

Investor Meeting for the First Half of Fiscal Year Ending in March 2017(April 1,2016 to September 30,2016),and Business Briefing
Questions and Answers

Date: November 7, 2016 (Mon) 17:00~18:30
Place: FUKURACIA Tokyo Station Room-L

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

• **About the overview of the results for Q2 of the FY ending March 2017**

Q. As the advertising related expenses for the first half were slightly below the projection, actual operating income is 1.33 billion yen as opposed to 1.16 billion yen as projected at the beginning of term. However, your consolidated earnings forecast has not been revised. Please let us know if there is any potential risk in the second half that may make operating income lower than the forecast.

A. We have no particular risk forecast at this time. As you have rightly pointed out, our operating income for the first half was slightly higher than the forecast but we need not revised our consolidated earnings forecast at the moment.

• **About ID cars & Goo-inspection**

Q. You launched the "ID cars" in August 2016. Please tell us if there would be any difference in its influence on your performance from that of "Goo-inspection".

A. The objective of "ID cars" and "Goo-inspection" is to create an environment in which users can feel secure to purchase used cars by eliminating the "asymmetry of information" between used car dealers and users, and the launch of "ID cars", in which we disclose vehicle condition information, will not directly affect our sales and operating income. However, this kind of undertaking to improve the value of used cars is connected to the increased trades of used cars and this will indirectly mean that our company will gain more trading partners (hence increased profit).

• **About 3-Year Mid-Term Plan (FY Ending March 2017-2019)**

Q. I have heard that the businesses in the fields of maintenance and new cars will be the drivers of growth in the FY ending March 2018 and onward. Can you please tell us what kind of growth you are expecting from your existing used car businesses to which you introduced the "ID cars"?

A. The "Goo" business is our core business in the used car field, but we are not planning a drastic growth in this area in the 3-year mid-term plan. However, at the moment, each group companies are steadily moving, and we are regarding our lifestyle-related information business in the healthcare field (PROTO MEDICAL CARE) as another growth driver in the 3-year mid-term plan.

Q. Please tell us roughly what kind of growth projection you have in the car maintenance business during the 3-year mid-term plan.

A. In our maintenance-related business, we are obviously going to utilize our current network of over 10,000 shops, but we will continue to increase the number of our trading partners as well as creating an improved user reach by strengthening the alliance with the major websites and media and not just our own media. We cannot unveil the details at this time yet but we hope to keep building a platform in the maintenance field through diversifying services.

- **About GooPit & Goo Checkup**

Q. I've just looked at "Goo Checkup" and even taking the current 10,000 Yen cash-back campaign into consideration, I thought the pricing was low. Can you please tell us how the prices are calculated when additional maintenance and repair are needed?

A. Generally speaking, it is not rare that additional maintenance/repair and parts exchange are necessary after vehicle inspection. So in these cases, we will be in touch with the users and invoice them the additional cost accordingly.

Q. How do we search for the "Tire-installing service tickets" sold on Amazon.co.jp?

A. We must admit that searching for these on Amazon.co.jp is currently rather clumsy and we are working with them to improve on this. But saying that, considering the service was only launched very recently, the results are encouraging and the access number and sales situation are both promising. Please rest assured that soon we are going to reinforce the "leads" to these service tickets and we are expecting to produce good results from them.

- Reference: News release (November 4, 2016)

Sales of "Tire-installing service tickets" started on our EC-site

- Showing you the nearest maintenance shops where they can install tires from our nationwide network of about 10,000 companies listed on "GooPit" -

<http://www.proto-g.co.jp/IR/news/release20161104.html> (Japanese Only)
