

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



## Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 4, 2025

Company name: PROTO CORPORATION

Listing: Tokyo, Nagoya

Securities code: 4298

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

Representative: Kenji Kamiya

President

Inquiries: Takehito Suzuki

Executive officer

Telephone: +81-52-934-2000

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

#### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2024	91,235	5.3	6,829	10.1	6,966	4.5	4,236	(4.4)
December 31, 2023	86,665	9.5	6,205	6.5	6,665	28.6	4,432	33.3

(Note) Comprehensive income:      Nine months ended December 31, 2024:      ¥                      4,274 million      [      (3.0) %]  
    Nine months ended December 31, 2023:      ¥                      4,407 million      [      45.5 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	105.14	-
December 31, 2023	110.14	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	70,324	49,571	69.8
March 31, 2024	66,156	47,244	70.9

(Reference) Equity:      As of December 31, 2024:                      ¥                      49,084 million  
    As of March 31, 2024:                      ¥                      46,896 million

### 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	17.50	-	25.00	42.50
Fiscal year ending March 31, 2025	-	25.00	-		
Fiscal year ending March 31, 2025 (Forecast)				0.00	25.00

(Note) Revision to the forecast for dividends announced most recently:      Yes

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	117,178	1.3	8,238	4.3	8,227	(2.4)	5,571	0.3	138.25

(Note) Revision to the financial results forecast announced most recently: None

\* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 2 (Company name: Kankokeizai News Corporation and YOSSYAA KOMAGANE CO., LTD. )

Excluded: - (Company name: )

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

December 31, 2024: 41,925,300 shares

March 31, 2024: 41,925,300 shares

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

December 31, 2024: 1,615,794 shares

March 31, 2024: 1,663,807 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2024: 40,292,094 shares

Nine months ended December 31, 2023: 40,241,259 shares

(Note) Total number of issued shares at the end of the period includes the number of shares of our company owned by ESOP Trust (110,000 shares as of March 31, 2024; 92,160 shares as of December 31, 2024). In addition, the number of treasury shares to be deducted when calculating the average number of shares outstanding during the period includes the number of shares of our company owned by ESOP Trust (- in the nine months ended December 31, 2023; 95,514 in the nine months ended December 31, 2024).

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes(mandatory)

\* Proper use of earnings forecasts, and other special matters

The forward-looking statements such as operational forecasts contained in this statements summary are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. Actual results may differ significantly from these forecasts due to various factors. Please refer to “1. Qualitative information on interim financial results (3) Explanation on prediction information, such as consolidated earnings forecasts” on page 4 for the assumptions used in forecasting business results and precautions regarding the use of business results forecasts.

○Table of contents of appendix

1. Qualitative information on quarterly financial results .....	2
(1) Explanation of operating results .....	2
(2) Explanation on the financial position .....	4
(3) Explanation on prediction information, such as consolidated earnings forecasts .....	4
2. Quarterly Consolidated Financial Statements .....	5
(1) Quarterly Consolidated Balance Sheets .....	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	7
(3) Notes on quarterly consolidated financial statements .....	9
(Notes on the premise of a going concern) .....	9
(Notes about the case where shareholders' equity changes considerably) .....	9
(Segment information, etc.) .....	10
(Notes on the cash flow statement) .....	12
(Significant subsequent events) .....	13

## 1. Qualitative information on quarterly financial results

### (1) Explanation of operating results

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

During the nine months ended December 31, 2024, the Japanese economy showed signs of a moderate recovery in personal consumption and the country's economy as a result of improvements in the employment and income environments. On the other hand, it is necessary to pay close attention to the impact of continued high interest rates in Europe and the U.S. as well as the continued stagnation of the real estate market in China.

Under these economic conditions, the number of new cars sold in the automobile sales industry, which is a major customer base of the Group, remained smaller than that in the previous year due to a number of factors, including an increase in consumers' desire to save money due to high prices and the end of rebound consumption due to the calming of the spread of infectious diseases. Furthermore, the number of registered used cars remained marginally higher than that in the previous year due to the protracted delay in the supply of new cars, which stimulated demand for used cars.

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

As a result of the above, the sales in the cumulative third quarter of the fiscal year under review amounted to 91,235 million yen (up 5.3% year on year). The increase in sales was mainly due to the steady expansion of the platform business, which is the core business, and an increase in vehicle exports in the commerce business. Operating profit was 6,829 million yen (up 10.1% year on year) due to the steady expansion in the provision of DX products and services in the platform business. Ordinary profit was 6,966 million yen (up 4.5% year on year) due to the above-mentioned increase in sales. Profit attributable to owners of parent was 4,236 million yen (down 4.4% year on year) due to the recording of expenses related to special investigations.

#### ② Overview of each segment

The results of each business segment are as follows.

##### (Platform)

We have focused on enhancing products and services contributing to DX of the mobility field while striving to expand the market share in each business field and boost the average spending per customer, aiming for the largest platform in the mobility industry.

In the platform business' "Media" segment, efforts were made in the used car field to increase the volume of content on "Goo-net" and to increase the number of affiliated bases and support used car dealers' management by offering and enhancing the capabilities of "MOTOR GATE," a background system on "Goo-net." In the maintenance field, in addition to expanding the content of "Goo-net Pit," initiatives were taken to build a network of affiliated car maintenance shops by providing "MOTOR GATE PIT IN," a system for managing vehicles to be repaired, along with the introduction and expansion of "Goo Failure Diagnosis," a diagnostic service using on-board failure diagnosis equipment (OBD).

Furthermore, regarding "services" in the Platform Business, we worked on expanding the sale of "DataLine SalesGuide," a tool for negotiations concerning new cars, in the new car field, and of "RacroSIII," an integration system for sheet metal in the car maintenance business, with regard to maintenance sheet metal software.

As a result of the above, sales were 24,833 million yen (up 5.6% year on year). The main reason for the increase in sales was the steady provision of DX products such as "AI Recommend Space" and "MG Calendar," which are optional products for "MOTOR GATE," in the platform business' "Media" segment. Operating profit was 7,469 million yen (up 7.3% year on year) due to the above-mentioned growth in the platform business.

(Commerce)

Regarding “sales of goods” in the Commerce Business, we strove to increase opportunities for sale by pursuing synergy with our “Goo-net,” “Goo-net Pit,” “MOTOR GATE Shopping,” etc., while working on enhancing the sale of main brands of tires, wheels, etc. Regarding used car export, the number of cars exported to Malaysia, a major export destination, exceeded the forecast.

Moreover, with regard to “ticket sales” in the Commerce Business, we endeavored to extend opportunities for the sale of gift certificates, gift vouchers, etc. by providing our know-how for the Internet business.

As a result of the aforementioned, sales reached 59,703 million yen (up 4.6% year on year). The growth in sales was caused mainly by the abovementioned favorable situation of used car export. On the other hand, an operating loss of 508 million yen (down 22.3% year on year) was posted due to the soaring cost of sales resulting from the depreciation of yen, etc.

(Other Business)

In the other businesses segment, sales were 6,697 million (up 10.0% year on year), and operating profit was 529 million (up 205.9% year on year), mainly due to the steady performance of business operations of okinawa basketball inc.

## (2) Explanation on the financial position

Total assets at the end of the third quarter of the fiscal year under review amounted to 70,324 million yen, up 4,168 million yen from the end of the previous fiscal year. The status of assets, liabilities, and net assets is as follows:

### i. Assets

Current assets grew 3,929 million yen from the end of the previous consolidated fiscal year to 48,401 million yen due to an increase in cash and deposits at PROTO SOLUTION Co., Ltd., etc.

Fixed assets stood at 21,923 million yen, up 238 million yen from the end of the previous consolidated fiscal year, due to the increase of machinery and equipment in AUTOWAY Co., Ltd.

### ii. Liabilities

Current liabilities increased 1,878 million yen from the end of the previous consolidated fiscal year to 19,435 million yen due to an augmentation in short-term borrowings at AUTOWAY Co., Ltd. and TIRE WORLD KAN BEST CO., LTD.

Fixed liabilities decreased 37 million yen from the end of the previous consolidated fiscal year to 1,317 million yen due to a decrease in long-term borrowings at AUTOWAY Co., Ltd.

### iii. Net assets

Net assets amounted to 49,571 million yen, up 2,327 million yen from the end of the previous fiscal year, due to the recording of 4,236 million yen in profit attributable to owners of parent, despite the payment of dividends from a surplus of 2,019 million yen.

## (3) Explanation on prediction information, such as consolidated earnings forecasts

Our business performance is currently in line with the initial forecast as a whole, so we have not revised the earnings forecast announced on May 10, 2024, but if we find any fact that should be disclosed through examination according to the progress of business activities, we will announce it immediately.

We forecast business performance based on information the PROTO Group has obtained and some assumptions considered as reasonable, but please note that there is a possibility that actual performance will be significantly different from the forecast according to inherent uncertain factors, changes in the situation of business operation, etc.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	25,764	27,219
Notes and accounts receivable - trade	6,327	7,317
Securities	-	737
Inventories	9,134	9,296
Other	3,254	3,837
Allowance for doubtful accounts	(7)	(6)
Total current assets	44,472	48,401
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,497	5,442
Land	5,590	5,725
Other, net	911	1,329
Total property, plant and equipment	12,000	12,497
Intangible assets		
Goodwill	2,146	2,122
Other	2,256	2,387
Total intangible assets	4,402	4,510
Investments and other assets		
Investment securities	2,686	2,038
Other	2,813	3,096
Allowance for doubtful accounts	(218)	(219)
Total investments and other assets	5,280	4,915
Total non-current assets	21,684	21,923
Total assets	66,156	70,324

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,728	1,776
Electronically recorded obligations - operating	1,999	2,032
Short-term borrowings	4,300	5,500
Current portion of long-term borrowings	74	79
Accrued expenses	2,636	3,189
Income taxes payable	1,645	1,095
Contract liabilities	2,428	3,310
Provision for bonuses	238	205
Provision for share awards	22	-
Provision for merchandise warranties	14	13
Other	2,468	2,232
Total current liabilities	17,557	19,435
Non-current liabilities		
Long-term borrowings	358	300
Provision for retirement benefits for directors (and other officers)	276	288
Retirement benefit liability	158	171
Asset retirement obligations	352	356
Other	208	199
Total non-current liabilities	1,354	1,317
Total liabilities	18,911	20,752
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,849	1,849
Capital surplus	2,149	2,172
Retained earnings	43,783	46,000
Treasury shares	(1,290)	(1,242)
Total shareholders' equity	46,491	48,778
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	428	341
Foreign currency translation adjustment	(23)	(35)
Total accumulated other comprehensive income	405	306
Non-controlling interests	348	487
Total net assets	47,244	49,571
Total liabilities and net assets	66,156	70,324



## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	86,665	91,235
Cost of sales	64,739	68,043
Gross profit	21,926	23,191
Selling, general and administrative expenses	15,721	16,361
Operating profit	6,205	6,829
Non-operating income		
Interest and dividend income	9	13
Share of profit of entities accounted for using equity method	1	1
Gain on investments in investment partnerships	-	9
Foreign exchange gains	131	38
Gain on valuation of derivatives	321	31
Insurance claim income	-	24
Other	102	62
Total non-operating income	566	182
Non-operating expenses		
Interest expenses	7	19
Loss on investments in investment partnerships	30	-
Provision of allowance for doubtful accounts	29	0
Other	38	25
Total non-operating expenses	106	45
Ordinary profit	6,665	6,966
Extraordinary income		
Gain on sale of non-current assets	7	1
Gain on sale of investment securities	-	39
Total extraordinary income	7	41
Extraordinary losses		
Loss on sale and retirement of non-current assets	23	1
Settlement payments	-	150
Special investigation expenses	-	368
Total extraordinary losses	23	519
Profit before income taxes	6,650	6,487
Income taxes - current	2,345	2,166
Income taxes - deferred	(151)	(52)
Total income taxes	2,193	2,114
Profit	4,457	4,373
Profit attributable to non-controlling interests	25	137
Profit attributable to owners of parent	4,432	4,236

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	4,457	4,373
Other comprehensive income		
Valuation difference on available-for-sale securities	(39)	(86)
Foreign currency translation adjustment	(10)	(12)
Total other comprehensive income	(49)	(99)
Comprehensive income	4,407	4,274
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,382	4,137
Comprehensive income attributable to non-controlling interests	25	137

### (3) Notes on quarterly consolidated financial statements

(Notes on the premise of a going concern)

No applicable.

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

Based on a resolution passed at a Board of Directors meeting on July 12, 2024, our company retired 33,600 treasury shares on August 9, 2024 to provide transfer-restricted shares as compensation.. As a result, capital surplus increased 23 million yen, and treasury shares decreased 24 million yen during the nine months ended December 31, 2024. Capital surplus was 2,172 million yen, and treasury shares were 1,242 million yen at the end of the third quarter of the fiscal year under review.

(Segment information, etc.)

I Nine months ended December 31, 2023 (April 1, 2023, to December 31, 2023)

1 Information on sales and profit or loss in each segment to be reported, and breakdown of revenues

(Millions of yen)

	Reportable segment			Other Business (Note)1	Total	Adjustment (Note)2	Amount posted in the quarterly consolidated statements of income (Note)3
	Platform	Commerce	Total				
Net sales							
Media	18,954	—	18,954	—	18,954	—	18,954
Services	4,571	—	4,571	—	4,571	—	4,571
Sales of goods	—	24,224	24,224	—	24,224	—	24,224
Ticket sales	—	32,828	32,828	—	32,828	—	32,828
Other Business	—	—	—	5,966	5,966	—	5,966
Revenue arising out of contracts with customers	23,525	57,052	80,578	5,966	86,544	—	86,544
Other revenues (Note)4	—	—	—	121	121	—	121
Sales to external customers	23,525	57,052	80,578	6,087	86,665	—	86,665
Internal sales or transfer between segments	58	1	59	1,552	1,611	(1,611)	—
Total	23,584	57,053	80,638	7,639	88,277	(1,611)	86,665
Segment profit	6,962	653	7,616	173	7,789	(1,584)	6,205

(Notes) 1 The “Other” category encompasses business segments which are not included in reported segments, mainly the BPO (Business Process Outsourcing) Business.

2 The adjustment of segment profit includes (31) million yen due to the exclusion of transactions between segments and (1,553) million yen due to group-wide expenses, which are composed of mainly general administrative expenses not attributable to the segments to be reported.

3 Segment profit has been adjusted with the operating profit recorded in the quarterly consolidated profit-and-loss statement.

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

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

No applicable.

II Nine months ended December 31, 2024 (April 1, 2024, to December 31, 2024)

1 Information on sales and profit or loss in each segment to be reported, and breakdown of revenues

	Reportable segment			Other Business (Note)1	Total	Adjustment (Note)2	(Millions of yen) Amount posted in the quarterly consolidated statements of income (Note)3
	Platform	Commerce	Total				
Net sales							
Media	19,991	—	19,991	—	19,991	—	19,991
Services	4,842	—	4,842	—	4,842	—	4,842
Sales of goods	—	28,421	28,421	—	28,421	—	28,421
Ticket sales	—	31,282	31,282	—	31,282	—	31,282
Other Business	—	—	—	6,578	6,578	—	6,578
Revenue arising out of contracts with customers	24,833	59,703	84,537	6,578	91,115	—	91,115
Other revenues (Note)4	—	—	—	119	119	—	119
Sales to external customers	24,833	59,703	84,537	6,697	91,235	—	91,235
Internal sales or transfer between segments	55	6	62	1,527	1,590	(1,590)	—
Total	24,889	59,710	84,600	8,225	92,825	(1,590)	91,235
Segment profit	7,469	508	7,977	529	8,506	(1,676)	6,829

(Notes) 1 The “Other” category encompasses business segments which are not included in reported segments, mainly the BPO (Business Process Outsourcing) Business.

2 The adjustment of segment profit includes (29) million yen due to the exclusion of transactions between segments and (1,647) million yen due to group-wide expenses, which are composed of mainly general administrative expenses not attributable to the segments to be reported.

3 Segment profit has been adjusted with the operating profit recorded in the quarterly consolidated profit-and-loss statement.

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

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

(Significant changes in goodwill)

In the “other businesses” segment, all shares of Kankokeizai News Corporation and YOSSYAA KOMAGANE CO., LTD. were acquired during the nine months ended December 31, 2024, making both companies consolidated subsidiaries. The increase in goodwill due to this event was 147 million yen.

3 Information on assets in each segment to be reported

During the nine months ended December 31, 2024, all shares of Kankokeizai News Corporation and YOSSYAA KOMAGANE CO., LTD. were acquired, including both companies in the scope of consolidation. As a result, assets in the “other businesses” segment increased 568 million yen from the end of the previous fiscal year.

(Notes on the cash flow statement)

The quarterly consolidated statement of cash flows for the nine months ended December 31, 2024 has not been prepared. Depreciation expenses (including amortization expenses for intangible assets excluding goodwill) and amortization of goodwill for the cumulative third quarter of the fiscal year under review are as follows:

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	823 million yen	981 million yen
Goodwill of amortization	164 million yen	171 million yen

(Significant subsequent events)

At the meeting of the board of directors held today (February 4, 2025), our company resolved to express our agreement to the tender offer bid for the common shares in our company (hereinafter referred to as “shares in our company”) by Foresight Co., Ltd. as part of the so-called management buyout (MBO)\* (hereinafter referred to as “the Tender Offer Bid”) and recommend shareholders of our company to offer their shares.

Said resolution of the board of directors was made under the assumption that the shares in our company will be delisted after the Tender Offer Bid and a series of subsequent procedures.

For details, please refer to “Announcement of Implementation of MBO and Recommendation to Shareholders to Tender Shares” released today (February 4, 2025).

(Notes) “Management buyout (MBO)” means a transaction in which the management of a company to be bought injects all or part of purchase funds to acquire the shares in the company to be bought so that the business of said company will continue.