

Investor Meeting for the Fiscal Year Ended March 2017

PROTO CORPORATION

May 10, 2017



Financial Data (Consolidated)

Shares outstanding (million)	20.9
Market capitalization (¥ billion, March 2017)	30.6
DPS (¥, FY March 2017)	50.0
EPS (¥, FY March 2017)	75.02
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 (% , March 2017)	29.44

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	631 (3.01%)
5) JP MORGAN CHASE BANK 385632	563 (2.69%)
6) CLEARSTREAM BANKING S.A	494 (2.36%)
7) Hiroichi Yokoyama	440 (2.10%)
8) Yoshihiro Yokoyama	388 (1.85%)
9) BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	371 (1.77%)
10) Takemi Masuda	313 (1.49%)

(As of March 31, 2017)

FY March 2017: Operating Results (1)

Consolidated Statements of Income [unit: million yen]	FY2016 March		FY2017 March				YoY change		Achievement rate	
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	Results(c)	Sales ratio	(c)-(a)	%	(c)-(b)	%
Net Sales	54,297	100.0%	58,251	100.0%	56,717	100.0%	2,420	104.5%	(1,533)	97.4%
Cost of Sales	33,067	60.9%	34,679	59.5%	34,897	61.5%	1,829	105.5%	218	100.6%
Gross Profit	21,229	39.1%	23,572	40.5%	21,820	38.5%	591	102.8%	(1,751)	92.6%
SG&A Expenses	17,157	31.6%	21,159	36.3%	19,024	33.5%	1,867	110.9%	(2,134)	89.9%
EBITDA *1	6,149	11.3%	4,310	7.4%	4,546	8.0%	(1,603)	73.9%	235	105.5%
Operating Income	4,071	7.5%	2,413	4.1%	2,795	4.9%	(1,275)	68.7%	382	115.9%
Ordinary Income	4,190	7.7%	2,431	4.2%	2,883	5.1%	(1,307)	68.8%	452	118.6%
Net Income	(390)	-	1,453	2.5%	1,506	2.7%	1,897	-	53	103.7%
Net Income per Share (Yen) *2	(19.28)	-	72.35	-	75.02	-	94.30	-	2.67	103.7%

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

*2 For the "Net Income per Share" of FY March 2017, it reflects the impact of the acquisition of treasury stock, which was carried out in May- June 2016.

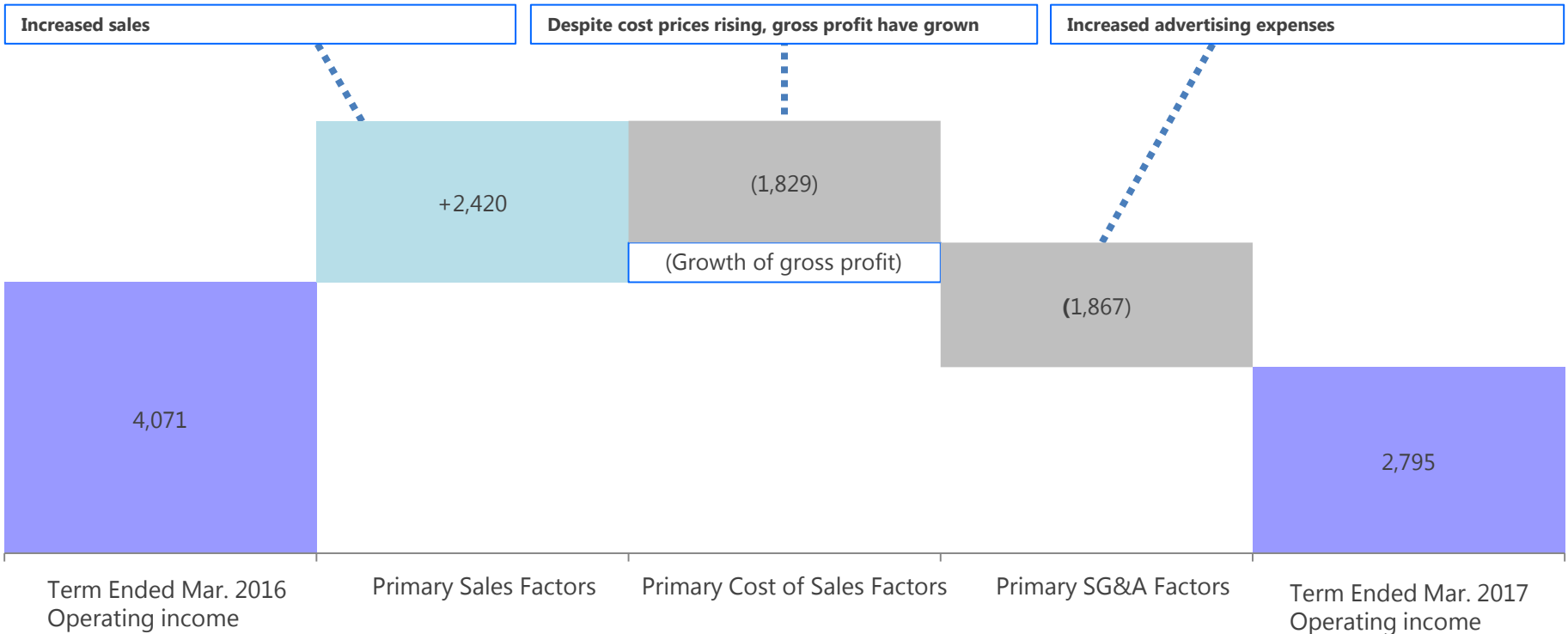
[unit: million yen]	FY2016 March		FY2017 March				YoY change		Achievement rate	
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	Results(c)	Sales ratio	(c)-(a)	%	(c)-(b)	%
SG&A Expenses	17,157	31.6%	21,159	36.3%	19,024	33.5%	1,867	110.9%	(2,134)	89.9%
Employment Cost	7,706	14.2%	8,916	15.3%	7,936	14.0%	230	103.0%	(979)	89.0%
Advertising Cost *3	2,423	4.5%	4,645	8.0%	4,167	7.3%	1,743	171.9%	(478)	89.7%
Other Expenses	7,027	12.9%	7,596	13.0%	6,921	12.2%	(106)	98.5%	(675)	91.1%
Number of Employees	1,534	-	1,719	-	1,583	-	49	103.2%	(136)	92.1%

*3 Originally, the figure was displayed as advertising-related costs which included sales promotion expenses, however from now on, only the advertising cost will be shown.

FY March 2017: Operating Results (2)

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

Effect of sales growth on operating income 【Primary factors】 AUTOWAY/TIRE WORLD KAN BEST Kings Auto PROTO CORPORATION PROTO MEDICAL CARE	+2,420 +996 +906 +850 +835	Effect of increase in Cost of Sales on operating income 【Primary factors】 Kings Auto PROTO CORPORATION PROTO MEDICAL CARE	(1,829) (932) (681) (434)	Effect of increase in SG&A Expenses on operating income 【Primary factors】 PROTO CORPORATION	(1,867) (1,790)
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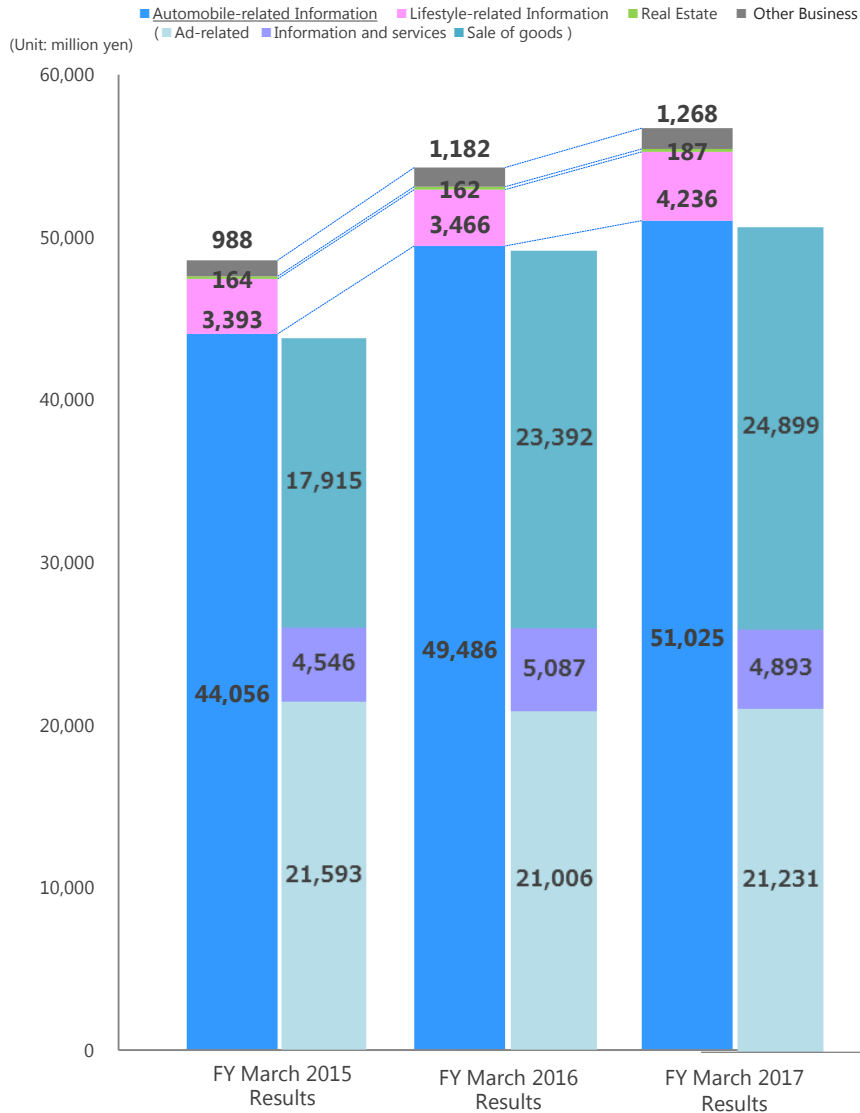
FY March 2017: Operating Results by Segment(1)

Net Sales [unit: million yen]	FY2016 March		FY2017 March				YoY change		Achievement rate	
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	Results(c)	Sales ratio	(c)-(a)	%	(c)-(b)	%
Automobile-related	49,486	91.1%	52,399	90.0%	51,025	90.0%	1,539	103.1%	(1,373)	97.4%
Ad-related	21,006	38.7%	22,339	38.3%	21,231	37.4%	225	101.1%	(1,107)	95.0%
Information and services	5,087	9.4%	5,396	9.3%	4,893	8.6%	(193)	96.2%	(503)	90.7%
Sale of goods	23,392	43.1%	24,663	42.3%	24,899	43.9%	1,507	106.4%	236	101.0%
Lifestyle-related	3,466	6.4%	4,276	7.3%	4,236	7.5%	770	122.2%	(39)	99.1%
Real Estate	162	0.3%	170	0.3%	187	0.3%	25	115.5%	16	109.9%
Other Business	1,182	2.2%	1,405	2.4%	1,268	2.2%	86	107.3%	(136)	90.3%
Total	54,297	100.0%	58,251	100.0%	56,717	100.0%	2,420	104.5%	(1,533)	97.4%

Operating Income [unit: million yen]	FY2016 March		FY2017 March				YoY change		Achievement rate	
	Results(a)	Profit margin	Forecast(b)	Profit margin	Results(c)	Profit margin	(c)-(a)	%	(c)-(b)	%
Automobile-related	5,277	10.7%	3,764	7.2%	3,939	7.7%	(1,337)	74.6%	174	104.6%
Lifestyle-related	307	8.9%	485	11.3%	478	11.3%	171	155.9%	(6)	98.7%
Real Estate	109	67.3%	86	51.0%	147	78.6%	38	134.8%	60	169.5%
Other Business	(66)	-	(140)	-	(136)	-	(69)	-	4	-
Management Division	(1,554)	-	(1,782)	-	(1,633)	-	(78)	-	149	-
Total	4,071	7.5%	2,413	4.1%	2,795	4.9%	(1,275)	68.7%	382	115.9%

FY March 2017: Operating Results by Segment(2)

■ Consolidated sales growth



■ Automobile-related Information: Sales Increase (103.1% year on year)

■ Ad-related

Despite advertising revenue from two overseas subsidiaries (Malaysia and Taiwan) falling compared to the previous year, the expansion in the number of business partners of PROTO CORPORATION's Goo-net (MOTOR GATE) was favorable, leading to a sales increase year on year (101.1%).

■ Information and services

Even though sales from the PROTO CORPORATION's DataLine SalesGuide exceeded those in the previous year, mainly because of the sales of systems for maintenance shops by PROTO-RIOS were below last year, sales dropped year on year (96.2%).

■ Sale of goods

Mainly due to Kings Auto's used car sales and the tire and wheel sales of AUTOWAY and TIRE WORLD KAN BEST exceeding those in the previous year, sales grew year on year (106.4%).

■ Lifestyle-related Information: Sales Increase (122.2% year on year)

Mainly due to MARUFUJI and SILVER HEART, which became a subsidiary of PROTO MEDICAL CARE in Jan. 2016, contributing to sales with their welfare equipment rental services, as well as the advertising-related enterprises performing well in the medical, nursing and welfare field, sales grew year on year (122.2%).

FY March 2017: Consolidated Balance Sheet

[unit: million yen]	As of March 31, 2016		As of March 31, 2017		YoY change	
	Results(a)	Ratio	Results(b)	Ratio	(b)-(a)	%
Current Assets	22,073	54.0%	23,731	56.6%	1,658	107.5%
Fixed Assets	18,812	46.0%	18,203	43.4%	(609)	96.8%
Current Liabilities	11,805	28.9%	12,627	30.1%	822	107.0%
Long-term Liabilities	3,079	7.5%	2,905	6.9%	(173)	94.4%
Net Assets	26,001	63.6%	26,401	63.0%	400	101.5%
Total Assets	40,885	100.0%	41,934	100.0%	1,048	102.6%

[unit: million yen]	As of March 31, 2016		As of March 31, 2017		YoY change	
	Results(a)	Ratio	Results(b)	Ratio	(b)-(a)	%
Cash and cash equivalents	11,688	28.6%	12,784	30.5%	1,096	109.4%
Interest-bearing debt	6,618	16.2%	6,679	15.9%	61	100.9%
Net cash	5,069	12.4%	6,105	14.6%	1,035	120.4%

Current Assets Main factor for increasing was cash and deposits rising by 1,096 million yen (primarily via operating cash flow).

Fixed Assets Main factor for decreasing was goodwill amortization dropping by 622 million yen (primarily due to reporting of goodwill amortization)

Current Liabilities Main factor for increasing was short-term debt increasing by 945 million yen

Long-term Liabilities Main factor for decreasing was long-term debt dropping by 432 million yen (primarily within Autoway and PROTO MEDICAL CARE)

FY March 2017: Consolidated Statements of Cash Flows

[unit: million yen]	FY2016 March	FY2017 March	YoY change
	Results(a)	Results(b)	(b)-(a)
Cash Flows from Operating Activities	3,523	3,179	(343)
Cash Flows from Investing Activities	(3,373)	(1,197)	2,175
Cash Flows from Financing Activities	(839)	(886)	(46)
Cash and Cash Equivalents at End of Term	11,286	12,383	1,096

[unit: million yen]	FY2016 March	FY2017 March	YoY change
	Results(a)	Results(b)	(b)-(a)
Investment Amount (Tangible/intangible fixed assets*)	3,671	1,335	(2,336)
Depreciation (Tangible/intangible fixed assets)	1,046	1,112	66
Amortization of Goodwill	1,032	638	(393)

* The investment amount includes the amount to acquire tangible/intangible fixed assets as well as goodwill.

Cash Flows from Operating Activities

There was an income of 3,179 million yen, mainly due to net income before taxes and other adjustments at 2,785 million yen, depreciation free from spending, goodwill amortization and impairment loss adding up to 1,785 million yen.

Cash Flows from Investing Activities

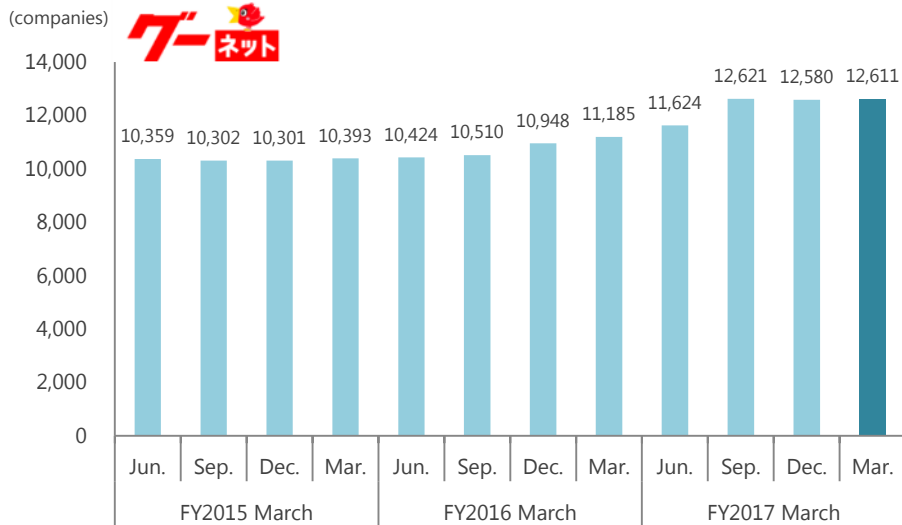
There was an expenditure of 1,197 million yen, mainly due to spending 1,221 million yen to acquire fixed assets.

Cash Flows from Financing Activities

There was an expenditure of 886 million yen, mainly due to paying dividends of 905 million yen and spending 198 million yen to acquire treasury shares.

KPI progress of core business

No. of Affiliated companies of Goo-net



Out of used car dealers our company target, 45.7% are our clients as of the end of Mar. 2017.

Reference) Variation in Share of Business Partners

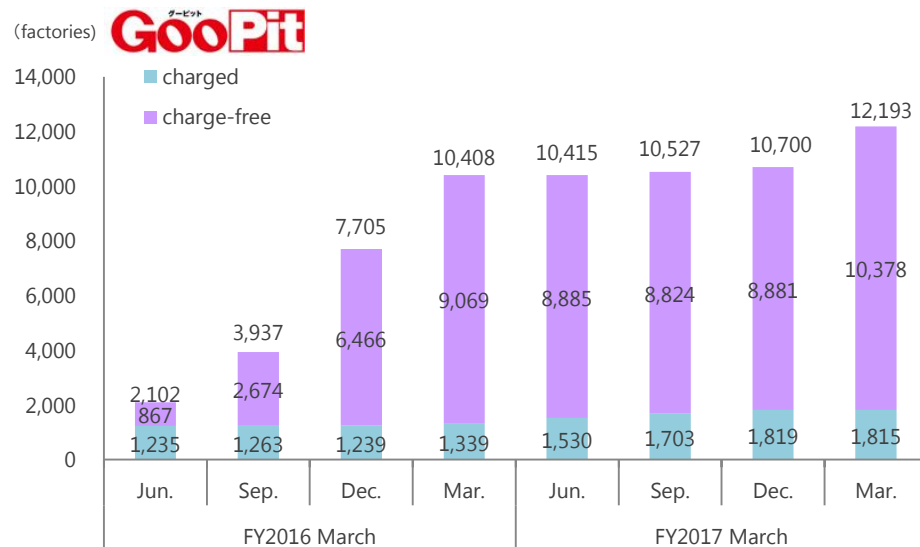
End of Jun. 2016: 48.9%

End of Sep. 2016: 45.7%

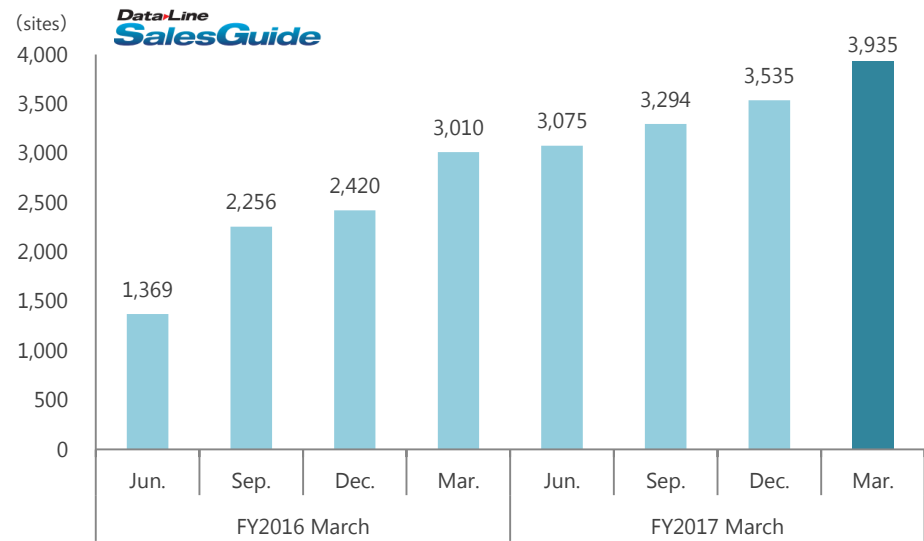
End of Dec. 2016: 46.2%

*Since Sep. 2016, our target has expanded and even used-car dealers with low inventory have been continuously added to the total market number.

No. of Affiliated factories of GooPit



No. of Affiliated sites of DataLine SalesGuide



Looking back on the term ended Mar. 2017 (1)

■ PROTO CORPORATION



Initial goal "Goo-net; Shift from quantity to quality"

【Results of our efforts】

- We took measures for the purpose of standardizing disclosure of vehicle condition information (introduction of ID cars), contributing to dispelling concerns of users about used cars.
- After the introduction of ID cars, the important indices, including the numbers of unique users, contracts concluded, vehicles in Goo-net, and clients, showed a steady growth.



Initial goal "Monetization of the GooPit business"

【Results of our efforts】

- Although we focused on upselling activities to induce maintenance shops listed in GooPit to change their contracts from free to a fee-based contract form, the advertisement fees fell below the estimated value because the number of clients with fee-based contracts did not reach the estimate.
- The remaining issues are the number of customers introduced to the maintenance shops and user awareness of our company.



Initial goal "Shortening of the vehicle replacement cycle by expanded sale of DataLine SalesGuide"

【Results of our efforts】

- Use of the new-car negotiation tool (DataLine SalesGuide) enables logical suggestion to users for vehicle replacement, realizing strengthened management support for manufacturers and dealers.
- The number of bases where the new-car negotiation tool is adopted hit an all-time high.

Looking back on the term ended Mar. 2017 (2)

■ Group



Sale of tires
and wheels

GOOD

Initial goal “Strengthening of competitiveness in the winter tire shopping season”

【Results of our efforts】

• Sales of studless tires in the 2 companies, AUTOWAY and TIRE WORLD KAN BEST, grew steadily particularly from October onward.



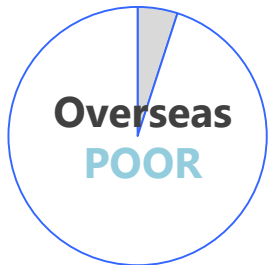
Sale of
systems
for maintenance
shops and sheet
metal plants

POOR

Initial goal “Enrichment of product appeal and sales abilities”

【Results of our efforts】

• Despite efforts to extend a product lineup to improve product appeal at PROTO-RIOS, progress has been delayed.
• As for strengthening of sales abilities, there remain issues concerning business activities for system updating.



Overseas

POOR

Initial goal “Improvement of operating loss”

【Results of our efforts】

• We propelled business expansion mainly with “GooKANTEI,” a service of disclosing vehicle condition information, in Taiwan and Malaysia. Although operating loss improved in Taiwan, both companies have stayed mired in the red, there are several issues left concerning differentiation from our competitors.



Lifestyle-
related
businesses

Fair

Initial goal “Enrichment of medical-, care-, and welfare-related businesses”

【Results of our efforts】

• In PROTO MEDICAL CARE, either the sales or operating income did not satisfy the estimated values, but both grew thanks to the contribution by the rental service business of MARUFUJI and SILVER HEART, of which our company acquired ownership in Jan. 2016.

3-year mid-term business plan

(Term ended Mar. 2017 to Term ending Mar. 2019)

3-year mid-term business plan (Profit/loss)

■ Conventional 3-year mid-term business plan (announced on May 13, 2016)

(Unit: million yen)

Business Plan	FY March 2016 Results	FY March 2017 Forecast	FY March 2018 Forecast	FY March 2019 Forecast
Net Sales	54,297	58,251	67,690	76,729
Operating Income	4,071	2,413	5,500	6,850
Net Income	(390)	1,453	3,680	4,620

■ New 3-year mid-term business plan (announced on May 10, 2017)

(Unit: million yen)

Business Plan	FY March 2016 Results	FY March 2017 Results	FY March 2018 Forecast	FY March 2019 Forecast
Net Sales	54,297	56,717 [(1,533)]	65,570 [(2,120)]	76,729 [—]
Operating Income	4,071	2,795 [382]	4,500 [(1,000)]	6,850 [—]
Net Income	(390)	1,506 [53]	2,982 [(698)]	4,620 [—]

*The figures in parentheses [] in the above tables indicate the difference from the estimated values announced on May 13, 2016.

■ Major factors in revision to the business plan for the term ending Mar. 2018

- Delay in the progress with the GooPit business
- Change in the business environment of PROTO-RIOS
- Delay in the progress with the overseas business

Growth factors in new 3-year mid-term business plan (Profit and Loss)

■ Growth Factors in Term Ending Mar. 2018

Sales

- Enrichment of the GooPit customer introduction business (Goo Checkup, etc.)
- Increase of clients in Goo-net
- Enrichment of sales activities toward new destinations of Kings Auto
- Expansion of sale of tires and wheels

Gross profit

- Enrichment of Goo-net (increase of clients, introduction of new IT products)
- Enrichment of the Goo purchase business
- Enrichment of the e-commerce business of TIRE WORLD KAN BEST
- Enrichment of the GooPit customer introduction business (Goo Checkup, etc.)
- Inducing maintenance shops, etc. to conclude fee-based contracts in the GooPit advertisement business
- Promotion of Kings Auto's cost reduction

Operating income

- Enrichment of Goo-net (increase of clients, introduction of new IT products)
- Enrichment of the e-commerce business of TIRE WORLD KAN BEST

■ Growth Factors in Term Ending Mar. 2019

Sales

- Enrichment of the GooPit customer introduction business (Goo Checkup, etc.)
- Expansion of sale of tires and wheels
- Enrichment of the e-commerce business of motorcycle products of Bike Bros.
- Enrichment of the medical-, care-, and welfare-related businesses of PROTO MEDICAL CARE

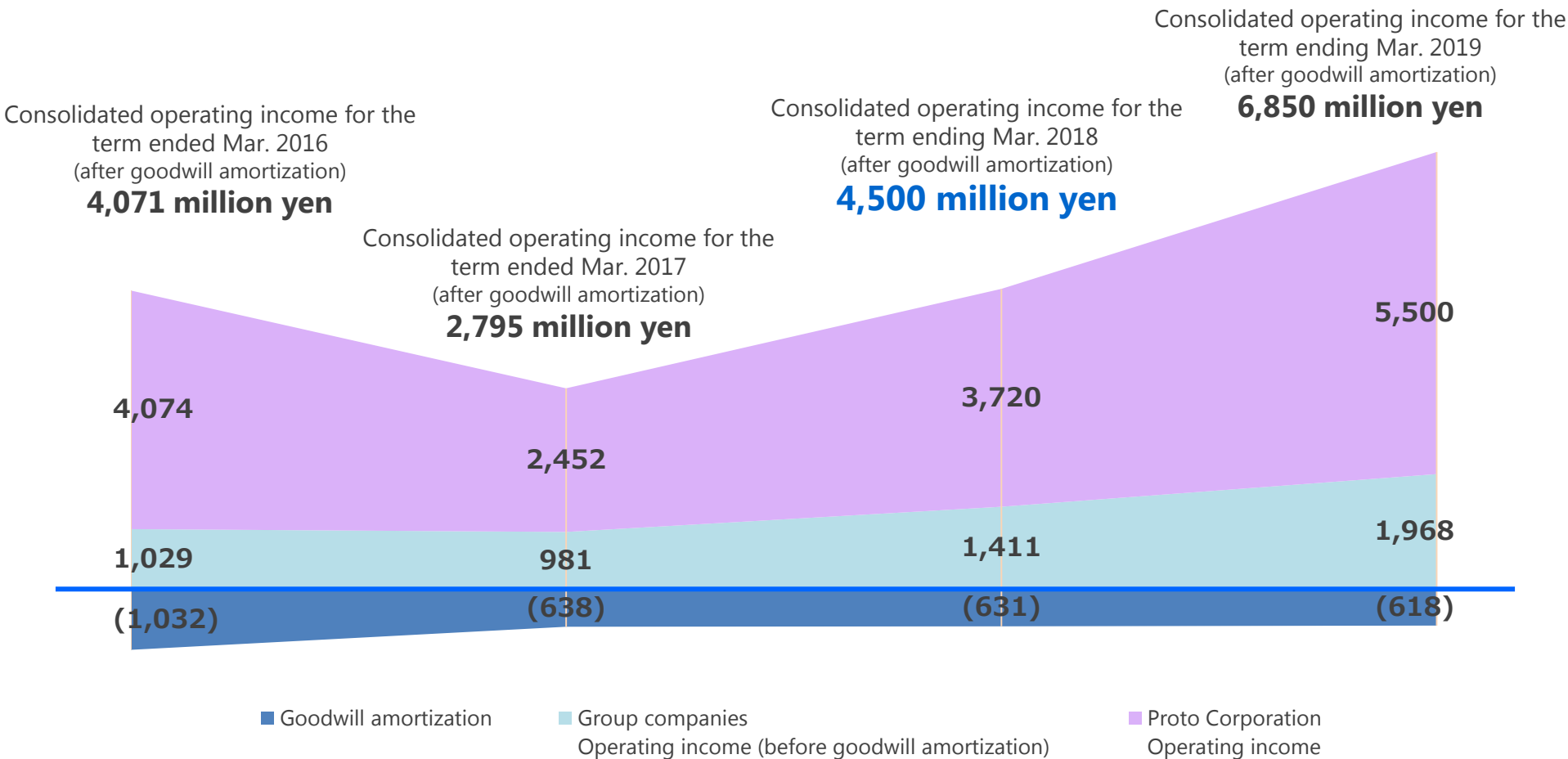
Gross profit

- Enrichment of the GooPit customer introduction business (Goo Checkup etc.)
- Inducing maintenance shops, etc. to conclude fee-based contracts in the GooPit advertisement business
- Enrichment of Goo-net (increase of clients, introduction of new IT products)
- Improvement of gross profit through new product development by PROTO-RIOS

Operating income

- Enrichment of Goo-net (increase of clients, introduction of new IT products)
- Sales expansion of new car negotiation tool

Variation in operating income in the new 3-year mid-term plan



**Consolidated operating income for the term ending Mar. 2018:
4,500 million yen**

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.

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.

Products and Services



No. of Affiliated companies
(As of the end of Mar. 2017)

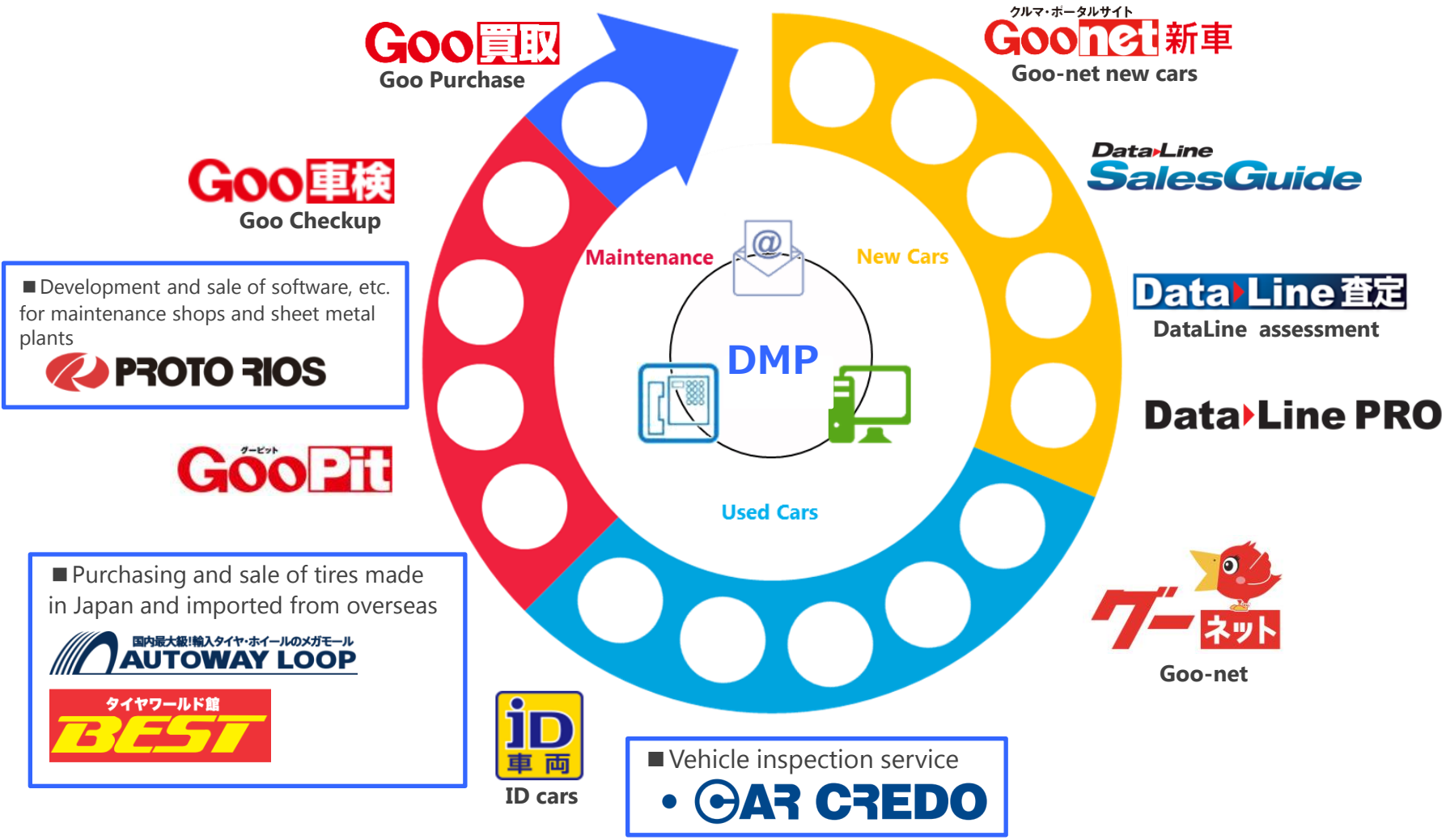
3,935 Sites

12,611 Companies

12,193 shops

**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.

Efforts for used car dealers (1)

■ Standardizing the release of vehicle condition information

[Topics] August 2016, introduction of ID Cars

Initiative: Creation of a system where users can buy used cars with peace of mind

Expectation: By increasing the number of purchase orders, we will be able to increase the number of companies and cars listed on Goo-net

中古車えらび!
あんしん、まる見え。iD車両

iD車両 ID車両が安心な理由

クルマのプロが厳しくチェック クルマの状態をしっかりと開示!

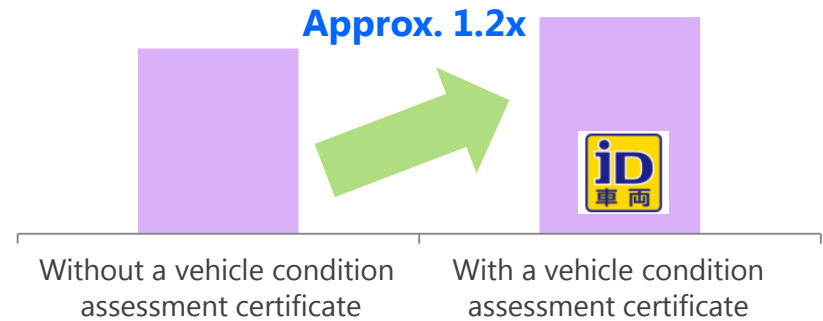
車両状態評価書 (例)

※検査機関により、検査項目が異なります。
詳しくは販売店にお問い合わせください。

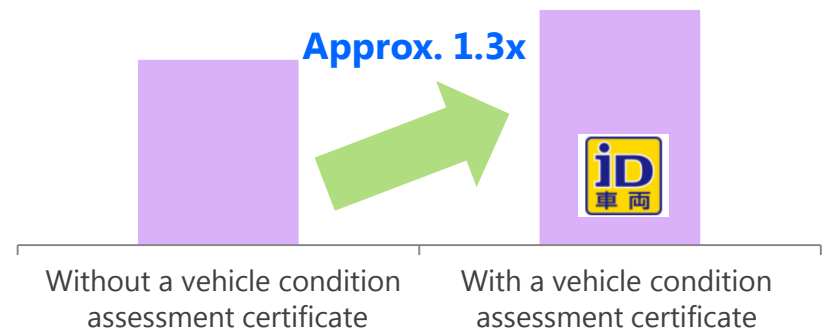
「ID車両」は、検査協会など「クルマの検査のプロ」によって厳しいチェックを受け、その結果を開示。
中古車の状態が一目でわかるから、あんしんなのです

■ Effects of introducing ID Cars (results from March 2017)

• Customer introduction rate



• Purchase order rate



*Customer introduction rate = no. of cars quoted etc./no. of cars listed on Goo-net

*Purchase order rate = no. of cars sold/no. of cars listed on Goo-net

**We will maximize the matching of users and clients
by improving the value of used cars**

Efforts for used car dealers (2)

Facilitating matching (users and clients)

Point 1) Ease of purchasing

- Further strengthening of Goo-net
- Developing new services from the perspective of users

→Increasing “customer introduction rate” to clients

Point 2) Ease of choosing

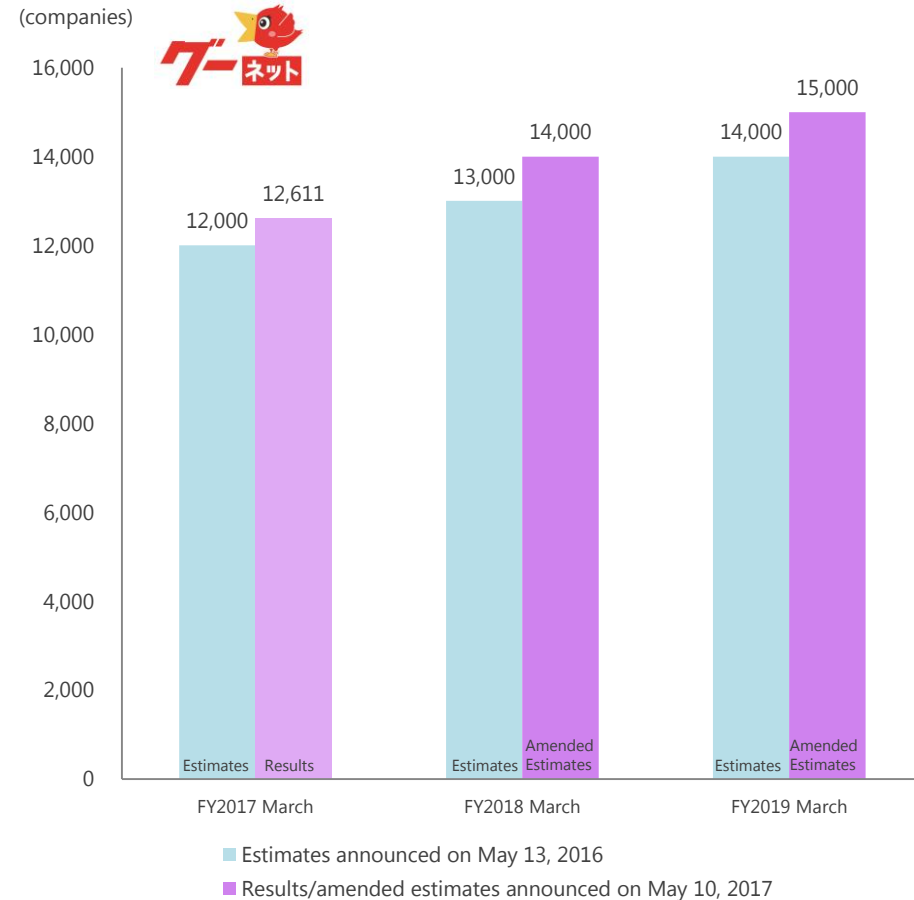
- Further strengthening of ID Cars
- Increasing the number of cars for which vehicle condition assessment is displayed

→Increasing Goo-net “purchase order rate”



Providing added value to both clients and users through provision and promotion of new products and services

No. of Affiliated companies of Goo-net (Plan)



We aim to improve profitability by further strengthening Goo-net.

Efforts for new car dealers (1)

Further strengthening support of new car dealers

Attracting customers

Negotiation and trade-in

Resale

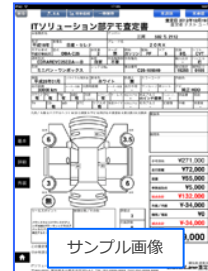
クルマ・ポータルサイト
Goo-net 新車
Goo-net new cars



DataLine
SalesGuide



DataLine 査定
DataLine assessment



DataLine PRO



MOTOR GATE



Increase the number of users through media and products for attracting customers that make use of the strengths of PROTO CORPORATION, and send them on to dealers.

Present estimates for current value and future value when negotiating with users, and facilitate the replacement of cars.

Raise the speed, volume, and precision of the inspections through use of an inspection device, making proactive trade-in suggestions possible.

Equipped with functions for wholesale and retail market prices, negotiation support, stocking support etc., support new car dealers in various situations.

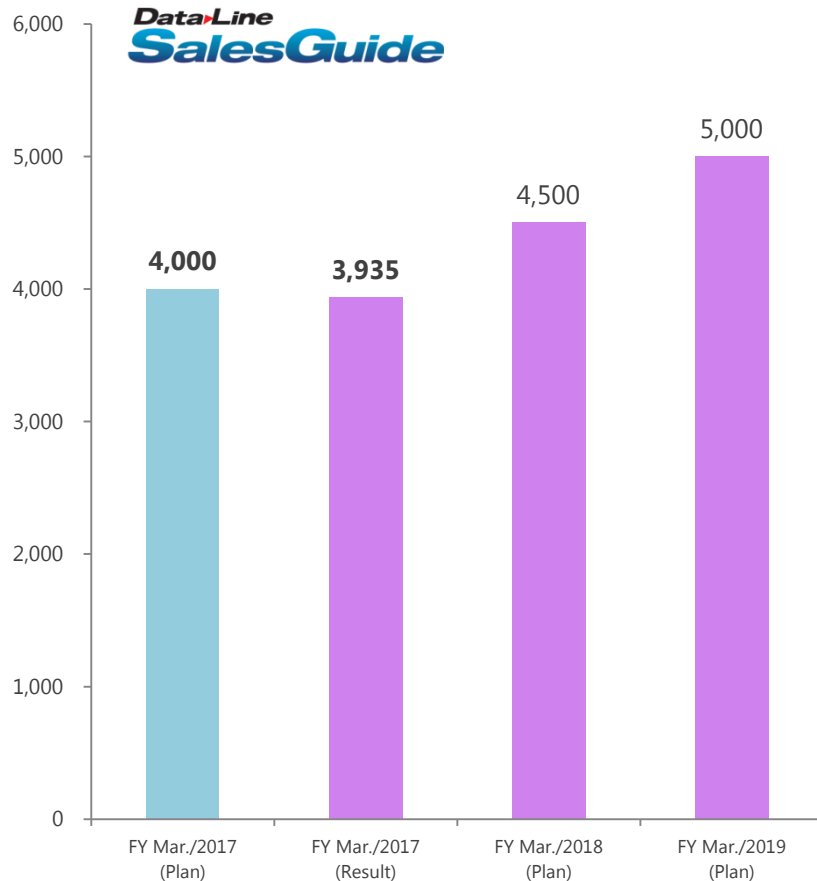
Convert trade-in vehicles to media such as Goo-net, and strengthen sales.

We will work towards stimulating the domestic new car sales and exchange cycle, and contribute to the stimulation of the automobile circulation industry.

Efforts for new car dealers (2)

■ DataLine SalesGuide sales promotion (plan)

(sites)



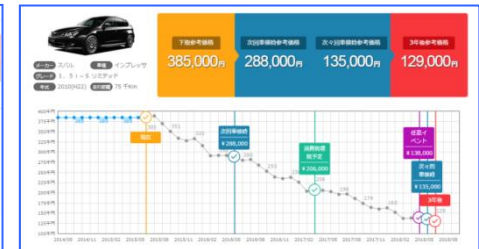
In October 2015, we began providing negotiation tools for new car dealers



Cost comparison suggestion feature



Future value estimate graph feature



Through expansion of DataLine SalesGuide introduction points and up-selling by expanding features, we will achieve growth in the new car sales promotion field.

Efforts for maintenance shops (1)

■ Further expansion of the maintenance shop network



- Car Maintenance Specialty Website - GooPit
- Launched service on Jan. 30, 2015

As of the end of Mar. 2017

No. of Paid Maintenance Shops: 1,815
No. of Free Maintenance Shops: 10,378

Network of 12,193 Maintenance Shops

As of the end of Mar. 2018 (Plan)

No. of Paid Maintenance Shops: 3,000
No. of Free Maintenance Shops: 12,000

Network of 15,000 Maintenance Shops

■ Stimulation of customer introduction business

The largest domestic maintenance shop network

Begin sales of "tire fitting service tickets" on leading EC sites

An exclusive call center will suggest the maintenance shop nearest to the user that can provide installation services out of maintenance shops all over the country listed on GooPit, and will coordinate appointments etc.



Users' nearest maintenance shop

Through expansion of the network and collaboration with leading EC sites, we will achieve our goal of 3,000 maintenance shops doing fee-paid transactions.

Efforts for maintenance shops (2)

■ Strengthening the Goo Checkup business (pursuing user merit)

<Existing services>

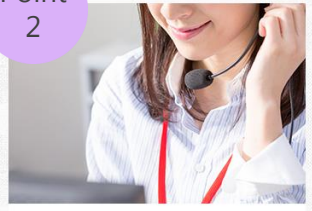
Point
1



Car collection and delivery to users' homes without any user effort

The car is picked up from the user's home and taken to the maintenance shop. After the checkup it will be delivered back to their home (courtesy car also provided).

Point
2



Concierge support

PROTO provides support at all stages, from the checkup application to car delivery.

Point
3



Easy card payment

Complete the payment at home, with no need to withdraw large amounts of cash.

<New Plan to Launch Nationwide>

[TOPICS] Providing Goo Checkup with new tire installation

Initiative: Get rid of users' perceptions that "checkup = negative expenditure," and provide a good value checkup that does not take their time and effort.

Expectation: By improving Goo Checkup's attractiveness to customers and accelerating the sending of customers on to maintenance shops, this will increase Goo Checkup's brand value.

From April 27, 2017, we began a trial limited to light vehicles



Goo車検

軽自動車限定・新プラン

新品タイヤ付き
車検プラン

基本料金 29,900円 + 法定費用

申込み頂くと、
タイヤが新品になっちゃいます!!

国産ブランド
タイヤ4本付

**We will strengthen our appeal to users,
and improve Goo Checkup's brand value.**

Realization of group synergy

■ Providing added value to used car sellers and maintenance shops

[TOPICS] MOTOR GATE Shopping



MOTOR GATE supplementary service

As well as tires from the 2 group companies, cleaning products and equipment such as car navigation systems and ETCs can be purchased.

Initiative : Utilize group synergy to provide added value to PROTO's existing customers (used car sellers, maintenance shops).

Strengths :

- 1) Can provide products at low cost through collaboration with car parts manufacturers
- 2) Can grasp trends in the needs of users related to tires from group company, and quickly reflect these in our product line-up.

Expectations :

- 1) Improve contract conclusion rate by increasing used car sellers' inventory product value
- 2) Contribute to maintenance shops' service improvements in order to retain users
- 3) Expand group company markets (AUTOWAY, TIRE WORLD KAN BEST)
- 4) Improve existing customers' rates of use (customer retention rates) of MOTOR GATE

Background:

Needs of used car sellers (example)

They want to distinguish themselves from other companies by installing new tires when selling used cars to users.

Needs of maintenance shops (example)

They want to improve customer satisfaction by providing a smooth and inexpensive service to users who want their tires changed.

We will utilize group synergy to provide added value to PROTO's existing customers (used car sellers, maintenance shops)

FY March 2018: Consolidated Earnings Forecast

FY March 2018: Consolidated Earnings Forecast

Consolidated Statements of Income [unit: million yen]	FY2017 March		FY2018 March		YoY change	
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	(b)-(a)	%
Net Sales	56,717	100.0%	65,570	100.0%	8,852	115.6%
Cost of Sales	34,897	61.5%	41,155	62.8%	6,257	117.9%
Gross Profit	21,820	38.5%	24,415	37.2%	2,594	111.9%
SG&A Expenses	19,024	33.5%	19,915	30.4%	890	104.7%
EBITDA *1	4,546	8.0%	6,437	9.8%	1,890	141.6%
Operating Income	2,795	4.9%	4,500	6.9%	1,704	161.0%
Ordinary Income	2,883	5.1%	4,532	6.9%	1,648	157.2%
Net Income	1,506	2.7%	2,982	4.5%	1,475	197.9%
Net Income per Share (Yen)	75.02	-	148.66	-	73.64	198.2%

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

[unit: million yen]	FY2017 March		FY2018 March		YoY change	
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	(b)-(a)	%
SG&A Expenses	19,024	33.5%	19,915	30.4%	890	104.7%
Employment Cost	7,936	14.0%	8,613	13.1%	677	108.5%
Advertising Cost *2	4,167	7.3%	3,813	5.8%	(353)	91.5%
Other Expenses	6,921	12.2%	7,487	11.4%	566	108.2%
Number of Employees	1,583	-	1,773	-	190	112.0%

*2 Originally, the figure was displayed as advertising-related costs which included sales promotion expenses, however from now on, only the advertising cost will be shown.

FY March 2018: Consolidated Earnings Forecast (Segment)

Sales [unit: million yen]	FY2017 March		FY2018 March		YoY change	
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	(b)-(a)	%
Automobile-related	51,025	90.0%	59,194	90.3%	8,169	116.0%
Ad-related	21,231	37.4%	20,868	31.8%	(363)	98.3%
Information and services	4,893	8.6%	7,784	11.9%	2,890	159.1%
Sale of goods	24,899	43.9%	30,542	46.6%	5,642	122.7%
Lifestyle-related	4,236	7.5%	4,638	7.1%	402	109.5%
Real Estate	187	0.3%	191	0.3%	4	102.4%
Other Business	1,268	2.2%	1,544	2.4%	275	121.7%
Total	56,717	100.0%	65,570	100.0%	8,852	115.6%

Operating Income [unit: million yen]	FY2017 March		FY2018 March		YoY change	
	Results(a)	Profit margin	Forecast(b)	Profit margin	(b)-(a)	%
Automobile-related	3,939	7.7%	5,693	9.6%	1,754	144.5%
Lifestyle-related	478	11.3%	489	10.5%	10	102.2%
Real Estate	147	78.6%	101	52.9%	(45)	69.0%
Other Business	(136)	-	(59)	-	76	-
Management Division	(1,633)	-	(1,724)	-	(91)	-
Total	2,795	4.9%	4,500	6.9%	1,704	161.0%

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

Taking continuous and stable dividends into consideration

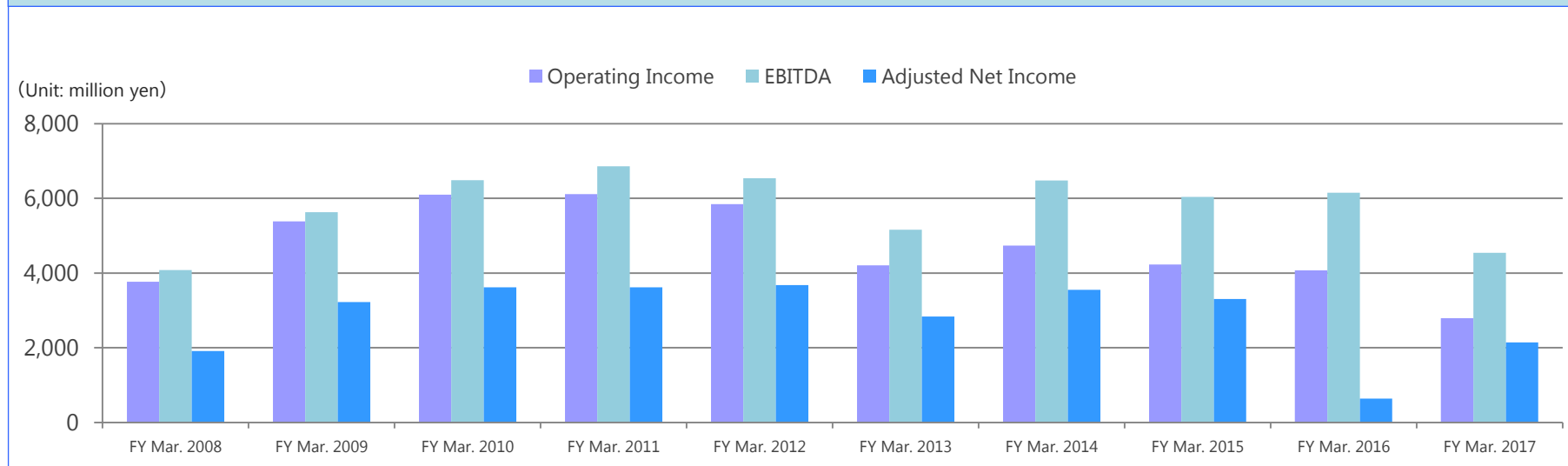
Operating Results 10-year Summary

[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



Appendix

Corporate Profile

Corporate Name	PROTO CORPORATION
Founded	October 1, 1977
Established	June 1, 1979
Common Stock	1,824,620 thousand yen (As of March 31, 2017)
Shares Outstanding	20,940,000 shares (As of March 31, 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: 1,583 (As of March 31, 2017) Parent: 633 (As of March 31, 2017)
Stock Exchange Listing	Tokyo Stock Exchange JASDAQ Standard (Listed on September 12, 2001)
Subsidiary	<ol style="list-style-type: none">1. PROTO-RIOS INC. (Full subsidiary since October 2002)2. PROTO SOLUTION Co.,Ltd. (Full subsidiary, established in April 2007) *13. PROTO MEDICAL CARE (Full subsidiary since October 2009)4. Bike Bros. Inc. (Full subsidiary since April 2010)5. CAR CREDO Co., Ltd. (Full subsidiary, established in February 2012)6. Kings Auto Co., Ltd. (Full subsidiary since April 2012)7. AUTOWAY Co., Ltd. (Full subsidiary since April 2013)8. TIRE WORLD KAN BEST CO., LTD. (Full subsidiary since April 2015)9. MARUFUJI (Full subsidiary since January 2016)10. SILVER HEART (Full subsidiary since January 2016)11. PROTO MALAYSIA Sdn. Bhd. (Full subsidiary since September 2011)12. PROTO (TAIWAN) CO., LTD. (Full subsidiary, established in December 2011)13. CAR CREDO MALAYSIA SDN. BHD. (Full subsidiary, established in August 2015)14. PT. PROTO INDONESIA (Full subsidiary, established in December 2012) *2

(As of March 31, 2017)

*1 In 2016 October 1, PROTO DATA CENTER (surviving company) and iSolutions Co., Ltd. (dissolving company) merged, and changed its name to PROTO SOLUTION Co.,Ltd.

*2 The company is currently under liquidation.

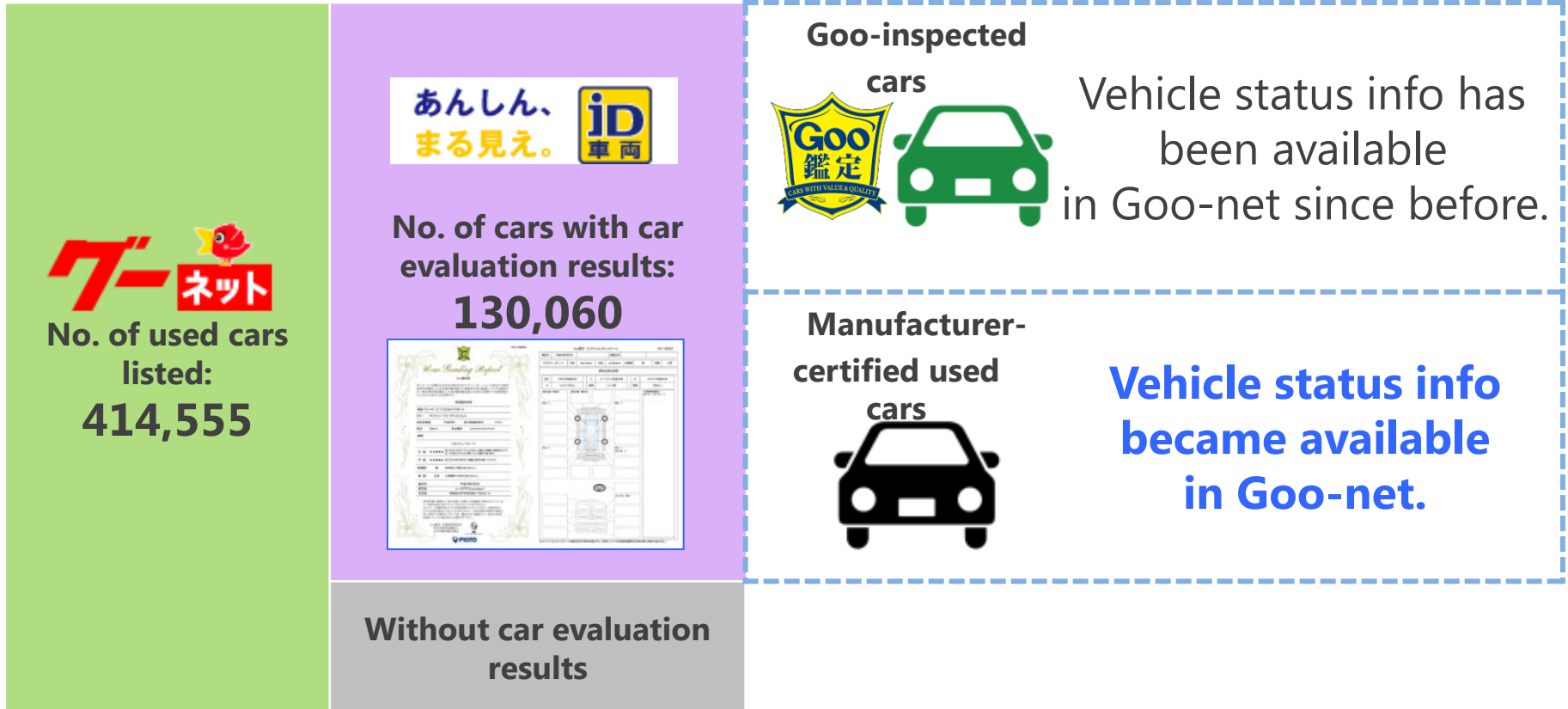


Our magazine was first issued in 1977

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: 39,803

(as of Apr. 25, 2017)

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

* 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: Takabayashi, Corporate planning department

Kaneko, Corporate planning department

Tel: +81-52-934-1519

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