

**Financial Results for the Six Months Ended September 2017
(April 1,2017 to September 30,2017)**

PROTO CORPORATION
October 30, 2017



Financial Data (Consolidated)

Shares outstanding (million)	20.9
Market capitalization (¥ billion, September 2017)	42.4
DPS (¥, FY March 2018, Forecast)	50.0
EPS (¥, FY March 2018, Forecast)	105.69
BPS (¥, FY March 2017)	1,316.22
ROE (% , FY March 2017, Net income basis)	5.8
ROA (% , FY March 2017, Ordinary income basis)	7.0
Equity ratio (% , March 2017)	63.0
Potential share dilution (million)	-
Foreign ownership (% , September 2017)	31.71

Major Shareholders

	(Thousands)
1) Mugen Corporation	6,807 (32.50%)
2) JPLLC CLIENT SAFEKEEPING ACCOUNT	1,323 (6.31%)
3) PROTO CORPORATION	881 (4.20%)
4) BNYM TREATY DTT 10	688 (3.28%)
5) The Master Trust Bank of Japan, Ltd. (Trust Account)	659 (3.15%)
6) JP MORGAN CHASE BANK 385632	568 (2.71%)
7) CLEARSTREAM BANKING S.A	489 (2.33%)
8) Hiroichi Yokoyama	440 (2.10%)
9) Yoshihiro Yokoyama	383 (1.82%)
10) Takemi Masuda	313 (1.49%)

(As of September 30, 2017)

Q2/FY March 2018 : Operating Results (1)

Consolidated Statements of Income [unit: million yen]	Q2/FY2017 March		Q2/FY2018 March			
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	Results(c)	Sales ratio
Net Sales	26,399	100.0%	29,370	100.0%	29,386	100.0%
Cost of Sales	15,897	60.2%	18,006	61.3%	18,050	61.4%
Gross Profit	10,501	39.8%	11,364	38.7%	11,336	38.6%
SG&A Expenses	9,162	34.7%	9,787	33.3%	9,540	32.5%
EBITDA	2,199	8.3%	2,518	8.6%	2,668	9.1%
Operating Income	1,338	5.1%	1,577	5.4%	1,795	6.1%
Ordinary Income	1,306	4.9%	1,593	5.4%	1,950	6.6%
Net Income	702	2.7%	1,008	3.4%	857	2.9%
Net Income per Share(Yen)	34.93	-	50.27	-	42.76	-

YoY		Achievement rate	
(c)-(a)	%	(c)-(b)	%
2,987	111.3%	16	100.1%
2,152	113.5%	44	100.2%
835	108.0%	(27)	99.8%
378	104.1%	(246)	97.5%
469	121.3%	149	105.9%
456	134.1%	218	113.9%
644	149.3%	357	122.4%
155	122.1%	(150)	85.1%
7.83	122.4%	(7.51)	85.1%

※The planned values for the term ended Q2 Mar. 2018 were announced on May 10, 2017. (The same)

※EBITDA was calculated with the equation: operating income + depreciation + amortization of goodwill

[unit: million yen]	Q2/FY2017 March		Q2/FY2018 March			
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	Results(c)	Sales ratio
SG&A Expenses	9,162	34.7%	9,787	33.3%	9,540	32.5%
Employment Cost	4,009	15.2%	4,260	14.5%	4,014	13.7%
Advertising Cost	1,785	6.8%	1,986	6.8%	2,068	7.0%
Other Expenses	3,368	12.8%	3,540	12.1%	3,457	11.8%
Number of Employees	1,598	-	1,742	-	1,627	-

YoY		Achievement rate	
(c)-(a)	%	(c)-(b)	%
378	104.1%	(246)	97.5%
5	100.1%	(245)	94.2%
283	115.9%	82	104.1%
89	102.7%	(82)	97.7%
29	101.8%	(115)	93.4%

Sales Sales increased due to the healthy growth of sales of goods (tires and wheels).

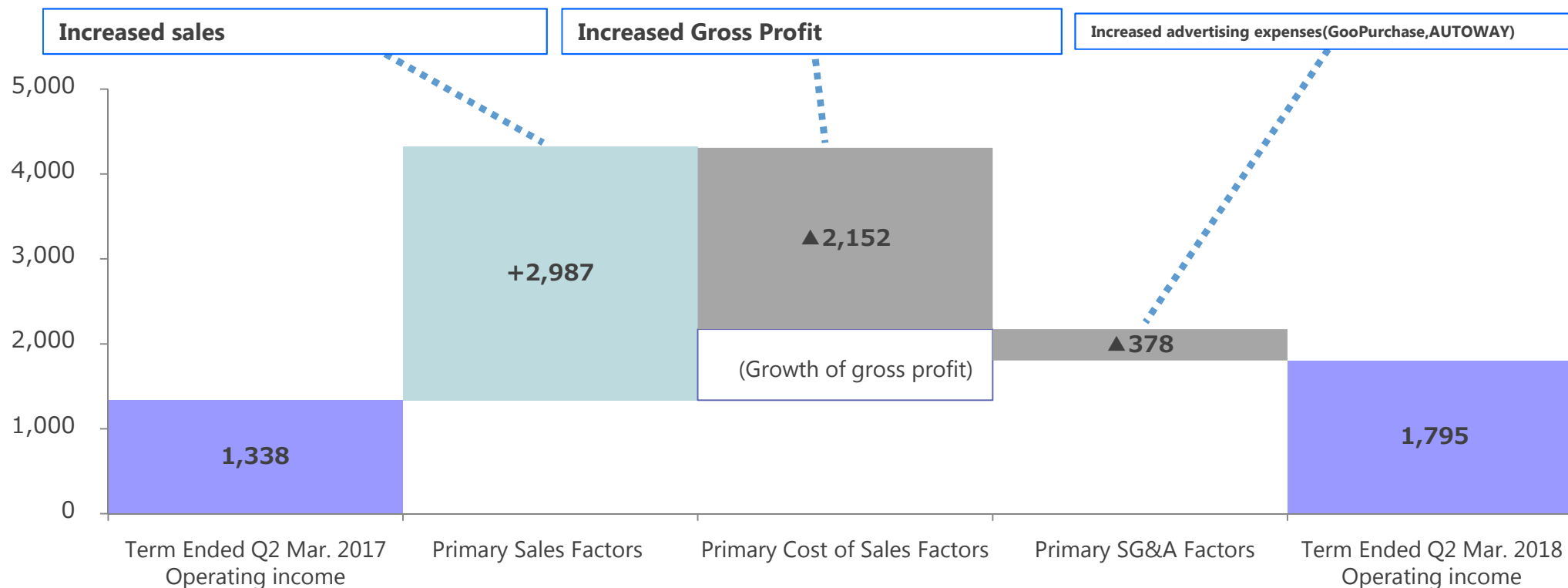
Operating Income Operating income increased mostly due to the healthy growth of sales of goods (tires and wheels) and structural reform of the Goo-series.

Net Income An impairment loss amounting to 336 million yen was included in the fixed assets related to agricultural business in the Other segment.

Q2/FY March 2018 : Operating Results (2)

■ Operating Income – Analysis of Primary Factors for Increase and Decrease (Unit: million yen)

Effect of sales growth on operating income	+2,987	Effect of increase in Cost of Sales on operating income	(2,152)	Effect of increase in SG&A Expenses on operating income	(378)
【Primary factors】		【Primary factors】		【Primary factors】	
AUTOWAY/TIRE WORLD KAN BEST	+1,233	AUTOWAY/TIRE WORLD KAN BEST	(775)	PROTO CORPORATION	(331)
PROTO CORPORATION	+1,159	PROTO CORPORATION	(489)	AUTOWAY/TIRE WORLD KAN BEST	(264)



Q2/FY March 2018: Operating Results by Segment

Net Sales [unit: million yen]	Q2/FY2017 March		Q2/FY2018 March			
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	Results(c)	Sales ratio
Automobile-related	23,614	89.5%	26,337	89.7%	26,430	89.9%
Ad-related	10,358	39.2%	10,100	34.4%	10,661	36.3%
Information and services	2,457	9.3%	3,236	11.0%	2,462	8.4%
Sales of goods	10,798	40.9%	13,001	44.3%	13,306	45.3%
Lifestyle-related	2,107	8.0%	2,249	7.7%	2,215	7.5%
Real Estate	89	0.3%	93	0.3%	102	0.3%
Other Business	587	2.2%	688	2.3%	638	2.2%
Total	26,399	100.0%	29,370	100.0%	29,386	100.0%

YoY		Achievement rate	
(c)-(a)	%	(c)-(b)	%
2,815	111.9%	92	100.4%
302	102.9%	560	105.6%
4	100.2%	(774)	76.1%
2,508	123.2%	305	102.4%
107	105.1%	(34)	98.5%
13	114.8%	9	110.0%
51	108.7%	(49)	92.8%
2,987	111.3%	16	100.1%

Operating Income [unit: million yen]	Q2/FY2017 March		Q2/FY2018 March			
	Results(a)	Profit margin	Forecast(b)	Profit margin	Results(c)	Profit margin
Automobile-related	1,880	8.0%	2,214	8.4%	2,417	9.1%
Lifestyle-related	295	14.0%	219	9.7%	228	10.3%
Real Estate	68	76.7%	56	60.7%	87	85.6%
Other Business	(57)	-	(44)	-	(64)	-
Management Division	(848)	-	(868)	-	(873)	-
Total	1,338	5.1%	1,577	5.4%	1,795	6.1%

YoY		Achievement rate	
(c)-(a)	%	(c)-(b)	%
536	128.5%	202	109.1%
(67)	77.3%	9	104.3%
19	128.1%	31	155.2%
(7)	-	(19)	-
(24)	-	(4)	-
456	134.1%	218	113.9%

Automobile-related information

Profit increased mostly due to the increase in sales of goods (tires and wheels) and the effect of structural reform of the ad-related business of Goo-series.

*For details of each segment, please refer to P.25.

Lifestyle-related information

Profit decreased due to the increase in sales personnel costs to expand the area of the welfare equipment rental business.

KPI progress of core business(as of September 2017)

Used Cars (No. of Affiliated companies of Goo-net)

Healthy

クルマ、まるごと。

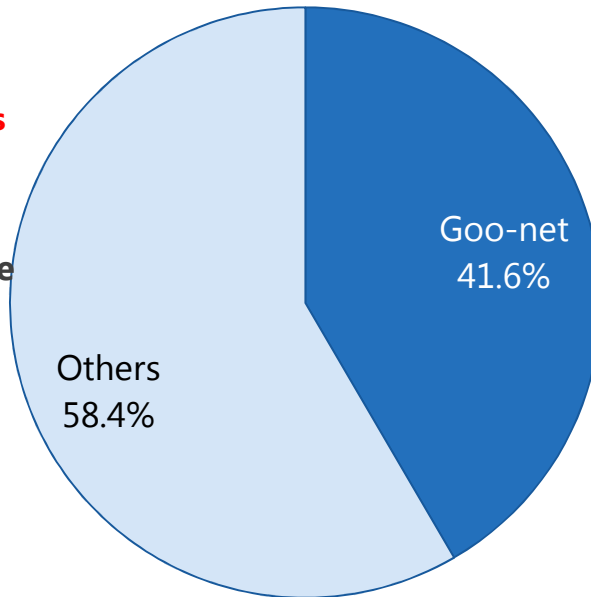


13,640 companies

(12,611 companies as of the end of Mar. 2017)

Target market scale (32,777 companies)

Source:
Surveyed by our company



New Cars (No. of Affiliated sites of DataLine SalesGuide)

Healthy

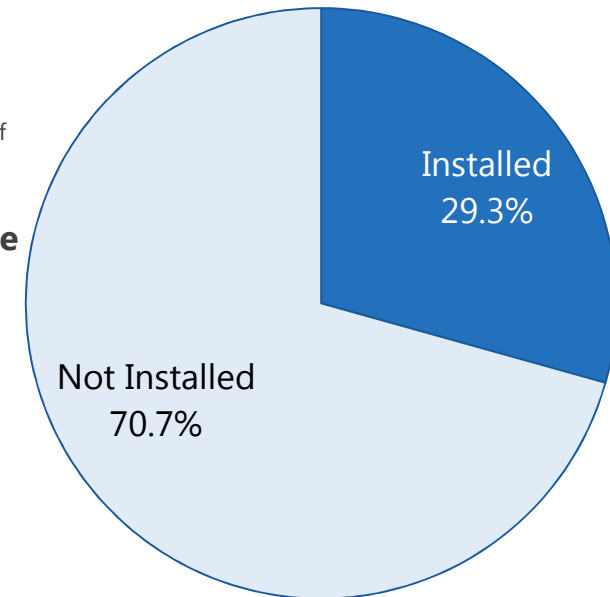


4,361 sites

(3,935 sites as of the end of Mar. 2017)

Total market scale (14,861 sites)

Source:
Japan Automobile Service Promotion Association



Maintenance (No. of Affiliated shops of GooPit)

Delay

クルマメンテ、まるごと。



Paid-service:1,988 shops

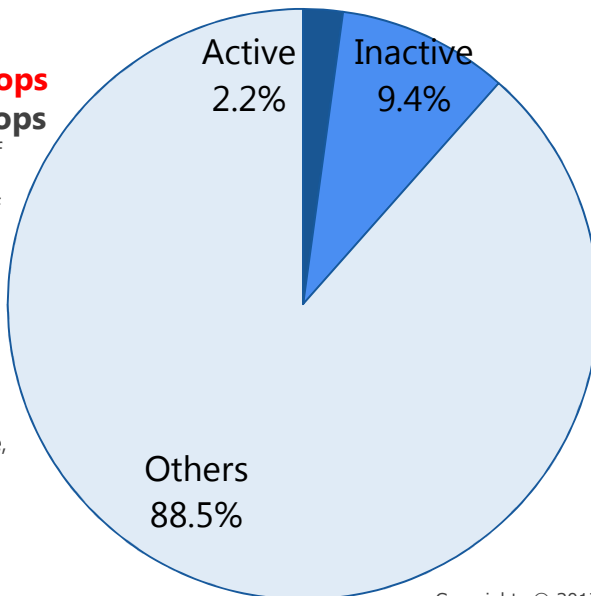
Free-service:8,626 shops

(Paid-service:1,815 shops as of the end of Mar. 2017)

(Free-service:8,626 shops as of the end of Mar. 2017)

Total market scale (92,042 shops)

Source:
Ministry of Land, Infrastructure, Transport and Tourism



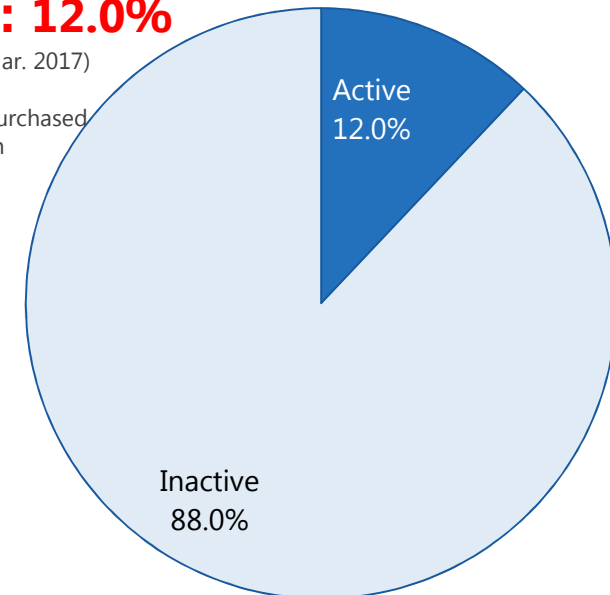
Sale of goods (MOTOR GATE Shopping operation rate)

Healthy

Active rate : 12.0%

(9.8% as of the end of Mar. 2017)

※We define accounts purchased more than once a month as active accounts.



Q2/FY March 2018 : Consolidated Balance Sheet

[unit: million yen]	As of March 31, 2017		As of September 30, 2017		Increase/Decrease	
	Results(a)	Ratio	Results(b)	Ratio	(b)-(a)	%
Current Assets	23,731	56.6%	29,446	62.7%	5,715	124.1%
Fixed Assets	18,203	43.4%	17,493	37.3%	(710)	96.1%
Current Liabilities	12,627	30.1%	17,546	37.4%	4,919	139.0%
Long-term Liabilities	2,905	6.9%	2,566	5.5%	(338)	88.3%
Net Assets	26,401	63.0%	26,826	57.2%	424	101.6%
Total Assets	41,934	100.0%	46,939	100.0%	5,004	111.9%

[unit: million yen]	As of March 31, 2017		As of September 30, 2017		Increase/Decrease	
	Results(a)	Ratio	Results(b)	Ratio	(b)-(a)	%
Cash and cash equivalents	12,784	30.5%	16,307	34.7%	3,523	127.6%
Interest-bearing debt	6,679	15.9%	9,354	19.9%	2,675	140.1%
Net cash	6,105	14.6%	6,953	14.8%	848	113.9%

Current Assets Main factor for increasing was cash and deposits rising by 3,523 million yen (primarily via borrowings).

Fixed Assets Main factor for decreasing was goodwill amortization dropping by 315 million yen (primarily due to recording of goodwill amortization).

Current Liabilities Main factor for increasing was short-term debt increasing by 2,974 million yen (primarily within PROTO CORPORATION).

Long-term Liabilities Main factor for decreasing was long-term debt dropping by 299 million yen (primarily within AUTOWAY).

Q2/FY March 2018: Consolidated Statements of Cash Flows

[unit: million yen]	Q2/FY2017 March	Q2/FY2018 March	YoY
	Results(a)	Results(b)	(b)-(a)
Cash Flows from Operating Activities	1,676	1,645	(31)
Cash Flows from Investing Activities	(798)	(334)	463
Cash Flows from Financing Activities	408	2,223	1,815
Cash and Cash Equivalents at End of Term	12,468	15,916	3,448

[unit: million yen]	Q2/FY2017 March	Q2/FY2018 March	YoY
	Results(a)	Results(b)	(b)-(a)
Investment Amount (Tangible/intangible fixed assets*)	855	424	(431)
Depreciation (Tangible/intangible fixed assets)	539	556	16
Amortization of Goodwill	320	315	(4)

Cash Flows from Operating Activities

There was an income of 1,645 million yen, mainly due to net income before taxes and other adjustments at 1,531 million yen, depreciation free from spending, goodwill amortization and impairment loss adding up to 1,207 million yen.

Cash Flows from Investing Activities

There was an expenditure of 334 million yen, mainly due to spending 420 million yen to acquire fixed assets.

Cash flows from financing activities

There was an income of 2,223 million yen, mainly due to increasing short-term borrowing of 3,000 million yen.

FY March 2018: Revision to Consolidated Earnings Forecast

Consolidated Earnings Forecast for FY March 2018

Consolidated Statements of Income [unit: million yen]	FY2017 March		FY2018 March			
	Results(a)	Sales ratio	Initial forecast (b)	Sales ratio	Revised forecast (c)	Sales ratio
Net Sales	56,717	100.0%	65,570	100.0%	62,650	100.0%
Cost of Sales	34,897	61.5%	41,155	62.8%	39,035	62.3%
Gross Profit	21,820	38.5%	24,415	37.2%	23,615	37.7%
SG&A Expenses	19,024	33.5%	19,915	30.4%	19,915	31.8%
EBITDA	4,546	8.0%	6,437	9.8%	5,477	8.7%
Operating Income	2,795	4.9%	4,500	6.9%	3,700	5.9%
Ordinary Income	2,883	5.1%	4,532	6.9%	3,859	6.2%
Net Income	1,506	2.7%	2,982	4.5%	2,120	3.4%
Net Income per Share(Yen)	75.02	-	148.66	-	105.69	-

YoY		Comparison with the initial forecast	
(c)-(a)	%	(c)-(b)	%
5,932	110.5%	(2,920)	95.5%
4,137	111.9%	(2,120)	94.8%
1,794	108.2%	(800)	96.7%
890	104.7%	0	100.0%
930	120.5%	(960)	85.1%
904	132.3%	(800)	82.2%
975	133.8%	(673)	85.2%
613	140.7%	(862)	71.1%
30.67	140.9%	(42.97)	71.1%

※ EBITDA was calculated with the equation: operating income + depreciation + amortization of goodwill

[unit: million yen]	FY2017 March		FY2018 March			
	Results(a)	Sales ratio	Initial forecast (b)	Sales ratio	Revised forecast (c)	Sales ratio
SG&A Expenses	19,024	33.5%	19,915	30.4%	19,915	31.8%
Employment Cost	7,936	14.0%	8,613	13.1%	8,124	13.0%
Advertising Cost	4,167	7.3%	3,813	5.8%	4,793	7.7%
Other Expenses	6,921	12.2%	7,487	11.4%	6,997	11.2%

YoY		Comparison with the initial forecast	
(c)-(a)	%	(c)-(b)	%
890	104.7%	0	100.0%
187	102.4%	(489)	94.3%
625	115.0%	979	125.7%
76	101.1%	(489)	93.5%

Major factors for revising the business plan

Sales A major factor in decreasing is the review of sales of Goo Checkup and GooPit.

Operating income A major factor in decreasing is the review of gross profit of Goo Checkup, Kings Auto, and TIRE WORLD KAN BEST. (Review of SG&A: Increase in ad cost for Goo-net and decrease in personnel and other costs.)

Net income A major factor in decreasing is, in addition to the above factors, recording of extraordinary loss that was generated during the first half. (*For details, please refer to P.22)

FY March 2018: Consolidated Earnings Forecast (Segment)

Sales [unit: million yen]	FY2017 March		FY2018 March			
	Results(a)	Sales ratio	Initial forecast (b)	Sales ratio	Revised forecast (c)	Sales ratio
Automobile-related	51,025	90.0%	59,194	90.3%	56,297	89.9%
Ad-related	21,231	37.4%	20,868	31.8%	21,959	35.1%
Information and services	4,893	8.6%	7,784	11.9%	4,961	7.9%
Sale of goods	24,899	43.9%	30,542	46.6%	29,377	46.9%
Lifestyle-related	4,236	7.5%	4,638	7.1%	4,533	7.2%
Real Estate	187	0.3%	191	0.3%	199	0.3%
Other Business	1,268	2.2%	1,544	2.4%	1,619	2.6%
Total	56,717	100.0%	65,570	100.0%	62,650	100.0%

YoY		Comparison with the initial forecast	
(c)-(a)	%	(c)-(b)	%
5,272	110.3%	(2,897)	95.1%
727	103.4%	1,090	105.2%
67	101.4%	(2,823)	63.7%
4,477	118.0%	(1,164)	96.2%
297	107.0%	(105)	97.7%
11	106.3%	7	103.7%
350	127.7%	75	104.9%
5,932	110.5%	(2,920)	95.5%

Operating Income [unit: million yen]	FY2017 March		FY2018 March			
	Results(a)	Profit margin	Initial forecast (b)	Profit margin	Revised forecast (c)	Profit margin
Automobile-related	3,939	7.7%	5,693	9.6%	4,837	8.6%
Lifestyle-related	478	11.3%	489	10.5%	461	10.2%
Real Estate	147	78.6%	101	52.9%	171	86.2%
Other Business	(136)	-	(59)	-	(72)	-
Management Division	(1,633)	-	(1,724)	-	(1,697)	-
Total	2,795	4.9%	4,500	6.9%	3,700	5.9%

YoY		Comparison with the initial forecast	
(c)-(a)	%	(c)-(b)	%
898	122.8%	(855)	85.0%
(17)	96.3%	(28)	94.3%
24	116.6%	70	169.1%
63	-	(13)	-
(64)	-	26	-
904	132.3%	(800)	82.2%

Major factors for revising the business plan (Automobile-related information)

Ad-related

A major factor in increasing sales is the review of advertisement income associated Goo-net and usage fee of MOTOR GATE.

Information and services

A major factor in decreasing sales is the review of fee income associated with delayed progress of Goo Checkup.

Sales of goods

A major factor in decreasing sales is the review of E-commerce sales of motorcycle products of Bike Bros and the sales of Kings Auto.

Regarding profit sharing with shareholders

■ Policy for profit sharing with shareholders

We will make efforts to return profits to shareholders while comprehensively considering continuous, stable dividends, the enrichment of internal reserve for the future growth, etc. We will use the internal reserve effectively by investing in existing and new businesses, for further fortifying the management foundation and expanding the business scale.

■ Cash Dividends per Share

[unit: yen]	FY March 2015 Results	FY March 2016 Results	FY March 2017 Results	FY March 2018 Forecast
2 nd Quarter	19.00	19.00	25.00	25.00
Year-End	19.00	20.00	25.00	25.00
Annual	38.00	39.00	50.00	50.00

**No change in dividend payment
(Taking continuous and stable dividends into consideration)**

Activities in FY March 2018

Vision “Comprehensive support for car life”

Vision

Comprehensive support for car life

Business strategy

Creation of Goo Life Time Value

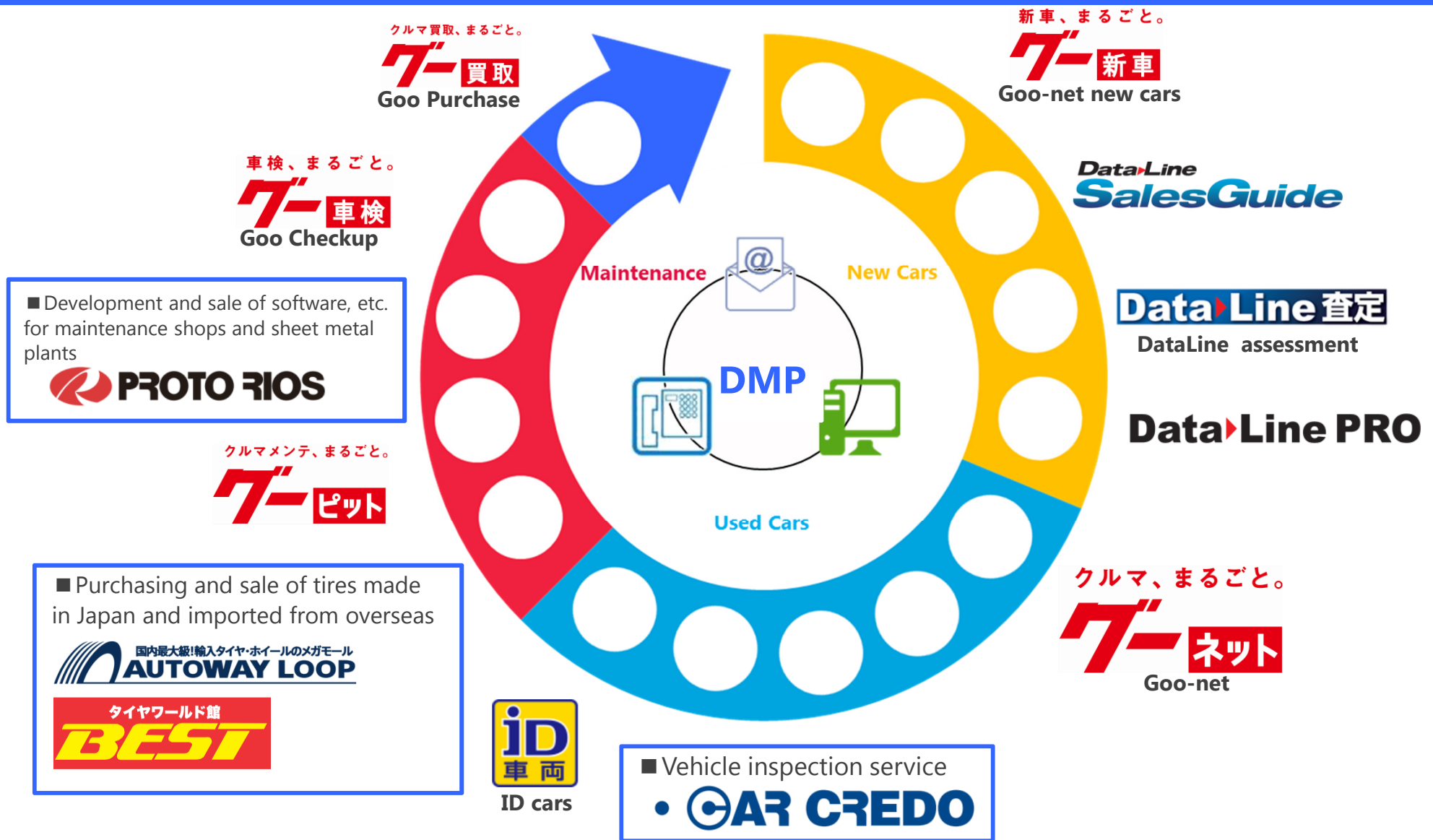
To organically combine the activities in the business domains of new and used cars and maintenance

Current situation

We have increased business partners in each of the business domains of new and used cars and maintenance, and have been offering products and services.

**To develop a system
for comprehensively supporting the car life of each user**

Business strategy “Creation of Goo Life Time Value”



We aim to become a company with top-class products and services in each of the new-car, used-car, and maintenance business fields to lead both the region and the industry, and strive to raise the value of our company’s brand.

FY March 2018 Revision to Earnings Forecast

1

Downward adjustment of sales and gross profit for the Maintenance business field (GooPit, Goo Checkup).

2

Review of SG&A
(Increasing advertisement cost: Strengthening Goo-net).

3

Review of SG&A
(Decreasing personnel and other costs).

4

Reflection of extraordinary loss in the first half
(Agricultural business).

1. Maintenance business field: Review of GooPit (Advertisement business)

■ Maintenance business field: GooPit (Advertisement business)

[unit: million yen]	FY March 2017 Results (a)	FY March 2018 Initial Forecast (b)	FY March 2018 Revised Forecast (c)	YoY (c)-(a)	Comparison with the initial Forecast (c)-(b)
Net Sales	339	841	543	204	(298)
Gross Profit	216	512	330	113	(182)
Operating Income	(217)	(175)	(170)	46	5

■ Problems and future activities of GooPit (Advertisement business)

■ Current issues

- Dispersion of ad effects of fee-paying maintenance shops
(Since fee-paying maintenance shops were concentrated in a narrow area, some cancelled our service.)
- In this field, the hurdle to posting ads is high, and it is difficult to increase sales efficiency.

■ Activities in this term

- To expand the target area of sales
- To set the upper limit of the number of fee-paying maintenance shops for each area, to maximize ad effects
- To concentrate sales activities on “shops that are listed in GooPit free of charge” and “Car goods store” that understand our ad service.
- To promote charged services by setting a trial period in which clients can experience the effects of charged services and see reviews.

**The full-year earnings forecast revised,
considering the results for the period from Apr. to Sep. 2017**

1. Maintenance business field: Goocheckup (Customer sending business)

■ Maintenance business field: Goocheckup (Customer sending service)

[unit: million yen]	FY March 2017 Results (a)	FY March 2018 Initial Forecast (b)	FY March 2018 Revised Forecast (c)	YoY (c)-(a)	Comparison with the initial Forecast (c)-(b)
Net Sales	11	2,630	94	83	(2,536)
Gross Profit	(9)	364	(4)	5	(368)
Operating Income	(80)	(239)	(133)	(53)	106

■ Problems with Goo Checkup and activities in this term

■ Current issues

- Our services do not meet the needs of users.
(The needs for car checkup combined with picking-up/delivery are limited.)
- The usability of our service flow is poor.

■ Activities in this term

- To review the content of services
(Car checkup combined with picking-up/delivery → Low-cost car checkup)
- To revise our service flow (shift from booking for application to booking for visit to a shop)
- To form alliances with Rakuten and Amazon

*Car checkup combined with picking-up/delivery
We pursued the convenience for users, but augmented fees.

*Usability of Goo Checkup
The Company conducts front-desk tasks for maintenance shops, but it takes time to give answers about adjustments between users and maintenance shops. Accordingly, the usability of this service is not satisfactory.

**The full-year earnings forecast revised,
considering the results for the period from Apr. to Sep. 2017**

2.Review of SG&A(Increasing advertisement cost: Strengthening Goo-net).

■ Review of SG&A

[unit: million yen]	FY March 2017 Results (a)	FY March 2018 Initial Forecast (b)	FY March 2018 Revised Forecast (c)	YoY (c)-(a)	Comparison with the initial Forecast (c)-(b)
SG&A Expenses	19,024	19,915	19,915	890	0
Employment Cost	7,936	8,613	8,124	187	(489)
Advertising Cost	4,167	3,813	4,793	625	979
Other Expenses	6,921	7,487	6,997	76	(489)

■ Increase of ad cost:

Background of the enhancement of Goo-net (MOTOR GATE) promotion

- ① To intensify the media power of Goo-net
 - To implement sales support measures after the change in the publication of information magazines
 - To review alliances (cement the alliance with Kakaku.com)
- ② To promote the transformation of MOTOR GATE into a platform
 - To increase the number of business partners for MOTOR GATE to 14,000 early
 - To promote MOTOR GATE Shopping (MG Shopping) utilizing the platform

To enhance the promotion of Goo-net (MOTOR GATE) for becoming overwhelming No.1 in the used car field, which is the starting point of Goo Life Time Value

2.Review of SG&A(Increasing advertisement cost: Strengthening Goo-net).

■ Strengths of MG Shopping

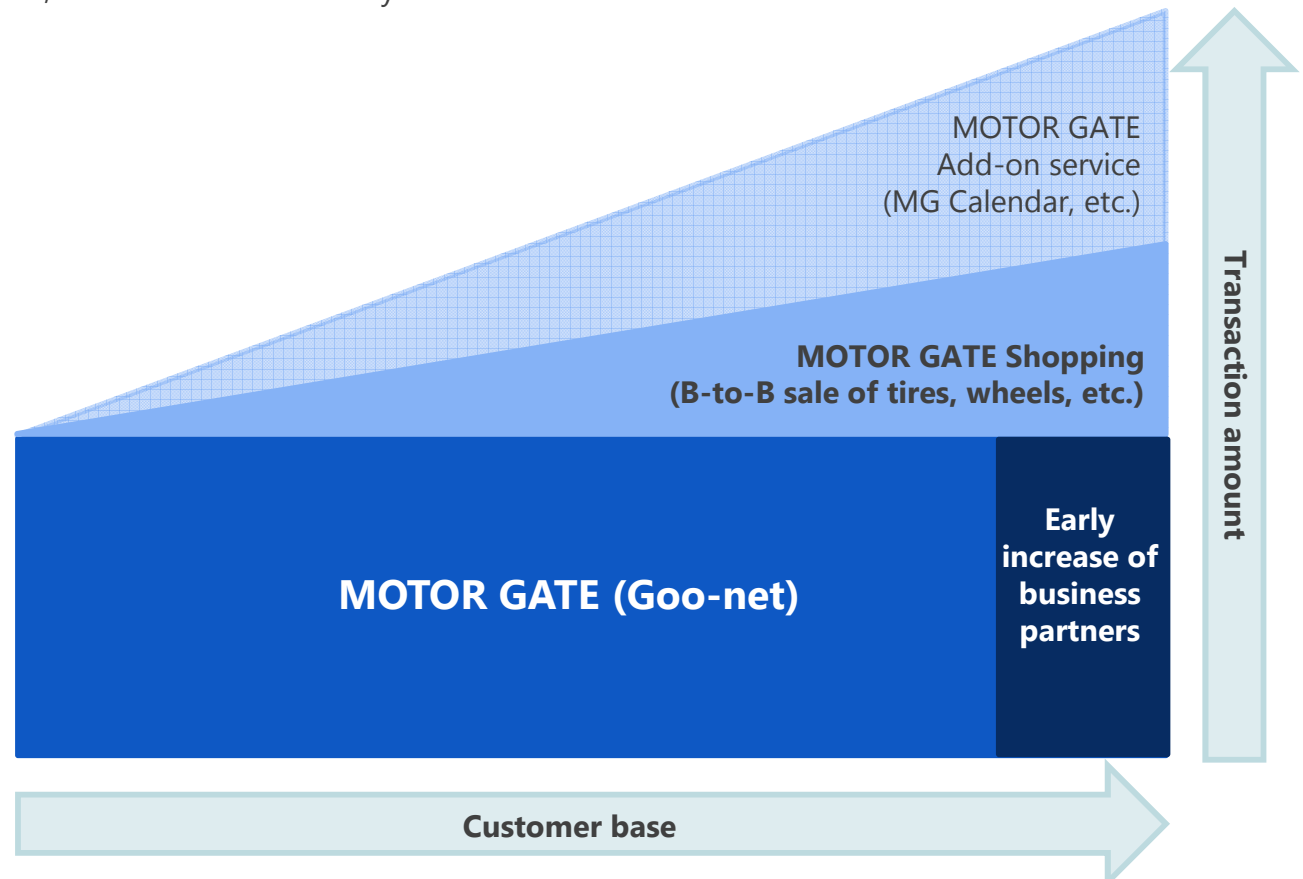
- ① Rich product lineup, including imported and domestic tires (AUTOWAY and TIRE WORLD KAN BEST)
- ② Clear price system (one price)
- ③ Products ordered in the morning will be dispatched on that day (delivered in 1-3 days)
*Excluding back-ordered products
- ④ To unify purchase processes through MOTOR GATE, which is used on a daily basis

■ Problems with MG Shopping

- ① To expand the number of business partners for MOTOR GATE early
- ② To improve the ratio of active used car dealers
- ③ To boost the ratio of active maintenance shops

■ Activities from now on

- ① To increase the number of registered IDs for MG Shopping by raising the number of business partners for MOTOR GATE
- ② To boost the ratio of active users by developing a system for supporting first-time purchase
- ③ To enhance price competitiveness by increasing the transaction volume of MG Shopping



*Please refer to P.33-34 for seeing the outline of the commercial tire market in Japan.

To promote the transformation of MOTOR GATE into a platform, and fortify the customer base of MOTOR GATE Shopping early

3. Review of SG&A (Decreasing personnel and other costs).

■ Review of SG&A (decreasing personnel cost)

Comparison with the initial forecast (489) million yen

- Primarily within PROTO CORPORATION, productivity has been improving through the introduction of sales support tools. Because of this, our sales personnel plan was reviewed to take into account the results for the first half. As a result, personnel cost is estimated to decrease.

■ Review of SG&A (decreasing other costs)

Comparison with the initial forecast (489) million yen

- Primarily within PROTO CORPORATION, the service contents of Goo Checkup was reviewed. As a result, other costs including payment fees (payment commission to payment agency)/promotion expenses are estimated to decrease.
- In association with the review of the personnel plan, other costs related to the number of personnel are also expected to decrease.

Personnel and other costs are estimated to drop mainly due to the review of the personnel plan and service contents of Goo Checkup, etc.

4.Reflection of Extraordinary Loss during the First Half (Agricultural business)

■ An impairment loss was recorded in the fixed assets of agricultural business in the Other segment for the second quarter of FY March 2018. (336 million yen was recorded as an impairment loss.)

Agricultural Business

Purpose

Establishment of sustainable agricultural business as part of new business.

Background

Against the backdrop of the growing consciousness of health foods, business considerations began in 2009 as a preparation office to begin the Agricultural business. Focusing on the optimization of lead-time between producer and consumer, we began operation of a tomato farm as a test case in 2015 in collaboration with a local government (Aichi Prefecture, Aichi-gun Togo town) and other bodies (1.1 hectare).

Business contents

Operation of a tomato farm in a suburb using a method for a low height and high density circulation full hydroponic cultivation of tomatoes.



Results

Period	Sales	Operating loss	(Depreciation)
FY from April to September 2017	23 million yen	75 million yen	35 million yen
FY March 2017	26 million yen	161 million yen	90 million yen
FY March 2016	6 million yen	87 million yen	84 million yen

Future business policy and items for improvement

Agricultural business policy

- 1.To establish sustainable agricultural business
- 2.To sustain the business by improving the operation rate of current facility and personnel (full time: 3, part time: 86).
- 3.In principle, no additional investment in facilities will be made.

Future items for improvement

To achieve stable supply in summer. (Issues related to sales route and quality are already solved.)





To establish sustainable agricultural business

Appendix

Future trend of the market surrounding our company

Domain	Trend
<p>New car dealers</p>	<p>[Background] As the sales of new cars are sluggish, we are working towards establishing new revenue bases, and making continued efforts towards pit services, used car sales, etc. through new car dealers.</p> <p>[Future trends]</p> <ul style="list-style-type: none"> •Listing trade-in cars on our website to reel in new customers •Enter the field of used car sales, maintenance, inspection, sale of parts etc., in order to secure revenue.
<p>Used car dealers</p>	<p>[Background] Vehicle procurement, including auctions and trade-ins, is becoming more competitive, and used car sales involving dealers and stores that buy up stock etc. is also becoming more competitive.</p> <p>[Future trends]</p> <ul style="list-style-type: none"> •In order to differentiate ourselves from dealers, appeal with the “feeling of a good purchase” (price margin) •Build continuous relations with existing customers to move towards a stock business model.
<p>Maintenance shops</p>	<p>[Background] Increase of market entrants from other lines of business, and intensification of competition in maintenance and warehousing.</p> <p>[Future trends]</p> <ul style="list-style-type: none"> •Promote the provision of added value in vehicle maintenance. •Promote the subscription to a “maintenance package” to ensure stability in maintenance and warehousing. •Advance maintenance support for next generation automobiles.

Segment details

Segment details	
<p>■ Automobile-related(Main Product)</p> <p>■ Ad-related</p> <p>Used Cars Internet option product such as Goo-net (MOTOR GATE,GooPurchase,etc)</p> <p>Used Cars Basic advertisement fee (Web,Magazine), Sale of information magazines</p> <p>Maintenance Internet option product such as Goopit</p> <p>■ Information and services</p> <p>New Cars PROTO CORPORATION (DataLine SalesGuide,DataLine)</p> <p>Used Cars PROTO CORPORATION (Goo-inspection, Goo Warranty)</p> <p>Maintenance PROTO CORPORATION (Goo Checkup)</p> <p>Maintenance PROTO-RIOS(Quotation system for maintenance shops)</p> <p>■ Sale of goods</p> <p>AUTOWAY and TIRE WORLD KAN BEST (EC:Tires and Wheels) Kings Auto(Export of used cars), Bike Bros(EC:Bike parts) PROTO CORPORATION(Sale of goods)</p>	<p>■ Ad-related  MOTOR GATE</p> <p>Mostly occupied by the monthly fees of MOTOR GATE and advertisement income through Goo-net.</p> <ul style="list-style-type: none"> Used car dealers (Japan): Market share in terms of the number of business partners is 41.6% (13,640 companies). Maintenance shops (Japan): Market share in terms of the number of business partners is 11.6% (10,614 shops). <p>■ Information and services </p> <p>Sales are mainly from monthly fees of DataLine for new car dealers and maintenance metal coating system.</p> <ul style="list-style-type: none"> New car dealers (Japan): Market share in terms of the number of business partners is 29.3% (4,361 locations). <p>■ Sale of goods </p> <p>Sales are mainly from the e-commerce sales of tires and wheels and importing used cars.</p> <ul style="list-style-type: none"> MOTOR GATE active shopping rate: 12.0%
<p>■ Lifestyle-related </p> <p>PROTO MEDICAL CARE(Sales of ads, rental welfare goods, etc)</p> <p>PROTO CORPORATION (Information of culture lesson, reuse, etc)</p>	<p>Sales are mainly from advertisement income related to nursing and welfare and rental sales of welfare equipment.</p>
<p>■ Real Estate PROTO CORPORATION (Income from the rental of real estate)</p>	<p>Sales are mostly from rent income of the non-operational floors of our own building.</p>
<p>■ Other Business PROTO SOLUTION (Business Process Outsourcing, etc) AUTOWAY (Solar power generation) PROTO CORPORATION (Agricultural business)</p>	<p>Sales are mostly from the BPO business.</p>

Outline of our major services by business domain

<Used car dealer>

Name of service	Service contents	Client	User
Goo-net	Used cars search site	Used car dealer	Users who want to buy a vehicle
MOTOR GATE	Background system for Goo-net	Used car dealer	Used car dealer
ID cars (Goo-inspection)	Information disclosure service on the conditions of used cars	Used car dealer	Users who want to buy a vehicle

<Maintenance shop>

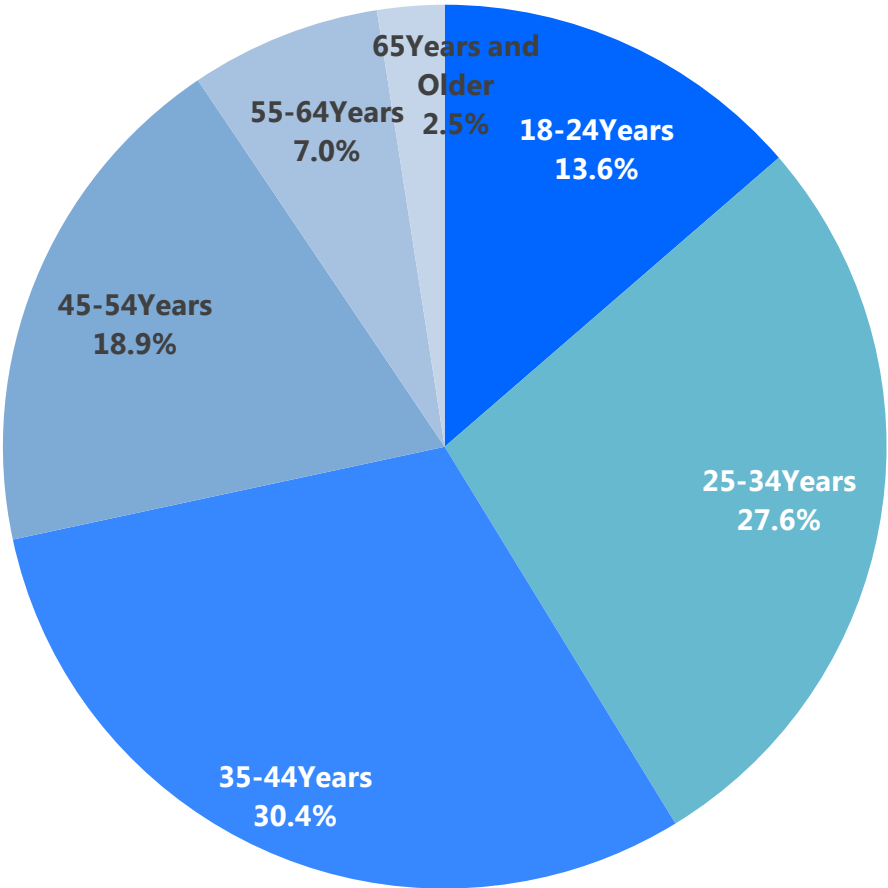
Name of service	Service contents	Client	User
GooPit	Maintenance shop search site	Maintenance shop	Users who own a vehicle
Goo Checkup	Customers sending service for car checkup	Users who own a vehicle	Users who own a vehicle

<New car dealer>

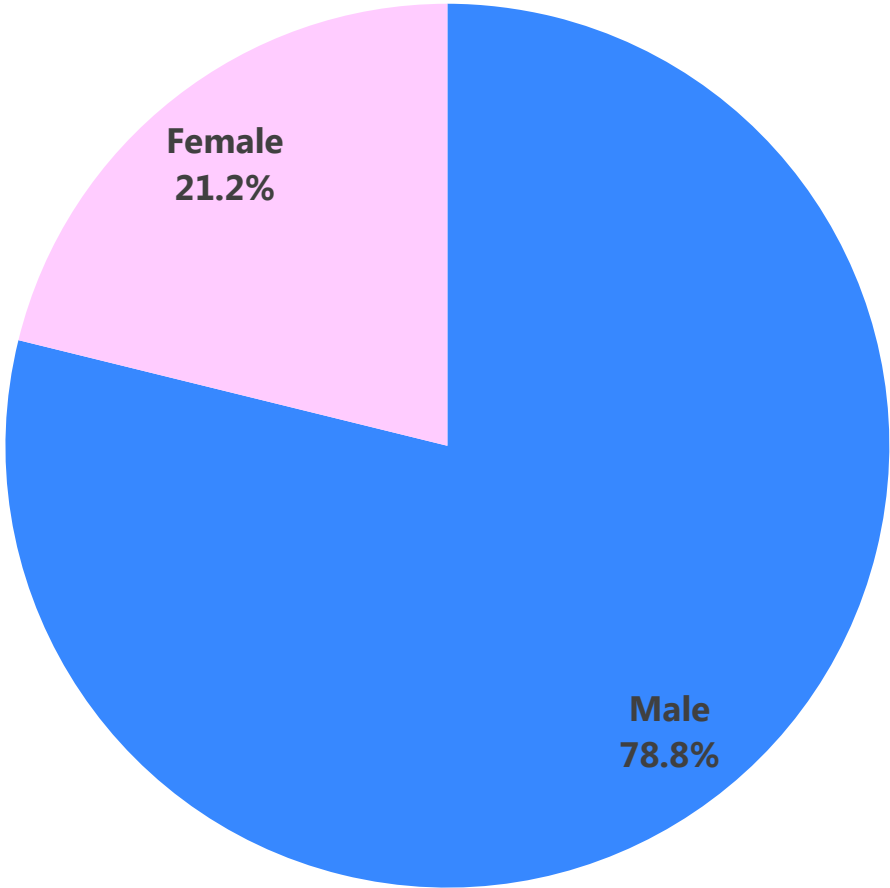
Name of service	Service contents	Client	User
DataLine SalesGuide	New car negotiation tool	New car dealer	New car dealer

Attributes of Goo-net users

Age group



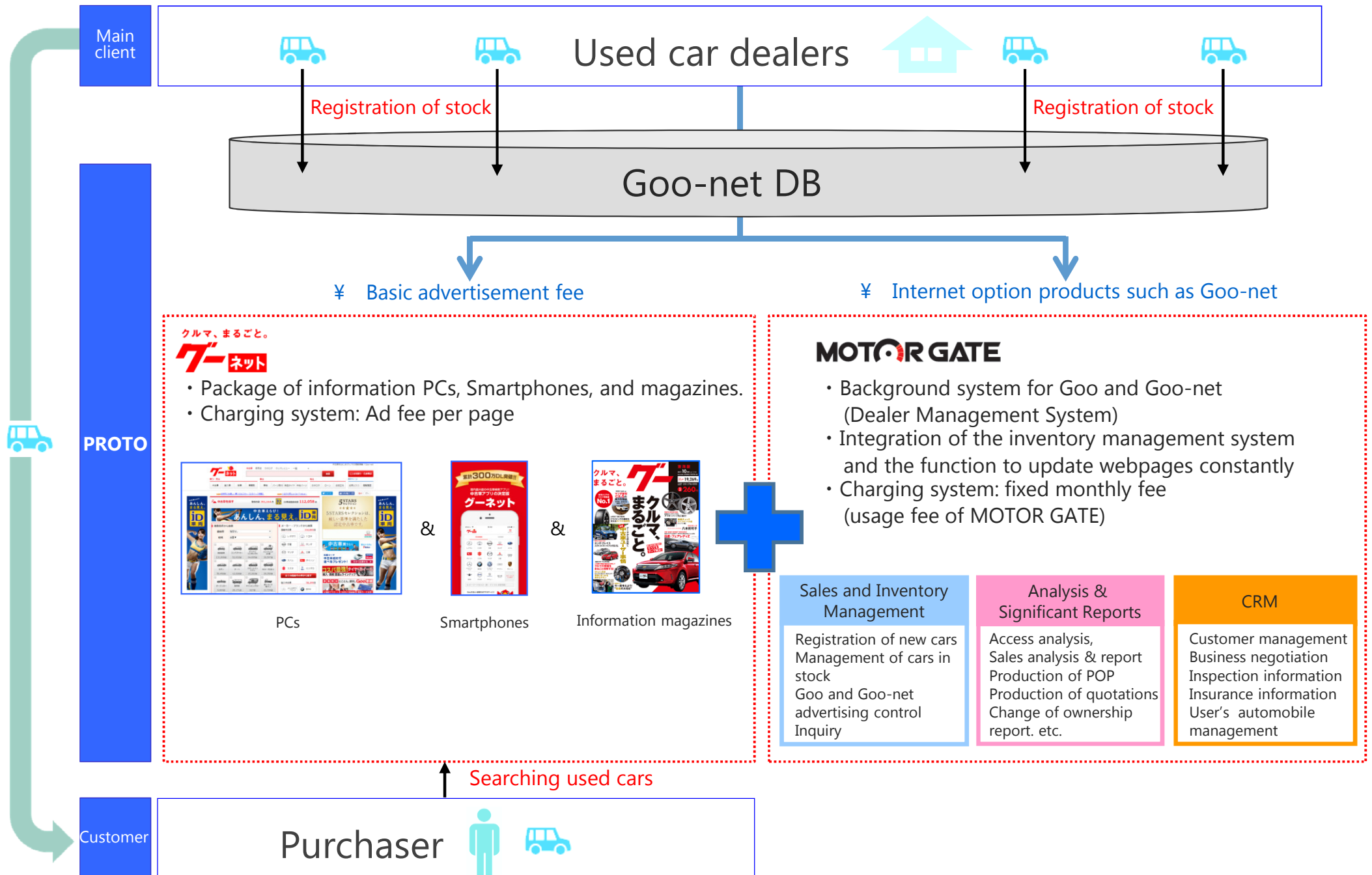
Gender



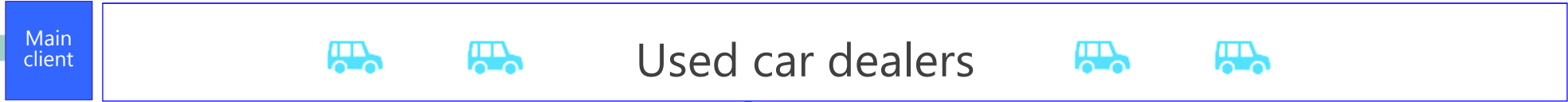
Source: Surveyed by our company (March 2017)

Goo-net is used by a broad range of age groups who have a driver's license.

Used car dealers: Business model of Goo and MOTOR GATE



Used car dealers: Business model of Goo-Inspection



¥ Inspection fee

- Charging system: Charged per vehicle
- We started the service nationwide from Oct., 2008.



Goo鑑定の概要と図解 (一例)



Goo-inspection Three points

1. Used cars are inspected based on the criteria of Japan automobile appraisal association (JAAA), a third party organization.
2. Inspection are performed for exterior, interior, engine, and repair history.
3. Evaluation results of exterior, interior, engine, and repair history are set and then disclosed.



PROTO (CAR CREDO)

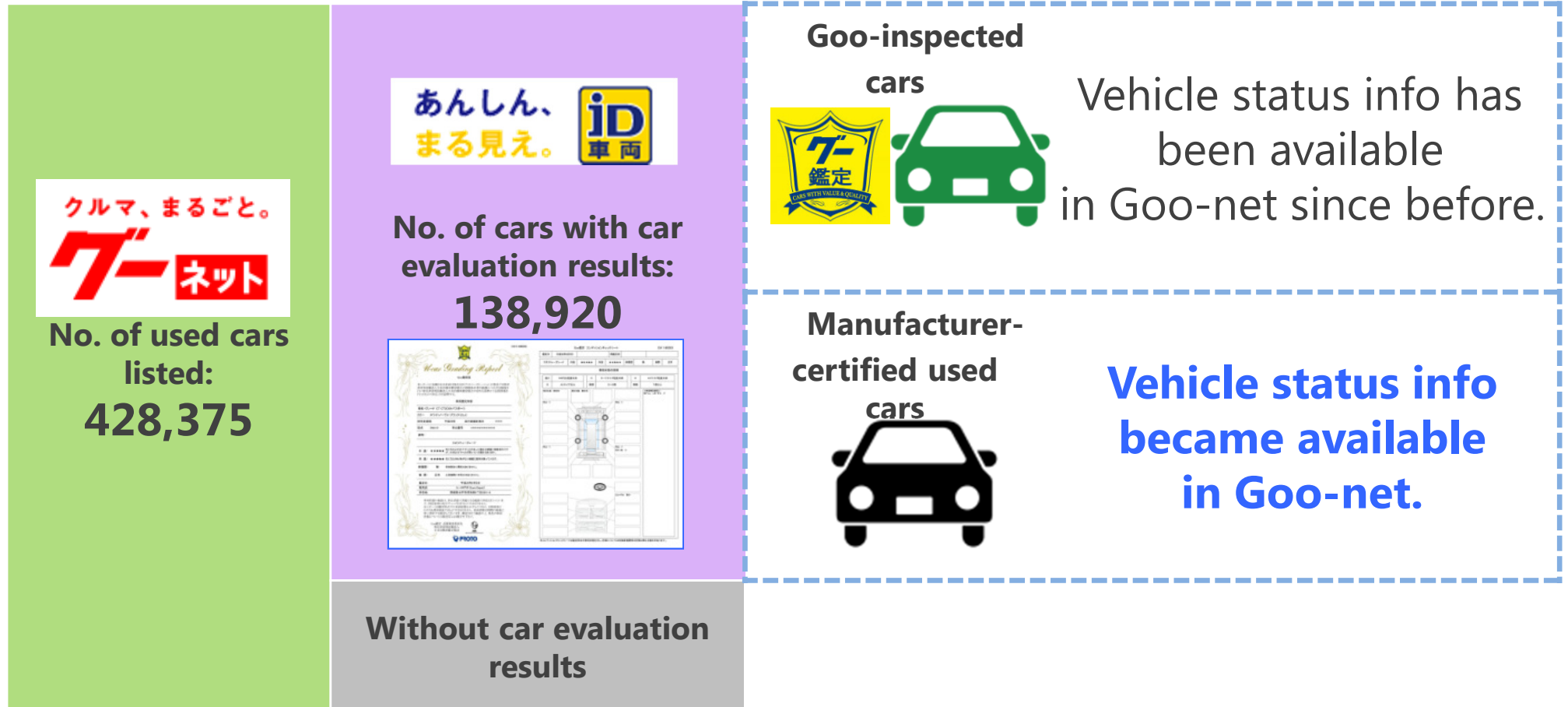
Searching used cars



Our efforts: the release of vehicle condition information

■ Differentiation from competing media: Improvement of order placing rate through the disclosure of vehicle status info

→ Launch of the new service "ID Cars" on Aug. 18, 2016

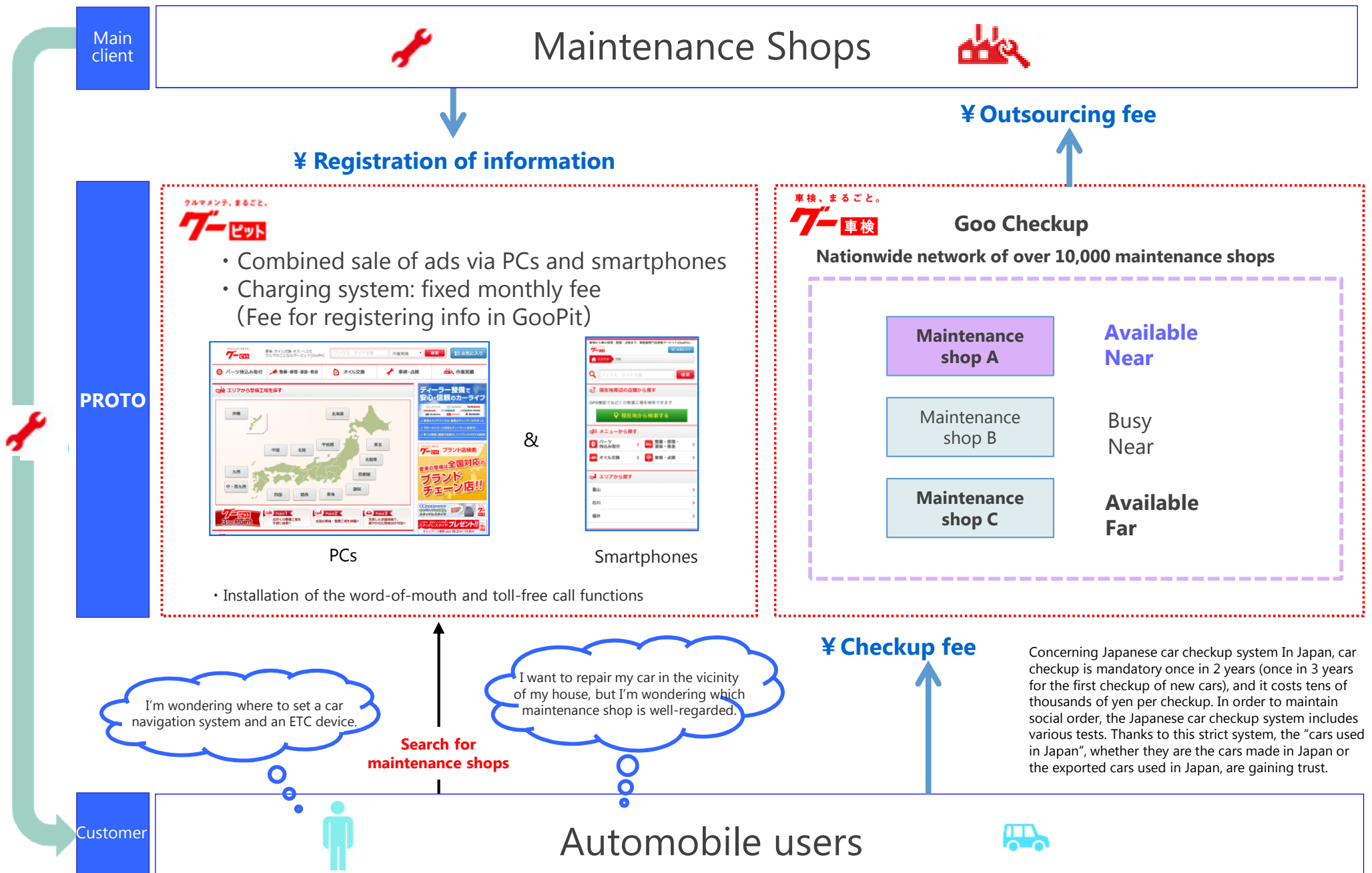


※For reference: No. of cars whose status info has been disclosed by competing media: 36,163

(as of October 25, 2017)

To dispel users' worries about used cars, and develop an environment in which they can purchase used cars without any worry.

Maintenance Shops: Business model of GooPit and Goo Checkup



New car dealers : Business model of DataLine SalesGuide

Main client



New car dealers



¥ Usage fee of DataLine SalesGuide

DataLine SalesGuide

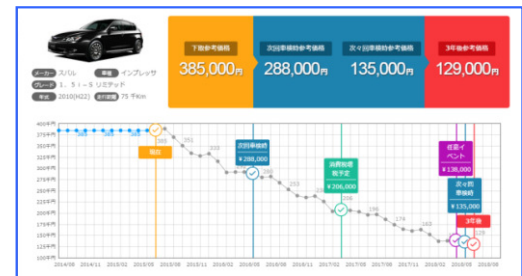
- Charging system: fixed monthly fee
- We promote the replacement to new car by presenting a rough estimate of both the current value and future value of a car during the negotiation with user.



Cost comparison suggestion function



Future forecast graph function (future price)



POP function for replacement



Replacement simulation function



PROTO

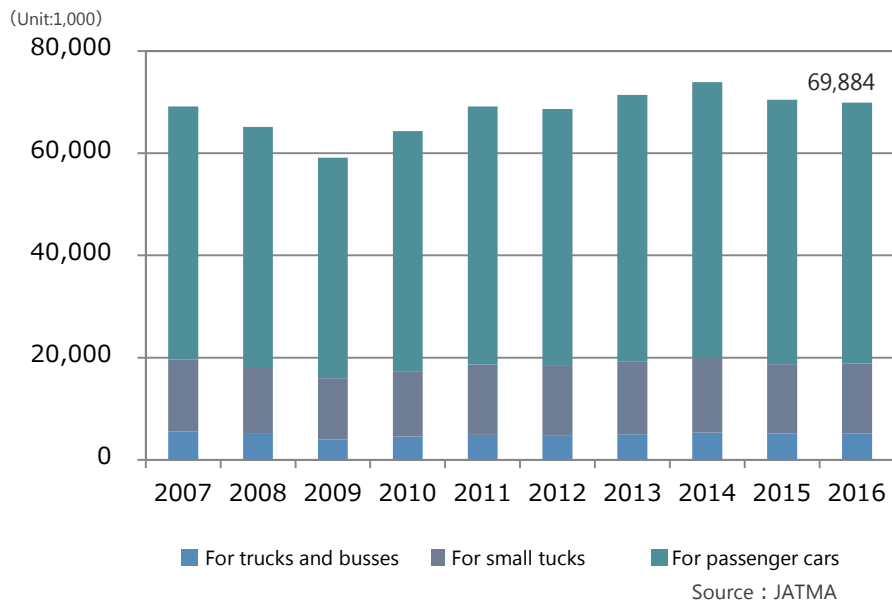
Customer

Automobile users



Overview of the Domestic Tire Market

Number of commercial tires sold in Japan (four-wheel)



1. Stable market where about 70 million wheels are sold per year.

High correlation with the number of cars owned.

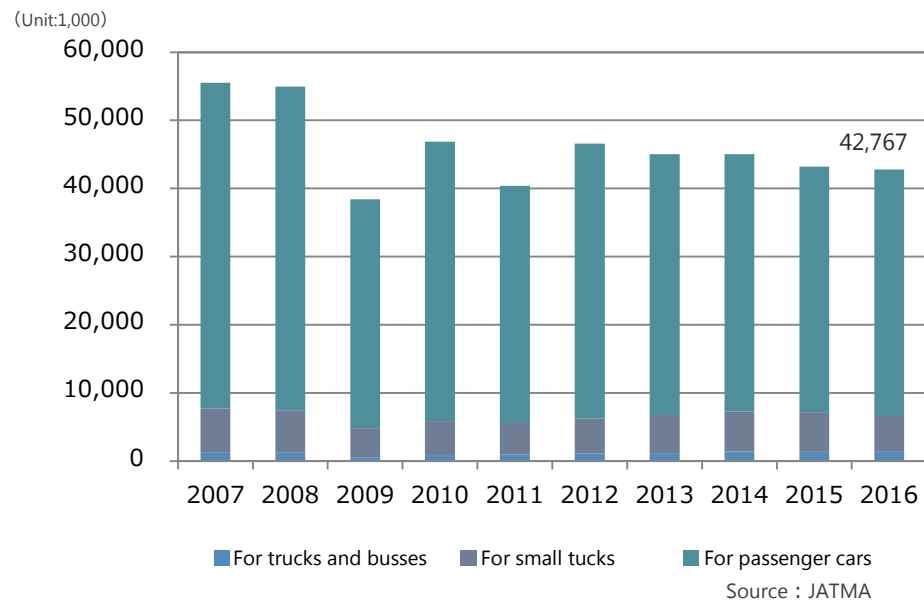
2. Small market with segmented players (Refer to P.34)

Gar goods store, used car dealer, SS, etc.

3. It is expected to shift to e-commerce.

Shift to e-commerce will be accelerated as a result of improved installation process.

Number of tires for new cars sold in Japan (four-wheel)



1. On a gradual downward trend.

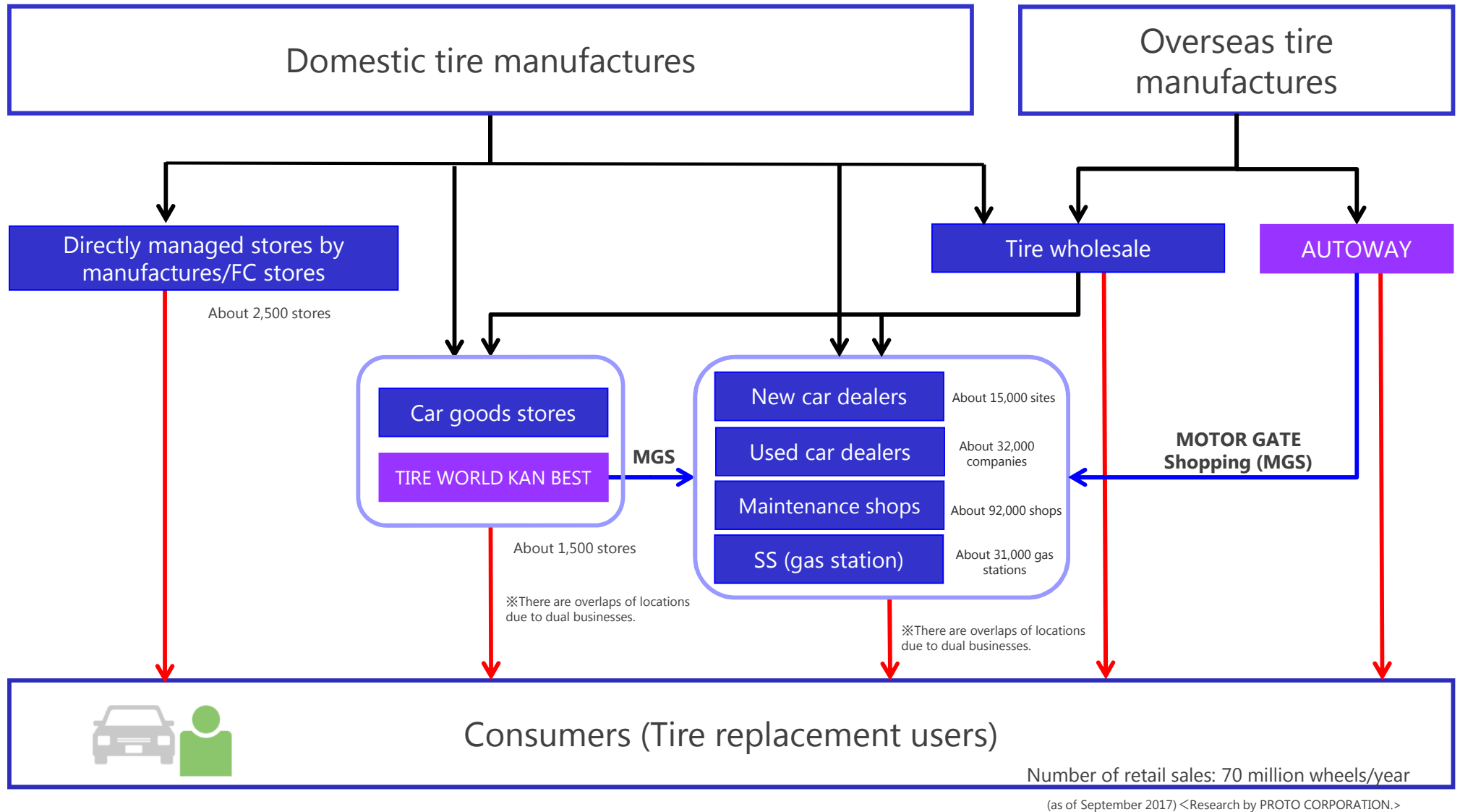
High correlation with the number of new cars sold.

2. Direct business between car manufacturers and tire manufacturers.

Use of tires for new cars contributes to enhancing branding power.

Commercial tires market in Japan showed steady growth in tandem with the number of cars owned.

Distribution structure of the commercial tire market in Japan



Vertical integration of manufactures progressed, and the scale of retails is relatively small.

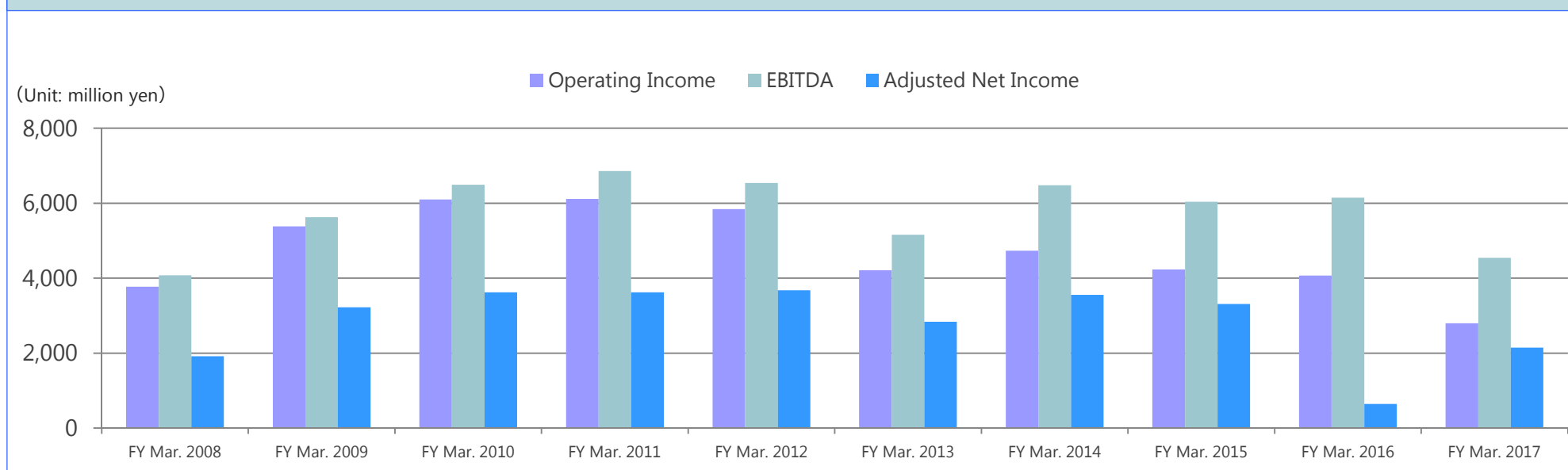
Operating Results 10-year Summary

[unit: million yen]	FY2008 March Results	FY2009 March Results	FY2010 March Results	FY2011 March Results	FY2012 March Results	FY2013 March Results	FY2014 March Results	FY2015 March Results	FY2016 March Results	FY2017 March Results
Net Sales	22,893	23,657	25,682	28,779	30,582	38,287	54,761	48,602	54,297	56,717
Operating Income	3,771	5,384	6,098	6,111	5,846	4,209	4,735	4,233	4,071	2,795
Net Income	1,838	3,187	3,529	3,197	3,275	2,290	2,627	2,381	(390)	1,506
EBITDA*1	4,078	5,628	6,490	6,856	6,540	5,161	6,483	6,039	6,149	4,546
Adjusted Net Income*2	1,915	3,223	3,621	3,620	3,680	2,836	3,555	3,308	641	2,145
Depreciation	230	207	299	322	288	404	819	879	1,046	1,112
Amortization of Goodwill	77	36	91	422	405	546	928	926	1,032	638

*1 EBITDA was calculated with the equation: operating income + depreciation + amortization of goodwill

*2 Adjusted Net Income was calculated with the equation: net income + amortization of goodwill

Annual Transition of Operating Income/EBITDA/Adjusted Net Income



Operating Results 10-year Summary(Segment)

Sales [unit: million yen]	FY2008 March Results	FY2009 March Results	FY2010 March Results	FY2011 March Results	FY2012 March Results	FY2013 March Results	FY2014 March Results	FY2015 March Results	FY2016 March Results	FY2017 March Results
Automobile-related	21,546	21,889	22,858	25,566	26,704	33,687	50,138	44,056	49,486	51,025
Ad-related	18,919	19,419	19,511	20,558	20,579	21,163	21,412	21,593	21,006	21,231
Information and services	2,339	2,232	2,818	3,083	3,312	3,749	4,464	4,546	5,087	4,893
Sales of goods	287	237	528	1,923	2,813	8,774	24,262	17,915	23,392	24,899
Lifestyle-related	882	1,345	2,286	2,616	3,470	3,837	3,541	3,393	3,466	4,236
Real Estate	174	194	205	181	166	163	167	164	162	187
Other Business	291	227	332	415	240	597	913	988	1,182	1,268
Total	22,893	23,657	25,682	28,779	30,582	38,287	54,761	48,602	54,297	56,717

Operating Income [unit: million yen]	FY2008 March Results	FY2009 March Results	FY2010 March Results	FY2011 March Results	FY2012 March Results	FY2013 March Results	FY2014 March Results	FY2015 March Results	FY2016 March Results	FY2017 March Results
Automobile-related	5,573	7,034	7,590	7,281	7,272	5,916	6,217	5,624	5,277	3,939
Lifestyle-related	(24)	62	162	301	228	131	248	338	307	478
Real Estate	71	70	105	104	83	85	69	96	109	147
Other Business	(123)	(80)	(35)	(91)	(149)	(323)	(140)	(94)	(66)	(136)
Management Division	(1,725)	(1,701)	(1,725)	(1,484)	(1,589)	(1,599)	(1,659)	(1,732)	(1,554)	(1,633)
Total	3,771	5,384	6,098	6,111	5,846	4,209	4,735	4,233	4,071	2,795

Corporate Profile

Corporate Name	PROTO CORPORATION
Founded	October 1, 1977
Established	June 1, 1979
Common Stock	1,824,620 thousand yen (As of September 30, 2017)
Shares Outstanding	20,940,000 shares (As of September 30, 2017)
Head Offices	23-14, Aoi 1-chome, Naka-ku, Nagoya 460-0006, Japan 22-2 , Hongo 2-chome, Bunkyo-ku, Tokyo 113-0033, Japan
Branch Offices	Sapporo, Sendai, Takasaki, Nagano, Hamamatsu, Nagoya, Kanazawa, Osaka, Hiroshima, Matsuyama, Fukuoka, Kumamoto (56 Sales Outlets Nationwide)
Fiscal Year-end	March 31
Number of Employees	Consolidated: 1,627 (As of September 30, 2017) Parent: 646 (As of September 30, 2017)
Stock Exchange Listing	Tokyo Stock Exchange JASDAQ Standard (Listed on September 12, 2001)
Subsidiary	<ol style="list-style-type: none">1. AUTOWAY Co., Ltd. (Full subsidiary since April 2013)2. TIRE WORLD KAN BEST CO., LTD. (Full subsidiary since April 2015)3. Bike Bros. Inc. (Full subsidiary since April 2010)4. Kings Auto Co., Ltd. (Full subsidiary since April 2012)5. PROTO-RIOS INC. (Full subsidiary since October 2002)6. CAR CREDO Co., Ltd. (Full subsidiary, established in February 2012)7. CAR BRICKS Co., Ltd. (Shareholder ratio 66% ,established in May 2017)8. PROTO MEDICAL CARE (Full subsidiary since October 2009)9. MARUFUJI (Full subsidiary since January 2016)10. SILVER HEART (Full subsidiary since January 2016)11. PROTO SOLUTION Co., Ltd. (Full subsidiary, established in April 2007)12. PROTO MALAYSIA Sdn. Bhd. (Full subsidiary since September 2011)13. PROTO (TAIWAN) CO., LTD. (Full subsidiary, established in December 2011)14. CAR CREDO MALAYSIA SDN. BHD. (Full subsidiary, established in August 2015) (As of September 30, 2017)



Our magazine was first issued in 1977

* Amounts of money described in this material are rounded down to million yen.

Future Outlook

The IR information in this document includes a future outlook.

Such information other than the past events may be influenced by the risk and uncertainty due to the competition, market, and systems in the field of our company's business. As a result, the outlook based on the assumption and estimation with available information may be different from actual results and performance in the future. We would appreciate your understanding.

For Inquiries

PROTO CORPORATION

IR staff: Suzuki, Corporate planning department

Takabayashi, Corporate planning department

Tel: +81-52-934-1519

Mail: 4298ir@proto-g.co.jp