

**PROTO CORPORATION (4298:JP)**  
**<Appendix>**

**January 2016**

# Corporate Profile

Corporate Name	PROTO CORPORATION
Founded	October 1, 1977
Established	June 1, 1979
Common Stock	1,824,620 thousand yen (As of December 31, 2015)
Shares Outstanding	20,940,000 shares (As of December 31, 2015)
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 (57 Sales Outlets Nationwide)
Fiscal Year-end	March 31
Number of Employees	Consolidated: 1,495 (As of December 31, 2015) Parent: 659 (As of December 31, 2015)
Stock Exchange Listing	Tokyo Stock Exchange JASDAQ Standard (Listed on September 12, 2001)
Subsidiary	<ol style="list-style-type: none"><li>1. PROTO-RIOS INC. (Full subsidiary since October 2002)</li><li>2. PROTO DATA CENTER (Full subsidiary, established in April 2007)</li><li>3. PROTO MEDICAL CARE (Full subsidiary since October 2009)</li><li>4. Bike Bros. Inc. (Full subsidiary since April 2010)</li><li>5. CAR CREDO Co., Ltd. (Full subsidiary, established in February 2012)</li><li>6. Kings Auto Co., Ltd. (Full subsidiary since April 2012)</li><li>7. AUTOWAY Co., Ltd. (Full subsidiary since April 2013)</li><li>8. iSolutions Co., Ltd. (Full subsidiary since October 2014)</li><li>9. TIRE WORLD KAN BEST CO., LTD. (Full subsidiary since April 2015)</li><li>10. PROTO MALAYSIA Sdn. Bhd. (Full subsidiary since September 2011)</li><li>11. PROTO (TAIWAN) CO., LTD. (Full subsidiary, established in December 2011)</li><li>12. CAR CREDO MALAYSIA SDN. BHD. (Full subsidiary, established in September 2015)</li><li>13. SMT Media Pte. Ltd . * (Full subsidiary since September 2011)</li><li>14. PT. PROTO INDONESIA * (Full subsidiary, established in December 2012)</li></ol> (As of December 31, 2015) *The companies are currently under liquidation.



Our magazine was first issued in 1977

# Financial Data / Major Shareholders

## Financial Data (Consolidated)

Shares outstanding (million)	20.9
Market capitalization (¥ billion, December 2015)	34.8
DPS (¥, FY March 2016, Forecast)	38.0
EPS (¥, FY March 2016, Forecast)	170.72
BPS (¥, March 2015)	1,361.64
ROE (% , FY March 2015, Net income basis)	8.8
ROA (% , FY March 2015, Ordinary income basis)	10.6
Equity ratio (% , March 2015)	66.3
Potential share dilution (million)	-
Foreign ownership (% , December 2015)	31.4

## Major Shareholders

	(Thousands)
1) Mugen Corporation	6,807 (32.50%)
2) JPMCC CLIENT SAFEKEEPING ACCOUNT	1,323 ( 6.31%)
3) PROTO CORPORATION	735 ( 3.51%)
4) JP MORGAN CHASE BANK 385632	568 ( 2.71%)
5) CLEARSTREAM BANKING S.A	462 ( 2.20%)
6) BNYM TREATY DTT 15	456 ( 2.18%)
7) Hiroichi Yokoyama	440 ( 2.10%)
8) Japan Trustee Services Bank, Ltd. (Trust Account)	404 ( 1.93%)
9) Yoshihiro Yokoyama	400 ( 1.91%)
10) BBH FOR FIDELITY LOW-PRICED STOCK FUND(PRINCIPAL ALL SECTOR SUBPORTFOLIO)	393 ( 1.87%)

(As of December 31, 2015)

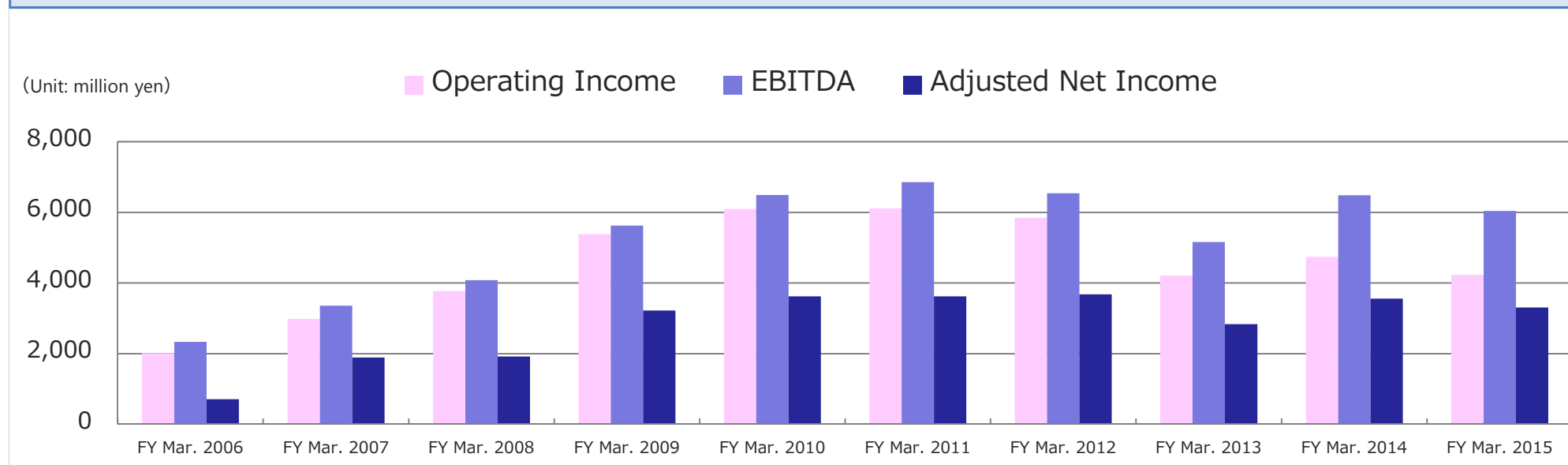
# Operating Results 10-year Summary

[unit: million yen]	FY2006 March	FY2007 March	FY2008 March	FY2009 March	FY2010 March	FY2011 March	FY2012 March	FY2013 March	FY2014 March	FY2015 March
Net Sales	19,952	21,238	22,893	23,657	25,682	28,779	30,582	38,287	54,761	48,602
Operating Income	2,010	2,988	3,771	5,384	6,098	6,111	5,846	4,209	4,735	4,233
Net Income	598	1,766	1,838	3,187	3,529	3,197	3,275	2,290	2,627	2,381
EBITDA*1	2,337	3,360	4,078	5,628	6,490	6,856	6,540	5,161	6,483	6,039
Adjusted Net Income*2	707	1,890	1,915	3,223	3,621	3,620	3,680	2,836	3,555	3,308
Depreciation	217	247	230	207	299	322	288	404	819	879
Amortization of Goodwill	109	124	77	36	91	422	405	546	928	926

\*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

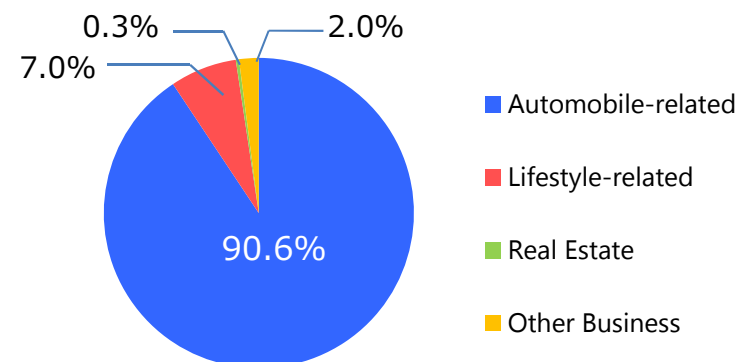
## Annual Transition of Operating Income/EBITDA/Adjusted Net Income



# Operating Results by Segment

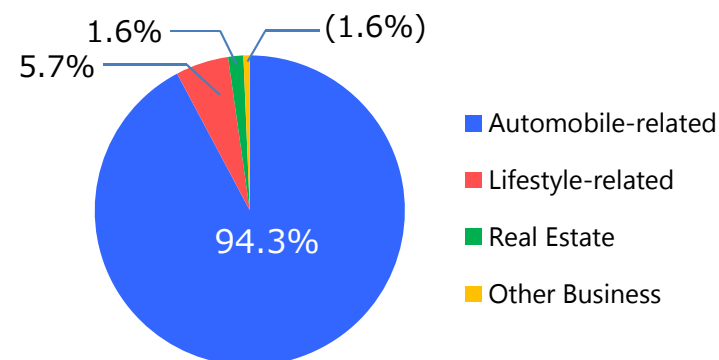
Sales By Segment [unit: million yen]	FY2012 March	FY2013 March	FY2014 March	FY2015 March
Automobile-related	26,704	33,687	50,138	44,056
Lifestyle-related	3,470	3,837	3,541	3,393
Real Estate	166	163	167	164
Other Business	240	597	913	988
Total	30,582	38,287	54,761	48,602

Breakdown of sales for the term ended Mar. 2015



Operating Income By Segment [unit: million yen]	FY2012 March	FY2013 March	FY2014 March	FY2015 March
Automobile-related	7,272	5,916	6,217	5,624
Lifestyle-related	228	131	248	338
Real Estate	83	85	69	96
Other Business	(149)	(323)	(140)	(94)
Management Division	(1,589)	(1,599)	(1,659)	(1,732)
Total	5,846	4,209	4,735	4,233

Breakdown of operating income for the term ended Mar. 2015



Note: Each share in operating income was calculated from the value before subtracting the amount of the "management division."

**Automobile-related information business accounts for over 90% of Sales and operating income in the PROTO Group.**

# Introduction of PROTO Group

## Automobile-related Information (Domestic)



To offer automobile-related & lifestyle-related information



Sales of imported tires and wheels



Sales of the tires, wheels  
(Share acquisition in April 2015)



Export and sales of used cars



Mail-order services for motorbike Parts, the operation of the online shop specializing in motorbikes, and the publication of motorbike magazines



Development and sales of software for automobile maintenance, repair



To offer car inspection services, including "Goo-inspection"

## Automobile-related Information (Overseas)



To offer automobile-related information (Malaysia)



To offer automobile-related information (Taiwan)

## Lifestyle-related Information • Other Business



To offer the services of introducing and dispatching personnel in the fields of medicine, nursing care, and welfare, and information services



Business process outsourcing (BPO) business, including data inputting/  
To offer automobile-related & lifestyle-related information



Design, development, and sales of website systems

# When it comes cars, **GOO**

Media

■ Used Car Dealers

クルマ・ポータルサイト  
**Goonet**

■ Maintenance Shops

グービット  
**Goopit**

Database

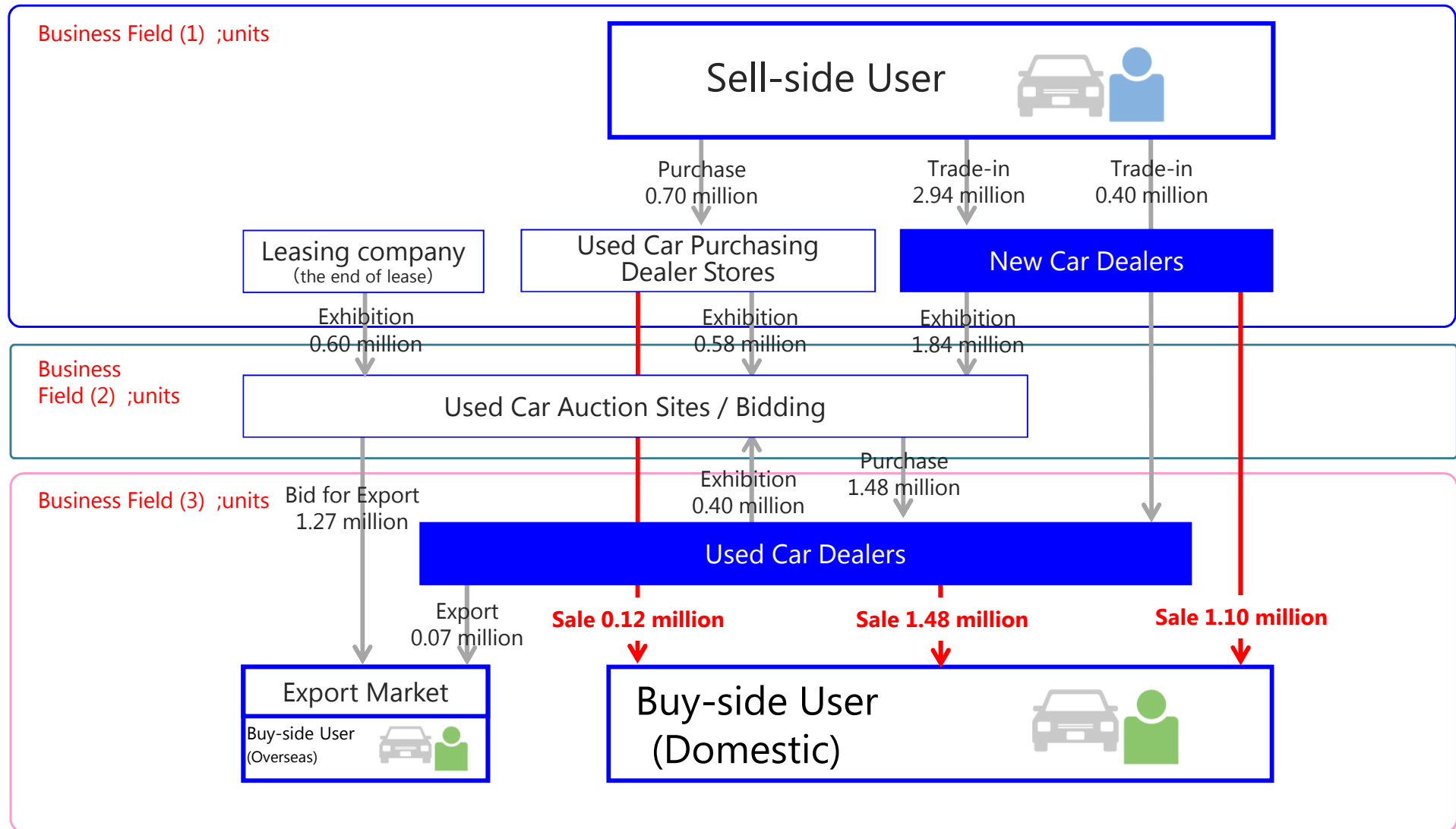
■ Platform for used car info

**MOTOR GATE**

**To develop the Japan's largest network of used car dealers and maintenance shops, and establish the Goo brand**

# The Japanese automobile market and its characteristics

## Used Car Distribution Flowchart



※Note: The graphic was compiled by PROTO based on data in Yano Research Institute, Ltd., "Used Car Distribution Industry 2015" (Used car distribution flowchart for 2014)  
 ※ The procurement and sales volumes of markets and used car dealers exclude those for stock replacement. \* The data of the automobile dismantling market is excluded.



# **Regarding the current business model (automobile-related information)**

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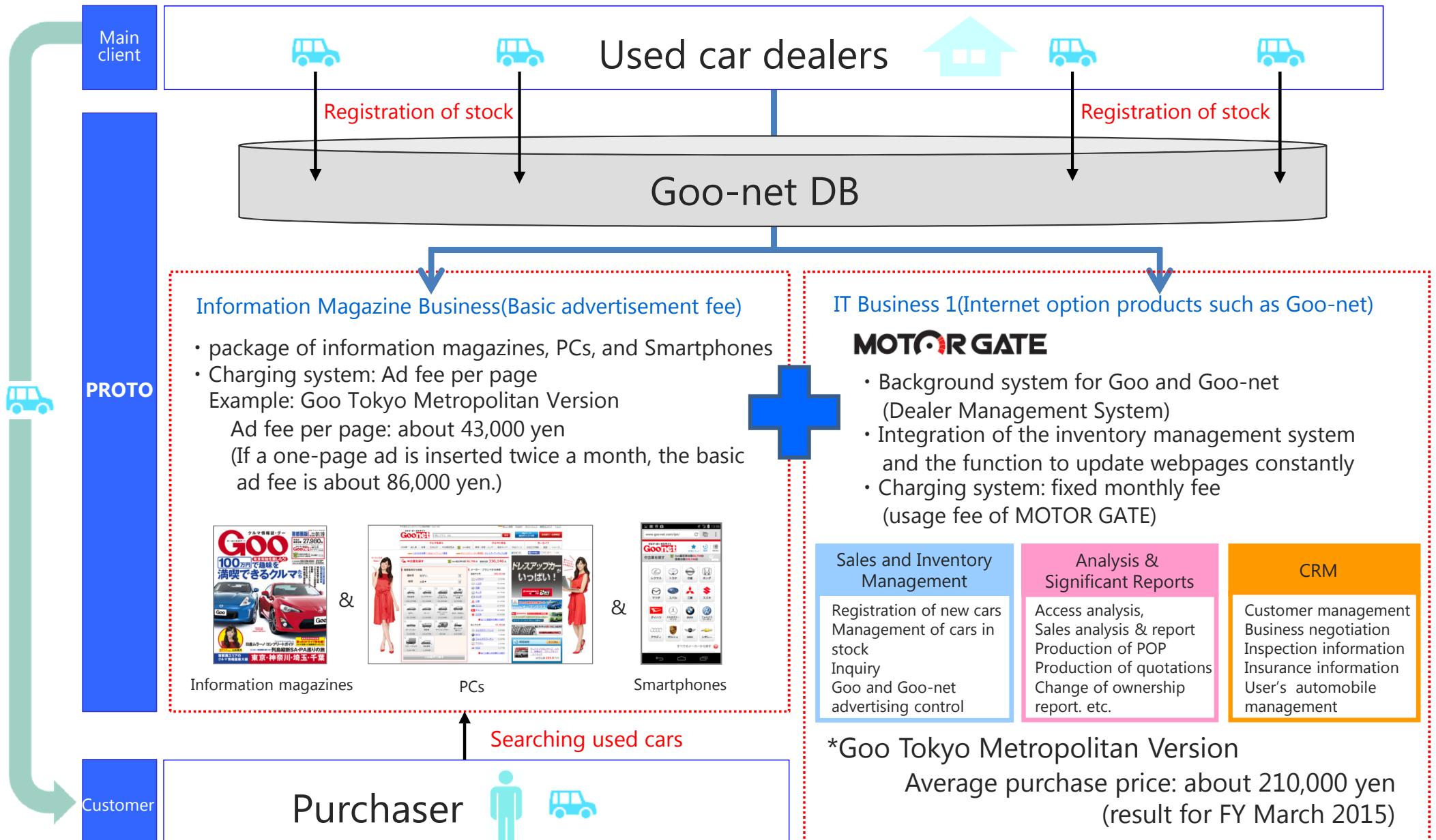
# Automobile-related Sales (Breakdown by Product Classification)

Sales By Segment [unit: million yen]	Apr-Dec 2012 Results	Apr-Dec 2013 Results	Apr-Dec 2014 Results	Apr-Dec 2015 Results	FY March 2013 Results	FY March 2014 Results	FY March 2015 Results
Automobile-related	25,010	38,022	33,200	37,355	33,687	50,138	44,056
Information Registration Fee	15,341	15,492	15,612	15,242	20,413	20,744	21,028
Information Service Fee	9,668	22,529	17,588	22,113	13,273	29,394	23,027

Automobile-related Sales by Product Classification [unit: million yen]	Apr-Dec 2012 Results	Apr-Dec 2013 Results	Apr-Dec 2014 Results	Apr-Dec 2015 Results	FY March 2013 Results	FY March 2014 Results	FY March 2015 Results
Information Magazine Business	11,189	11,208	9,118	8,464	14,795	14,968	12,323
IT Business 1 (Data Biz)	7,051	7,370	9,618	10,176	9,490	10,034	12,910
IT Business 2 (EC Sales)	1,431	10,928	9,005	13,282	1,823	14,304	11,635
Other Businesses (Product Sales, etc.)	5,338	8,514	5,459	5,432	7,578	10,830	7,186

\* (1) Sale of "Information Magazine Business" may fluctuate in some areas by the difference in the number of times which magazines are published.

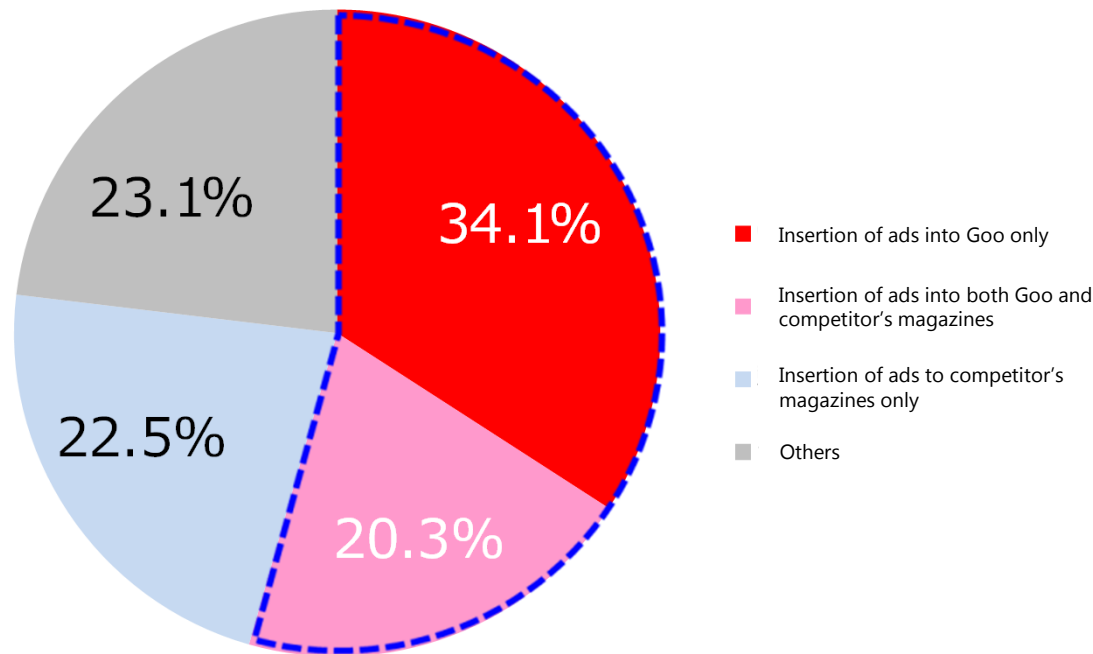
## Business Process of Goo Series



■ Situation of Market Share (Compared with Competitors)

Method for counting client companies:

To count the number of dealers that inserted their ads into information magazines.



Share of client firms : **54.4%**

\* as of the end of Dec. 2014 : 52.9%

(Surveyed by our company in December 31 2015)

■ No. of Client Firms of MOTOR GATE

• No. of client firms: **10,948**

\* as of the end of Dec. 2014 : 10,301

\* as of the end of Dec. 2013 : 9,870

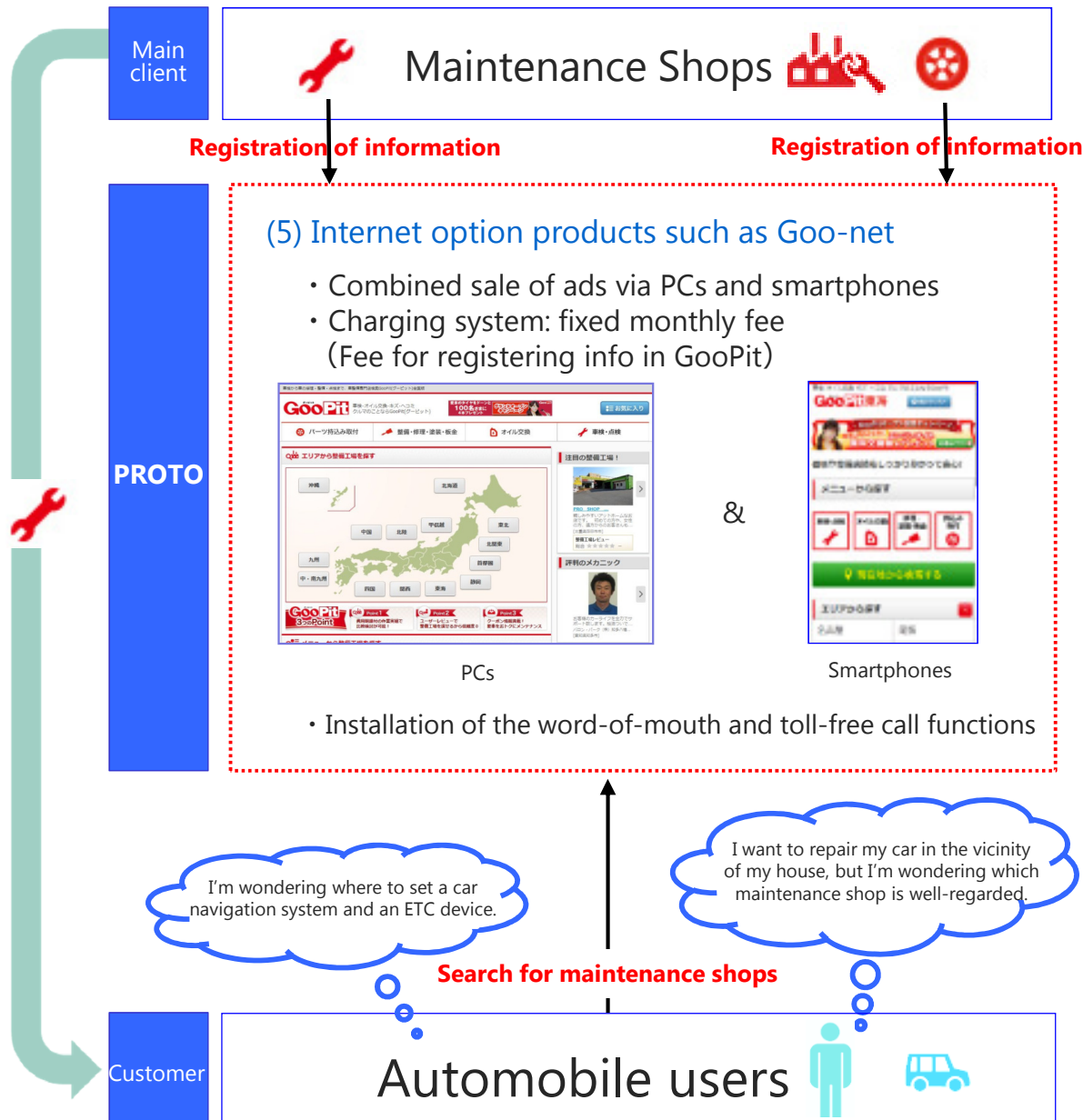
• Progress rate for the annual plan **99.5%**

(as of the end of Dec. 2015)



**The largest portal site for cars "Goo-net"**  
**To comprehensively support the business administration of used car dealers,**  
**by offering the background system "MOTOR GATE"**

## Website specializing in car maintenance Business model of GooPit



### ■ Outline of GooPit

- Website for matching car users and maintenance shops
- Start of the service on Jan. 30, 2015
- 7,705 shops are introduced (as of the end of Dec. 2015)

### ■ Conventional maintenance shops

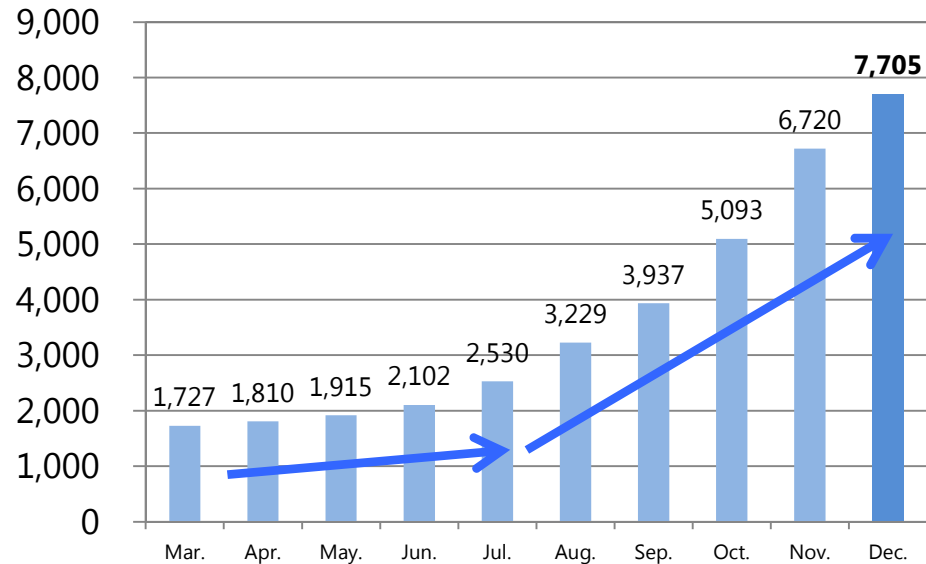
- Change in the competitive environment
- Decrease of subcontract work
- It is difficult to increase new customers.

### ■ Advantages of GooPit

1. Media power and number of client firms
  - The expertise nurtured through Goo-net is utilized in the car maintenance field.
2. Quality of information
  - Only accredited and designated maintenance shops can belong to GooPit, and the numbers of Class 1 and Class 2 mechanics can be seen.
  - The features and prices of maintenance shops are described as much as possible.
  - In addition to the achievements, images, movies, etc. of member shops, we adopted "reviews on maintenance shops."
3. Sales capability
  - Maintenance shop follow-up system with the nationwide sales network
  - Direct sales activities by sales staff versed in the field

## ■ No. of Affiliated shops of GooPit

(unit:shops)



## ■ Measures for the GooPit business

- We enhanced the direct sales activities targeted at maintenance shops, in addition to the introduction from alliance firms (Jun. 2015).
- We strengthened the alliance for promotion by offering data to leading Internet sites, etc. (Yahoo! Auctions, Yahoo! Car Navigation, Amazon, etc.)

無料相談！  
ズバッと落札！ビビッと取り付け！  
ヤフオク!で落札した  
パーツ取付は **GooPit**

GooPitの3つのポイント

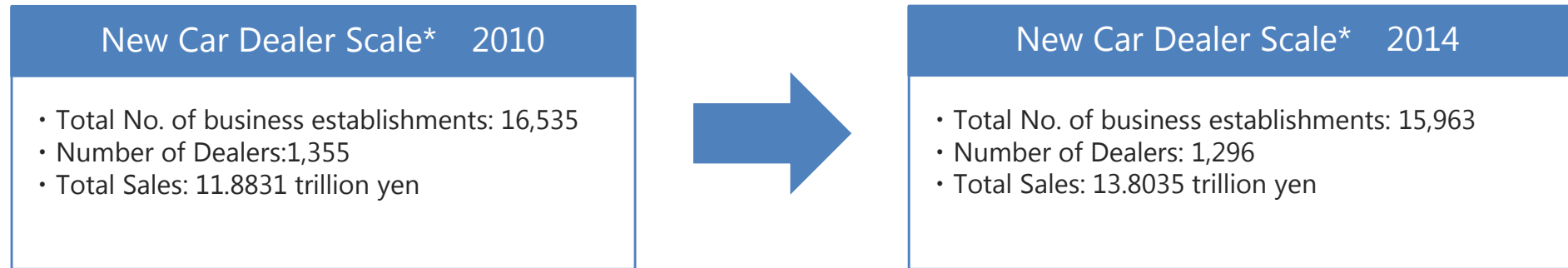
- 1 全国800店以上の中から近くのお店が「ビビッ」と見つかる
- 2 レビューでお店の対応がわかるから安心
- 3 気になるお店を見つけたら無料電話で取り付け相談可能

取付パーツが決まったらさっそくGooPitで整備工場を検索！

### Measures in the Second Half of the Term ending Mar. 2016

- Improve sales systems (GooPit personnel increase, improve outbound call system)
- Promote GooPit targeting PROTO-RIOS INC. clientele (approximately 4,000 companies)
- Improve user and client awareness through promotion
- Extend MOTOR GATE functions (tire and wheel EC functions)
- Promote the upgrade to a GooPit paid plan

## ■ Domestic New Car Market



Source: Japan Automobile Dealers Association

## ■ Strengths of PROTO CORPORATION

- Data of the retail prices of cars accumulated in Goo-net
- Data of market wholesale prices of cars collected at auction sites
- Residual value prediction system developed by accumulating transaction data, including residual values and the number of elapsed years (patented)

## ■ Initiative for New Car Market (Service for New Car Dealers)

- Launch of new car negotiations tool "DataLine SalesGuide"
- Launch of customer attraction support service "Goo-net New Car"
- Promotion of database service and system development for manufacturers and dealers

**Plan to increase client new-car dealers with the new car negotiation tool (DataLine SalesGuide) and customer attraction support (Goo-net New Car) services**

# Product Classification IT Business 1 (B to B fee for data provision)

## ■ Offer a negotiation tool for new car dealers

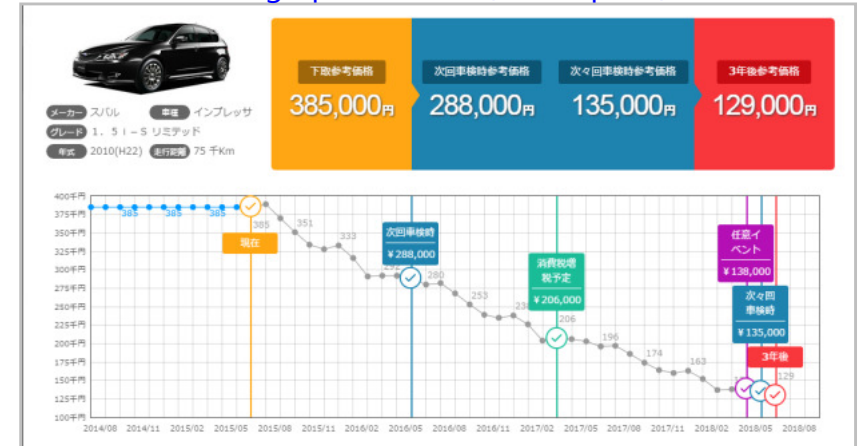
(DataLine SalesGuide released on Oct. 22<sup>nd</sup> 2015)



## ■ Cost comparison suggestion function



## ■ Future forecast graph function (future price)



## ■ POP function for replacement




## ■ Replacement simulation function



Plan to expand business support services for new car dealers by offering the new car negotiation tool (DataLine SalesGuide) which utilizes Goo-net and other price data




 (We acquired its shares in Apr. 2013.)

## AUTOWAY Co., Ltd.

- Sale of imported tires and wheels
- Operation of "AUTOWAY LOOP," the Japan's largest online shopping site for tires and wheels
- Tires are supplied from:  
Indonesia, Taiwan, China, etc.



Since the demand for studless tires grows in the winter, revenue tends to be larger in the second half than in the first half.

 (We acquired its shares in Apr. 2015.)

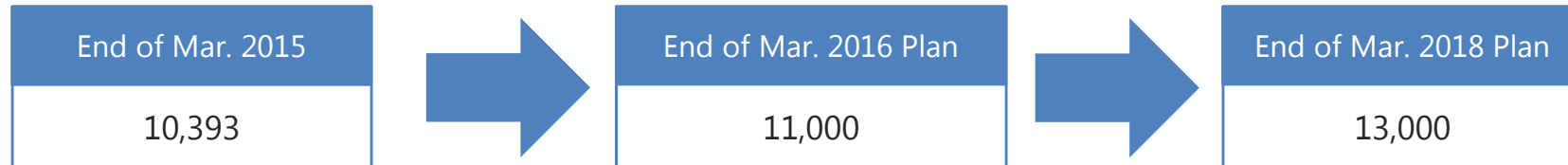
## TIRE WORLD KAN BEST CO., LTD.

- Sale of automobile tires, wheels, car parts, and goods at stores and by mail
- Stores are operated mainly in the Tohoku region.
- 8 directly managed stores and 5 franchised stores



## ■ Used Car Dealers

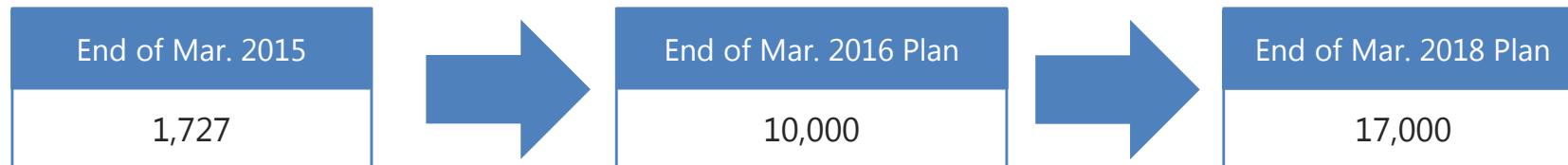
Number of Client Firms of MOTOR GATE



(As of December 31, 2015) 10,948 companies

## ■ Maintenance Shops

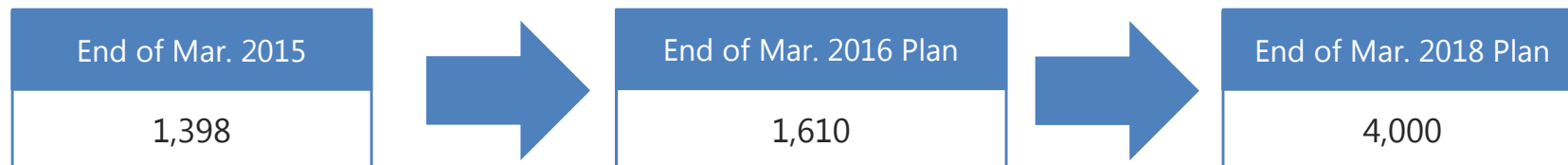
Number of Affiliated Shops of GooPit



(As of December 31, 2015) 7,705 shops

## ■ New Car Dealers

Number of Offices Installing Negotiation Tools for New Car Dealers



(As of December 31, 2015) 2,420 offices

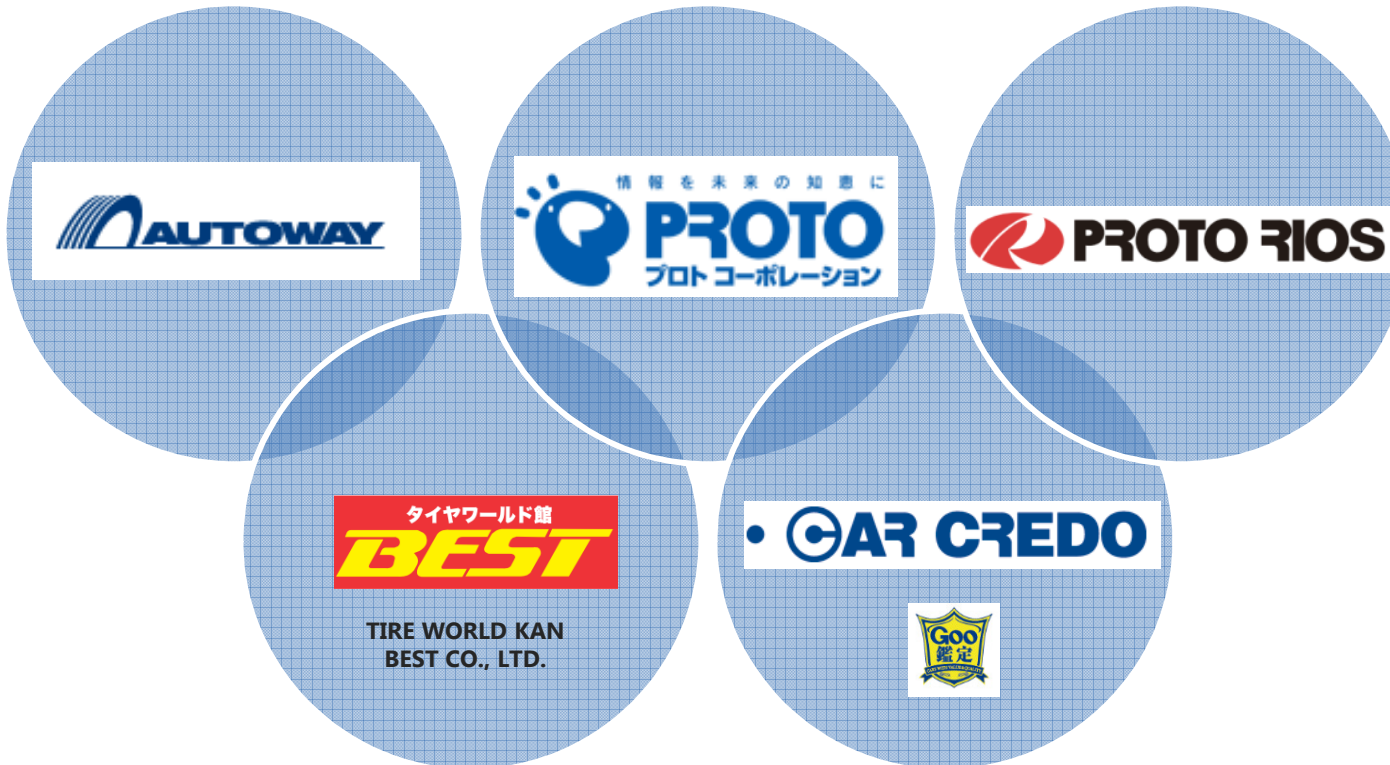
**To maximize the number of client firms for developing a network**

# Automobile-related information : Measures for clients

Sale of imported tires and wheels

Provision of automobile-related info

Development and sale of software  
in the car maintenance and repair fields

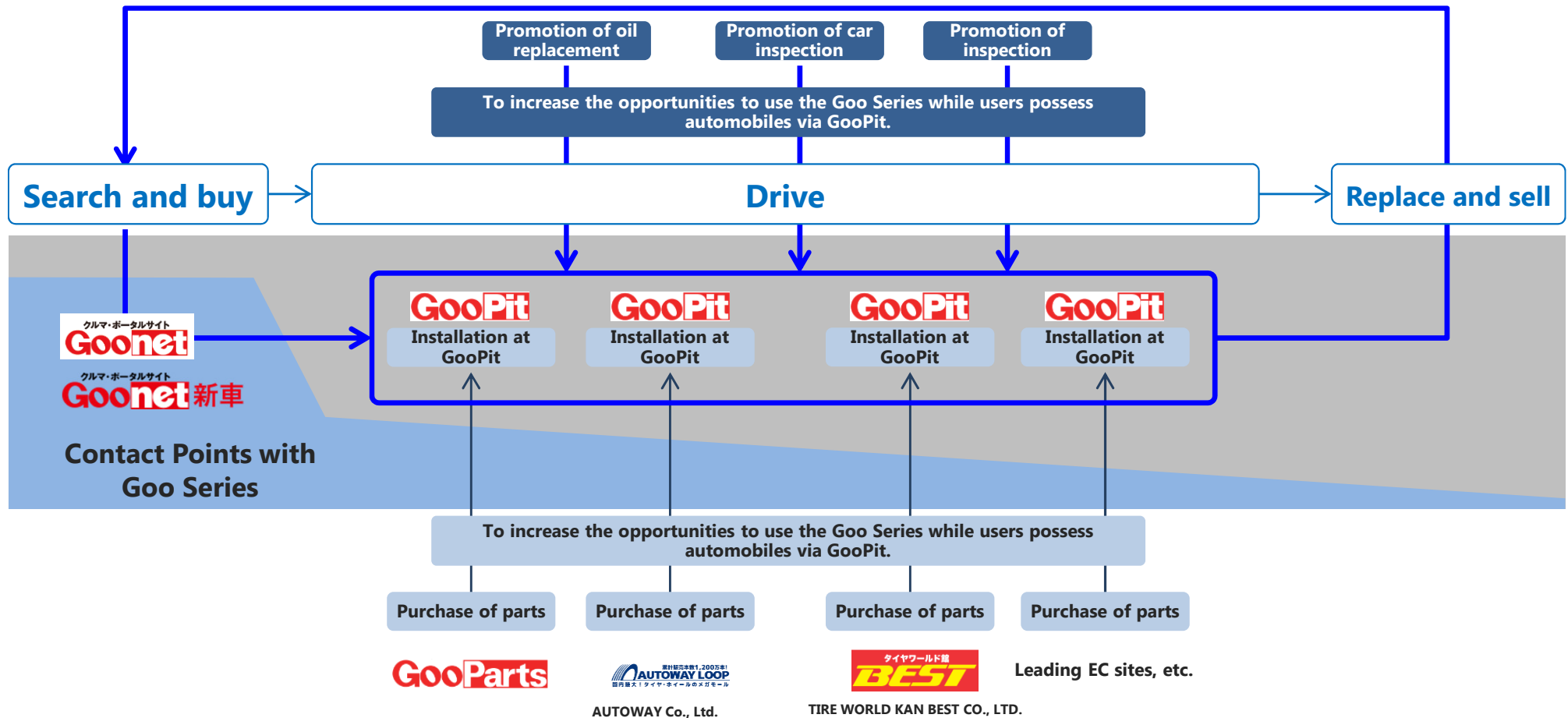


Sale of tires and wheels

Car inspection services

**Exert group synergy based on group companies' products and services  
in addition to sales promotion and development of business support services  
for used car dealers, maintenance shops and new car dealers**

# Automobile-related information : Measures for users



**Increase contact points with users in the car life cycle via private-brand products, service development, sales promotion in order to establish the Goo brand**

# Reference Materials

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# Reference : Outline of Car Inspection Services 1

## ■ Goo-Inspection\* Nationwide operation from Oct. 2008

Information disclosure service on the conditions of used cars(external/internal/mechanical/restoration history evaluation)

### Goo-inspection (Vehicles with appraisal results)



#### Disclosure of car conditions

#### Goo鑑定の概要と図解(一例)

- 
- ☑ フロントガラスの飛び石などによるキズをチェック
  - ☑ ハンドルやダッシュボード、メーター類のチェック  
同時に異臭やシートの汚れ、破れなども確認
  - ☑ エンジンルームのオイルや冷却水の漏れのチェックに加え、異音などを確認
  - ☑ アイドリング時やアクセル時にエンジンにカラカラ音などの異音が無いか確認
  - ☑ トランスミッションの変速ショックの確認
  - ☑ 骨格の修復歴を確認  
修復済みの場合、その程度もチェック
  - ☑ ビラーに修復跡が無いかを確認
  - ☑ パワーウィンドウが正常動作するかを確認
  - ☑ リアトランクの下をチェックし、修理跡や波うちが無いかを確認
  - ☑ 外装のキズや塗装の状態を確認
  - ☑ マフラーの状態を確認  
異常音の有無や排気をチェック
  - ☑ ホイールのキズやタイヤの溝をチェック
  - ☑ 外板に隠れた骨格部分を徹底確認

#### Goo鑑定3つのポイント

##### Goo鑑定のポイント ①

☑ 第三者の鑑定師がチェック!

第三者機関の日本自動車鑑定協会 (JAAA) の鑑定師が中古車を鑑定。プロが一台一台チェックします。

公正!

##### Goo鑑定のポイント ②

☑ 外装・内装・機関・修復歴について評価

外装・内装・機関・修復歴の4項目について鑑定を行っています。見た目からでは判断がつかない箇所も入念にチェックしています。

納得!

##### Goo鑑定のポイント ③

☑ 鑑定証付き

鑑定した外装、内装、機関、修復歴のそれぞれについて評価を定めます。もちろんごんごんがあれば鑑定証は発行されません。

分かりやすい!



#### ステップ ① Goo鑑定車一覧ページ



一覧ページで、Goo鑑定付きの車両には、Goo鑑定車の表示がついています。

#### ステップ ② Goo鑑定車詳細ページ



詳細ページからはGoo鑑定証(サンプル)を見ることが出来ます。

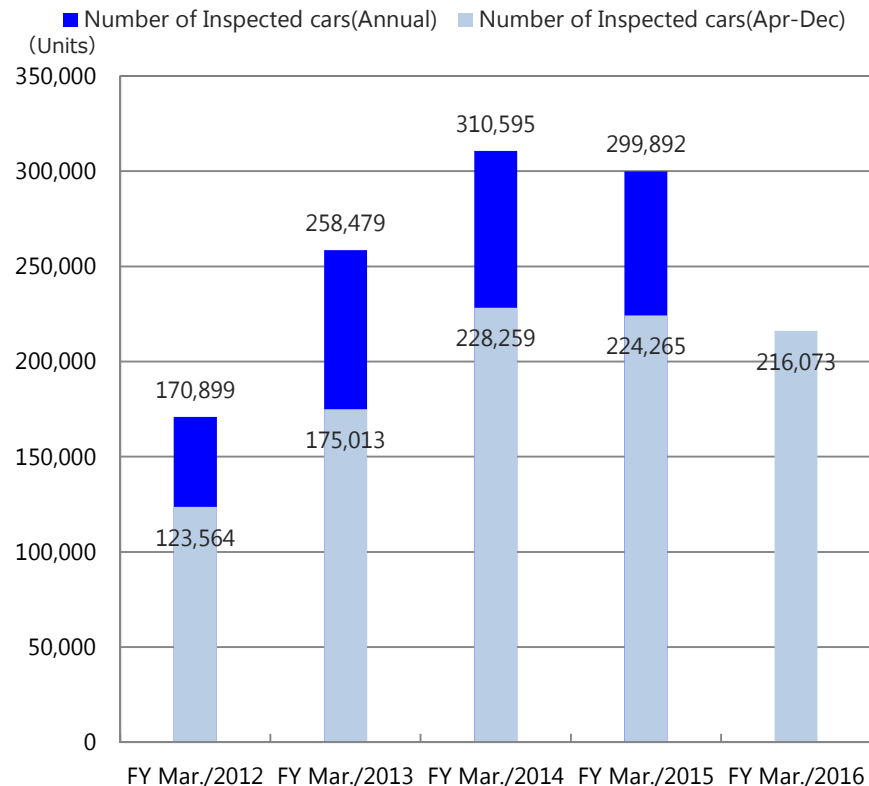
#### ステップ ③ Goo鑑定証ページ



To dispel anxieties over used cars, and develop an environment in which users can select a car while trusting the data without worries.

# Reference : Outline of Car Inspection Services 2

## ■ Variation in the number of cars that underwent Goo-inspection



## ■ Target number of cars undergoing Goo-inspection

- For the period from Apr. to Dec. in the term ending Mar. 2016, the environment of the sale of used cars was stringent, and so some dealers put off the installation of Goo-inspection, but we aim to conduct Goo-inspection for over 300,000 cars in the full-year term.

## ■ Expansion into other markets

- GooBike Inspection  
We operate Goo-inspection also in the used motorbike market.
- Goo-inspection "Taiwan Version"  
This is the service for disclosing car conditions in the used car information magazine and website produced by PROTO (TAIWAN) CO., LTD.

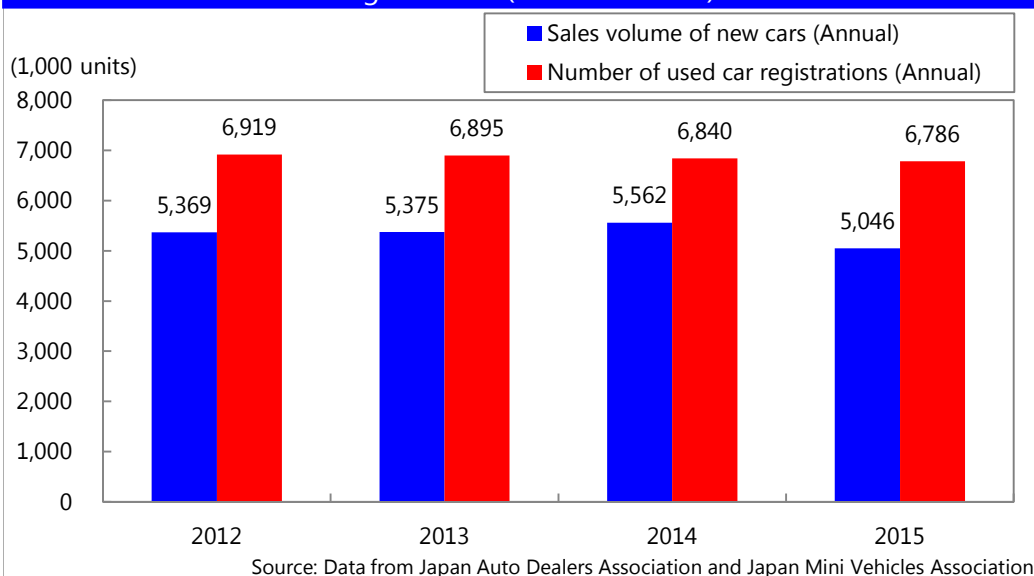


## • CAR CREDO CAR CREDO Co., Ltd. (established in Feb. 2012)

- Car inspection business regarding "Goo-inspection": Development of an environment in which users can select a car while trusting the data without worries.
- The appraisers of CAR CREDO evaluate each used car in accordance with the standards of Japan Advertising Agencies Association (JAAA), a third-party institution.

# Reference : Japanese Car Market Trend

## Trends in the Sales Volume of New Cars and the Number of Used Car Registrations (Calendar Years)



## Sales Volume of New Cars

The sales volume of new cars for 2014 (Jan.-Dec.) was 5.56 million (103.5% of the value for the same period of the previous year).

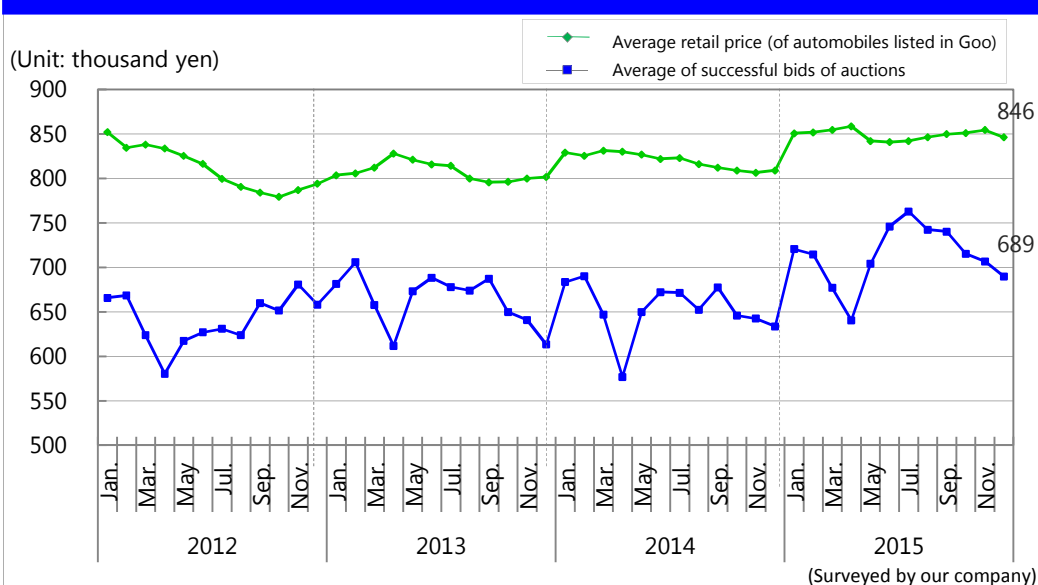
The sales volume of new cars for 2015 (Jan.-Dec.) was 5.04 million (90.7% of the value for the same period of the previous year).

## Number of Used Car Registrations

The number of used cars registered in 2014 (Jan.-Dec.) was 6.84 million (99.2% of the value for the same period of the previous year).

The number of used cars registered in 2015 (Jan.-Dec.) was 6.78 million (99.2% of the value for the same period of the previous year).

## Variations in Retail and Wholesale Prices of Used Cars



## Variations in Average Retail and Wholesale Prices of Used Cars

After the end of the Eco-Car Subsidy, the average retail price is around 800,000 yen.

As for average wholesale price, it bottomed out in April 2014 and began to rise.

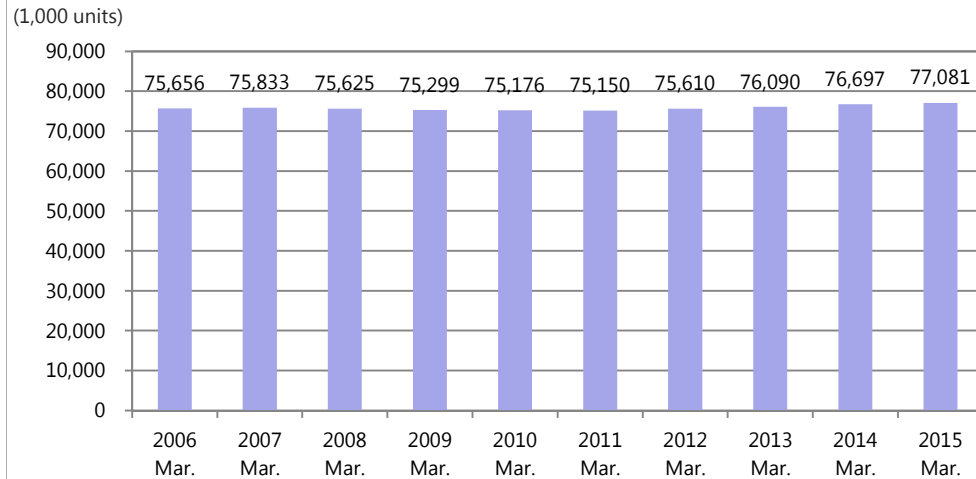
【For reference: Eco-car Subsidy】

1. First phase: Eco-car Subsidy  
April 10, 2009 to September 7, 2010: a budget of 583.7 billion yen with Scrap Incentive
2. Second phase: Eco-car Subsidy  
December 20, 2011 to September 21, 2012: a budget of 300 billion yen without Scrap Incentive



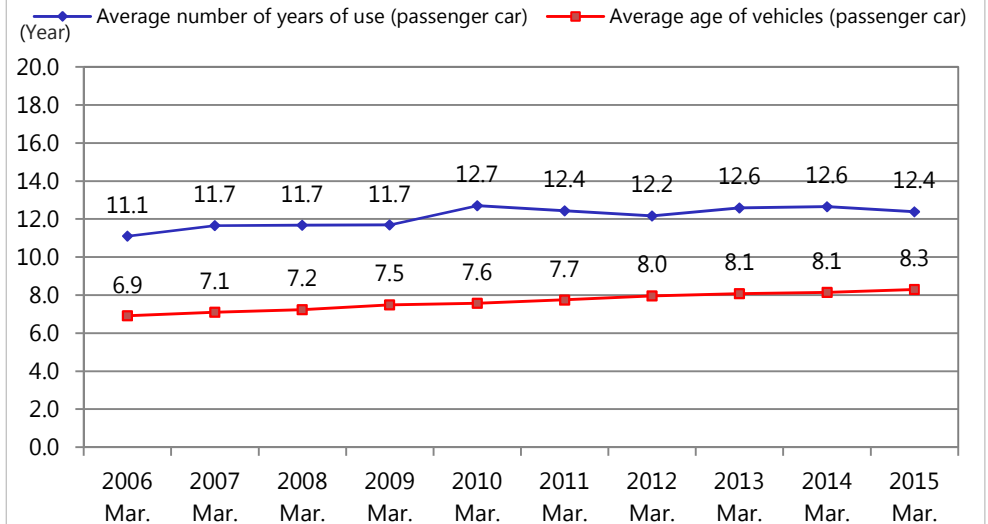
# Reference : Japanese Car Market Trend (Car maintenance field)

## Trends in the number of automobiles owned



Source: Automobile Inspection & Registration Information Association

## Variations in average number of years of use and age of vehicles



Source: Automobile Inspection & Registration Information Association

## Variation in the number of car maintenance shops (accredited and designated shops)



Source: Ministry of Land, Infrastructure, Transport and Tourism

## Variation in the number of automobiles owned

The number of automobiles held is around 76 million.

## Variations in average number of years of use and age of vehicles

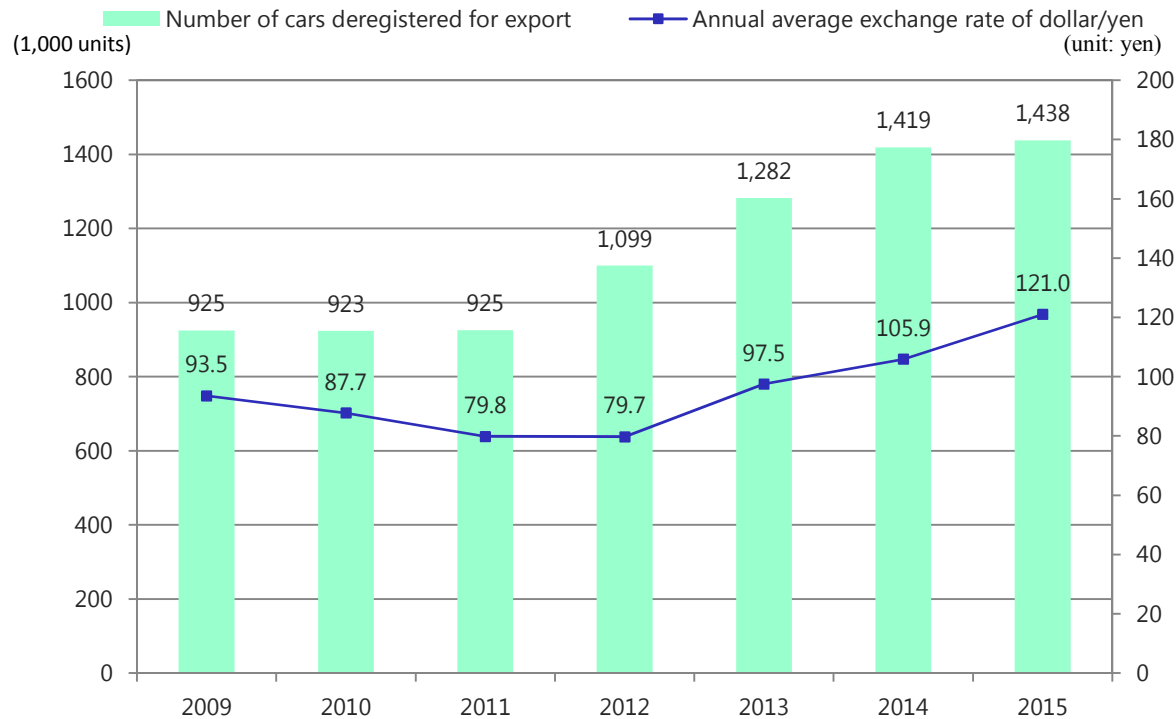
Average number of years of use and age of vehicles are increasing.

## Variation in the number of car maintenance shops

The number of car maintenance shops (accredited and designated shops) is slightly increasing. (maintenance shops, dealers, car accessory stores, gas stations, etc.)

# Reference : Japanese Car Market Trend(Used car export field)

## Trend in the used car export field



Source: Japan Auto Dealers Association

## Volume of export of used cars to each country in 2014

Rank	Country	Number of cars (thousand units)
1	MYANMAR	160
2	RUSSIA	128
3	U.A.E	112
4	NEW ZEALAND	110
5	CHILE	73
6	KENYA	67
7	SOUTH AFRICA	53
8	KYRGYZ	48
9	GEORGIA	38
10	PAKISTAN	38

Source: Japan Used Motor Vehicle Exporters Association

### Variation in the number of cars deregistered for export

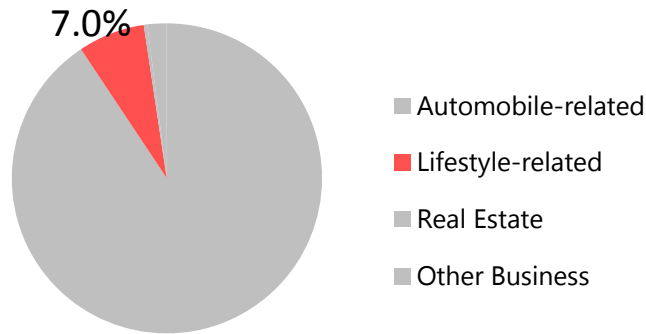
Thanks to the yen depreciation, the number of cars deregistered for export is increasing, although there are some effects of the import regulations in each country, etc.

### Variation in the number of cars exported to each country

The export volume of used cars to the top 5 countries accounts for over 40%.

# Reference : Lifestyle-related information Medical, Nursing, and Welfare Field

Breakdown of sales for the term ended Mar. 2015



## <Consolidated results of the lifestyle-related info business>

Sales for the term ended Mar. 2015: 3.39 billion yen

Operating income for the term ended Mar. 2015: 330 million yen

Operating income margin for the term ended Mar. 2015: 10.0%



PROTO MEDICAL CARE (Full subsidiary since October 2009)

### Media business

- Comprehensive search site for nursing care "Oasis Navi × Heart Page"
- Website for help-wanted ads and job changes in the fields of nursing care, medicine, and welfare "Nursing Care Recruitment Navi"
- Websites for help-wanted ads exclusively for nurses "Nurse Agent"
- Guidebook replete with information for subscribers to nursing-care insurance "Heart Page"

### Goods sale and rental services

- Welfare goods rental service "Fujiyama Service"
- EC site for nursing care firms "Heart Page Care Catalogue"

### Personnel service

- Job change support service for nurses "Medical Cubic"
- Home-visiting dental service "Digital Cubic"



**Operation of the media, rental, and staffing businesses in the fields of medicine, nursing care, and welfare, utilizing the know-how related to automobiles**

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## ◆ 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

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