominium buildings with 141 units in the fiscal year ended March 31, 2024. A total of 182 new and existing units were sold (95 units in the fiscal year ended March 31, 2023). 169 units were delivered (122 units in the fiscal year ended March 31, 2023).

In the detached housing segment, as the Group was able to constantly secure land for properties in good locations, both orders and deliveries were solid. In addition, the results of the detached housing companies in the Kyushu and Chubu areas that became consolidated subsidiaries in October 2022 added and contributed to the results of the Group. Consequently, the Group sold 342 units in the fiscal year ended March 31, 2024 (224 units in the fiscal year ended March 31, 2023) and delivered 333 units (234 units in the fiscal year ended March 31, 2023).

In the custom construction segment, the Group continued to receive stable orders for projects for automotive dealerships, used car sales stores, and other commercial facilities.

As a result, the Housing-related Business recorded revenue of ¥26,993 million (123.5% YoY), which was a record high, and operating profit of ¥1,954 million (57.5% YoY).

(2) Future outlook

As for the future outlook, though social and economic activities are generally increasing, it is anticipated that the business environment will remain unpredictable. It is necessary to keep a close watch on the increases in prices, primarily those of energy and raw materials, rising labor costs and interest rates, subsequent currency fluctuations, and changes in used car prices, among other factors.

In the automobile industry in Japan and overseas, production of automakers has been on a recovery trend, and the supply shortage of new cars has gradually been resolved. In the Automobile Sales-Related Business of the Group, the business environment is becoming conducive for the Group to shift to proactive and aggressive sales strategies. As for used cars, the decline in used car prices seen until last year is currently easing. Though there is a need to watch their fluctuations closely, the prices are gradually stabilizing. Under such circumstances, we will work harder to expand new car sales at each company of the Group, further increase gross profit per vehicle, including revenue from peripheral services, further reinforce basic earnings by utilizing the customer base managed by the used cars segment and the services segment, raise operational efficiency, reduce costs, and further boost customer satisfaction. We will continue to actively promote business expansion through M&A.

In the Housing-related Business, prices of land for various projects and construction materials remain high, and construction labor costs continue to rise. There are also concerns about rises in mortgage rates and costs of raising funds for business. It is thus difficult to predict the future in the construction and real estate markets as well. In this environment, we will promote work style reforms and capital investments. We will actively improve and enhance the working environment for young employees and engineers, in particular, thereby improving the quality of their working environment, and aim to prevent employees from leaving and increase productivity. We are also making efforts at strict management of processes and costs and improvement of quality and accuracy.

In addition, as Group-wide initiatives, we will change business processes by promoting digital transformation (DX) to sustainably increase corporate value, share indirect resources by leveraging group synergies, and strengthen human capital to realize value to customers. We will flexibly respond to the diverse needs of our customers in Japan and overseas, take on new challenges, and transform the current situation.

Foreign exchange rates underlying the financial results forecasts are: ¥191 to the British pound, ¥163 to the euro, ¥99 to the Australian dollar, and ¥8 to the South African rand. The financial results forecasts for the fiscal year ending March 31, 2025 are based on the conditions and expectations stated earlier and these foreign exchange rate assumptions.

As a result, the Group forecasts the following consolidated financial results for the fiscal year ending March 31, 2025: revenue of ¥330,000 million, operating profit of ¥13,000 million, profit before tax of ¥12,200 million, and profit attributable to owners of parent of ¥7,000 million.

* The financial results forecasts presented above are prepared based on conservative judgments by the management of the Company using information currently available and include risks and uncertainties. Actual results may be significantly different from these forecasts due to various factors. Among the significant factors that may impact actual results are the economic conditions and market trends surrounding the business domains of the Company, its consolidated subsidiaries, and its associates accounted for using the equity method as well as foreign exchange rates of the Japanese yen and interest rate trends in Japan and overseas.

V　Financial Information

1　Preparation of the Consolidated Financial Statements and Non-consolidated Financial Statements

(1) The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") pursuant to the provisions of Article 93 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).
Figures presented in the consolidated financial statements, etc. have been rounded off to the nearest million yen.

(2) The non-consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963; the "Regulation on Financial Statements").

The Company falls under a special company submitting financial statements and prepares the non-consolidated financial statements pursuant to the provisions of Article 127 of the Regulation on Financial Statements.
Figures presented in the non-consolidated financial statements, etc. have been rounded down to the nearest million yen.

2　Audit Certification

In accordance with the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, the consolidated financial statements and the non-consolidated financial statements of the Company for the fiscal year ended March 31, 2024 were audited by Tokai Audit Corporation.

3　Special Efforts to Ensure the Appropriateness of Consolidated Financial Statements, etc. and Development of a System for Appropriate Preparation of Consolidated Financial Statements, etc. in Accordance with IFRS

The Company makes special efforts to ensure the appropriateness of consolidated financial statements, etc. and develops a system for the appropriate preparation of consolidated financial statements, etc. in accordance with IFRS. The content thereof is as follows:

(1) To develop a system for ensuring correct understanding of accounting standards, etc. and appropriate responses to any changes in accounting standards, etc., the Company has joined the Financial Accounting Standards Foundation and attends seminars, etc. held by the foundation, audit corporations, and others.

(2) For the adoption of IFRS, the Company keeps up with the latest accounting standards by obtaining press releases and standards published by the International Accounting Standards Board as needed. To prepare appropriate consolidated financial statements, etc. based on IFRS, the Company has developed accounting policies and accounting principles of the Group, which are in accordance with IFRS, and performs accounting procedures based on them.

1 Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

1) Consolidated Statement of Financial Position

	Notes	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Assets				
Current assets				
Cash and cash equivalents	8	13,483	12,644	89,055
Trade and other receivables	9, 35	27,946	22,541	184,584
Other financial assets	10, 35	221	125	1,460
Inventories	11, 19	72,302	56,206	477,556
Other current assets	12, 20	9,415	6,013	62,186
Total current assets		123,368	97,529	814,848
Non-current assets				
Property, plant and equipment	13, 19, 20	89,171	73,386	588,976
Goodwill	14, 16	13,280	13,376	87,715
Intangible assets	14, 20	1,366	1,185	9,022
Investment property	15, 19	7,402	7,299	48,890
Investments accounted for using equity method	6, 17	4,651	4,501	30,720
Other financial assets	10, 35	32,047	30,953	211,671
Deferred tax assets	18	1,488	1,490	9,828
Other non-current assets	12	109	113	720
Total non-current assets		149,514	132,304	987,543
Total assets		272,883	229,834	1,802,398

	Notes	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Liabilities and equity				
Liabilities				
Current liabilities				
Bonds and borrowings	19, 35	49,168	42,134	324,756
Trade and other payables	21, 35	58,296	45,669	385,046
Other financial liabilities	19, 35	8,517	6,487	56,255
Income taxes payable		2,146	1,709	14,174
Contract liabilities	27	11,673	10,947	77,100
Other current liabilities	24	3,323	2,675	21,948
Total current liabilities		133,122	109,620	879,273
Non-current liabilities				
Bonds and borrowings	19, 35	22,113	19,199	146,057
Other financial liabilities	19, 35	25,206	18,039	166,486
Provisions	23	708	569	4,676
Deferred tax liabilities	18	7,637	7,574	50,443
Other non-current liabilities	24	2,095	2,092	13,838
Total non-current liabilities		57,759	47,473	381,499
Total liabilities		190,881	157,093	1,260,773
Equity				
Share capital	25	4,862	4,297	32,114
Capital surplus	25	4,406	3,150	29,102
Treasury shares	25	(667)	(866)	(4,406)
Other components of equity		3,481	1,789	22,992
Retained earnings	25	60,770	56,130	401,387
Total equity attributable to owners of parent		72,851	64,500	481,182
Non-controlling interests		9,151	8,240	60,443
Total equity		82,002	72,740	541,625
Total liabilities and equity		272,883	229,834	1,802,398

2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Revenue	6, 27	311,604	266,329	2,058,151
Cost of sales		262,001	222,422	1,730,522
Gross profit		49,603	43,907	327,629
Selling, general and administrative expenses	28	37,531	32,926	247,893
Other income	29	1,389	2,562	9,174
Other expenses	29	1,454	687	9,604
Operating profit		12,008	12,856	79,313
Finance income	30	727	413	4,802
Finance costs	30	1,428	866	9,432
Share of profit of investments accounted for using equity method	17	151	242	997
Profit before tax		11,458	12,646	75,680
Income tax expense	18	3,839	3,311	25,357
Profit		7,619	9,334	50,324
Profit attributable to				
Owners of parent		6,697	7,180	44,234
Non-controlling interests		922	2,154	6,090
Profit		7,619	9,334	50,324
Earnings per share		Yen	Yen	U.S. dollars
Basic earnings per share	32	56.86	61.91	0.38
Diluted earnings per share	32	56.78	61.91	0.38

Consolidated Statement of Comprehensive Income

	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit		7,619	9,334	50,324
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Financial assets measured at fair value through other comprehensive income	31	747	8,178	4,934
Share of other comprehensive income of investments accounted for using equity method	17, 31	17	(5)	112
Total of items that will not be reclassified to profit or loss		764	8,173	5,046
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations	31	1,775	374	11,724
Share of other comprehensive income of investments accounted for using equity method	17, 31	33	29	218
Total of items that may be reclassified to profit or loss		1,808	403	11,942
Other comprehensive income, net of tax		2,571	8,576	16,982
Comprehensive income		10,190	17,911	67,305
Comprehensive income attributable to				
Owners of parent		9,147	15,718	60,416
Non-controlling interests		1,044	2,193	6,896
Comprehensive income		10,190	17,911	67,305

3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2023

		Equity attributable to owners of parent					
					Other components of equity		
	Notes	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Share acquisition rights	Financial assets measured at fair value through other comprehensive income
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2022		4,297	2,975	(866)	1,407	132	–
Profit							
Other comprehensive income	31				375		8,162
Total comprehensive income		–	–	–	375	–	8,162
Changes in ownership interest in subsidiaries			48				
Disposal of treasury shares	25		(6)				
Forfeiture of share acquisition rights	34		132			(132)	
Issuance of share acquisition rights						8	
Transfer to retained earnings	35						(8,162)
Dividends	26						
Total transactions with owners		–	174	–	–	(124)	(8,162)
Balance as of March 31, 2023		4,297	3,150	(866)	1,782	8	–

		Equity attributable to owners of parent				
		Other components of equity				
	Notes	Total	Retained earnings	Total	Non-controlling interests	Total
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2022		1,539	43,397	51,342	5,592	56,934
Profit		–	7,180	7,180	2,154	9,334
Other comprehensive income	31	8,537		8,537	39	8,576
Total comprehensive income		8,537	7,180	15,718	2,193	17,911
Changes in ownership interest in subsidiaries		–		48	574	622
Disposal of treasury shares	25	–		(6)		(6)
Forfeiture of share acquisition rights	34	(132)		–		–
Issuance of share acquisition rights		8		8		8
Transfer to retained earnings	35	(8,162)	8,162	–		–
Dividends	26	–	(2,610)	(2,610)	(118)	(2,728)
Total transactions with owners		(8,287)	5,553	(2,560)	455	(2,104)
Balance as of March 31, 2023		1,789	56,130	64,500	8,240	72,740

Fiscal year ended March 31, 2024

	Notes	Equity attributable to owners of parent					
					Other components of equity		
		Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Share acquisition rights	Financial assets measured at fair value through other comprehensive income
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2023		4,297	3,150	(866)	1,782	8	–
Profit							
Other comprehensive income	31				1,698		751
Total comprehensive income		–	–	–	1,698	–	751
Issuance of new shares	25	564	564				
Change in scope of consolidation							
Changes in ownership interest in subsidiaries			0				
Purchase of treasury shares	25		(0)	(516)			
Disposal of treasury shares	25		692	715			
Exercise of share acquisition rights	25					(6)	
Transfer to retained earnings	35						(751)
Dividends	26						
Total transactions with owners		564	1,256	199	–	(6)	(751)
Balance as of March 31, 2024		4,862	4,406	(667)	3,480	1	–

	Notes	Equity attributable to owners of parent			Non-controlling interests	Total
		Other components of equity				
		Total	Retained earnings	Total		
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2023		1,789	56,130	64,500	8,240	72,740
Profit		–	6,697	6,697	922	7,619
Other comprehensive income	31	2,449		2,449	122	2,571
Total comprehensive income		2,449	6,697	9,147	1,044	10,190
Issuance of new shares	25	–		1,129		1,129
Change in scope of consolidation		–		–	13	13
Changes in ownership interest in subsidiaries		–		0	30	30
Purchase of treasury shares	25	–		(516)		(516)
Disposal of treasury shares	25	–		1,407		1,407
Exercise of share acquisition rights	25	(6)		(6)		(6)
Transfer to retained earnings	35	(751)	751	–		–
Dividends	26	–	(2,809)	(2,809)	(177)	(2,985)
Total transactions with owners		(758)	(2,057)	(796)	(133)	(929)
Balance as of March 31, 2024		3,481	60,770	72,851	9,151	82,002

Fiscal year ended March 31, 2024

		Equity attributable to owners of parent					
					Other components of equity		
	Notes	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Share acquisition rights	Financial assets measured at fair value through other comprehensive income
		Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Balance as of April 1, 2023		28,382	20,806	(5,720)	11,770	53	–
Profit							
Other comprehensive income	31				11,215		4,960
Total comprehensive income		–	–	–	11,215	–	4,960
Issuance of new shares	25	3,725	3,725				
Change in scope of consolidation							
Changes in ownership interest in subsidiaries			0				
Purchase of treasury shares	25		(0)	(3,408)			
Disposal of treasury shares	25		4,571	4,723			
Exercise of share acquisition rights	25					(40)	
Transfer to retained earnings	35						(4,960)
Dividends	26						
Total transactions with owners		3,725	8,296	1,314	–	(40)	(4,960)
Balance as of March 31, 2024		32,114	29,102	(4,406)	22,985	7	–

		Equity attributable to owners of parent				
		Other components of equity				
	Notes	Total	Retained earnings	Total	Non-controlling interests	Total
		Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Balance as of April 1, 2023		11,816	370,740	426,024	54,425	480,449
Profit		–	44,234	44,234	6,090	50,324
Other comprehensive income	31	16,176		16,176	806	16,982
Total comprehensive income		16,176	44,234	60,416	6,896	67,305
Issuance of new shares	25	–		7,457		7,457
Change in scope of consolidation		–		–	86	86
Changes in ownership interest in subsidiaries		–		0	198	198
Purchase of treasury shares	25	–		(3,408)		(3,408)
Disposal of treasury shares	25	–		9,293		9,293
Exercise of share acquisition rights	25	(40)		(40)		(40)
Transfer to retained earnings	35	(4,960)	4,960	–		–
Dividends	26	–	(18,554)	(18,554)	(1,169)	(19,716)
Total transactions with owners		(5,007)	(13,587)	(5,258)	(878)	(6,136)
Balance as of March 31, 2024		22,992	401,387	481,182	60,443	541,625

4) Consolidated Statement of Cash Flows

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities				
Profit before tax		11,458	12,646	75,680
Depreciation and amortization		12,389	10,665	81,830
Impairment losses		1,058	361	6,988
Gain on bargain purchase		–	(1,834)	–
Interest and dividend income		(351)	(257)	(2,318)
Interest expenses		1,407	823	9,293
Foreign exchange loss (gain)		(227)	62	(1,499)
Share of loss (profit) of investments accounted for using equity method		(151)	(242)	(997)
Loss (gain) on sale of non-current assets		(669)	4	(4,419)
Loss on retirement of non-current assets		95	96	627
Decrease (increase) in trade receivables		(630)	(118)	(4,161)
Decrease (increase) in inventories		(13,657)	(10,625)	(90,205)
Increase (decrease) in trade payables		5,697	6,047	37,629
Increase (decrease) in contract liabilities		412	(1,489)	2,721
Increase (decrease) in accrued consumption taxes		604	(574)	3,989
Other		(969)	472	(6,400)
Subtotal		16,465	16,037	108,752
Interest and dividends received		402	306	2,655
Interest paid		(1,384)	(791)	(9,141)
Income taxes refund (paid)		(3,419)	(4,379)	(22,583)
Net cash provided by (used in) operating activities		12,064	11,173	79,683
Cash flows from investing activities				
Payments into time deposits		(381)	(173)	(2,517)
Proceeds from withdrawal of time deposits		194	71	1,281
Purchase of property, plant and equipment		(13,690)	(13,499)	(90,423)
Proceeds from sale of property, plant and equipment		3,663	2,779	24,194
Purchase of intangible assets		(217)	(209)	(1,433)
Purchase of investment securities		(14)	(1)	(92)
Proceeds from sale of investment securities		35	340	231
Proceeds from (payments for) acquisition of subsidiaries	7	(23)	1,088	(152)
Payments for loans receivable		(16)	(14)	(106)
Collection of loans receivable		96	131	634
Payments of leasehold deposits and guarantee deposits		(187)	(297)	(1,235)
Proceeds from collection of leasehold deposits and guarantee deposits		271	74	1,790
Payments for acquisition of business		(44)	(112)	(291)
Proceeds from sale of businesses		–	31	–
Other		(23)	(4)	(152)
Net cash provided by (used in) investing activities		(10,334)	(9,794)	(68,256)

	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	33	4,159	9,698	27,470
Proceeds from long-term borrowings	33	13,574	8,734	89,657
Repayments of long-term borrowings	33	(9,848)	(8,375)	(65,046)
Redemption of bonds	33	(301)	(291)	(1,988)
Proceeds from issuance of shares	25	1,129	–	7,457
Purchase of treasury shares	25	(516)	–	(3,408)
Proceeds from sale of treasury shares	25	1,400	10	9,247
Proceeds from issuance of share acquisition rights		–	8	–
Proceeds from sale of interests in subsidiaries to non-controlling interests		583	–	3,851
Capital contribution from non-controlling interests		30	25	198
Dividends paid	26	(2,809)	(2,610)	(18,554)
Dividends paid to non-controlling interests		(177)	(118)	(1,169)
Repayments of lease liabilities	33	(8,582)	(7,702)	(56,684)
Other		(1)	(1)	(7)
Net cash provided by (used in) financing activities		(1,358)	(623)	(8,970)
Effect of exchange rate changes on cash and cash equivalents		468	43	3,091
Net increase (decrease) in cash and cash equivalents		839	799	5,542
Cash and cash equivalents at beginning of period	8	12,644	11,844	83,514
Cash and cash equivalents at end of period	8	13,483	12,644	89,055

Notes to Consolidated Financial Statements

1. REPORTING ENTITY

VT HOLDINGS CO., LTD. (the "Company") is a company located in Japan. The addresses of the Company's registered head office and principal offices are presented on the Company's website (https://www.vt-holdings.co.jp). The Company's consolidated financial statements, whose reporting period ended on March 31, 2024, present the financial condition and operating results of the Company and its subsidiaries (the "Group") as well as the Company's interests in its associates.
The Group's business consists of the Automobile Sales-Related Business and the Housing-related Business. The detail of each business is stated in Note "6. OPERATING SEGMENTS."

2. BASIS OF PREPARATION

(1) Statement of compliance with IFRS

The Company satisfies all requirements to be a specified company complying with any designated international accounting standards as prescribed in Article 1-2 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976). The consolidated financial statements of the Group are thus prepared in accordance with IFRS pursuant to the provisions of Article 93 of the aforementioned Regulation.
The consolidated financial statements were approved on June 27, 2024 by Kazuho Takahashi, President & CEO.

(2) Basis of measurement

The consolidated financial statements of the Group are prepared on an acquisition cost basis, except for certain items, such as financial instruments that are measured at fair value, as stated in the Note "3. MATERIAL ACCOUNTING POLICY INFORMATION."

(3) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company, and figures have been rounded off to the nearest million yen.

3. MATERIAL ACCOUNTING POLICY INFORMATION

(1) Basis for consolidation

1) Subsidiaries

Subsidiaries refer to the companies under the control of the Group. The Group considers that it controls a company when it is exposed to or has rights to variable returns arising from its involvement in the company and has an ability to affect those returns through its power over the company.
The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group gains control until the date that control is lost.
If any accounting policies adopted by a subsidiary differ from those adopted by the Group, adjustments are made to the subsidiary's financial statements where needed. The balances of payables and receivables and internal transactions within the Group as well as unrealized gains or losses arising from internal transactions within the Group are eliminated in preparing the consolidated financial statements.
Comprehensive income of subsidiaries is attributed to owners of parent and non-controlling interests, even if this results in a negative balance in non-controlling interests.
When the ownership interest in a subsidiary is partially disposed of, the transaction is accounted for as an equity transaction if the Group retains control over the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration is directly recognized in equity and attributed to the owners of the parent.
If the Group loses control over the subsidiary, gains or losses derived from such loss are recognized in profit or loss.

2) Associates

The Group calls a company its associate when the Group does not control or jointly control it, but exerts significant influence on its financial affairs and operating policies.
Investments in associates are initially recognized at acquisition cost, and subsequently accounted for using the equity method.
Investments in associates include goodwill recognized upon acquisition (net of accumulated impairment losses).
If any accounting policies adopted by an associate differ from those adopted by the Group, adjustments are made to the associate's financial statements where needed.

(2) Business combinations

Business combinations are accounted for by the acquisition method. Consideration for acquisition is measured as the sum of the fair value on the acquisition date of the assets transferred, liabilities assumed, and equity instruments issued by the Company in exchange for the control over the acquired company. If consideration for acquisition exceeds the fair value of identifiable assets and liabilities, such excess is recorded as goodwill in the consolidated statement of financial position. If, conversely, the consideration is smaller than the fair value, the difference is immediately recorded in profit or loss in the consolidated statement of profit or loss.
Transaction costs that are directly attributable to a business combination, such as agent, legal, and due diligence fees, are expensed as incurred.
If the initial accounting for a business combination is not finalized by the end of the fiscal year in which the business combination took place, the Group reports provisional values for items not yet finalized. The provisional values recognized at the acquisition date are retrospectively adjusted to reflect new information obtained during a certain designated period (the "measurement period") on facts and circumstances that existed at the acquisition date and, if known at the acquisition date, would have affected the measurement of the amounts recognized. Additional assets or liabilities are recognized if newly obtained information results in new recognition of those assets and liabilities. The measurement period may not exceed one year.
Once control over the acquiree is obtained, acquisition of additional non-controlling interests is accounted for as an equity transaction. Accordingly, the Group does not recognize goodwill attributable to such transaction.
Identifiable assets and liabilities of the acquiree are recognized at their fair value as of the acquisition date, except for the following:

- Deferred tax assets and liabilities, and assets and liabilities arising from employee benefit contracts
- Share-based payment agreements of the acquiree
- Assets or disposal groups that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations."

(3) Foreign currency translation

1) Foreign currency denominated transactions

Foreign currency denominated transactions are translated into the functional currency of each company of the Group by using the exchange rate on the date of the transaction.
Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into the functional currency by using the exchange rate at the end of the reporting period.
Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency by using the exchange rate on the date when the fair value is measured.
Exchange differences arising from such translation or settlement are recognized in profit or loss. However, exchange differences arising from the translation of financial instruments designated as hedging instruments for net investment in foreign operations, financial assets measured at fair value through other comprehensive income, and cash flow hedges are recognized as other comprehensive income.

2) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into Japanese yen by using the exchange rate at the end of the reporting period, while income and expenses are translated into Japanese yen by using the average exchange rates. Translation differences arising from translation of the financial statements of foreign operations are recognized in other comprehensive income. Translation differences of foreign operations are recognized in profit or loss for the period in which the foreign operations concerned are disposed of.

(4) Financial instruments

1) Financial assets

(i) Initial recognition and measurement

The Group initially recognizes trade and other receivables on the date of accrual. All other financial assets are initially recognized on the date of the transaction when the Group becomes a party to the contractual provisions of the financial instruments.
Financial assets are classified at initial recognition as follows.

(a) Financial assets measured at amortized cost

Financial assets that meet both of the following conditions are classified as financial assets measured at amortized cost.
- The assets are held based on the business model whose objective is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets measured at fair value through other comprehensive income (FVTOCI financial assets)

Equity instruments, such as shares, held mainly for the purpose of maintaining or strengthening business relationships with investees are designated at initial recognition as financial assets measured at fair value through other comprehensive income.

(c) Financial assets measured at fair value through profit or loss (FVTPL financial assets)

Financial assets designated as financial assets measured at fair value through profit or loss or those other than (a) and (b) are classified into financial assets measured at fair value through profit or loss.
Financial assets are initially recognized at fair value plus any transaction costs, except for those classified as financial assets measured at fair value through profit or loss.

(ii) Subsequent measurement

Subsequent to the initial recognition, financial assets are measured as follows, depending on their classifications.

(a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost by using the effective interest method.

(b) Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are measured at fair value, and changes in fair value are recognized as other comprehensive income.
However, dividends from the equity instruments that are designated as financial assets measured at fair value through other comprehensive income are recognized in profit or loss as part of finance income when the Group’s right to receive payment of the dividend is established. Changes in fair value and gains or losses from derecognition of such financial assets are recognized as other comprehensive income with the accumulated amounts thereof being immediately transferred to retained earnings after being recognized as other components of equity.

(c) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are measured at fair value, and changes in fair value are recognized as profit or loss.

(iii) Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or substantially all the risks and rewards incidental to the ownership of the financial asset are transferred through the transfer of the financial asset.

(iv) Impairment

The Group recognizes allowance for doubtful accounts for expected credit losses on financial assets measured at amortized cost.
The Group assesses whether or not the credit risk of each financial asset has increased significantly from initial recognition at the end of every reporting period. If the credit risk of a financial asset has not increased significantly from initial recognition, the expected credit losses of the financial asset are measured at an amount equal to the 12-month expected credit losses. On the other hand, if the credit risk of a financial asset has increased significantly from initial recognition, the expected credit losses of the financial asset are measured at an amount equal to the full lifetime expected credit losses.
In principle, it is presumed that the credit risk of financial assets has increased significantly when contractual payments are more than 30 days past due. In assessing whether or not the credit risk has increased significantly, the Group considers reasonably available and supportable information (including internal and external credit rating) in addition to past-due information.
When the credit risk of a financial asset is considered low at the end of the reporting period, the Group assesses that the credit risk of the financial asset has not increased significantly since initial recognition.
However, for trade receivables that do not contain a significant financing component, an allowance for doubtful accounts is always recognized at an amount equal to the full lifetime expected credit losses regardless of whether or not the credit risk has increased significantly from the initial recognition.
Expected credit losses of financial assets are estimated in a way that reflect the following items:

- Unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- Time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The amounts of these measurements are recognized in profit or loss. The amount of expected credit losses (or reversal) required to adjust allowance for doubtful accounts to the amount that is required to be recognized at the closing date is recognized in profit or loss, as impairment gains or impairment losses.

2) Financial liabilities

(i) Initial recognition and measurement

Debt securities issued by the Group are initially recognized on the date of issue. All other financial liabilities are initially recognized on the transaction date when the Group becomes a party to the contract on such financial instruments.
At the initial recognition, financial liabilities are classified as (a) financial liabilities measured at amortized cost and (b) financial liabilities measured at fair value through profit or loss.
At the initial recognition, financial liabilities measured at amortized cost are measured at fair value net of transaction costs that are directly attributable to the financial liabilities. Financial liabilities measured through profit or loss are measured at fair value.

(ii) Subsequent measurement

Subsequent to the initial recognition, financial liabilities are measured as follows, depending on their classifications.

(a) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured at amortized cost by using the effective interest method subsequent to the initial recognition.
Amortization by using the effective interest method, as well as gains and losses associated with derecognition, are

recognized in profit or loss for the period as part of finance costs.

(b) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are measured at fair value, and the changes in fair value are recognized as profit or loss for the period.

(iii) Derecognition

The Group derecognizes financial liabilities when they are extinguished, namely when the obligation specified in the contract is discharged, is canceled or expires.

3) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are offset against each other and the net amount is presented in the consolidated statement of financial position only if the Group has a legal right to offset those balances and the intention to either settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4) Derivatives and hedge accounting

The Group uses derivatives, including forward foreign exchange contracts and interest rate swap contracts, for the purpose of hedging foreign currency risk and interest rate risk. The Group does not hold any derivatives for trading purposes.
Derivative transactions are initially recognized at fair value, and the transaction costs are recognized in profit or loss when they are incurred. Subsequent to the initial recognition, the derivative instruments are measured at fair value and changes in fair value are recognized in profit or loss for the period in principle. However, the Group may apply the hedge accounting when a hedge is deemed to be effective based on an objective assessment of the degree to which changes in cash flows of the hedged item are offset by changes in cash flows of the hedging instrument.
When a derivative is initially designated as a hedging instrument, all the following are documented: the hedge relationship between the hedging instrument and the hedged item, the risk management objective, the strategy for implementation of the hedge transaction, the method for assessing effectiveness of the hedge relationship, and the method of measuring effectiveness and ineffectiveness. Specifically, the Group determines that a hedge is effective when all of the following requirements are met:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not significantly dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the company actually hedges and the quantity of the hedging instrument that the company actually uses to hedge that quantity of the hedged item.

The Group assesses whether the derivative used for the hedge transaction is effective in offsetting changes in cash flows of the hedged item, at the inception of the hedge and throughout the term of the hedge. The Group discontinues to apply the hedge accounting prospectively when the hedge is determined to be or have been no longer effective.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with maturities not exceeding three months from the acquisition date that are readily convertible into cash and subject to an insignificant risk of changes in value.

(6) Inventories

Inventories are measured at the lower of acquisition cost or net realizable value. Net realizable value is determined at the estimated selling price in the ordinary course of business, less estimated selling expenses and other expenses. The acquisition cost is calculated mainly using the identified cost method, and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

(7) Property, plant and equipment

Property, plant and equipment are measured by using cost model, and presented at the value calculated by subtracting accumulated depreciation and accumulated impairment losses from acquisition cost.
The acquisition cost includes costs directly attributable to the acquisition of the asset, costs related to disassembly, retirement and site restoration, and borrowing costs that are to be capitalized.
Depreciation of assets other than land and construction in progress is recognized mainly by the straight-line method over the estimated useful lives of the assets. The estimated useful life of each main asset item is as follows:
• Buildings and structures: 2 to 60 years
• Machinery and vehicles: 2 to 20 years
• Tools, furniture and fixtures: 2 to 20 years
The estimated useful lives, residual values, and depreciation method are reviewed at each fiscal year-end.

(8) Investment property

Investment property is real estate property held to earn rental income or capital gains, or both. Investment property is measured by using cost model, and presented at the value calculated by subtracting accumulated depreciation and accumulated impairment losses from acquisition cost. The estimated useful lives and depreciation method are the same as those set forth in (7) Property, plant and equipment.
The estimated useful lives, residual values, and depreciation method are reviewed at each fiscal year-end.

(9) Intangible assets

1) Goodwill
The Group measures goodwill at the fair value of the considerations transferred, including the recognized amount of non-controlling interests in the acquiree measured at the acquisition date, less the net recognized amount (ordinarily fair value) of the identifiable assets acquired and the liabilities assumed at the acquisition date.
The Group does not amortize goodwill, but tests for impairment in each reporting period or each time any indication of impairment exists.
Impairment losses of goodwill are recognized in profit or loss in the consolidated statement of profit or loss and not reversed subsequently.
Goodwill is presented at the acquisition cost less accumulated impairment losses in the consolidated statement of financial position.

2) Other intangible assets
Other intangible assets are measured by using cost model, and presented at the value calculated by subtracting accumulated amortization and accumulated impairment losses from acquisition cost. Except for intangible assets with indefinite useful lives, amortization is recorded by the straight-line method over the estimated useful life of each asset. The estimated useful life of main assets is as follows:
• Software: 3 to 5 years
• Customer-related assets: 15 years
The estimated useful lives, residual values, and amortization method are reviewed at each fiscal year-end.

(10) Leases

At inception of the contract, the Group determines whether the contract is or contains a lease. The Group determines that a contract is or contains a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration.
When the Group determines that the contract is or contains a lease, a right-of-use asset and a lease liability are recognized at the commencement date of the lease. The lease liability is measured at an amount equal to the present value of the total lease payables, and the right-of-use asset is initially measured at the amount of the initial measurement of the lease liability adjusted for any prepaid lease payments.
Subsequent to the initial recognition, the right-of-use asset is depreciated over the shorter period of the lease term or useful life of the underlying asset by the straight-line method.

The lease liability is measured at the present value of the lease payments that have not been paid on the commencement date which is calculated using incremental borrowing rate. After the commencement of the lease, the carrying amount of the lease liability is reduced to reflect the interest expense on the lease liability and the lease payments made. If the lease terms are modified, the lease liability is remeasured to adjust the right-of-use asset.
Lease payments are allocated between finance costs and repayment on lease liability using the interest rate method. Finance costs are recognized in the consolidated statement of profit or loss.
However, for a short-term lease with a lease term of 12 months or shorter, or a lease whose underlying asset is of low value, a right-of-use asset and a lease liability are not recognized, and the lease payments are recognized as expenses by either the straight-line method or another systematic method over the lease term.

(11) Impairment of non-financial assets

For the carrying amounts of the Group's non-financial assets, except for inventories and deferred tax assets, the Group determines whether there is any indication of impairment at the end of every reporting period. If there is an indication of impairment, the recoverable amount of the asset is estimated. The recoverable amounts of goodwill and intangible assets with indefinite useful lives or those not yet available for use are estimated at the same time every year.
The recoverable amount of an asset or a cash-generating unit is the higher of its value in use or its fair value less costs of disposal. In calculating the value in use, the estimated future cash flows are discounted to their present value by using an after-tax discount rate that reflects the time value of money and the risks specific to the asset. Assets that are not tested individually in impairment test are integrated into the smallest cash-generating unit that generates cash inflows through continuing use that are largely independent of those from other assets or groups of assets. At the time of goodwill impairment testing, the Group integrates cash-generating units to which goodwill is allocated to enable impairment testing in a manner that reflects the smallest unit to which it relates. Goodwill acquired in a business combination is allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination.
The Group's corporate assets do not generate independent cash inflows. In the event of indications of impairment of corporate assets, the Group determines the recoverable amount of the cash-generating unit to which the corporate assets belong.
An impairment loss is recognized in profit or loss when the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount. The impairment loss recognized for a cash-generating unit is first allocated to reduce the carrying amount of goodwill allocated to the unit, and subsequently to reduce the carrying amount of the other assets of the unit on a pro rata basis.
Impairment losses recognized for goodwill are not reversed. For impairment losses previously recognized for other assets, the Group assesses at the end of every reporting period whether there is any indication that they may no longer exist or may have decreased. If any change has been made to the estimate used to determine the recoverable amount of an asset, an impairment loss for the asset is reversed. An impairment loss is reversed up to the carrying amount of the asset that would have been determined (net of amortization and depreciation), had no impairment loss been recognized for the asset in prior years.

(12) Employee benefits

The Group mainly adopts defined contribution plans for employees of the Company and some of its subsidiaries. Defined contribution plans are post-employment benefit plans under which an employer pays fixed contributions into an independent entity and has no legal or constructive obligation to pay further contributions. Costs for post-employment benefits for defined contribution plans are recognized as expenses at the time of employees' provision of the services for which the contributions were made.

(13) Share-based payment

The Company has adopted a stock option plan as an equity-settled share-based payment plan. Stock options are estimated at fair value at the date of grant, taking into account the estimated number of options to be vested, and recognized as expenses over the vesting periods in the consolidated statement of profit or loss while corresponding increases to equity are recognized in the consolidated statement of financial position. Fair value of stock options granted is calculated, in accordance with various terms of such options, using the Black-Scholes model and other methods. The Company regularly reviews the terms of stock options and modifies the estimate of the number of stock options vested, as necessary.

(14) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. To determine the amount of a provision, the estimated future cash flows are discounted to their present value by using a pre-tax rate that reflects the time value of money and risks specific to the liability. Unwinding of the discounted amount arising from the passage of time is recognized as finance costs.

(15) Revenue

The Group recognizes revenue based on the following five steps, excluding interest and dividend income under IFRS 9 "Financial Instruments" and revenue under IFRS 16 "Lease," etc.

Step 1: Identify contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

1) Sale of goods

Revenue from sale of goods is recognized at the time when the goods are delivered to customers as the control of the goods is transferred to such customers at that time and accordingly the performance obligation is deemed satisfied. Revenue is measured at the consideration promised in a contract with a customer after discounts and other price adjustments.

2) Rendering of services

Revenue from rendering of services is recognized based on the progress of transactions as of the end of the reporting period during which such services were rendered.

3) Interest income

Interest income is recognized using the effective interest method.

4) Dividends

Divided income is recognized when the right to receive dividends is established.

5) Revenues from leases

Leases are classified as finance leases when the contract transfers substantially all the risks and economic benefits to the lessee. Leases other than finance leases are classified as operating leases.
Revenues from finance leases are recognized according to the same accounting policies as those applied to the sale of goods. Finance income is recognized based on the effective interest method from the inception of the lease term. The interest rate used in the calculation represents the discount rate which equalizes the aggregate present value of the minimum lease payments and the unguaranteed residual value with the sum of the fair value of the lease receivables and any initial direct costs of the lessor.
Revenues from operating leases are recognized by the straight-line method over the lease term.

(16) Government grants

The Group measures and recognizes government grant income at fair value if there is reasonable assurance that the Group will meet the grant's conditions and receive the grant. Grants for expenses incurred are recorded as revenue in the same fiscal year as the fiscal year in which the expenses are incurred. Grants related to acquisition of an asset are recorded as other income on a systematic basis over the useful life of the asset, and unearned government grants are recorded in liabilities as deferred income.

(17) Income taxes

Income tax expense consists of current tax and deferred tax. These are recognized in profit or loss except for taxes arising from business combinations and from items directly recognized in equity or other comprehensive income.
Current taxes are measured at an expected amount of taxes to be paid to or of refund from the taxation authorities. Calculation of the amount of tax is based on the tax rates and tax laws enacted or substantively enacted by the end of the reporting period in countries where the Group conducts businesses and earns taxable profit.
Deferred taxes are recognized for temporary differences arising between the carrying amounts of assets or liabilities for accounting purposes and their tax bases, tax loss carryforwards, and tax credit carryforwards at the closing date.
Deferred tax assets and liabilities are not recognized for following temporary differences:

- Temporary differences arising from the initial recognition of goodwill
- Temporary differences arising from initial recognition of assets and liabilities from transactions that are not business combinations and affect neither accounting profit nor taxable profit.
- Taxable temporary differences associated with investments in subsidiaries and associates where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax liability is recognized for all taxable temporary differences in principle, and a deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.
The carrying amount of deferred tax assets is reviewed at the end of every reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to use all or part of the benefit of the deferred tax assets.
Unrecognized deferred tax assets are reassessed every period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.
Deferred tax assets and liabilities are measured at the tax rates and by the tax laws that are expected to apply to the period when the assets are realized or the liabilities are settled, based on the statutory tax rates and tax laws enacted or substantively enacted at the end of the reporting period.
Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to set off current tax assets and current tax liabilities against each other and income taxes are levied by the same taxation authority on the same taxable entity.
When accounting for deferred tax on leases and asset retirement obligations, the Group previously applied the initial recognition exemption. However, in accordance with the amendments made to paragraphs 15 and 24 of IAS 12, which are effective for annual reporting periods beginning on or after January 1, 2023, the Group no longer applies the initial recognition exemption, but recognizes both deferred tax liabilities and deferred tax assets. As their balances are to be offset pursuant to paragraph 74 of IAS 12, there is no practical impact on the presentation of the consolidated statement of financial position. Therefore, this change has no impact on retained earnings at the beginning of the fiscal year ended March 31, 2024. The primary impact on the Group is related to the disclosure of recognized deferred tax assets and deferred tax liabilities.
The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to income taxes arising from tax legislation enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.
The Company and some of its subsidiaries are accounted for under the group tax sharing system.

(18) Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to ordinary equity holders of parent entity by the weighted average number of ordinary shares outstanding adjusted for treasury shares during the period. Diluted earnings per share are calculated taking into account the effects of all dilutive potential shares.

(19) Segment information

An operating segment is a component of business activities from which an entity earns revenues and incurs expenses (including transactions with other operating segments). Operating results of each operating segment, whose financial information is separately available, are reviewed regularly by the Company’s Board of Directors for the purpose of allocating management resources to individual segments and assessing financial results.

(20) Treasury shares

Treasury shares are assessed at cost and presented as a deduction from equity. No gain or loss is recognized on the purchase, sale or cancellation of treasury shares of the Company. The difference between the carrying amount and the consideration thereof at the time of sale is recognized as equity.

(21) Borrowing costs

The Group includes borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, that is, qualifying asset as part of the cost until the asset is substantially ready for its intended use or sale.
All borrowing costs other than those above are recognized as profit or loss in the period during which the Group incurs them.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS INVOLVING ESTIMATES

In preparing the consolidated financial statements in accordance with IFRS, the management is required to make judgment, estimates and assumptions that affect the adoption of accounting policies and the amounts of assets, liabilities, revenues, and expenses. Actual results may differ from those estimates.
The estimates and their underlying assumptions are reviewed on an ongoing basis. The effects of revisions on accounting estimates are recognized in the period in which the estimate is revised and in the future periods thereafter.
Judgments and estimates made by the management that significantly affect the amounts in the consolidated financial statements are as follows.

(1) Impairment of fixed assets

For the carrying amounts of the Group's fixed assets, the Group determines whether there is any indication of impairment at the end of every reporting period. If there is an indication of impairment, the recoverable amount of the asset is estimated. The recoverable amounts of intangible assets with indefinite useful lives or those not yet available for use are estimated at the same time every year.
The recoverable amount of an asset or a cash-generating unit is the higher of its value in use or its fair value less costs of disposal. Value in use reflects past experience and external information, and is calculated by discounting the estimated amount of cash flows based on the business plan for the next three fiscal years approved by the management and the growth rate to the present value using the discount rate of 7.1 to 14.5%, which is based on the after-tax weighted average cost of capital of the cash-generating units or the group of cash-generating units. The growth rate is determined to be 0% in view of the long-term average growth rate in the industry or country to which the cash-generating unit or the group of cash-generating units belongs, and does not exceed the long-term average growth rate of the market.
The above estimates include uncontrollable uncertainties. In the event that estimates regarding the valuation of fixed assets change due to unforeseeable changes in underlying assumptions, additional impairment losses may consequently be recognized by the Group in the future.

(2) Impairment of goodwill

The Group tests the carrying amount of goodwill for impairment in every reporting period, and whenever there is an indication of impairment. The recoverable amount in an impairment test is determined based on value in use.
Value in use reflects past experience and external information, and is calculated by discounting the estimated amount of cash flows based on the business plan for the next three fiscal years approved by the management and the growth rate to the present value using the discount rate of 7.1 to 14.5%, which is based on the after-tax weighted average cost of capital of the cash-generating units or the group of cash-generating units. The growth rate is determined to be 0% in view of the long-term average growth rate in the industry or country to which the cash-generating unit or the group of cash-generating units belongs, and does not exceed the long-term average growth rate of the market.
The above estimates include uncontrollable uncertainties. In the event that estimates regarding the valuation of goodwill change due to unforeseeable changes in underlying assumptions, additional impairment losses may consequently be recognized by the Group in the future.

(3) Recoverability of deferred tax asset

The Group recognizes deferred tax assets only for tax loss carryforwards, tax credits, and deductible temporary differences for which the deduction of future taxable profit is probable. The carrying amount of deferred tax assets is reviewed at the end of every reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to use all or part of the benefit of the deferred tax assets.

The above estimates include uncontrollable uncertainties. In the event that estimates regarding the valuation of recoverability of deferred tax assets change due to unforeseeable changes in underlying assumptions, the Group may reduce deferred tax assets in the future.

5. STANDARDS AND INTERPRETATIONS NEWLY ISSUED OR AMENDED BUT NOT YET ADOPTED

Of the standards and interpretations newly issued or amended by the approval date of the consolidated financial statements, the major standard of which the Group has not opted for early application is as follows. The Group is currently examining the impact of the application of this standard on the consolidated financial statements.

IFRS		Mandatory application date (Annual reporting periods beginning on or after)	The period in which the Group will start applying the standard	Description of the new issuance or the amendment
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending March 31, 2028	A new standard that replaces IAS 1, which is the current accounting standard regarding presentation and disclosure in financial statements

6. OPERATING SEGMENTS

(1) Description of reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available, and which are subject to regular review by the Board of Directors for the purpose of making decisions about the allocation of management resources and assessing financial results.

The Group employs the holding company system. The Company formulates business strategies of the Group and takes charge of administration in general as a holding company, while its subsidiaries perform business activities. The Company classifies its segments by goods and services they handle, and its reportable segments are the Automobile Sales-Related Business and the Housing-related Business.

Automobile Sales-Related Business is engaged in automobile sales-related business, including new car dealership business, which is the core of the business and sells new and used cars and repairs cars, car importer business, used car export business, and car rental business.

The Housing-related Business sells condominiums and detached houses and provides construction service and other services.

(2) Segment revenue and segment profit

Intersegment revenue is based on prevailing market prices.
The profit in the reportable segments is based on operating profit.
Revenue, profit, and other financial results by reportable segments of the Group are as follows:

Fiscal year ended March 31, 2024

	Reportable segments		Other (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Automobile Sales-Related Business	Housing-related Business				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenue						
Revenue from external customers	284,418	26,993	192	311,604	–	311,604
Intersegment revenue or transfers	51	3,889	2,602	6,543	(6,543)	–
Total	284,470	30,882	2,794	318,146	(6,543)	311,604
Segment profit	8,858	1,954	1,412	12,225	(217)	12,008
Finance income						727
Finance costs						1,428
Share of profit of investments accounted for using equity method						151
Profit before tax						11,458
Other items						
Segment assets	210,546	35,412	33,893	279,851	(6,969)	272,883
Depreciation and amortization	12,170	143	146	12,459	(70)	12,389
Impairment losses	1,058	–	–	1,058	–	1,058
Investments accounted for using equity method	221	–	4,430	4,651	–	4,651
Capital expenditures	29,578	169	285	30,032	49	30,081

(Notes) 1. “Other” consists primarily of management departments of the entire Group.

2. Adjustments are as follows.

(1) The adjustments of segment profit of ¥(217) million represent elimination of intersegment transactions.

(2) The adjustments of segment assets of ¥(6,969) million represent the elimination of intersegment receivables and assets.

(3) The adjustments of depreciation and amortization of ¥(70) million represent the impact of consolidation adjustments between segments.

(4) The adjustments of capital expenditures of ¥49 million represent the impact of consolidation adjustments between segments.

Fiscal year ended March 31, 2023

	Reportable segments		Other (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Automobile Sales-Related Business	Housing-related Business				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenue						
Revenue from external customers	244,328	21,860	141	266,329	–	266,329
Intersegment revenue or transfers	87	2,594	2,169	4,850	(4,850)	–
Total	244,415	24,454	2,311	271,180	(4,850)	266,329
Segment profit	8,626	3,396	983	13,005	(149)	12,856
Finance income						413
Finance costs						866
Share of profit of investments accounted for using equity method						242
Profit before tax						12,646
Other items						
Segment assets	174,880	32,687	31,598	239,165	(9,331)	229,834
Depreciation and amortization	10,475	127	122	10,724	(58)	10,665
Impairment losses	361	–	–	361	–	361
Investments accounted for using equity method	168	–	4,333	4,501	–	4,501
Capital expenditures	19,836	160	115	20,110	(423)	19,687

(Notes) 1. "Other" consists primarily of management departments of the entire Group.

2. Adjustments are as follows.

(1) The adjustments of segment profit of ¥(149) million represent elimination of intersegment transactions.

(2) The adjustments of segment assets of ¥(9,331) million represent the elimination of intersegment receivables and assets.

(3) The adjustments of depreciation and amortization of ¥(58) million represent the impact of consolidation adjustments between segments.

(4) The adjustments of capital expenditures of ¥(423) million represent the impact of consolidation adjustments between segments.

3. Segment profit for the Housing-related Business includes ¥1,834 million in gain on bargain purchase from the acquisition of stock in Kawasaki Housing Co., Ltd. and Houmainte Co., Ltd.

Fiscal year ended March 31, 2024

	Reportable segments		Other (Note 1)	Total	Adjustments (Note 2)	Consolidated
	Automobile Sales-Related Business	Housing-related Business				
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Revenue						
Revenue from external customers	1,878,587	178,289	1,268	2,058,151	–	2,058,151
Intersegment revenue or transfers	337	25,687	17,186	43,217	(43,217)	–
Total	1,878,930	203,976	18,454	2,101,361	(43,217)	2,058,151
Segment profit	58,507	12,906	9,326	80,746	(1,433)	79,313
Finance income						4,802
Finance costs						9,432
Share of profit of investments accounted for using equity method						997
Profit before tax						75,680
Other items						
Segment assets	1,390,661	233,897	223,864	1,848,421	(46,030)	1,802,398
Depreciation and amortization	80,383	945	964	82,292	(462)	81,830
Impairment losses	6,988	–	–	6,988	–	6,988
Investments accounted for using equity method	1,460	–	29,260	30,720	–	30,720
Capital expenditures	195,363	1,116	1,882	198,362	324	198,686

(Notes) 1. “Other” consists primarily of management departments of the entire Group.

2. Adjustments are as follows.

(1) The adjustments of segment profit of $(1,433) thousand represent elimination of intersegment transactions.

(2) The adjustments of segment assets of $(46,030) thousand represent the elimination of intersegment receivables and assets.

(3) The adjustments of depreciation and amortization of $(462) thousand represent the impact of consolidation adjustments between segments.

(4) The adjustments of capital expenditures of $324 thousand represent the impact of consolidation adjustments between segments.

(3) Information related to products and services

Revenue from external customers by product and service is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
New cars	156,408	128,280	1,033,078
Used cars	65,272	61,050	431,123
Services	47,069	42,393	310,892
Car rentals	15,176	12,313	100,238
Housing	26,993	21,860	178,289
Other	686	433	4,531
Total	311,604	266,329	2,058,151

(4) Geographical information

The breakdown of revenue and non-current assets by geographical area is as follows:

Revenue from external customers

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Japan	178,482	153,122	1,178,877
Africa	11,400	9,360	75,297
North, Central and South America	707	495	4,670
Oceania	4,677	2,990	30,892
Europe	112,813	95,188	745,132
Asia	3,525	5,175	23,283
Total	311,604	266,329	2,058,151

(Note) Revenues are classified based on the location of the sale destination.

Non-current assets

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Japan	128,651	117,432	849,742
Africa	596	384	3,937
Oceania	2,988	2,638	19,736
Europe	17,278	11,850	114,122
Total	149,514	132,304	987,543

(Note) Non-current assets are classified based on the location of the assets.

(5) Information about major customers

Disclosures are omitted as there are no external customers that account for 10% or more of the revenue in the consolidated statement of profit or loss.

7. BUSINESS COMBINATION

Fiscal year ended March 31, 2023

AMG Holdings Co., Ltd., a consolidated subsidiary of the Company, resolved at a meeting of its Board of Directors held on August 8, 2022 to acquire 100% of the issued and outstanding shares in Kawasaki Housing Co., Ltd. and Houmainte Co., Ltd., companies engaged in the detached housing business in Kumamoto City, Kumamoto Prefecture. The two companies became subsidiaries of the Company on October 4, 2022.

(1) Kawasaki Housing Co., Ltd.

1) Overview of the business combination

a. Name of the acquiree and description of its business:
Name of the acquiree: Kawasaki Housing Co., Ltd.
Description of business: Sale and construction of detached houses, etc.

b. Acquisition date:
October 4, 2022

c. Percentage of voting equity interests acquired:
100%

d. Primary reasons for the business combination:
To increase the size of sales and profit in the detached housing business

e. Description of how the acquirer obtained control of the acquiree:
Acquisition of shares in exchange for cash as consideration

2) Fair value of consideration paid, assets acquired, and liabilities assumed as of the acquisition date

	Millions of yen	Thousands of U.S. dollars
Fair value of consideration paid (cash)	354	2,338
Fair value of assets acquired and liabilities assumed		
Current assets	7,419	49,003
Non-current assets	587	3,877
Total assets	8,006	52,880
Current liabilities	4,786	31,612
Non-current liabilities	1,122	7,411
Total liabilities	5,908	39,022
Net fair value of assets acquired and liabilities assumed	2,098	13,857
Gain on bargain purchase	1,744	11,519

(Notes) 1. Acquisition related costs in the business combination are ¥30 million and they are recognized in full as selling, general and administrative expenses in the consolidated statement of profit or loss.
2. In the business combination, the assets acquired and liabilities assumed were measured at fair value and compared with the considerations paid. Consequently, gain on bargain purchase was recognized under other income in the consolidated statement of profit or loss.

3) Fair value of acquired receivables, contractual receivables, and estimated uncollectible amounts

Of the fair value of acquired trade and other receivables of ¥128 million, contractual receivables are ¥128 million, and none is expected to be uncollectible.

4) Cash flow associated with the acquisition

	Millions of yen	Thousands of U.S. dollars
Cash and cash equivalents spent on the acquisition	354	2,338
Cash and cash equivalents held by the acquiree at the time of acquisition	(1,360)	(8,983)
Proceeds from the acquisition of subsidiaries	1,007	6,651

5) Effect of the acquisition on the financial results

Gain or loss information after the acquisition date of the business combination is not disclosed as the effect on the consolidated financial statements is not material.

(2) Houmainte Co., Ltd.

1) Overview of the business combination

a. Name of the acquiree and description of its business:
Name of the acquiree: Houmainte Co., Ltd.
Description of business: Sale, purchase, lease, management, intermediation, etc. of real estate

b. Acquisition date:
October 4, 2022

c. Percentage of voting equity interests acquired:
100%

d. Primary reasons for the business combination:
To merge it with Kawasaki Housing Co., Ltd., maintain a relationship to provide a series of services from sale of houses to after-sale maintenance, and increase the size of sales and profit in the detached housing business in a comprehensive manner

e. Description of how the acquirer obtained control of the acquiree:
Acquisition of shares in exchange for cash as consideration

2) Fair value of consideration paid, assets acquired, and liabilities assumed as of the acquisition date

	Millions of yen	Thousands of U.S. dollars
Fair value of consideration paid (cash)	18	119
Fair value of assets acquired and liabilities assumed		
Current assets	408	2,695
Non-current assets	61	403
Total assets	469	3,098
Current liabilities	141	931
Non-current liabilities	221	1,460
Total liabilities	362	2,391
Net fair value of assets acquired and liabilities assumed	107	707
Gain on bargain purchase	89	588

(Notes) 1. Acquisition related costs in the business combination are ¥2 million and they are recognized in full as selling, general and administrative expenses in the consolidated statement of profit or loss.

2. In the business combination, the assets acquired and liabilities assumed were measured at fair value and compared with the considerations paid. Consequently, gain on bargain purchase was recognized under other income in the consolidated statement of profit or loss.

3) Fair value of acquired receivables, contractual receivables, and estimated uncollectible amounts

Of the fair value of acquired trade and other receivables of ¥12 million, contractual receivables are ¥12 million, and none is expected to be uncollectible.

4) Cash flow associated with the acquisition

	Millions of yen	Thousands of U.S. dollars
Cash and cash equivalents spent on the acquisition	18	119
Cash and cash equivalents held by the acquiree at the time of acquisition	(99)	(654)
Proceeds from the acquisition of subsidiaries	81	535

5) Effect of the acquisition on the financial results

Gain or loss information after the acquisition date of the business combination is not disclosed as the effect on the consolidated financial statements is not material.

Fiscal year ended March 31, 2024

Disclosures are omitted as there were no material business combinations.

8. CASH AND CASH EQUIVALENTS

The breakdown of cash and cash equivalents is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash and deposits	13,281	12,514	87,721
Deposits paid	4	5	26
Short-term investments	418	250	2,761
Fixed deposits with maturity longer than three months	(220)	(124)	(1,453)
Total	13,483	12,644	89,055

The balances of cash and cash equivalents in the consolidated statement of financial position as of March 31, 2024 and March 31, 2023 are equal to the balances of cash and cash equivalents in the consolidated statement of cash flows for the corresponding periods.

9. TRADE AND OTHER RECEIVABLES

The breakdown of trade and other receivables is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Accounts receivable - trade	12,862	10,406	84,954
Accounts receivable - other	2,415	2,515	15,951
Lease receivables and investments in leases	12,261	9,227	80,984
Other	669	625	4,419
Allowance for doubtful accounts	(260)	(232)	(1,717)
Total	27,946	22,541	184,584

The above amounts include those of trade and other receivables due in more than 12 months. They amounted to ¥6,088 million ($40,211 thousand) and ¥4,646 million as of March 31, 2024 and March 31, 2023, respectively.
Trade and other receivables are classified as financial assets measured at amortized cost.

10. OTHER FINANCIAL ASSETS

The breakdown of other financial assets is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Other financial assets			
Derivative assets	–	30	–
Securities	28,108	27,157	185,654
Deposits	720	485	4,756
Loans receivable	1,168	1,211	7,715
Claims provable in bankruptcy, claims provable in rehabilitation	593	928	3,917
Other	2,274	2,195	15,020
Allowance for doubtful accounts	(593)	(929)	(3,917)
Total	32,269	31,078	213,137
Current assets	221	125	1,460
Non-current assets	32,047	30,953	211,671
Total	32,269	31,078	213,137

Derivative assets are classified as financial assets measured at fair value through profit or loss; stocks held for cross-holding purposes as financial assets measured at fair value through other comprehensive income; the other stocks as financial assets measured at fair value through profit or loss; deposits, loans receivable, claims provable in bankruptcy and claims provable in rehabilitation as financial assets measured at amortized cost.

Please refer to "35. FINANCIAL INSTRUMENTS" for major items of financial assets measured at fair value through other comprehensive income and fair value thereof.

11. INVENTORIES

The breakdown of inventories is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Merchandise and finished goods	53,419	40,637	352,834
Work in process	17,505	14,751	115,621
Raw materials	1,292	723	8,534
Production supplies	87	95	575
Total	72,302	56,206	477,556
Inventories to be sold in greater than 12 months	4,127	5,392	27,259

The amounts of inventories recognized as expenses during the fiscal years ended March 31, 2024 and March 31, 2023 were ¥250,082 million ($1,651,797 thousand) and ¥212,717 million, respectively.

The amounts of the write-downs of the inventories recognized as expenses during the fiscal years ended March 31, 2024 and March 31, 2023 were ¥266 million ($1,757 thousand) and ¥270 million, respectively.

12. OTHER ASSETS

The breakdown of other assets is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Test-driving cars	3,175	1,652	20,971
Advance payments to suppliers	1,860	2,107	12,285
Consumption taxes receivable	1,470	732	9,709
Contract assets	1,746	412	11,532
Other	1,274	1,224	8,415
Total	9,524	6,126	62,906
Current assets	9,415	6,013	62,186
Non-current assets	109	113	720
Total	9,524	6,126	62,906

13. PROPERTY, PLANT AND EQUIPMENT

(1) Breakdown of property, plant and equipment

The breakdown of property, plant and equipment in the consolidated statement of financial position is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment	61,206	53,702	404,267
Right-of-use assets	27,966	19,684	184,716
Total	89,171	73,386	588,976

(2) Changes during period in property, plant and equipment (excluding right-of-use assets)

Changes in acquisition costs, accumulated depreciation and accumulated impairment losses, and carrying amounts of property, plant and equipment are as follows:

Acquisition costs

	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2022	23,253	35,099	12,674	2,848	392	74,267
Acquisition	508	2,261	7,344	305	2,094	12,512
Acquisition due to business combinations	161	228	83	23	–	495
Sale or disposal	(57)	(933)	(4,689)	(167)	–	(5,845)
Transfer of accounts	(658)	92	553	7	(171)	(178)
Exchange differences on translation of foreign operations	(9)	184	122	42	10	350
As of March 31, 2023	23,198	36,931	16,087	3,059	2,325	81,600
Acquisition	430	4,788	6,954	436	848	13,456
Acquisition due to business combinations	29	465	340	145	–	979
Sale or disposal	(153)	(960)	(6,033)	(157)	–	(7,302)
Transfer of accounts	28	2,314	758	(5)	(2,277)	818
Exchange differences on translation of foreign operations	221	757	373	175	64	1,591
As of March 31, 2024	23,754	44,295	18,479	3,655	960	91,143

	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2023	153,223	243,930	106,255	20,205	15,357	538,970
Acquisition	2,840	31,625	45,931	2,880	5,601	88,877
Acquisition due to business combinations	192	3,071	2,246	958	–	6,466
Sale or disposal	(1,011)	(6,341)	(39,848)	(1,037)	–	(48,230)
Transfer of accounts	185	15,284	5,007	(33)	(15,040)	5,403
Exchange differences on translation of foreign operations	1,460	5,000	2,464	1,156	423	10,509
As of March 31, 2024	156,896	292,569	122,054	24,141	6,341	602,001

Accumulated depreciation and accumulated impairment losses

	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2022	370	17,918	5,497	2,119	25,903
Acquisition due to business combinations	–	32	63	20	114
Depreciation (Note)	–	1,342	2,978	214	4,534
Impairment losses	–	52	1	5	58
Sale or disposal	(6)	(755)	(1,983)	(164)	(2,908)
Transfer of accounts	–	(11)	13	–	2
Exchange differences on translation of foreign operations	–	128	30	37	194
As of March 31, 2023	365	18,705	6,598	2,231	27,898
Acquisition due to business combinations	–	97	67	98	262
Depreciation (Note)	–	1,536	3,360	262	5,158
Impairment losses	2	160	2	0	164
Sale or disposal	–	(831)	(3,168)	(148)	(4,148)
Transfer of accounts	–	3	(0)	0	3
Exchange differences on translation of foreign operations	–	340	123	136	599
As of March 31, 2024	367	20,010	6,982	2,579	29,937

	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2023	2,411	123,547	43,580	14,736	184,267
Acquisition due to business combinations	–	641	443	647	1,731
Depreciation (Note)	–	10,145	22,193	1,731	34,069
Impairment losses	13	1,057	13	0	1,083
Sale or disposal	–	(5,489)	(20,925)	(978)	(27,398)
Transfer of accounts	–	20	(0)	0	20
Exchange differences on translation of foreign operations	–	2,246	812	898	3,956
As of March 31, 2024	2,424	132,166	46,116	17,034	197,734

(Notes) 1. Depreciation of property, plant and equipment is included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss.

2. The amounts of property, plant and equipment pledged as collateral for liabilities are stated in Note “19. BONDS AND BORROWINGS.”

Carrying amounts

	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2022	22,883	17,181	7,177	730	392	48,364
As of March 31, 2023	22,833	18,226	9,489	829	2,325	53,702
As of March 31, 2024	23,388	24,285	11,497	1,076	960	61,206

	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Construction in progress	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2024	154,478	160,403	75,938	7,107	6,341	404,267

(3) Right-of-use assets

The carrying amounts of right-of-use assets included in property, plant and equipment are as follows:

Right-of-use assets	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of March 31, 2023	3,187	8,987	7,428	83	19,684
As of March 31, 2024	8,546	8,085	11,249	85	27,966

Right-of-use assets	Land	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2024	56,446	53,402	74,300	561	184,716

(4) Borrowing costs

There were no material borrowing costs capitalized as a component of the acquisition cost of qualifying assets during the fiscal years ended March 31, 2024 and March 31, 2023.

14. GOODWILL AND INTANGIBLE ASSETS

(1) Breakdown of intangible assets

The breakdown of intangible assets in the consolidated statement of financial position is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Intangible assets	1,366	1,184	9,022
Right-of-use assets	–	1	–
Total	1,366	1,185	9,022

(2) Changes during period in goodwill and intangible assets (excluding right-of-use assets)

Changes in acquisition costs, accumulated amortization and accumulated impairment losses, and carrying amounts of goodwill and intangible assets are as follows:

Acquisition costs

	Goodwill	Intangible assets				
		Software	Customer-related assets	Leasehold rights	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2022	15,439	1,199	660	601	943	3,402
Acquisition	–	37	39	–	166	242
Acquisition due to business combinations	–	9	–	–	–	9
Sale or disposal	–	(14)	–	–	(0)	(14)
Exchange differences on translation of foreign operations	175	8	–	16	26	50
As of March 31, 2023	15,613	1,238	699	617	1,135	3,689
Acquisition	–	77	–	–	140	217
Acquisition due to business combinations	256	1	155	5	1	161
Sale or disposal	–	(7)	–	(0)	–	(8)
Transfer of accounts	–	13	–	2	(6)	9
Exchange differences on translation of foreign operations	574	33	–	32	159	223
As of March 31, 2024	16,443	1,354	854	657	1,428	4,293

	Goodwill	Intangible assets				
		Software	Customer-related assets	Leasehold rights	Other	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2023	103,124	8,177	4,617	4,075	7,497	24,366
Acquisition	–	509	–	–	925	1,433
Acquisition due to business combinations	1,691	7	1,024	33	7	1,063
Sale or disposal	–	(46)	–	(0)	–	(53)
Transfer of accounts	–	86	–	13	(40)	59
Exchange differences on translation of foreign operations	3,791	218	–	211	1,050	1,473
As of March 31, 2024	108,606	8,943	5,641	4,339	9,432	28,355

Accumulated amortization and accumulated impairment losses

	Goodwill	Intangible assets				
		Software	Customer-related assets	Leasehold rights	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2022	1,926	1,053	76	408	780	2,317
Acquisition due to business combinations	–	2	–	–	–	2
Amortization (Note)	–	58	45	31	21	155
Impairment losses	303	–	–	–	–	–
Sale or disposal	–	(14)	–	–	(0)	(14)
Exchange differences on translation of foreign operations	8	7	–	16	22	46
As of March 31, 2023	2,237	1,107	120	455	823	2,505
Acquisition due to business combinations	–	0	–	–	–	0
Amortization (Note)	–	65	54	31	41	191
Impairment losses	765	–	49	–	–	49
Sale or disposal	–	(7)	–	–	–	(7)
Exchange differences on translation of foreign operations	161	31	–	31	127	189
As of March 31, 2024	3,163	1,195	224	518	990	2,927

	Goodwill	Intangible assets				
		Software	Customer-related assets	Leasehold rights	Other	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2023	14,775	7,312	793	3,005	5,436	16,546
Acquisition due to business combinations	–	0	–	–	–	0
Amortization (Note)	–	429	357	205	271	1,262
Impairment losses	5,053	–	324	–	–	324
Sale or disposal	–	(46)	–	–	–	(46)
Exchange differences on translation of foreign operations	1,063	205	–	205	839	1,248
As of March 31, 2024	20,892	7,893	1,480	3,421	6,539	19,333

(Note) Amortization of intangible assets is included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss.

Carrying amounts

	Goodwill	Intangible assets				
		Software	Customer-related assets	Leasehold rights	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2022	13,513	146	584	193	163	1,085
As of March 31, 2023	13,376	132	579	162	312	1,184
As of March 31, 2024	13,280	159	630	139	438	1,366

	Goodwill	Intangible assets				
		Software	Customer-related assets	Leasehold rights	Other	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2024	87,715	1,050	4,161	918	2,893	9,022

(3) Right-of-use assets

The carrying amounts of right-of-use assets included in intangible assets are as follows:

Right-of-use assets	Software
	Millions of yen
As of March 31, 2023	1
As of March 31, 2024	–

Right-of-use assets	Software
	Thousands of U.S. dollars
As of March 31, 2024	–

(4) Intangible assets with indefinite useful lives

The Group had no significant intangible assets with indefinite useful lives as of March 31, 2024 and March 31, 2023.

(5) Significant intangible assets

None of the intangible assets recognized in the consolidated statement of financial position were individually significant as of March 31, 2024 and March 31, 2023.

15. INVESTMENT PROPERTY

(1) Changes during period

Changes in acquisition costs, accumulated depreciation and accumulated impairment losses of investment properties are as follows:

Acquisition costs

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance at beginning of period	9,957	8,927	65,766
Acquisition	266	342	1,757
Acquisition due to business combinations	–	43	–
Sale or disposal	(97)	(6)	(641)
Transfer of accounts	–	650	–
Balance at end of period	10,126	9,957	66,882

Accumulated depreciation and accumulated impairment losses

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance at beginning of period	2,658	2,479	17,556
Acquisition due to business combinations	–	17	–
Depreciation	157	153	1,037
Sale or disposal	(92)	(2)	(608)
Transfer of accounts	–	10	–
Balance at end of period	2,724	2,658	17,992

The carrying amounts and fair value of the investment properties are as follows:

	As of March 31, 2024		As of March 31, 2023		As of March 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars	Thousands of U.S. dollars
Investment property	7,402	7,950	7,299	7,850	48,890	52,510

The fair value of an investment property is mainly based on real estate appraisals by outside real estate appraisers, etc. The valuation is based on market evidence that reflects the transaction prices of similar assets in accordance with the valuation standards of the country where the property is located.
The fair value of investment properties is classified as Level 3 in the fair value hierarchy as it is determined using valuation techniques that incorporate unobservable inputs. Details on the fair value hierarchy are stated in Note “35. FINANCIAL INSTRUMENTS.”

(2) Income and expenses arising from investment properties

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Lease income	502	440	3,316
Direct operating expenses	274	273	1,810

The amounts of lease income from investment properties and direct operating expenses associated therewith are included in revenue and cost of sales, respectively, in the consolidated statement of profit or loss.

16. IMPAIRMENT OF NON-FINANCIAL ASSETS

(1) Impairment losses

In determining impairment losses, the Group groups assets based on the smallest identifiable groups of assets that generate largely independent cash inflows.
Impairment losses are recorded as other expenses in the consolidated statement of profit or loss.
The breakdown of impairment losses by type of assets is as follows.
The breakdown of impairment losses by segment is stated in Note "6. OPERATING SEGMENTS."

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment			
Buildings and structures	160	52	1,057
Machinery and vehicles	2	1	13
Tools, furniture and fixtures	0	5	0
Land	2	–	13
Right-of-use assets	80	0	528
Goodwill	765	303	5,053
Intangible assets			
Customer-related assets	49	–	324
Total	1,058	361	6,988

The impairment losses on property, plant and equipment recognized in the fiscal year ended March 31, 2023 were attributable mainly to buildings and structures and tools, furniture and fixtures of the Automobile Sales-Related Business. The carrying amount of an asset group whose investment amount was expected to be difficult to recover due to a decline in profitability or other factors was reduced to its recoverable amount.

The impairment loss on goodwill recognized in the fiscal year ended March 31, 2023 was attributable to CATERHAM CARS GROUP LIMITED, a consolidated subsidiary of the Company. The carrying amount of goodwill was reduced to its recoverable amount as the subsidiary was unlikely to generate revenue that had been expected at the time of acquisition of its shares. The recoverable amount was measured at value in use. The value in use was determined by discounting to the present value the estimated future cash flows based on past experience and external information.

The impairment losses on property, plant and equipment and intangible assets recognized in the fiscal year ended March 31, 2024 were attributable mainly to buildings and structures, right-of-use assets, and customer-related assets of the Automobile Sales-Related Business. The carrying amount of an asset group whose investment amount was expected to be difficult to recover due to a decline in profitability or other factors was reduced to its recoverable amount.

The impairment losses on goodwill recognized in the fiscal year ended March 31, 2024 were attributable to CATERHAM CARS GROUP LIMITED and MOTOREN MIKAWA CO., LTD., consolidated subsidiaries of the Company. The carrying amounts of goodwill were recognized in full as impairment losses as the subsidiaries were unlikely to generate revenue that had been expected at the times of acquisitions of their shares. The recoverable amount was measured at value in use. The value in use was determined by discounting to the present value the estimated future cash flows based on past experience and external information.

(2) Impairment of goodwill

Goodwill arising from a business combination is allocated to cash-generating units that benefit from the business combination on the acquisition date.
The breakdown of carrying amounts of goodwill by segment is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Automobile Sales-Related Business	12,569	12,665	83,018
Housing-related Business	711	711	4,696
Total	13,280	13,376	87,715

Of the above, the carrying amounts of significant goodwill in the fiscal year ended March 31, 2024 were: Shizuoka Nissan Auto Sales Co., Ltd. (Automobile Sales-Related Business): ¥3,268 million ($21,585 thousand) (the fiscal year ended March 31, 2023: ¥3,268 million), Nissan Satio Saitama Co., Ltd. (Automobile Sales-Related Business): ¥2,024 million ($13,369 thousand) (the fiscal year ended March 31, 2023: ¥2,024 million), and Nagano Nissan Auto Co., Ltd. (Automobile Sales-Related Business): ¥1,952 million ($12,893 thousand) (the fiscal year ended March 31, 2023: ¥1,952 million).

The Group tests goodwill for impairment in every reporting period, or whenever there is an indication of impairment. The recoverable amount in an impairment test is determined based on value in use.

Value in use reflects past experience and external information, and is calculated by discounting the estimated amount of cash flows based on the business plan for the next three fiscal years approved by the management and the growth rate to the present value using the discount rate of 7.1 to 14.5% (the fiscal year ended March 31, 2023: 6.7 to 13.6%), which is based on the weighted average cost of capital of the cash-generating units or the group of cash-generating units. The growth rate is determined to be 0% (the fiscal year ended March 31, 2023: 0%) in view of the long-term average growth rate in the industry or country to which the cash-generating unit or the group of cash-generating units belongs, and does not exceed the long-term average growth rate of the market.

There is a risk of impairment losses if the major assumptions used in impairment testing at the end of the fiscal year ended March 31, 2024 are changed. For example, a 1.7% rise in the after-tax weighted average cost of capital or a 0.9% decline in total estimated future cash flows, including terminal value, could generate impairment losses.

17. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

(1) Investments in associates

The carrying amount of investments in associates individually immaterial to the Group is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Total carrying amount	4,651	4,501	30,720

The Group’s share of comprehensive income of associates individually immaterial to the Group is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Share of profit	151	242	997
Share of other comprehensive income	50	24	330
Share of comprehensive income	201	267	1,328

(2) Company not classified as an associate despite the Group’s holding of 20% or more of its voting rights

Although the Group holds 20% or more of the voting rights of Nissan Parts Nagano Sales Co., Ltd., it is not classified as an associate as it is controlled by its largest shareholder as the parent and therefore the Group is unable to exercise substantial influence through the relevance of business, etc.

18. INCOME TAXES

(1) Deferred tax assets and liabilities

The breakdown of major factors giving rise to deferred tax assets and liabilities and the changes therein are as follows:

Fiscal year ended March 31, 2024

	As of April 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Business combinations	Other	As of March 31, 2024
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Inventories	481	(135)	–	9	–	355
Non-current assets	(752)	70	–	6	–	(676)
Investment securities	(6,955)	(25)	(214)	(0)	–	(7,194)
Unused tax losses	116	(41)	–	4	–	80
Other	1,025	263	–	14	(17)	1,285
Total	(6,084)	131	(214)	34	(17)	(6,150)

Fiscal year ended March 31, 2023

	As of April 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Business combinations	Other	As of March 31, 2023
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Inventories	233	235	–	13	–	481
Non-current assets	(592)	(162)	–	1	–	(752)
Investment securities	(3,504)	8	(3,458)	(0)	–	(6,955)
Unused tax losses	151	(44)	–	10	–	116
Other	862	158	–	25	(20)	1,025
Total	(2,851)	196	(3,458)	49	(20)	(6,084)

Fiscal year ended March 31, 2024

	As of April 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Business combinations	Other	As of March 31, 2024
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Inventories	3,177	(892)	–	59	–	2,345
Non-current assets	(4,967)	462	–	40	–	(4,465)
Investment securities	(45,938)	(165)	(1,413)	(0)	–	(47,517)
Unused tax losses	766	(271)	–	26	–	528
Other	6,770	1,737	–	92	(112)	8,487
Total	(40,185)	865	(1,413)	225	(112)	(40,621)

Tax loss carryforwards and deductible temporary differences for which deferred tax assets are not recognized are as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Unused tax losses	6,999	5,441	46,229
Deductible temporary differences	11,551	35,280	76,295
Total	18,550	40,721	122,523

Tax loss carryforwards for which deferred tax assets are not recognized will expire as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Not later than one year	–	–	–
Later than one year and not later than two years	–	–	–
Later than two years and not later than three years	–	–	–
Later than three years and not later than four years	–	–	–
Later than four years	6,999	5,441	46,229
Total	6,999	5,441	46,229

Taxable temporary differences related to investments in subsidiaries that were not recognized as deferred tax liabilities totaled ¥42,487 million ($280,627 thousand) and ¥37,859 million as of March 31, 2024 and March 31, 2023, respectively. These taxable temporary differences were not recognized as deferred tax liabilities as the Group is able to control the timing of their reversal and it is probable that they will not reverse in the foreseeable future.

(2) Income tax expense

The breakdown of income tax expense is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current tax expense	3,970	3,507	26,222
Deferred tax expense			
Origination and reversal of temporary differences	(51)	(196)	(337)
Impact of changes in tax rates	(81)	–	(535)
Total	3,839	3,311	25,357

Factors causing the difference between the statutory effective tax rate and the average effective tax rate are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
	%	%
Statutory effective tax rate	30.6	30.6
Non-tax-deductible expenses	0.5	0.4
Unrecognized deferred tax assets	0.8	(2.4)
Difference from applicable tax rates for subsidiaries	2.9	1.5
Utilization and recognition of tax loss carryforwards	1.3	(0.2)
Impairment losses on goodwill, etc.	0.6	0.7
Tax credit	(1.9)	(1.1)
Gain on bargain purchase	–	(4.4)
Impact of changes in tax rates	(0.7)	–
Other	(0.7)	0.9
Average effective tax rate	33.5	26.2

The Group is subject primarily to the corporate tax, inhabitant tax and business tax. The Group's statutory effective tax rate calculated based on these taxes for the fiscal year ended March 31, 2024 and the fiscal year ended March 31, 2023 was 30.6%. Overseas subsidiaries, however, are subject to local corporate and other taxes.

(3) Global minimum tax regime

The Pillar Two rules have been enacted in some jurisdictions where the Group operates, and they will apply to the Group starting from the fiscal year beginning on or after April 1, 2024.
The Company assessed its potential exposure to Pillar Two income taxes based on the latest tax returns, country-by-country reports, and financial statements of each constituent entity subject to the rules. As a result, the Company has determined that the impact on the consolidated financial statements of the Group will be immaterial though top-up tax may be imposed for differences between the effective tax rates in the countries where some of the Company's subsidiaries are located and the 15% minimum tax rate.

19. BONDS AND BORROWINGS

(1) Breakdown of financial liabilities

The breakdown of bonds and borrowings and other financial liabilities is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024	Average interest rate	Due date
	Millions of yen	Millions of yen	Thousands of U.S. dollars	%	
Short-term borrowings	38,977	33,563	257,444	1.09	–
Current portion of long-term borrowings	9,983	8,269	65,938	0.39	–
Current portion of bonds	208	301	1,374	0.46	–
Long-term borrowings	21,850	18,728	144,320	0.32	2025–2042
Bonds payable	262	471	1,731	0.48	2025–2027
Lease liabilities (short-term)	8,517	6,487	56,255	1.40	–
Lease liabilities (long-term)	24,606	17,382	162,523	1.37	2025–2055
Other	600	657	3,963	–	–
Total	105,004	85,858	693,554	–	–
Current liabilities	57,685	48,620	381,011	–	–
Non-current liabilities	47,319	37,238	312,543	–	–
Total	105,004	85,858	693,554	–	–

(Notes) 1. The average interest rates represent the weighted-average interest rates based on the balance at the end of the period.
2. Bonds and borrowings and other financial liabilities are classified as financial liabilities measured at amortized cost.

The terms of issue of bonds are summarized as follows:

Company name	Issue name	Issuance date	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024	Coupon rate	Collateral	Redemption date
			Millions of yen	Millions of yen	Thousands of U.S. dollars	%		
TAKAGAKI Gumi, Inc.	The 2nd unsecured straight bonds	April 25, 2018	– (–)	3 (3)	– (–)	0.21	None	April 25, 2023
TAKAGAKI Gumi, Inc.	The 3rd unsecured straight bonds	June 25, 2020	9 (6)	15 (6)	59 (40)	0.30	None	June 25, 2025
Kawasaki Housing Co., Ltd.	The 6th unsecured straight bonds	August 27, 2018	– (–)	10 (10)	– (–)	0.45	None	August 25, 2023
Kawasaki Housing Co., Ltd.	The 7th unsecured straight bonds	August 27, 2018	37 (22)	59 (22)	244 (145)	0.50	None	August 27, 2025
Kawasaki Housing Co., Ltd.	The 8th unsecured straight bonds	September 25, 2018	– (–)	10 (10)	– (–)	1.00	None	September 25, 2023
Kawasaki Housing Co., Ltd.	The 9th unsecured straight bonds	September 26, 2018	– (–)	10 (10)	– (–)	0.55	None	September 26, 2023
Kawasaki Housing Co., Ltd.	The 10th unsecured straight bonds	September 26, 2018	– (–)	10 (10)	– (–)	0.92	None	September 26, 2023
Kawasaki Housing Co., Ltd.	The 11th unsecured straight bonds	October 25, 2018	– (–)	40 (40)	– (–)	0.35	None	October 25, 2023

Kawasaki Housing Co., Ltd.	The 12th unsecured straight bonds	June 25, 2019	10 (10)	30 (20)	66 (66)	0.35	None	June 25, 2024
Kawasaki Housing Co., Ltd.	The 13th unsecured straight bonds	May 25, 2020	30 (20)	50 (20)	198 (132)	0.35	None	May 23, 2025
Kawasaki Housing Co., Ltd.	The 14th unsecured straight bonds	June 30, 2020	30 (20)	50 (20)	198 (132)	0.35	None	June 30, 2025
Kawasaki Housing Co., Ltd.	The 15th unsecured straight bonds	April 25, 2021	25 (10)	35 (10)	165 (66)	1.12	None	April 25, 2026
Kawasaki Housing Co., Ltd.	The 16th unsecured straight bonds	July 12, 2021	50 (20)	70 (20)	330 (132)	0.27	None	July 10, 2026
Kawasaki Housing Co., Ltd.	The 17th unsecured straight bonds	July 30, 2021	100 (40)	140 (40)	661 (264)	0.65	None	July 30, 2026
Kawasaki Housing Co., Ltd.	The 18th unsecured straight bonds	October 25, 2021	60 (20)	80 (20)	396 (132)	0.30	None	October 23, 2026
Kawasaki Housing Co., Ltd.	The 19th unsecured straight bonds	December 24, 2021	60 (20)	80 (20)	396 (132)	0.46	None	December 24, 2026
Kawasaki Housing Co., Ltd.	The 20th unsecured straight bonds	February 25, 2022	60 (20)	80 (20)	396 (132)	0.38	None	February 25, 2027
Total			471 (208)	772 (301)	3,111 (1,374)	–	–	–

(Note) The figures in parentheses are the amounts of current portions of bonds.

(2) Assets pledged as collateral

The assets pledged as collateral for bonds and borrowings are as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Property, plant and equipment	11,207	9,983	74,022
Inventories	28,709	21,080	189,624
Investment property	831	843	5,489
Other	214	200	1,413
Total	40,962	32,107	270,555

20. LEASES

(1) Lessee

The Group has lease contracts mainly relating to buildings, land, and vehicles.
These lease contracts are used for business operations by the Group companies as necessary.
The terms and conditions of leases in the Group are negotiated on an individual basis, and the contract terms and conditions vary significantly both in Japan and overseas.
For a contract with an extension option and a termination option, the Group determines the lease term by assessing whether it is reasonably certain to exercise the option.
Many of the vehicle lease contracts contain a residual value guarantee provision.

The breakdown of the carrying amounts and depreciation of right-of-use assets is as follows:

	Property, plant and equipment				Intangible assets	Current assets	Total
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Software	Other	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of March 31, 2022	9,423	7,166	62	3,236	3	533	20,423
Increase	1,241	4,458	51	849	–	1,134	7,734
Depreciation	(1,776)	(3,130)	(30)	(886)	(2)	(508)	(6,331)
Impairment losses	–	(0)	–	–	–	–	(0)
Other	98	(1,067)	(0)	(12)	–	(469)	(1,450)
Balance as of March 31, 2023	8,987	7,428	83	3,187	1	690	20,376
Increase	1,133	8,704	39	6,149	–	1,678	17,703
Depreciation	(1,901)	(3,858)	(37)	(1,085)	(1)	(573)	(7,455)
Impairment losses	(69)	–	–	(10)	–	–	(80)
Other	(64)	(1,025)	–	306	–	(710)	(1,493)
Balance as of March 31, 2024	8,085	11,249	85	8,546	–	1,085	29,051

(Note) The balance of lease liabilities by due date is stated in Note "35. FINANCIAL INSTRUMENTS (4) Liquidity risk management."

The amounts recognized in the consolidated statement of profit or loss are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Interest expenses on lease liabilities	490	423	3,236
Short-term lease expenses	689	449	4,551
Expenses of leases for which the underlying asset is of low value	244	226	1,612

The amounts recognized in the consolidated statements of cash flows are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Total amount of cash outflows for leases	9,515	8,377	62,847

(2) Lessor

1) Finance leases

The Group leases vehicles as a lessor of finance leases.

Lease income from the finance leases is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Finance income on the net investment in the lease	1,024	833	6,764

The maturity analysis of lease payments receivable (undiscounted) under the finance leases is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Due within one year	6,967	5,229	46,017
Due after one year through two years	3,487	2,744	23,032
Due after two years through three years	2,296	1,600	15,165
Due after three years through four years	939	719	6,202
Due after four years through five years	178	189	1,176
Due after five years	27	7	178
Total	13,893	10,488	91,764
Unearned finance income	1,632	1,261	10,779
Unguaranteed residual value (discounted)	–	–	–
Net investment in the lease	12,261	9,227	80,984

2) Operating leases

The Group leases real estate properties as a lessor that are classified as operating leases.
For a lease of a real estate property, the Group receives the cost of restoring the property to its original condition as a leasehold deposit.

Lease income from the operating leases is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Lease income	502	440	3,316

The maturity analysis of lease payments (undiscounted) under the operating leases is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Due within one year	278	330	1,836
Due after one year through two years	78	114	515
Due after two years through three years	41	42	271
Due after three years through four years	33	35	218
Due after four years through five years	20	31	132
Due after five years	32	52	211
Total	482	603	3,184

21. TRADE AND OTHER PAYABLES

The breakdown of trade and other payables is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Accounts payable - trade	38,389	30,586	253,560
Accounts payable - other	7,276	6,429	48,058
Sublease investment liabilities	11,748	8,056	77,596
Notes payable	883	598	5,832
Total	58,296	45,669	385,046

Trade and other payables are classified as financial liabilities measured at amortized cost.

22. EMPLOYEE BENEFITS

The Company and some of its subsidiaries mainly adopt defined contribution plans to cover post-employment benefits for employees.
The amounts recognized as expenses for defined contribution plans during the fiscal years ended March 31, 2024 and March 31, 2023 were ¥486 million ($3,210 thousand) and ¥445 million, respectively.

23. PROVISIONS

The breakdown of provisions and their changes are as follows:

	Asset retirement obligations
	Millions of yen
As of April 1, 2022	585
Unwinding of the discount	7
Increases	15
Decreases (utilized)	(39)
As of March 31, 2023	569
Unwinding of the discount	7
Increases	149
Decreases (utilized)	(17)
As of March 31, 2024	708

	Asset retirement obligations
	Thousands of U.S. dollars
As of March 31, 2023	3,758
Unwinding of the discount	46
Increases	984
Decreases (utilized)	(112)
As of March 31, 2024	4,676

The breakdown of provisions in the consolidated statement of financial position is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Non-current liabilities	708	569	4,676
Total	708	569	4,676

The amount to be paid in the future estimated based on past experience is recognized as asset retirement obligations to prepare for the obligation to return the land to its original condition at the termination of the real estate lease contracts for stores, etc. used by the Group. While future outflows of economic benefits are mainly expected after one year from the end of each fiscal year, they are subject to future business plans, etc.

24. OTHER LIABILITIES

The breakdown of other liabilities is as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Accrued bonuses	1,427	1,305	9,425
Deposits received	833	798	5,502
Accrued consumption taxes	549	302	3,626
Other	2,608	2,363	17,226
Total	5,417	4,767	35,779
Current liabilities	3,323	2,675	21,948
Non-current liabilities	2,095	2,092	13,838
Total	5,417	4,767	35,779

25. EQUITY AND OTHER COMPONENTS OF EQUITY

(1) Number of shares authorized and shares issued

Changes in the numbers of shares authorized and shares issued are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
	Shares	Shares
Number of shares authorized		
Ordinary shares	169,800,000	169,800,000
Number of shares issued		
Balance at beginning of period	119,381,034	119,381,034
Increase (decrease) during the period (Note 2)	2,250,000	–
Balance at end of period	121,631,034	119,381,034

(Notes) 1. The shares issued by the Company are all ordinary shares with no par value that have no restrictions on any rights. The shares issued have been fully paid for.

2. The increase in the number of shares issued of 2,250,000 during the fiscal year ended March 31, 2024 is attributable to exercises of part of the sixth share acquisition rights by Tokai Tokyo Securities, Co., Ltd. during the period between March 15 and 26, 2024. Payments were received, and new shares were issued.

(2) Treasury shares

Changes in the number of treasury shares are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
	Shares	Shares
Treasury shares		
Balance at beginning of period	3,393,364	3,393,364
Increase during the period (Note 1)	966,000	–
Decrease during the period (Note 2)	(2,800,000)	–
Balance at end of period	1,559,364	3,393,364

(Notes) 1. The increase in the number of treasury shares of 966,000 during the fiscal year ended March 31, 2024 is attributable to a purchase of treasury shares in off-auction trading on March 27, 2024. The total acquisition price of the purchased shares is ¥516 million.

2. The decrease in the number of treasury shares of 2,800,000 during the fiscal year ended March 31, 2024 is attributable to exercises of part of the sixth share acquisition rights by Tokai Tokyo Securities Co., Ltd. during the period between May 2, 2023 and March 8, 2024. Payments were received, and treasury shares were delivered. The total acquisition price of the delivered treasury shares is ¥715 million.

(3) Capital surplus

The Companies Act of Japan (the “Companies Act”) provides that at least half of payment or contribution at the share issue shall be credited to share capital, and the remaining amount shall be credited to legal capital surplus included in capital surplus. The Companies Act also provides that legal capital surplus may be credited to share capital pursuant to a resolution at a general meeting of shareholders.

(4) Retained earnings

The Companies Act provides that an amount equal to 10% of the dividends paid from surplus shall be transferred to legal capital surplus or legal retained earnings until the total amount of legal capital surplus and legal retained earnings equals 25% of share capital. The amount accumulated in legal retained earnings may be used to offset deficit. Further, that legal retained earnings may be reversed pursuant to a resolution at a general meeting of shareholders.

26. DIVIDENDS

The dividends paid are as follows:

Fiscal year ended March 31, 2024

Date of resolution	Class of shares	Total amount of dividends	Dividend per share	Record date	Effective date
		Millions of yen (Thousands of U.S. dollars)	Yen (U.S. dollars)		
Board of Directors meeting held on May 15, 2023	Ordinary shares	1,392 (9,194)	12.00 (0.08)	March 31, 2023	June 12, 2023
Board of Directors meeting held on November 14, 2023	Ordinary shares	1,417 (9,359)	12.00 (0.08)	September 30, 2023	December 1, 2023

Fiscal year ended March 31, 2023

Date of resolution	Class of shares	Total amount of dividends	Dividend per share	Record date	Effective date
		Millions of yen	Yen		
Board of Directors meeting held on May 13, 2022	Ordinary shares	1,276	11.00	March 31, 2022	June 13, 2022
Board of Directors meeting held on November 14, 2022	Ordinary shares	1,334	11.50	September 30, 2022	December 2, 2022

Dividends whose effective date falls in the next fiscal year are as follows:

Fiscal year ended March 31, 2024

Date of resolution	Class of shares	Total amount of dividends	Dividend per share	Record date	Effective date
		Millions of yen (Thousands of U.S. dollars)	Yen (U.S. dollars)		
Board of Directors meeting held on May 15, 2024	Ordinary shares	1,441 (9,518)	12.00 (0.08)	March 31, 2024	June 11, 2024

Fiscal year ended March 31, 2023

Date of resolution	Class of shares	Total amount of dividends	Dividend per share	Record date	Effective date
		Millions of yen	Yen		
Board of Directors meeting held on May 15, 2023	Ordinary shares	1,392	12.00	March 31, 2023	June 12, 2023

27. REVENUE

(1) Disaggregation of revenue

1) Revenue recognized from contracts with customers and other sources

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Revenue recognized from contracts with customers	310,077	265,056	2,048,065
Revenue recognized from other sources	1,527	1,273	10,086
Total	311,604	266,329	2,058,151

2) Relations between disaggregated revenue and segment revenue

Fiscal year ended March 31, 2024

	Reportable segments			
	Automobile Sales-Related Business	Housing-related Business	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenues disaggregated by major service				
New cars	156,408	–	–	156,408
Used cars	65,272	–	–	65,272
Services	47,069	–	–	47,069
Car rentals	14,151	–	–	14,151
Housing	–	26,874	–	26,874
Other	303	–	–	303
	283,203	26,874	–	310,077
Timing of revenue recognition				
Goods transferred at a point in time	267,753	20,338	–	288,091
Services transferred over time	15,450	6,536	–	21,986
	283,203	26,874	–	310,077

Fiscal year ended March 31, 2023

	Reportable segments			
	Automobile Sales-Related Business	Housing-related Business	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenues disaggregated by major service				
New cars	128,280	–	–	128,280
Used cars	61,050	–	–	61,050
Services	42,393	–	–	42,393
Car rentals	11,480	–	–	11,480
Housing	–	21,800	–	21,800
Other	52	–	–	52
	243,255	21,800	–	265,056
Timing of revenue recognition				
Goods transferred at a point in time	230,454	15,332	–	245,785
Services transferred over time	12,801	6,469	–	19,270
	243,255	21,800	–	265,056

Fiscal year ended March 31, 2024

	Reportable segments			
	Automobile Sales-Related Business	Housing-related Business	Other	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Revenues disaggregated by major service				
New cars	1,033,078	–	–	1,033,078
Used cars	431,123	–	–	431,123
Services	310,892	–	–	310,892
Car rentals	93,468	–	–	93,468
Housing	–	177,503	–	177,503
Other	2,001	–	–	2,001
	1,870,561	177,503	–	2,048,065
Timing of revenue recognition				
Goods transferred at a point in time	1,768,514	134,333	–	1,902,847
Services transferred over time	102,048	43,170	–	145,218
	1,870,561	177,503	–	2,048,065

(2) Information on the performance obligations

1) Automobile Sales-Related Business

In the new cars segment, the Group purchases new cars from automakers and sells them. Some companies in the Group manufacture vehicles and sell them to sales agencies. Transaction prices are calculated based on prices in contracts with customers. As for returns and obligations to make a refund, the Group may work as an agent and make a request for a refund to an automaker or a parts manufacturer. However, in most cases, no expenses are incurred by the Group.
In the used cars segment, the Group sells used cars received in exchange of new cars, used cars purchased at auction, used rental cars, etc. Transaction prices are calculated based on prices in contracts with customers. The Group may incur returns and refund obligations due to faults in assessment. However, the Group does not estimate such obligations as they are insignificant.
The Group considers that performance obligations in the new cars segment and the used cars segment are satisfied upon delivery of cars. For auction or online sales in the used cars segment, performance obligations are considered to be satisfied on the date the winning bid was placed. The Group receives considerations mostly within one month from the date of satisfaction of the performance obligation.
In the services segment, the Group provides services such as maintenance, inspection, and JCI inspection of cars. Transaction prices are based on the price list. For some subcontracted services, the Group prepares an estimate in advance based on the subcontractor's quote and determines sales price with approval of the customer. As for returns of a part and obligations to make a refund, the Group may work as an agent and make a request for a refund to an automaker or a parts manufacturer. Expenses may be incurred by the Group due to failure to make a request. However, the Group does not estimate such expenses as the amount is insignificant. The Group considers that performance obligations are satisfied on the date of completion of work. The Group receives considerations mostly within one month from the date of satisfaction of the performance obligation.
For long-term maintenance package products for JCI and other inspections offered in the services segment, the Group receives payment at the conclusion of a contract. Transaction prices are based on the price list and reflect the impact of the time value of money. The Group makes a refund after deducting a registration fee. Revenue from a registration fee is recognized at the conclusion of a contract, and revenue from services other than a registration fee is recognized as the services are rendered.
In the car rentals segment, the Group leases or purchases cars from automobile dealerships and rent them. Transaction prices of rental cars are based on the price list. Transaction prices of leased cars are calculated based on prices in contracts with customers. There is no possibility of returns or refunds. The Group considers that performance obligations are satisfied over the term of the car rental or car lease. The Group receives considerations mostly within one month from the date of satisfaction of the performance obligation.

2) Housing-related Business

In the Housing-related Business, the Group sells condominiums and detached houses, and provides construction services for custom-built houses and commercial facilities. Transaction prices are calculated based on prices in contracts with customers. Revenue from a construction service contract whose performance obligation is satisfied over a certain period of time is recognized based on the progress toward the satisfaction of the performance obligation. The progress is measured based on the ratio of construction cost incurred by the final day of the reporting period to the total expected construction cost. For other contracts, revenue is recognized at a single point in time when the building is delivered, as the Group considers that the customer obtains control of it and the performance obligation is satisfied at the time of delivery. The Group receives considerations mostly within two months from the date of satisfaction of the performance obligation.

(3) Contract balances

Balances of receivables arising from contracts with customers, contract assets, and contract liabilities are as follows:

	As of April 1, 2022	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Millions of yen
Receivables arising from contracts with customers	10,152	10,543	13,079
Contract assets	304	412	1,746
Contract liabilities	12,103	10,947	11,673

	As of March 31, 2024
	Thousands of U.S. dollars
Receivables arising from contracts with customers	86,387
Contract assets	11,532
Contract liabilities	77,100

The contract assets primarily pertain to the Group's rights to consideration in exchange for goods or services in construction contracts in the Housing-related Business for which the Group has satisfied all or a part of its performance obligations, but not invoiced the customers as of the end of the fiscal year. When the rights to consideration become unconditional, the contract assets will be transferred to receivables. The increases are primarily due to the satisfaction of performance obligations for the construction contracts.
The contract liabilities are primarily related to advances received from customers. They decreased mainly due to the recognition of the advances received in the sale of vehicles in the Automobile Sales-Related Business as revenue.

The amount of revenue recognized in the reporting period that was included in the beginning balance of contract liabilities is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
The amount of revenue recognized in the reporting period that was included in the beginning balance of contract liabilities	8,703	9,018	57,483

(4) Transaction prices allocated to remaining performance obligations

As there were no significant transactions for which an individual estimated contract period exceeds one year, the Group has adopted a practical expedient and omitted information on the remaining performance obligations. Considerations from contracts with corporate customers do not include any significant amount not included in the transaction prices.

(5) Contract costs

The Group adopts the practical expedient under paragraph 94 of IFRS 15 and recognizes contract costs as expenses when incurred if the amortization period of such costs is one year or less.

28. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The breakdown of selling, general and administrative expenses is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Personnel expenses	21,388	19,234	141,268
Depreciation and amortization	4,742	4,008	31,321
Advertising expenses	1,958	1,683	12,933
Other	9,442	8,000	62,365
Total	37,531	32,926	247,893

29. OTHER INCOME AND EXPENSES

The breakdown of other income is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Gain on sale of non-current assets	669	3	4,419
Gain on bargain purchase	–	1,834	–
Other	720	726	4,756
Total	1,389	2,562	9,174

The breakdown of other expenses is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Loss on sale of non-current assets	0	7	0
Loss on retirement of non-current assets	95	96	627
Impairment losses	1,058	361	6,988
Other	301	224	1,988
Total	1,454	687	9,604

30. FINANCE INCOME AND FINANCE COSTS

The breakdown of finance income is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Interest income			
Financial assets measured at amortized cost	66	31	436
Dividend income			
Financial assets measured at fair value through profit or loss	7	7	46
Financial assets measured at fair value through other comprehensive income	279	219	1,843
Foreign exchange gain	356	155	2,351
Other	20	1	132
Total	727	413	4,802

The breakdown of finance costs is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Interest expenses			
Financial liabilities measured at amortized cost	1,407	823	9,293
Other	21	43	139
Total	1,428	866	9,432

31. OTHER COMPREHENSIVE INCOME

Amount earned during the period, reclassification adjustment to profit or loss, and tax effect by item of other comprehensive income are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Financial assets measured at fair value through other comprehensive income			
Amount earned during the period	961	11,637	6,347
Tax effect	(214)	(3,458)	(1,413)
Financial assets measured at fair value through other comprehensive income	747	8,178	4,934
Exchange differences on translation of foreign operations			
Amount earned during the period	1,775	374	11,724
Reclassification adjustment	–	–	–
Before tax effect adjustments	1,775	374	11,724
Tax effect	–	–	–
Exchange differences on translation of foreign operations	1,775	374	11,724
Share of other comprehensive income of investments accounted for using equity method			
Amount earned during the period	50	24	330
Reclassification adjustment	–	–	–
Share of other comprehensive income of investments accounted for using equity method	50	24	330
Total other comprehensive income	2,571	8,576	16,982

32. EARNINGS PER SHARE

Basis for calculating basic earnings per share is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit attributable to owners of parent	6,697	7,180	44,234
Weighted average number of ordinary shares issued and outstanding (Shares)	117,785,592	115,987,670	117,785,592
	Yen	Yen	U.S. dollars
Basic earnings per share	56.86	61.91	0.38

Basis for calculating diluted earnings per share is as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit used in the calculation of basic earnings per share	6,697	7,180	44,234
Weighted average number of ordinary shares issued and outstanding (Shares)	117,785,592	115,987,670	117,785,592
Number of dilutive shares			
Share acquisition rights (Shares)	167,624	–	167,624
	Yen	Yen	U.S. dollars
Diluted earnings per share	56.78	61.91	0.38

(Note) The diluted earnings per share for the fiscal year ended March 31, 2023 are the same as the basic earnings per share as there were no potential shares that would have a dilution effect.

33. CASH FLOW INFORMATION

(1) Changes in liabilities arising from financing activities

The changes in liabilities arising from financing activities are as follows:

Fiscal year ended March 31, 2024

	As of April 1, 2023	Changes with cash flows	Changes without cash flows				As of March 31, 2024
			Changes from business combination	Changes from new leases	Exchange differences on translation of foreign operations	Other	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Short-term borrowings	33,563	4,159	802	–	453	–	38,977
Long-term borrowings	26,997	3,726	1,136	–	2	(29)	31,833
Bonds payable	772	(301)	–	–	–	–	471
Lease liabilities	23,179	(8,582)	715	17,187	583	(1,043)	32,038
Construction assistance fund received	10	(1)	–	–	–	0	10
Total	84,522	(999)	2,653	17,187	1,038	(1,072)	103,328

The above lease liabilities do not include lease liabilities from operating activities.

Fiscal year ended March 31, 2023

	As of April 1, 2022	Changes with cash flows	Changes without cash flows				As of March 31, 2023
			Changes from business combination	Changes from new leases	Exchange differences on translation of foreign operations	Other	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Short-term borrowings	20,326	9,698	3,365	–	173	(0)	33,563
Long-term borrowings	25,831	359	830	–	1	(24)	26,997
Bonds payable	143	(291)	920	–	–	–	772
Lease liabilities	23,610	(7,702)	9	7,159	119	(18)	23,179
Construction assistance fund received	11	(1)	–	–	–	0	10
Total	69,922	2,063	5,125	7,159	294	(41)	84,522

The above lease liabilities do not include lease liabilities from operating activities.

Fiscal year ended March 31, 2024

	As of April 1, 2023	Changes with cash flows	Changes without cash flows				As of March 31, 2024
			Changes from business combination	Changes from new leases	Exchange differences on translation of foreign operations	Other	
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Short-term borrowings	221,684	27,470	5,297	–	2,992	–	257,444
Long-term borrowings	178,316	24,610	7,503	–	13	(192)	210,258
Bonds payable	5,099	(1,988)	–	–	–	–	3,111
Lease liabilities	153,098	(56,684)	4,723	113,520	3,851	(6,889)	211,612
Construction assistance fund received	66	(7)	–	–	–	0	66
Total	558,269	(6,598)	17,523	113,520	6,856	(7,081)	682,483

The above lease liabilities do not include lease liabilities from operating activities.

(2) Non-cash transactions

Property, plant and equipment acquired by leases are as follows:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Right-of-use assets acquired by leases	16,282	6,705	107,543

34. SHARE-BASED PAYMENT

(1) Details of share-based payment plan

	2015 stock option
Persons granted	(The Company) 2 directors 7 employees (Subsidiaries) 27 directors 158 employees
Number of stock options by class of shares (Note)	588,000 ordinary shares
Date of grant	June 16, 2015
Vesting conditions	There are no pertinent items.
Target service period	There are no pertinent items.
Exercise period	From June 17, 2017 to June 16, 2022

(Note) The number of stock options is presented in the number of underlying shares.

(2) The number and weighted average exercise price of stock options

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2023	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen (U.S. dollars)	Shares	Yen
Beginning balance of outstanding options	– –	– (–)	502,000	718
Granted	– –	–	–	–
Exercised	– –	–	–	–
Forfeited	– –	–	–	–
Expired	– –	– (–)	502,000	718
Ending balance of outstanding options	–	–	–	–
Ending balance of exercisable options	–	–	–	–

(Note) No stock options were exercised in the fiscal year ended March 31, 2023.

(3) Share-based payment expenses

No share-based payment expenses were recognized in the fiscal years ended March 31, 2024 and March 31, 2023.

35. FINANCIAL INSTRUMENTS

(1) Capital management

The Group manages its capital with the aim of maximizing corporate value through sustainable growth.
The major indexes used by the Group to manage its capital are the net interest-bearing liabilities (interest-bearing liabilities less cash and cash equivalents), the ratio of equity attributable to owners of the parent company, and the return on equity attributable to owners of the parent company.
The Group's net interest-bearing liabilities, ratio of equity attributable to owners of the parent company and return on equity attributable to owners of the parent company are as follows:

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Interest-bearing liabilities	116,161	93,268	767,246
Cash and cash equivalents	13,483	12,644	89,055
Net interest-bearing liabilities	102,678	80,624	678,190
Ratio of equity attributable to owners of the parent company (%)	26.7	28.1	26.7
Return on equity attributable to owners of the parent company (%)	9.8	12.4	9.8

These indexes are regularly reported to and monitored by the management.

There are no significant capital regulations that apply to the Group.

(2) Financial risk management

The Group is exposed to financial risks (credit risk, liquidity risk, currency risk, interest rate risk, and market price fluctuation risk) in the course of performing business activities. The Group manages risks in accordance with certain policies to mitigate these financial risks. The Group uses derivative transactions to avoid the risk of currency fluctuation or the risk of interest rate fluctuation. The Group does not use derivative transactions for speculative purposes.

(3) Credit risk management

Credit risk is the risk of a financial loss that the Group may incur from a default on a contractual obligation by a counterparty pertaining to the financial assets held by the Group.

The carrying amounts of the financial assets presented in the consolidated financial statements are the maximum value of credit risk exposure of the financial assets of the Group.
With regard to trade receivables and loans receivable, the Group creates a database of the credit status of each business partner with whom it has ongoing transactions pursuant to its rules on credit and receivable management and updates the database regularly to monitor the credit status constantly in an effort to identify any concerns about collection due to deterioration in their financial conditions and other factors at early stages. In addition, when starting a new transaction, the Group runs a credit check prior to the transaction, results of which will be used to determine whether or not to start the transaction and specify credit terms.
As for derivative transactions, the Group limits counterparties to financial institutions with high credit ratings and thus considers that the credit risk from such transactions is extremely low.
Furthermore, the Group considers that, if an issuer or debtor faces a significant financial difficulty or delays payment of interest or the principal, such issuer or debtor is in default.
If an issuer or debtor is in default, the Group determines that there is objective evidence of a credit impairment and classifies the relevant financial assets into credit-impaired financial assets.
Notwithstanding the foregoing, if the Group reasonably determines that it is unable to collect all or part of its financial assets, as in cases where a credit legally ceases to exist, the Group directly writes off the carrying amount of such financial assets.

a. The changes in allowance for doubtful accounts are as follows.

The Group determines the amount of allowance for doubtful accounts by assessing the collectability of its trade and other receivables as well as other financial assets (claims provable in bankruptcy and claims provable in rehabilitation) based on the credit status of the counterparties.
The breakdown of changes in allowance for doubtful accounts for trade and other receivables as well as other financial assets (claims provable in bankruptcy and claims provable in rehabilitation) is as follows. The Group classifies assets that are expected to be difficult to collect in future into credit-impaired financial assets. Such assets include those for which collection of interest has been delayed though part of payment has been made or those more than 90 days overdue for which payment has not been made regularly.

	Assets recorded at an amount equal to 12-month expected credit losses	Assets recorded at an amount equal to lifetime expected credit losses: Credit-impaired financial assets	Assets recorded at an amount equal to lifetime expected credit losses: Financial assets for which allowance for doubtful accounts is always measured at an amount equal to lifetime expected credit losses	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2022	(1)	(1,156)	(26)	(1,182)
Changes due to new acquisition and collection of financial assets	0	47	(26)	21
Write-offs	–	0	2	2
Exchange differences on translation of foreign operations	–	–	(1)	(1)
Balance as of March 31, 2023	(1)	(1,109)	(51)	(1,161)
Changes due to new acquisition and collection of financial assets	0	(13)	(29)	(42)
Write-offs	–	343	11	353
Exchange differences on translation of foreign operations	–	–	(4)	(4)
Balance as of March 31, 2024	(1)	(779)	(74)	(854)

	Assets recorded at an amount equal to 12-month expected credit losses	Assets recorded at an amount equal to lifetime expected credit losses: Credit-impaired financial assets	Assets recorded at an amount equal to lifetime expected credit losses: Financial assets for which allowance for doubtful accounts is always measured at an amount equal to lifetime expected credit losses	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Balance as of March 31, 2023	(7)	(7,325)	(337)	(7,668)
Changes due to new acquisition and collection of financial assets	0	(86)	(192)	(277)
Write-offs	–	2,266	73	2,332
Exchange differences on translation of foreign operations	–	–	(26)	(26)
Balance as of March 31, 2024	(7)	(5,145)	(489)	(5,641)

b. Balances of total carrying amount of financial assets subject to recognition of allowance for doubtful accounts are as follows:

	Assets recorded at an amount equal to 12-month expected credit losses	Assets recorded at an amount equal to lifetime expected credit losses		Total
		Credit-impaired financial assets	Financial assets for which allowance for doubtful accounts is always measured at an amount equal to lifetime expected credit losses	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of March 31, 2023	1,225	1,289	22,825	25,338
As of March 31, 2024	1,196	942	29,604	31,741

	Assets recorded at an amount equal to 12-month expected credit losses	Assets recorded at an amount equal to lifetime expected credit losses		Total
		Credit-impaired financial assets	Financial assets for which allowance for doubtful accounts is always measured at an amount equal to lifetime expected credit losses	
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2024	7,900	6,222	195,535	209,650

c. Balances of uncollected financial instruments which have been directly written off during the period but for which collecting activities are continuing

There are no financial assets that were directly written off but for which the Group continued collecting activities in the fiscal years ended March 31, 2024 and March 31, 2023.

(4) Liquidity risk management

Liquidity risk is the risk that the Group may become unable to make payments on the due dates in fulfilling its obligations to repay financial liabilities that have become due.
The Group manages its liquidity risk by reserving adequate funds for repayment, securing readily available credit facilities extended by financial institutions, and monitoring planned and actual cash flows on an ongoing basis.
The Group manages cash flows based on a monthly cash budget, which is prepared by each of the Group companies and updated on a timely basis.
Balances of financial liabilities by due date are as follows:

As of March 31, 2024

	Carrying amount	Contractual cash flows	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Non-derivative financial liabilities								
Trade and other payables	58,296	60,070	53,416	3,466	2,218	822	124	25
Borrowings	70,809	71,046	49,063	7,993	4,619	5,153	1,780	2,438
Bonds payable	471	468	209	166	93	–	–	–
Lease liabilities	33,123	36,627	10,917	6,639	5,099	2,419	1,501	10,052
Other	600	600	10	13	11	11	11	544
Total	163,299	168,811	113,615	18,277	12,040	8,405	3,416	13,058

As of March 31, 2023

	Carrying amount	Contractual cash flows	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Non-derivative financial liabilities								
Trade and other payables	45,669	46,993	42,449	2,390	1,444	651	57	3
Borrowings	60,560	60,735	41,703	8,212	4,044	2,540	1,643	2,594
Bonds payable	772	771	304	208	166	93	–	–
Lease liabilities	23,869	26,466	8,840	4,427	3,036	1,827	1,300	7,037
Other	657	657	11	12	10	10	19	594
Total	131,527	135,622	93,306	15,249	8,700	5,121	3,018	10,227

As of March 31, 2024

	Carrying amount	Contractual cash flows	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Non-derivative financial liabilities								
Trade and other payables	385,046	396,764	352,814	22,893	14,650	5,429	819	165
Borrowings	467,695	469,260	324,062	52,794	30,509	34,036	11,757	16,103
Bonds payable	3,111	3,091	1,380	1,096	614	–	–	–
Lease liabilities	218,778	241,922	72,107	43,851	33,679	15,978	9,914	66,394
Other	3,963	3,963	66	86	73	73	73	3,593
Total	1,078,593	1,115,000	750,429	120,720	79,524	55,515	22,563	86,248

(5) Currency risk management

a. Risk management activities

The Group operates its business globally and is exposed to the risk of currency fluctuation arising from transactions denominated in a currency other than the functional currency. The Group uses derivatives (cross-currency interest rate swap) to avoid the risks of currency fluctuation and interest rate fluctuation arising from a part of its borrowings.

b. Foreign currency sensitivity analysis

The impact of a 1% appreciation of the Japanese yen against the U.S. dollars and the British pounds on the profit before tax in the consolidated statement of profit or loss in each reporting period is as follows.
However, this analysis is based on the assumption that other variable factors (balances, interest rates, etc.) are constant.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Profit before tax Millions of yen	Profit before tax Millions of yen	Profit before tax Thousands of U.S. dollars
U.S. dollars	(14)	(13)	(92)
British pounds	(10)	(9)	(66)

(6) Interest rate risk management

a. Risk management activities

The Group is exposed to various risks of interest rate fluctuation in the course of its business activities. Fluctuations in interest rates have a significant impact on borrowing costs, in particular.
The Group may use derivatives (interest rate swap contracts, etc.) in accordance with defined policies to mitigate the risk of interest rate fluctuation.

b. Interest rate sensitivity analysis

The impact of a 1% increase in interest rate on the profit before tax in the consolidated statement of profit or loss in each reporting period is as follows.
However, this analysis is based on the assumption that other variable factors (balances, exchange rates, etc.) are constant.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Profit before tax	(531)	(467)	(3,507)

(7) Market price fluctuation risk management

a. Risk management activities

The Group is exposed to the risk of fluctuations in share prices arising from equity instruments (shares).
The Group regularly assesses and monitors fair value and financial conditions of issuers of such equity instruments.

b. Price sensitivity analysis

The impact of a 10% decline in the market prices of equity instruments held by the Group on the other comprehensive income (before tax effect) in the consolidated statement of comprehensive income in each reporting period is as follows. However, this analysis is based on the assumption that other variable factors are constant.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Other comprehensive income (before tax effect)	(2,444)	(2,402)	(16,143)

(8) Classification and fair value of financial assets and financial liabilities

Classification, carrying amounts and fair value of financial assets and financial liabilities are as follows.
Lease liabilities are not included in the table below as disclosure of fair value is not required under IFRS 7 "Financial Instruments: Disclosures."

	As of March 31, 2024		As of March 31, 2023		As of March 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars	Thousands of U.S. dollars
Financial assets measured at amortized cost						
Trade and other receivables	27,946	27,913	22,541	22,533	184,584	184,366
Other financial assets	3,451	3,035	3,241	2,957	22,794	20,046
Financial assets measured at fair value through profit or loss						
Other financial assets	934	934	916	916	6,169	6,169
Financial assets measured at fair value through other comprehensive income						
Other financial assets	27,884	27,884	26,920	26,920	184,174	184,174
Total	60,215	59,765	53,620	53,327	397,721	394,749
Financial liabilities measured at amortized cost						
Trade and other payables	58,296	58,262	45,669	45,661	385,046	384,822
Bonds and borrowings	71,280	71,222	61,333	61,334	470,806	470,423
Other financial liabilities	600	478	657	561	3,963	3,157
Total	130,176	129,962	107,659	107,556	859,815	858,402

a. Classification based on fair value hierarchy

The fair value measurements of financial instruments measured at fair value are categorized into the following three levels based upon the observability and significance of inputs used to measure such financial instruments.

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets
Level 2: Fair value, other than Level 1, that is determined by directly or indirectly using observable prices
Level 3: Fair value determined by using valuation techniques that use unobservable inputs

b. Calculation method for fair value

The calculation method for fair value of financial instruments is as follows:

Assets:

(Trade and other receivables)
The fair value of lease receivables and investments in leases is determined based on the present value obtained by discounting the total amount of lease income at a credit risk-adjusted rate of interest. Receivables other than lease receivables and investments in leases are stated at carrying amounts since their fair value approximates the carrying amounts as they are settled in a short period of time. They are classified as Level 2 in the fair value hierarchy.

(Other financial assets)
With respect to the fair value of securities and investment securities, the fair value of listed shares is determined based on the quoted price at an exchange as of the end of the fiscal year, and the shares are classified as Level 1 in the fair value hierarchy. When there is no active market for the securities, and if there is a standard price or other information published, as with investment trusts and other instruments, the fair value is determined based on such information, and the securities are classified as Level 2 in the fair value hierarchy. The fair value of unlisted shares, etc. is determined by the valuation technique using the market price of shares of comparable companies and the valuation technique using net asset value, and the shares, etc. are classified as Level 3 in the fair value hierarchy.
The fair value of long-term loans receivable is determined based on the present value obtained by discounting the amount of each receivable at the interest rate adjusted by taking into account the respective period to maturity and credit risk. They are classified as Level 2 in the fair value hierarchy.

Liabilities:

(Trade and other payables)
Trade and other payables that are settled in a short period of time are stated at carrying amounts as their fair value approximates the carrying amounts. Trade and other payables that are settled in a period longer than one year are determined based on the present value calculated using a discount rate that is equal to the interest rate that would be used for a new similar transaction. They are classified as Level 2 in the fair value hierarchy.

(Bonds and borrowings)
With respect to the fair value of bonds and long-term borrowings, those with variable interest rates are stated at carrying amounts as their fair value reflects the market rates in a short period of time and is therefore deemed to approximate their carrying amounts. The fair value of bonds and borrowings with fixed interest rates is determined based on the present value obtained by discounting the total amount of the principal and interest at an interest rate that would be offered for a new similar bond or borrowing. They are classified as Level 2 in the fair value hierarchy.

(Other financial liabilities)
With respect to other financial liabilities, the fair value is determined based on the present value, etc. obtained by discounting future cash flows at an interest rate equal to an appropriate index, such as the yield on a government bond. If other standard prices are published or presented, the fair value is determined based on such published and presented prices. They are classified as Level 2 in the fair value hierarchy.

c. Fair value hierarchy

The levels in the fair value hierarchy of financial instruments measured at fair value are as follows:

As of March 31, 2024

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets:				
Financial assets measured at fair value through profit or loss				
Other financial assets				
Securities	–	224	–	224
Other	–	–	710	710
Financial assets measured at fair value through other comprehensive income				
Other financial assets				
Securities	24,442	–	3,442	27,884
Total	24,442	224	4,151	28,818

As of March 31, 2023

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets:				
Financial assets measured at fair value through profit or loss				
Other financial assets				
Securities	–	237	–	237
Derivatives	–	30	–	30
Other	–	–	649	649
Financial assets measured at fair value through other comprehensive income				
Other financial assets				
Securities	24,017	–	2,904	26,920
Total	24,017	267	3,553	27,837

As of March 31, 2024

	Level 1	Level 2	Level 3	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Assets:				
Financial assets measured at fair value through profit or loss				
Other financial assets				
Securities	–	1,480	–	1,480
Other	–	–	4,690	4,690
Financial assets measured at fair value through other comprehensive income				
Other financial assets				
Securities	161,440	–	22,734	184,174
Total	161,440	1,480	27,417	190,343

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. The Group did not recognize any material transfers between Levels 1, 2 and 3 in each fiscal year.

d. Valuation processes

For financial instruments classified as Level 3, an external valuation expert or an internal qualified staff performs the valuation and analyzes the result of valuation in accordance with the valuation policy and procedures approved by the responsible person of the business management division. The result of valuation is reviewed and approved by the responsible person of the business management division.

e. Quantitative information on financial instruments classified as Level 3

Fair value of unlisted shares classified as Level 3 is measured as follows:

As of March 31, 2024

Categories	Valuation technique	Significant unobservable inputs	Input value
Financial assets measured at fair value through other comprehensive income	Valuation technique using the market price of the comparable companies	EV to EBIT multiple Price to book value multiple Illiquidity discount	5.27x 1.3x 30%
Financial assets measured at fair value through other comprehensive income	Valuation technique using net asset value	–	–

As of March 31, 2023

Categories	Valuation technique	Significant unobservable inputs	Input value
Financial assets measured at fair value through other comprehensive income	Valuation technique using the market price of the comparable companies	EV to EBIT multiple Price to book value multiple Illiquidity discount	4.87x 0.9x 30.0%
Financial assets measured at fair value through other comprehensive income	Valuation technique using net asset value	–	–

Significant unobservable inputs used in the fair value measurement of unlisted shares are the EV to EBIT multiple, the price to book value multiple, and the illiquidity discount. A significant increase (decrease) in the EV to EBIT multiple will result in a significant increase (decrease) in fair value. A significant increase (decrease) in the price to book value multiple will result in a significant increase (decrease) in fair value. A significant increase (decrease) in the illiquidity discount will result in a significant decrease (increase) in fair value.

f. Reconciliation of financial instruments classified as Level 3 from the beginning to the end of the period

Changes in financial instruments classified as Level 3 from the beginning to the end of the period are as follows:

Fiscal year ended March 31, 2024

	Fair value measurements as of the closing date		
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
	Millions of yen	Millions of yen	Millions of yen
Balance at beginning of period	649	2,904	3,553
New consolidations	–	1	1
Total gains and losses	8	539	546
Profit or loss (Note 1)	8	–	8
Other comprehensive income (Note 2)	–	539	539
Purchases	55	0	55
Sales	(2)	(2)	(4)
Balance at end of period	710	3,442	4,151
Changes in unrealized gains or losses recognized in profit or loss on assets held at the end of the reporting period (Note 1)	8	–	8

Fiscal year ended March 31, 2023

	Fair value measurements as of the closing date		
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
	Millions of yen	Millions of yen	Millions of yen
Balance at beginning of period	677	2,950	3,627
New consolidations	–	22	22
Total gains and losses	(16)	279	263
Profit or loss (Note 1)	(16)	–	(16)
Other comprehensive income (Note 2)	–	279	279
Purchases	58	0	58
Sales	(70)	(347)	(417)
Balance at end of period	649	2,904	3,553
Changes in unrealized gains or losses recognized in profit or loss on assets held at the end of the reporting period (Note 1)	(16)	–	(16)

Fiscal year ended March 31, 2024

	Fair value measurements as of the closing date		
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Balance at beginning of period	4,287	19,181	23,468
New consolidations	–	7	7
Total gains and losses	53	3,560	3,606
Profit or loss (Note 1)	53	–	53
Other comprehensive income (Note 2)	–	3,560	3,560
Purchases	363	0	363
Sales	(13)	(13)	(26)
Balance at end of period	4,690	22,734	27,417
Changes in unrealized gains or losses recognized in profit or loss on assets held at the end of the reporting period (Note 1)	53	–	53

(Notes) 1. Included in finance income and finance costs in the consolidated statement of profit or loss.
2. Included in financial assets measured at fair value through other comprehensive income in the consolidated statement of comprehensive income.

(9) Equity instruments

Stocks are mainly held for cross-holding purposes. Accordingly, they are designated as financial assets measured at fair value through other comprehensive income.

a. Breakdown of fair value by issue

The breakdown of major issues of equity instruments and their fair value is as follows:

As of March 31, 2023

Issue name	Fair value
	Millions of yen
KeePer Technical Laboratory Co., Ltd.	22,939
Nissan Parts Tokai Sales Co., Ltd.	1,208
Nissan Parts Nagano Sales Co., Ltd.	536

As of March 31, 2024

Issue name	Fair value	Fair value
	Millions of yen	Thousands of U.S. dollars
KeePer Technical Laboratory Co., Ltd.	23,172	153,052
Nissan Parts Tokai Sales Co., Ltd.	1,492	9,855
Nissan Parts Nagano Sales Co., Ltd.	673	4,445

b. Derecognition of financial assets measured at fair value through other comprehensive income

The Group sells equity instruments, taking into account the current status of their fair value and business needs. The fair value of the issues sold during the period as of the date of derecognition of such issues and the accumulated gains or losses which had been recognized as other comprehensive income are as follows:

Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
Fair value	Cumulative gains (losses)	Fair value	Cumulative gains (losses)	Fair value	Cumulative gains (losses)
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars	Thousands of U.S. dollars
11	(11)	333	299	73	(73)

Any change in fair value of equity instruments recognized through other comprehensive income is immediately transferred to retained earnings. Accumulated gains or losses transferred from other comprehensive income to retained earnings during the fiscal years ended March 31, 2024 and March 31, 2023 were ¥751 million ($4,960 thousand) and ¥8,162 million, respectively.
The breakdown of dividend income recognized from equity instruments is as follows:

Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
Investments derecognized during the period	Investments held at the end of the period	Investments derecognized during the period	Investments held at the end of the period	Investments derecognized during the period	Investments held at the end of the period
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars	Thousands of U.S. dollars
0	279	–	219	0	1,843

36. PRINCIPAL SUBSIDIARIES

(1) Subsidiaries

The status of major subsidiaries of the Group is as described in “I Overview of the Company, 4. Status of Affiliated Companies.”

37. RELATED PARTIES

(1) Transactions with related parties

Fiscal year ended March 31, 2024

Type	Name	Relationship	Description of transactions	Transaction amount	Amount outstanding
				Millions of yen	Millions of yen
Close family member of a director (or other officer)	Kazuhiro Nobuta	Provision of construction service	Construction of a new house	30	–
Company of which the majority of voting rights are held by a director (or other officer) or his or her close family member	Mogauto S.A	Sale of finished goods and merchandise, etc.	Purchase of parts	74	–
			Sale of parts	40	–
			Purchase of vehicles	35	–
			Sale of vehicles	25	–
			Borrowing of fund	45	47
			Repayment of fund	41	–
			Payment of interest	0	–
	Mogadealer S.L	Sale of finished goods and merchandise, etc.	Purchase of parts	43	–
			Sale of parts	55	–
			Purchase of vehicles	3,000	–
			Sale of vehicles	80	–
			Borrowing of fund	46	48
			Repayment of fund	34	–
			Payment of interest	0	–
	Resiro Plus S.L	Leasing of land	Leasing of land	34	–
	CLAMI S.L	Leasing of shops, etc.	Leasing of shops	549	–

(Notes) 1. The transactions with related parties are made based on transactions between independent third parties.

2. The Group does not recognize an allowance for doubtful accounts for receivables pertaining to the transactions with related parties.

Fiscal year ended March 31, 2023

Type	Name	Relationship	Description of transactions	Transaction amount	Amount outstanding
				Millions of yen	Millions of yen
Company of which the majority of voting rights are held by a director (or other officer) or his or her close family member	Mogauto S.A	Sale of finished goods and merchandise, etc.	Purchase of parts	62	–
			Sale of parts	26	3
			Purchase of vehicles	308	–
			Sale of vehicles	17	–
			Borrowing of fund	37	38
			Repayment of fund	37	–
			Payment of interest	0	–
			Sale of non-current assets	37	–
	Mogadealer S.L	Sale of finished goods and merchandise, etc.	Purchase of parts	37	9
			Sale of parts	44	9
			Purchase of vehicles	1,602	–
			Sale of vehicles	11	–
			Borrowing of fund	30	31
			Repayment of fund	30	–
			Payment of interest	0	–
	Resiro Plus S.L	Leasing of land	Leasing of land	27	–
	CLAMI S.L	Leasing of shops, etc.	Leasing of shops	443	–

(Notes) 1. The transactions with related parties are made based on transactions between independent third parties.

2. The Group does not recognize an allowance for doubtful accounts for receivables pertaining to the transactions with related parties.

Fiscal year ended March 31, 2024

Type	Name	Relationship	Description of transactions	Transaction amount	Amount outstanding
				Thousands of U.S. dollars	Thousands of U.S. dollars
Close family member of a director (or other officer)	Kazuhiro Nobuta	Provision of construction service	Construction of a new house	198	–
Company of which the majority of voting rights are held by a director (or other officer) or his or her close family member	Mogauto S.A	Sale of finished goods and merchandise, etc.	Purchase of parts	489	–
			Sale of parts	264	–
			Purchase of vehicles	231	–
			Sale of vehicles	165	–
			Borrowing of fund	297	310
			Repayment of fund	271	–
			Payment of interest	0	–
	Mogadealer S.L	Sale of finished goods and merchandise, etc.	Purchase of parts	284	–
			Sale of parts	363	–
			Purchase of vehicles	19,815	–
			Sale of vehicles	528	–
			Borrowing of fund	304	317
			Repayment of fund	225	–
			Payment of interest	0	–
	Resiro Plus S.L	Leasing of land	Leasing of land	225	–
	CLAMI S.L	Leasing of shops, etc.	Leasing of shops	3,626	–

(2) Remuneration for key management executives

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Basic remuneration	242	242	1,598
Retirement benefits	51	51	337
Total	293	293	1,935

38. COMMITMENTS

The amount of the unexecuted contracts to purchase property, plant and equipment was ¥3,503 million ($23,137 thousand) as of March 31, 2024 (¥2,075 million as of March 31, 2023).

39. CONTINGENT LIABILITIES

Not applicable.

40. SUBSEQUENT EVENTS

Not applicable.