

Questions and Answers

Date: November 4, 2015 (Wed) 10 : 30~11 : 30

Place: OTEMACHI 1ST SQUARE CONFERENCE Room C, Tokyo

※The following is the content of the questions and answers at the financial results briefing. Some parts have been added and corrected, for making them understandable.

• Regarding the GooPit Business (Presentation Material P.21)

Q. Since July, the number of client firms has been increasing rapidly. What are the factors?

A. We think there are three factors.

1. In order to find maintenance shops, in addition to the conventional method of receiving support from external firms, we largely shifted to the sales system in which our sales staffs promote the conclusion of contracts. The call service functions of PROTO DATA CENTER, which is a group company, are also utilized.
2. We strengthened our sales system considerably, for the purpose of improving the contact points with client firms.
3. As there had been no media for vitalizing the car maintenance field, our service can reach users directly, and so expectations and interests have been fostered in this field.

Q. If there are any data regarding the breakdown of business categories of client firms, please tell us.

A. We enumerated several kinds of client firms other than maintenance shops as our future targets, but our client firms are still mostly maintenance shops.

• Regarding Q2/FY March 2016 Operating Results

Q. Please tell us the net sales and operating income for the first half of PROTO CORPORATION, AUTOWAY Co., Ltd., TIRE WORLD KAN BEST CO., LTD., and Kings Auto Co., Ltd. on P.9-10 of the Presentation Material.

A. These are as follows:

	(million yen)			
	PROTO CORPORATION	AUTOWAY	TIRE WORLD KAN BEST	Kings Auto
Net Sales	12,216	5,033	1,876	2,347
Operating Income	2,260	90	(47)	12

※The operating income of AUTOWAY Co., Ltd., TIRE WORLD KAN BEST CO., LTD., and Kings Auto Co., Ltd. are the values before goodwill amortization.

• Regarding MOTOR GATE(Presentation Material P.19)

Q. Please tell us if any change in external environment is one of the reasons why the number of clients of MOTOR GATE did not reach the target value.

A. MOTOR GATE has been evaluated to some degree, but the environment surrounding used car dealers remains harsh. In order for client firms to boost their sales amid this situation, we make efforts to allocate time to product explanation so that they can take full advantages of MOTOR GATE's functions of analyzing data, producing documents, managing customers, etc. Describing this as consulting may be exaggeration, but our sales staff strived to "satisfy the needs of each dealer." As a result, the number of client firms marked a record high at the end of Sep. 2015. We will keep making efforts to increase client firms.

• **Regarding Goo Brand**

Q. Please tell us how you plan to respond to the expansion of overseas used car markets.

A. As the yen depreciation is lingering, we expect that the overseas demand for used Japanese cars will grow further. Especially in Oceania, the quality of used cars is demanded. We think by offering our private brand products (hereinafter referred to as "PB products"), such as Goo-inspection, GooPlus, and Goo Warranty, as additional services for used cars, it is possible to provide safe, reliable, high-quality used cars in foreign countries, mainly in Asia. The services of Goo-inspection have been already started in Taiwan. It is expected that when the trend of importing used cars to Japan gets stronger, these PB products will exert their great potential from the viewpoint of users.

Q. Please tell us how to improve the appealing power of Goo toward users?

A. It is necessary to enrich our service contents. To do so, it is imperative to maximize the number of client firms. As for the Goo business, we aim to actualize comprehensive support for the car lives of users, by not only offering used car information to users, but also utilizing our PB products such as information on a third-party inspection service to help make a purchasing decision, warranty, and after-sale services. We will also nurture the trust of users by collecting and offering sure information and achieving "Reliable Goo," based on the strong cooperation with used car dealers, which send information.

• **Regarding a Negotiation Tool for New Car Dealers (Presentation Material P.15/23-24)**

Q. Please tell us the sales promotion for new car dealers.

A. We directly approach new car dealers in each region. In other cases, we approach the headquarters of each manufacturer and request them to introduce our product and service to each dealer. Then, each dealer installs the negotiation tool for promoting the purchase of new cars, which helps the management and sale of each dealer.

Q. As the number of new car dealers is estimated to decline, please tell us the estimated total number of new car dealers at the end of Mar. 2018.

A. It is probably estimated to decrease gently, but we think the decrease is not significant. We assume that the number of new car dealers will be about 15,000 in Mar. 2018, and we will strive to have about 30% of them adopt our product and service.

Q. Please tell us how much you think the sales promotion of the negotiation tool for new car dealers would influence your revenue.

A. At the moment, we are offering our service at a relatively affordable price, while considering the current period as the introduction phase. We will keep improving the value of this service and growing it to indispensable one for the business administration of dealers, so that it will become the foundation for increasing sales and profit.

• **Regarding Consolidated Earnings Forecast FY March 2016 (Presentation Material P.28)**

Q. It seems that you expect significant increases in sales and profit in the second half. Please tell us your outlook.

A. We expect the growth of demand for winter tires, especially in AUTOWAY Co., Ltd. and TIRE WORLD KAN BEST CO., LTD., which are our group companies. Our revenue is estimated to be higher in the second half than in the first half.