



## Financial Results for the Nine Months Ended December 2014 (April 1, 2014 to December 31, 2014)

January 30, 2015  
PROTO CORPORATION (4298)

## Financial Data (Consolidated)

Shares outstanding (million)	20.9
Market capitalization (¥ billion, December 2014)	36.3
DPS (¥, FY March 2015, Forecast)	38.0
EPS (¥, FY March 2015, Forecast)	168.64
BPS (¥, March 2014)	1,280.38
ROE (% , FY March 2014, Net income basis)	10.5
ROA (% , FY March 2014, Ordinary income basis)	12.7
Equity ratio (% , March 2014)	59.6
Potential share dilution (million)	-
Foreign ownership (% , December 2014)	26.1

## Major Shareholders

	(Thousands)
1) Mugen Corporation	6,807 (32.50%)
2) JPMCC Client Safekeeping Account	1,186 ( 5.66%)
3) Hiroichi Yokoyama	840 ( 4.01%)
4) PROTO CORPORATION	617 ( 2.94%)
5) JP Morgan Chase Bank 385632	568 ( 2.71%)
6) Japan Trustee Services Bank, Ltd. (Trust Account)	504 ( 2.40%)
7) BBH for Fidelity Low-Priced Stock Fund(Principal All Sector Subportfolio)	493 ( 2.35%)
8) Yoshihiro Yokoyama	400 ( 1.91%)
9) Clearstream Banking SA	384 ( 1.83%)
10) Minoru Saito	340 ( 1.62%)

(As of December 31, 2014)

# Consolidated Statements of Income (1)



## Status of Consolidated Income

(Unit: million yen)

	Apr-Dec 2013		Apr-Dec 2014				YoY change		Achievement rate	
	Results (A)	% of Net sales	Forecast (B)	% of Net sales	Results (C)	% of Net sales	(C)-(A)	%	(C)-(B)	%
Net Sales	41,520	100.0%	37,847	100.0%	(1) 36,541	100.0%	(4,979)	88.0%	(1,305)	96.6%
Cost of Sales	25,644	61.8%	22,039	58.2%	21,236	58.1%	(4,407)	82.8%	(802)	96.4%
Gross Profit	15,875	38.2%	15,807	41.8%	15,304	41.9%	(571)	96.4%	(503)	96.8%
SG&A Expenses	12,254	29.5%	11,881	31.4%	11,523	31.5%	(730)	94.0%	(357)	97.0%
EBITDA	4,886	11.8%	5,273	13.9%	5,114	14.0%	228	104.7%	(158)	97.0%
Operating Income	3,621	8.7%	3,926	10.4%	3,780	10.3%	158	104.4%	(146)	96.3%
Ordinary Income	3,878	9.3%	4,041	10.7%	4,054	11.1%	175	104.5%	12	100.3%
Net Income	2,025	4.9%	2,557	6.8%	2,543	7.0%	517	125.6%	(14)	99.4%

\* EBITDA is calculated based on "operating income + depreciation + amortization of goodwill".

\* The earnings forecast is a value announced on October 31, 2014.

## Status of SG & A Expenses

(Unit: million yen)

	Apr-Dec 2013		Apr-Dec 2014				YoY change		Achievement rate	
	Results (A)	% of Net sales	Forecast (B)	% of Net sales	Results (C)	% of Net sales	(C)-(A)	%	(C)-(B)	%
SG&A Expenses	12,254	29.5%	11,881	31.4%	11,523	31.5%	(730)	94.0%	(357)	97.0%
Employment Cost	5,312	12.8%	5,422	14.3%	5,304	14.5%	(8)	99.8%	(118)	97.8%
Advertising Cost	2,209	5.3%	2,048	5.4%	1,921	5.3%	(287)	87.0%	(126)	93.8%
Other Expenses	4,732	11.4%	4,409	11.7%	4,297	11.8%	(434)	90.8%	(112)	97.5%
Number of Employees	1,322	-	1,455	-	1,361	-	39	103.0%	(94)	93.5%

### Point (1)

**Net Sales:** The sales of the company decreased by 3,013 million yen, mainly because the export volume of luxury vehicles of Kings Auto Co., Ltd. declined in the automobile-related information business. The total sales of the Proto Group decreased by 4,979 million yen from the same period of the previous year (88.0% compared with the same period of the previous year), because, in the wake of the consumption tax hike, the sales volume of tires of AUTOWAY Co., Ltd., which sells imported tires, and the EC sales of motorbike parts of BikeBros. Inc. was smaller than that for the previous year. In addition, the ratio of the total sales of the Proto Group to the forecasted value was 96.6%, mainly because the export volume of Kings Auto Co., Ltd. was smaller than the forecasted value.

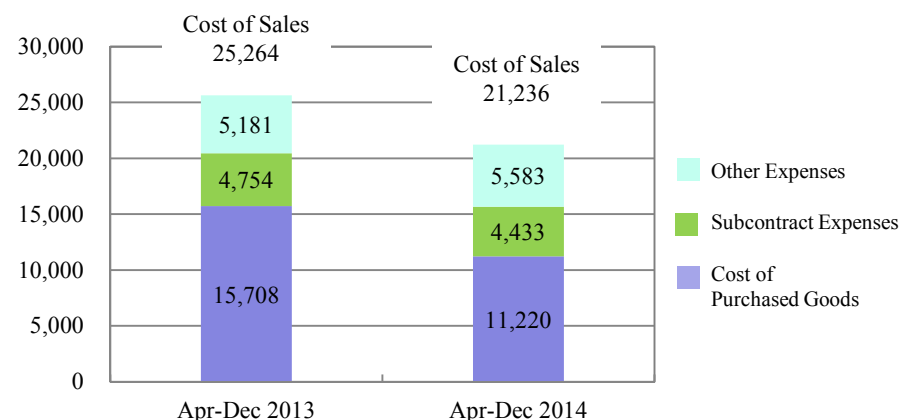
# Consolidated Statements of Income (2)



## Operating Results (Apr-Dec 2014)

### Changes in Cost of Sales

(Unit: million yen)

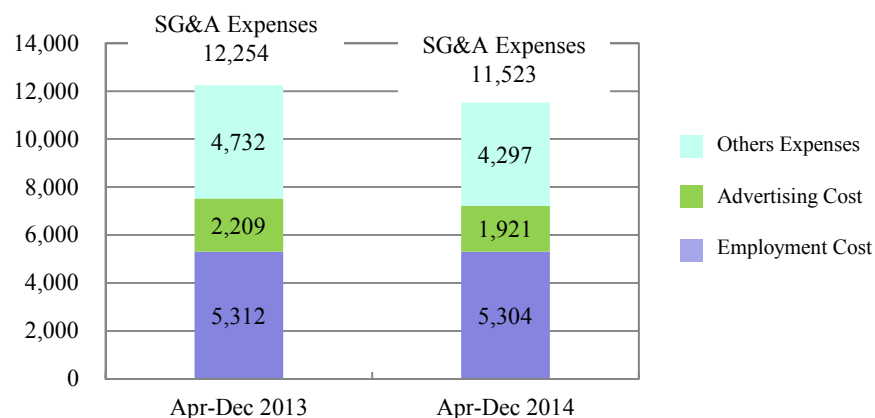


### Cost of Sales

The cost of purchased goods for the entire corporate group decreased by 4,487 million yen (71.4% compared with the same period of the previous year), due mainly to the decreases in the costs of sales for Kings Auto Co., Ltd. (down 2,862 million yen) and AUTOWAY Co., Ltd. (down 1,111 million yen). The subcontract expenses for the entire corporate group decreased by 321 million yen (93.2% compared with the same period of the previous year), mainly because the outsourcing expense for the Internet ad agency business (withdrawn at the end of Mar. 2014) of PROTO CORPORATION became lower. Other expenses for the entire corporate group increased by 401 million yen (107.7% compared with the same period of the previous year), mainly because the number of employees of PROTO MEDICAL CARE and PROTO-RIOS INC. increased. As a result, the ratio of cost of sales to that for the same period of the previous year was 82.8% (sales cost ratio decreased by 3.7%). The ratio of cost of sales to the target value for the entire group was 96.4%, mainly because the export volume of vehicles of Kings Auto Co., Ltd. was smaller than the target value.

### Changes in SG&A Expenses

(Unit: million yen)



### SG&A Expenses

The employment cost for the entire corporate group decreased by 8 million yen (99.8% compared with the same period of the previous year), mainly because the number of employees decreased as PROTO CORPORATION withdrew from unprofitable businesses.

The advertising cost for the entire corporate group decreased by 287 million yen (87.0% compared with the same period of the previous year), mainly because AUTOWAY Co., Ltd. attempted to streamline website promotion. Other expenses for the entire corporate group decreased by 434 million yen (90.8% compared with the same period of the previous year), mainly because AUTOWAY Co., Ltd. reduced outsourcing costs and commissions, as sales declined. As a result, the ratio of SG&A expenses to that in the same period of the previous year was 94.0% (SG&A ratio increased by 2.0%). The ratio of SG&A expenses to the target value for the entire corporate group was 97.0%, because the SG&A expenses of PROTO CORPORATION were lower than the target values.

# Operating Results by Segment (1)



## Sales

(Unit: million yen)

	Apr-Dec 2013		Apr-Dec 2014			
	Results (A)	Composition ratio	Forecast (B)	Composition ratio	Results (C)	Composition ratio
Automobile-related	38,022	91.6%	34,434	91.0%	33,200	90.9%
Info Registration Fee	15,492	37.3%	15,813	41.8%	15,612	42.7%
Information Service Fee	22,529	54.3%	18,620	49.2%	17,588	48.1%
Lifestyle-related	2,667	6.4%	2,604	6.9%	2,518	6.9%
Real Estate	128	0.3%	126	0.3%	124	0.3%
Other Business	701	1.7%	682	1.8%	698	1.9%
Total	41,520	100.0%	37,847	100.0%	36,541	100.0%

YoY change		Achievement rate	
(C)-(A)	%	(C)-(B)	%
(4,822)	87.3%	(1,233)	96.4%
119	100.8%	(200)	98.7%
(4,941)	78.1%	(1,032)	94.5%
(149)	94.4%	(86)	96.7%
(4)	96.7%	(2)	98.0%
(3)	99.6%	16	102.5%
(4,979)	88.0%	(1,305)	96.6%

1) Info Registration Fee: Advertising in information magazines and Internet media, etc.

2) Information Service Fee: Selling information magazines, providing contents, used car export support service and EC (sales of imported tires, parts for motorcycles), etc.

3) The earnings forecast is a value announced on October 31, 2014.

## Operating Income

(Unit: million yen)

	Apr-Dec 2013		Apr-Dec 2014			
	Results (A)	Profit ratio	Forecast (B)	Profit ratio	Results (C)	Profit ratio
Automobile-related	4,785	12.6%	4,937	14.3%	4,771	14.4%
Lifestyle-related	172	6.5%	289	11.1%	258	10.3%
Real Estate	67	52.8%	72	57.5%	74	60.1%
Other Business	(143)	-	(72)	-	(80)	-
Management Division	(1,260)	-	(1,299)	-	(1,242)	-
Total	3,621	8.7%	3,926	10.4%	3,780	10.3%

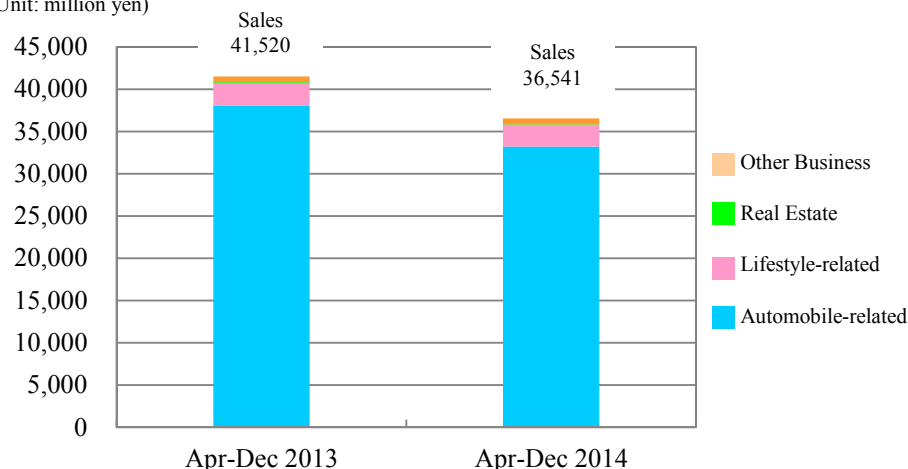
YoY change		Achievement rate	
(C)-(A)	%	(C)-(B)	%
(13)	99.7%	(165)	96.6%
85	149.8%	(30)	89.4%
6	110.1%	1	102.3%
62	-	(8)	-
17	-	56	-
158	104.4%	(146)	96.3%

## Operating Results by Segment (2)



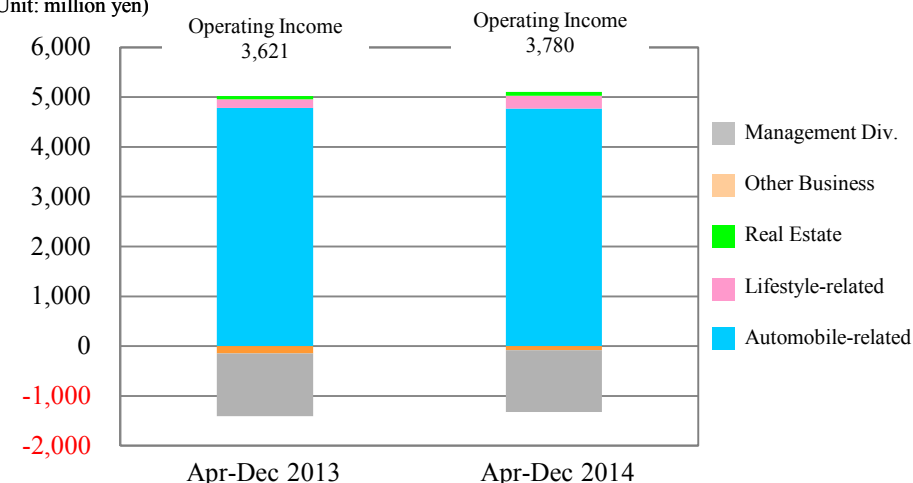
### Changes in Sales by Segment

(Unit: million yen)



### Changes in Operating Income by Segment

(Unit: million yen)



### Automobile-related Information

In the wake of the consumption tax hike, the business environment of used car dealers, which are our main clients, has been stringent. The sales from information registration fee increased by 119 million yen (100.8% compared with the same period of the previous year), because of the promotion of "MOTOR GATE," etc.

The sales from information service fee decreased by 4,941 million yen (78.1% compared with the same period of the previous year), because the export volume of used expensive vehicles of Kings Auto Co., Ltd. declined, decreasing sales 3,013 million yen (55.9% compared with the same period of the previous year), and the e-commerce sales of imported tires of AUTOWAY Co., Ltd. decreased by 1,542 million yen (83.5% compared with the same period of the previous year).

Operating income decreased by 13 million yen (99.7% compared with the same period of the previous year), because PROTO CORPORATION conducted upfront investment in the new businesses "GooPLUS" and "GooPit."

### Lifestyle-related Information

PROTO MEDICAL CARE saw increases in sales and income, as its advertisement business in the fields of medicine, nursing care, and welfare and its welfare equipment rental business, etc. were healthy. However, the sales of the lifestyle-related information business decreased by 149 million yen (94.4% compared with the same period of the previous year), partly because sales decreased by 524 million yen due to the withdrawal of the Internet ad agency business of PROTO CORPORATION in Mar. 2014. On the other hand, operating income increased by 85 million yen (149.8% compared with the same period of the previous year), because the performance of PROTO MEDICAL CARE was healthy and unprofitable businesses were discontinued.

### Other Business

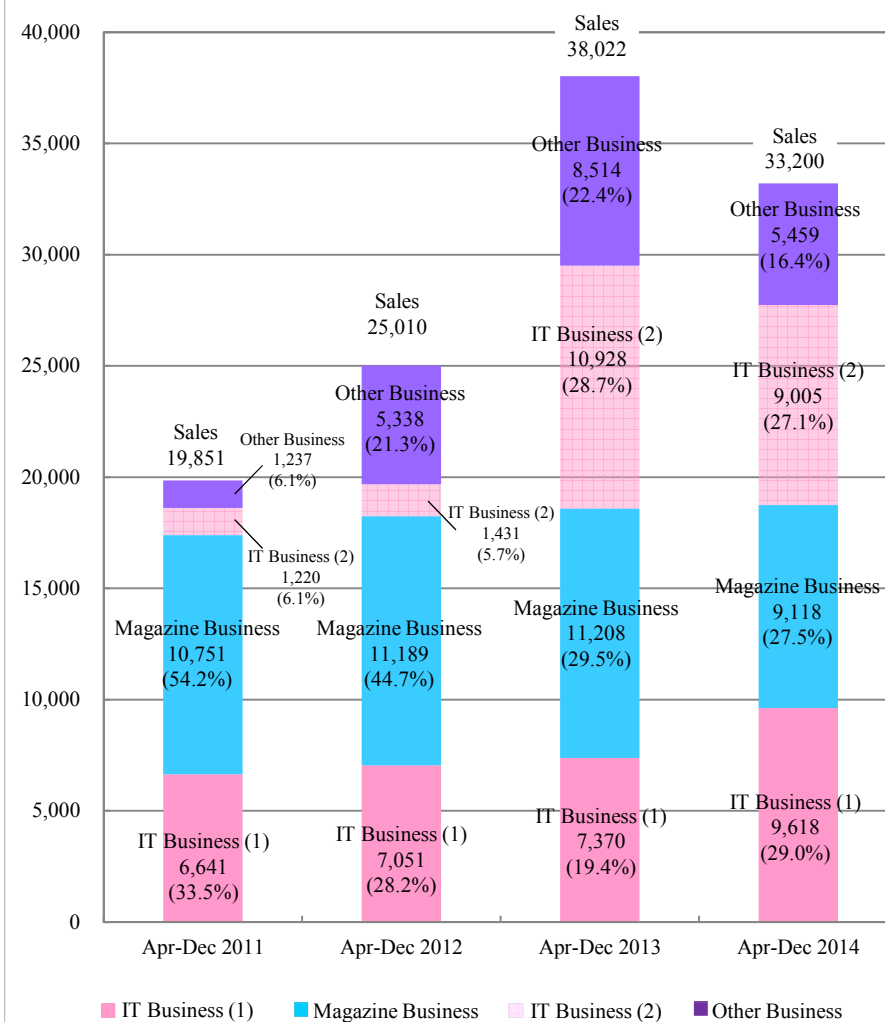
Sales decreased by 3 million yen from the same period of the previous year (99.6% compared with the same period of the previous year), as iSolutions Co., Ltd., which develops systems, became a subsidiary of ours on Oct. 1, 2014, but PROTO CORPORATION withdrew its social game business in Dec. 2013. In addition, there was an operating loss of 80 million yen (operating loss of 143 million yen for the same period of the previous year), mainly because of the loss of BPO business, partially because of the withdrawal of the social game business.

# Operating Results of Automobile-related Information (1)



## Changes in Automobile-related Sales by Product Classification

(Unit: million yen) \*Parentheses represent composition ratios.



### Magazine Business

The total sales of the magazine business decreased by 2,090 million yen (81.4% compared with the same period of the previous year), mainly because the charging system of the Goo Series was changed in some areas (shifting from the magazine business to the IT business (1) ) in the current term.

### IT Business (1) (MOTOR GATE usage fee, B to B data service etc.)

The sales of the IT business (1) increased by 2,247 million yen (130.5% compared with the same period of the previous year), because the charging system of the Goo Series was changed as mentioned above, the number of client firms increased thanks to the promotion of “MOTOR GATE” and PROTO-RIOS INC. promoted the business support system.

### IT Business (2) (EC)

The sales of the IT business (2) decreased by 1,923 million yen (82.4% compared with the same period of the previous year), mainly because the sales volume of tires to corporations of AUTOWAY Co., Ltd., which sells imported tires, was smaller than that for the previous year, in the wake of the consumption tax hike.

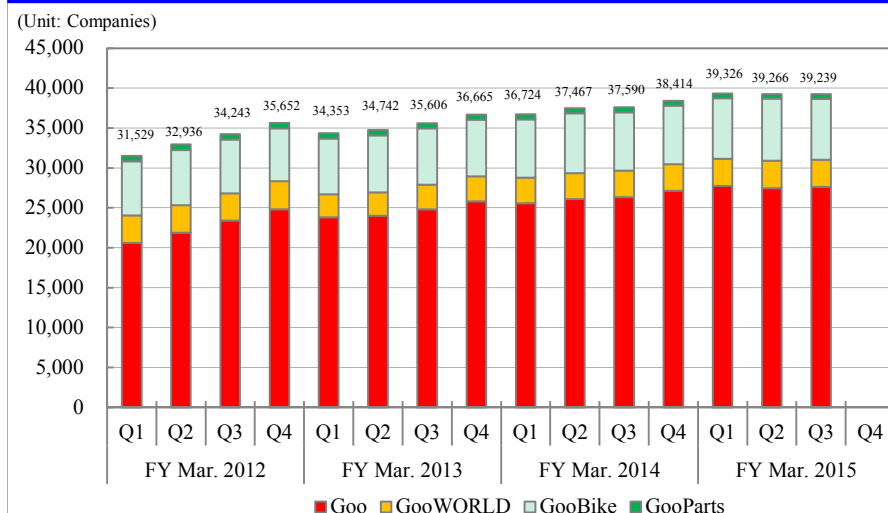
### Other Business (Goo-inspection, Service of supporting the export of used cars etc.)

The sales of other businesses decreased by 3,055 million yen (64.1% compared with the same period of the previous year), mainly because the used car export business of Kings Auto Co., Ltd. witnessed a decline in the export volume of luxury cars and PROTO CORPORATION withdrew its Goo purchase business.

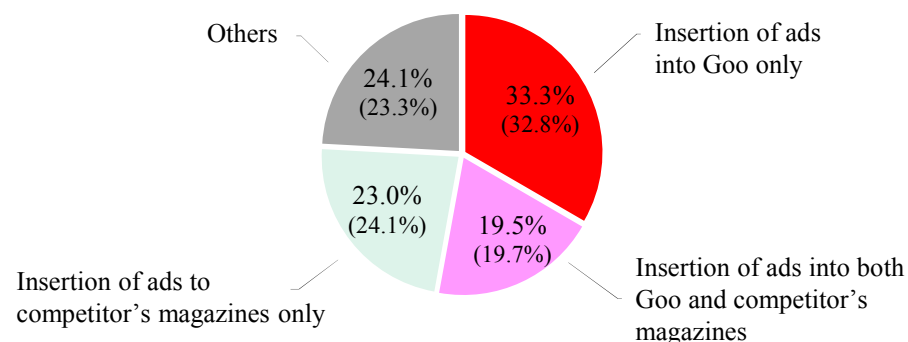
# Operating Results of Automobile-related Information (2)



## Changes in Quarterly Totals of Business Partners for Goo Series



## Situation of Market Share (Compared with Competitors)



\* Competitor's magazine: Car Sensor (Mj Magazine in Shikoku, Crossroad in Okinawa)

\* The numerical value has totaled for the entire area.

\* Method for counting client companies: To count the number of dealers that inserted their ads into information magazines.

\* The parenthesis represents the share as of Dec. 2013. (Surveyed by our company in December 2014)

## Changes in Quarterly Totals of Business Partners for Goo Series

The accumulated business partners for the entire Goo Series during the first and second quarters (April to December) increased to 105.4% compared with the same period of the previous year.

Because of the increase in the number of small retails, the average unit price per month during the first and second quarters (April to December) was 97.0% compared with the same period of the previous year.

## Situation of Market Share (Compared with Competitors)

As for market share, the firms that insert their ads into Goo only increased their share by 0.5 points, the firms that insert their ads into Goo and other magazines decreased their share by 0.2 points, and so our market share increased by 0.3 points from the same month of the previous year. The firms that insert their ads into competitors' magazines only decreased their share by 1.1 points.

## Situation of Goo Inspection

Because of the adverse effects of the consumption tax hike, etc., the cumulative number of cars that have undergo Goo Inspection (from Apr. to Dec.) was 224,265 (98.3% compared with the same period of the previous year). In September 2013, a charge-free inspection campaign was conducted in some areas.

## Situation of GooPLUS

For GooPLUS, we conducted tentative marketing in Mar. 2014, offered this service in the Tokai area in May 2014, and started this service nationwide in Aug. 2014.

## Situation of GooPit

For GooPit, we started the service in the Tokai area in Dec. 2013, and commenced sales promotion in the Tokyo metropolitan and Kansai areas in Jul. 2014, (The nationwide version of GooPit started on Jan. 30, 2015.)

# Consolidated Balance Sheet



(Unit: million yen)

	FY Mar. 2014 (As of March 31, 2014)		FY Mar. 2015 (As of December 31, 2014)		Increase/Decrease (B) - (A)	
	(A)	Composition ratio	(B)	Composition ratio		
Current Assets	22,815	52.0%	22,636	52.5%	(1)	(179)
Fixed Assets	21,091	48.0%	20,441	47.5%	(2)	(650)
Current Liabilities	13,174	30.0%	11,738	27.2%	(3)	(1,436)
Long-term Liabilities	4,554	10.4%	3,637	8.4%	(4)	(917)
Net Assets	26,177	59.6%	27,701	64.3%		1,524
Total Assets	43,907	-	43,077	-		(829)

## Point (1) Decrease in Current Assets (179 million yen decrease from the end of the term ended March 2014)

Current assets decreased by 179 million yen from the end of the previous consolidated fiscal year, mainly because inventory assets decreased through the rationalization of product stocks of AUTOWAY Co., Ltd, although cash and deposits increased as operating cash flow exceeded the expenses including the repayment of loans and the payment of accrued income tax.

## Point (2) Decrease in Fixed Assets (650million yen decrease from the end of the term ended March 2014)

Fixed assets decreased by 650 million yen from the end of the previous consolidated fiscal year, mainly because depreciation and goodwill amortization were posted.

## Point (3) Decrease in Current Liabilities (1,436 million yen decrease from the end of the term ended March 2014)

Current liabilities decreased by 1,436 million yen from the end of the previous consolidated fiscal year, mainly because of the decrease in accrued income tax, etc. due to the payment of income tax, and the repayment of short-term loans of PROTO CORPORATION and Kings Auto Co., Ltd.

## Point (4) Decrease in Long-term Liabilities (917 million yen decrease from the end of the term ended March 2014)

Long-term liabilities decreased by 917 million yen from the end of the previous consolidated fiscal year, because of the repayment of long-term loans of AUTOWAY Co., Ltd. and Kings Auto Co., Ltd.

# Consolidated Statements of Cash Flows



(Unit: million yen)

	FY March 2014 (Apr-Dec 2013)	FY March 2015 (Apr-Dec 2014)	Increase/Decrease	(Reference) FY March 2014
Cash Flows from Operating Activities	2,519	(1) 4,667	2,147	4,235
Cash Flows from Investing Activities	(5,281)	(2) (636)	4,644	(5,294)
Cash Flows from Financing Activities	(1,370)	(3) (3,178)	(1,807)	(2,720)
Cash and Cash Equivalents at End of Term	10,670	12,004	1,334	11,097

Investment Amount (Tangible/intangible fixed assets*)	5,497	698	(4,799)	5,715
Depreciation (Tangible/intangible fixed assets)	596	645	48	819
Amortization of Goodwill	668	689	20	928

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

## Point (1) Cash Flows from Operating Activities

There was an income of 4,667 million yen, because 4,275 million yen was recorded for income before income taxes, 1,334 million yen was posted as expenses that are not actually paid such as depreciation and goodwill amortization, inventory assets and trade accounts receivable decreased by 586 million yen and 465 million yen, respectively, because of the rationalization of inventories of AUTOWAY Co., Ltd. and Kings Auto Co., Ltd., while 2,673 million yen was paid for income tax, etc.

## Point (2) Cash Flows from Investing Activities

There was an expenditure of 636 million yen, mainly because we paid 90 million yen for obtaining the shares of the subsidiary: iSolutions Co., Ltd. and 568 million yen for acquiring fixed assets.

## Point (3) Cash Flows from Financing Activities

There was an expenditure of 3,178 million yen, because short and long-term debts decreased by 2,198 million yen, we paid 781 million yen as dividends and 198 million yen for acquiring treasury stocks.

## Reference: Transition of EBITDA and Adjusted Net Income



(Unit: million yen)

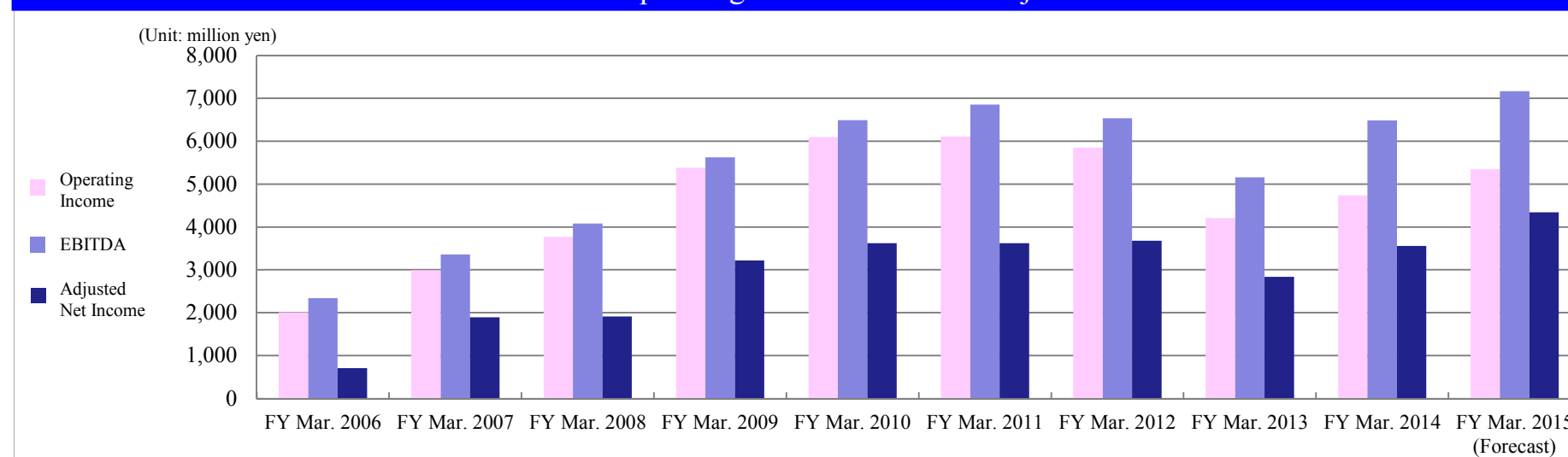
	FY Mar. 2006	FY Mar. 2007	FY Mar. 2008	FY Mar. 2009	FY Mar. 2010	FY Mar. 2011	FY Mar. 2012	FY Mar. 2013	FY Mar. 2014	FY Mar. 2015 (Forecast) *3
Net Sales	19,952	21,238	22,893	23,657	25,682	28,779	30,582	38,287	54,761	52,600
Operating Income	2,010	2,988	3,771	5,384	6,098	6,111	5,846	4,209	4,735	5,350
Net Income	598	1,766	1,838	3,187	3,529	3,197	3,275	2,290	2,627	3,440
EBITDA*1	2,337	3,360	4,078	5,628	6,490	6,856	6,540	5,161	6,483	7,171
Adjusted Net Income*2	707	1,890	1,915	3,223	3,621	3,620	3,680	2,836	3,555	4,345
Depreciation	217	247	230	207	299	322	288	404	819	916
Amortization of Goodwill	109	124	77	36	91	422	405	546	928	905

\*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.

\*3 The earnings forecast is a value announced on October 31, 2014.

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



# Reference: Consolidated Quarterly Earnings Results



(Unit: million yen)

	FY March 2013 (Results)					FY March 2014 (Results)					FY March 2015 (Results)		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3
Net Sales	9,599	9,600	9,420	9,667	38,287	13,808	13,915	13,796	13,240	54,761	12,200	11,763	12,577
Cost of Sales	5,007	5,093	5,029	5,505	20,636	8,459	8,717	8,468	7,870	33,514	7,087	6,636	7,512
Gross Profit	4,591	4,507	4,390	4,161	17,650	5,349	5,198	5,328	5,370	21,246	5,112	5,126	5,065
SG&A Expenses	3,006	3,124	3,171	4,138	13,440	4,022	4,068	4,163	4,256	16,510	3,855	3,791	3,877
Operating Income	1,585	1,382	1,218	23	4,209	1,326	1,130	1,165	1,114	4,735	1,257	1,335	1,188
Ordinary Income	1,602	1,450	1,263	54	4,371	1,398	1,213	1,266	1,131	5,009	1,305	1,378	1,370
Net Income	1,082	657	670	(120)	2,290	761	551	712	601	2,627	973	796	773

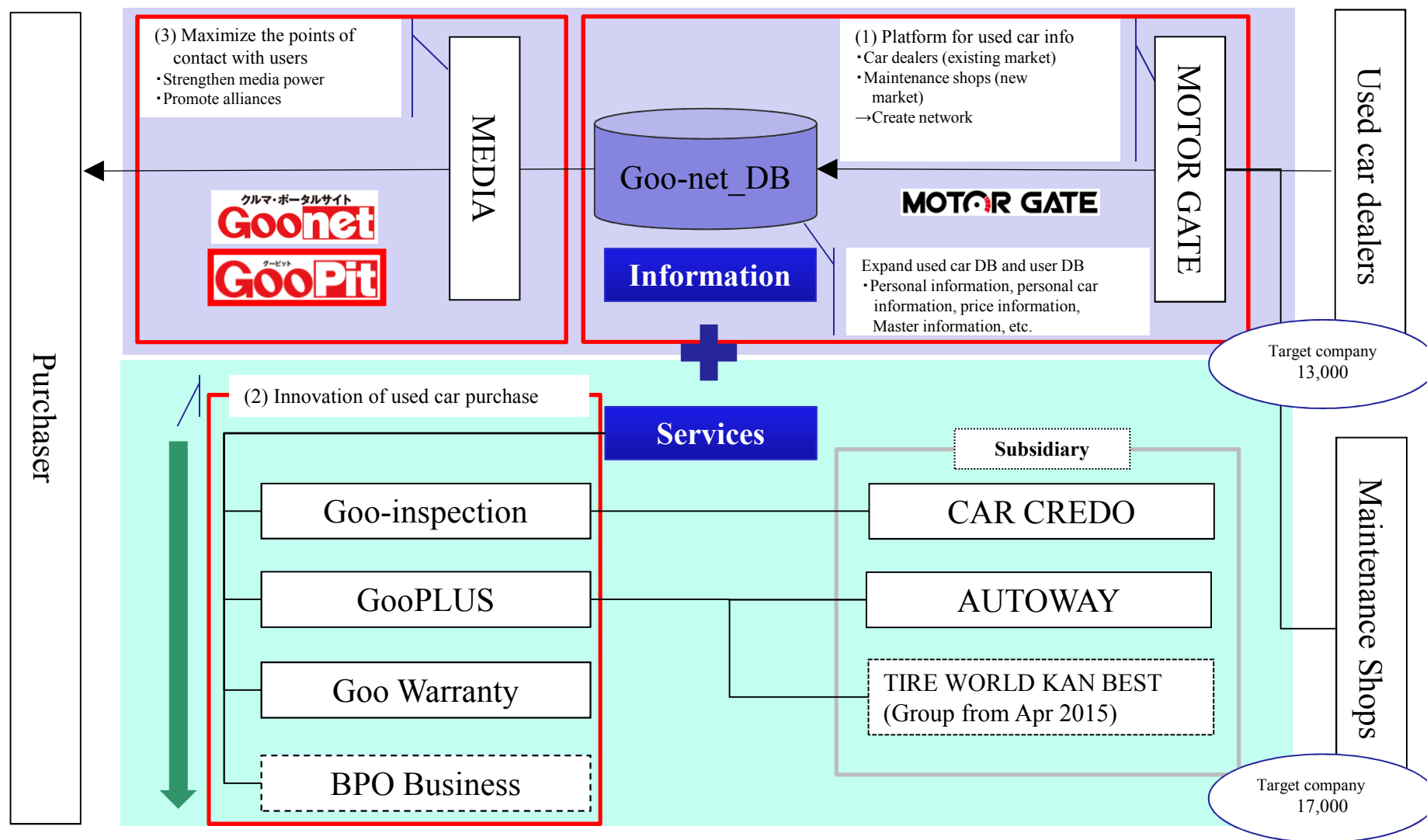
\* Cost of sales includes reversal of allowance for sales returns and provision

	FY March 2013 (Results)					FY March 2014 (Results)					FY March 2015 (Results)		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3
Net Sales	9,599	9,600	9,420	9,667	38,287	13,808	13,915	13,796	13,240	54,761	12,200	11,763	12,577
Automobile-related	8,538	8,256	8,214	8,677	33,687	12,723	12,680	12,618	12,115	50,138	11,145	10,659	11,396
Info Registration Fee	4,934	5,082	5,324	5,072	20,413	5,038	5,192	5,261	5,251	20,744	5,025	5,305	5,281
Info Service Fee	3,604	3,174	2,890	3,605	13,273	7,685	7,488	7,356	6,864	29,394	6,119	5,354	6,114
Lifestyle-related	925	1,175	980	755	3,837	828	942	896	873	3,541	823	866	827
Real Estate	42	40	41	39	163	41	43	43	39	167	40	41	41
Other Business	91	127	183	195	597	215	248	237	211	913	191	195	312
Operating Income	1,585	1,382	1,218	23	4,209	1,326	1,130	1,165	1,114	4,735	1,257	1,335	1,188
Automobile-related	1,932	1,787	1,719	476	5,916	1,752	1,473	1,559	1,432	6,217	1,619	1,650	1,501
Lifestyle-related	52	58	32	(12)	131	37	81	52	76	248	73	112	72
Real Estate	24	21	23	16	85	23	22	21	2	69	22	27	24
Other Business	(55)	(73)	(121)	(73)	(323)	(58)	(40)	(45)	2	(140)	(39)	(8)	(32)
Management Division	(369)	(411)	(435)	(383)	(1,599)	(428)	(407)	(424)	(398)	(1,659)	(419)	(446)	(376)

## TOPICS

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# Automobile-related Info : Medium to long-term business vision



Aim to obtain majority of retail sales contracts by combining advertising model business, which provides users with information on used car inventory from used car dealers, and a service that contributes to raising the value of used cars.

## ■ Current situation of the car maintenance field



### Problems with users

- They need someone to entrust with car maintenance around them (Ratio of those who don't have their favorite car maintenance shop : Over 20%, surveyed by our company)
- They cannot attach car accessories they purchased at online stores.
- They do not know where is a maintenance shop.
- They shy away from entering a maintenance shop they have never visited.
- They are not familiar with the characteristics and prices of maintenance shops.
- They do not know the achievements and reputation of maintenance shops.



### Problems with clients (maintenance shops)

- Changes in the competitive environment (Car accessory stores, gas stations, and automobile dealers started the businesses of car inspection, maintenance, and check.)
- Decrease in the volume of subcontract tasks (Automobile dealers started offering after-sales services by themselves, etc.)
- It is difficult to cultivate new customers. (They do not have their own websites, or their websites do not attract customers.)
- It is difficult to retain existing customers.

The operation of the nationwide version of “GooPit,” the website specializing in car maintenance, started.

## ■ Values offered to the market



### Merits for users

- It is possible to search for nearby maintenance shops. (This is useful when a user thinks of changing maintenance shops, relocates, purchases a used car from a distant place, attaches car accessories, and so on.)
- It is possible to inquire by email or charge-free call.
- Users can make a decision without anxiety by checking the characteristics, prices, achievements, images, and movies of member shops.
- It is possible to see other users’ “reviews on maintenance shops” before making a decision. This feature is the first in the car maintenance field.

### Merits for clients (maintenance shops)

- It is possible to increase new customers according to their commercial areas.
- It is possible to increase new customers by utilizing their strengths.
- It is possible to improve the retention rate of existing customers. (optional services, such as MOTOR GATE call)

To dispel users’ worries over car maintenance

The operation of the nationwide version of “GooPit,” the website specializing in car maintenance, started.



With the nationwide version of “GooPit,” we entered the car maintenance field on a full-scale basis.  
(The service began on Jan. 30, 2015.)

Top page of GooPit



Detail pages of GooPit



## ■ Advantages of GooPit

- Media power and number of client firms
  - The expertise nurtured through Goo-net is utilized in the car maintenance field.
  - About 1,500 shops belong to GooPit (as of Jan. 30, 2015).
- 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.”
- Sales capability
  - Maintenance shop follow-up system with the nationwide sales network
  - Direct sales activities by sales staff versed in the field

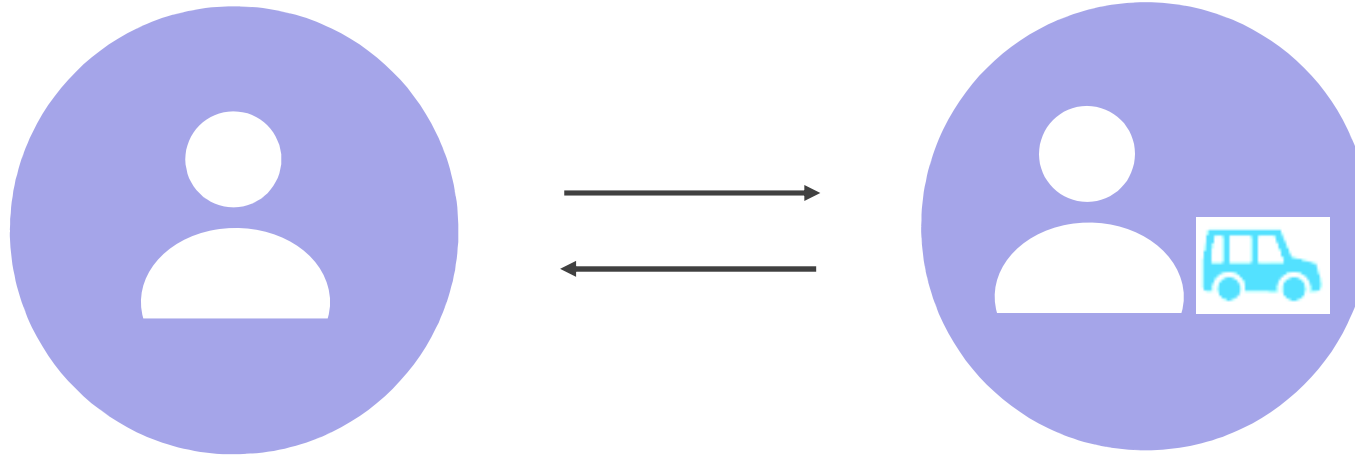
Store menu, achievements, etc.



## ■ Business models

- Website specializing in car maintenance
  - Advertisement fee: fixed monthly charge model
- Other optional services, such as MOTOR GATE call
  - Commission charge: Pay-as-you-go model

## ■ Current situation of the used car export field



### Problems with overseas buyers

- They cannot buy cars when they want. (The stocks of vehicles are unclear.)
- They are worried about the reliability of each vehicle. (Vehicle conditions and price appropriateness are unclear.)
- They are worried about the reliability of sellers. (Anxiety over the keeping of money for transactions)
- Cumbersome procedures for business talk (Emails, calls, vehicle image exchange, price negotiation, etc.)
- Cumbersome procedures for import (Customs, distribution, etc.)

### Problems with sellers (used car exporters)

- It is difficult to cultivate new customers.
- It is difficult to indicate the appropriateness of each vehicle price. (There are few means for explaining vehicle conditions.)
- The burden of dealing with complaints about quality is heavy.
- They are worried about the reliability of buyers. (Anxiety over the keeping of money for transactions)
- Cumbersome procedures for business talk (Emails, calls, vehicle image exchange, price negotiation, etc.)
- Cumbersome procedures for export (Customs, distribution, marine insurance, etc.)

### ■ Values offered to the market



#### Merits for overseas buyers

- It is possible to first retrieve the data of available vehicles.
- It is possible to check the condition of each vehicle before purchasing it. (GooAUTO Quality Information)
- It is possible to negotiate a business deal smoothly online. (Inquiries, negotiations, price estimation, quote acceptance, ordering, and escrow can be completed with individual vehicle threads.)
- With the escrow service, it is possible to make transactions safely. (brokerage for settlement, marine insurance, distribution, etc.)

#### Merits for sellers (used car exporters)

- It is possible to increase new customers.
- By disclosing the data of each vehicle status provided by a third party (GooAUTO Quality Information), it is possible to improve the reliability of vehicles.
- It is possible to negotiate a business deal smoothly online. (Inquiries, negotiations, price estimation, quote acceptance, ordering, and escrow can be completed with individual vehicle threads.)
- With the escrow service, it is possible to make transactions safely. (brokerage for settlement, marine insurance, distribution, etc.)

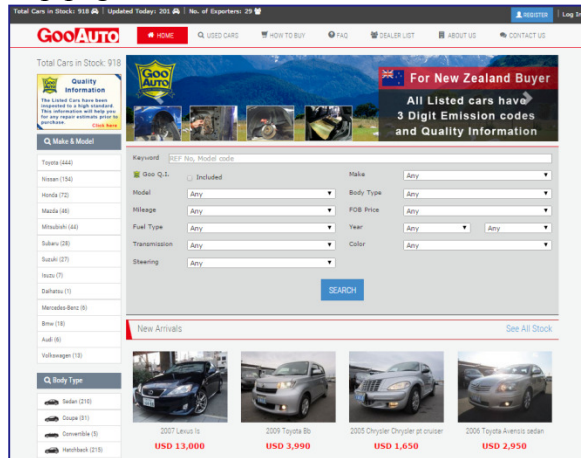
By offering the portal site for export equipped with the settlement function,  
we develop an environment where used car exporters and overseas buyers can make transactions without worries.

# Release of “GooAUTO,” a portal site for used car export

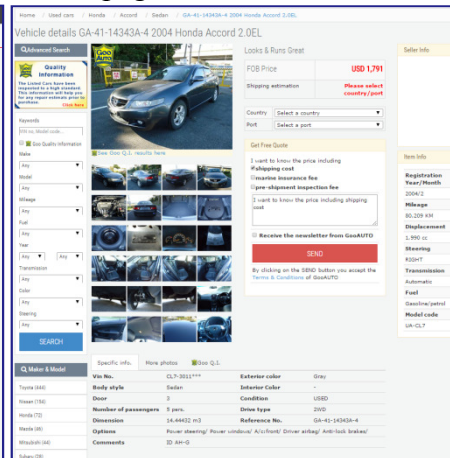


With “GooAUTO,” we started the service for assisting used car exporters in business operation on Jan. 20, 2015.

## Top page of GooAUTO



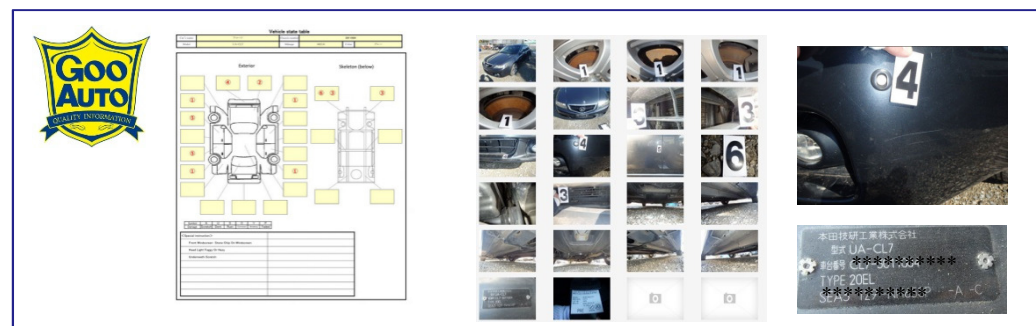
## Detail page of GooAUTO



## Advantages of GooAUTO

1. Actual inventory check  
GooAUTO includes only the vehicles whose stocks have been confirmed.
2. GooAUTO Quality Information  
Disclosure of vehicle condition information
3. Escrow service  
We actualize safe transactions, by preparing the settlement brokerage service that includes not only the “keeping of money for transactions” at financial institutions, but also “marine insurance” and “dispatch of necessary documents to the outside of Japan.”

## GooAUTO Quality Information



## Business model


- Website specializing in used car export for used car exporters
  - Advertisement fee: monthly fixed charge or charge per vehicle
  - Vehicle purchase charge: charged for each vehicle purchased (which varies with purchase prices)
  - Fee for offer: charged for each transaction (refund at the time of purchase)
  - Inspection fee: charged for each vehicle

## Appendix

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# Corporate Profile



Corporate Name	PROTO CORPORATION	 <p>Our magazine was first issued in 1977</p>
Founded	October 1, 1977	
Established	June 1, 1979	
Common Stock	1,824,620 thousand yen (As of December 31, 2014)	
Shares Outstanding	20,940,000 shares (As of December 31, 2014)	
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: 1,361 (As of December 31, 2014) Parent: 665 (As of December 31, 2014)	
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. PROTO MALAYSIA Sdn. Bhd. (Full subsidiary since September 2011)</li> <li>10. PROTO (TAIWAN) CO., LTD. (Full subsidiary, established in December 2011)</li> <li>11. SMT Media Pte. Ltd. * (Full subsidiary since September 2011)</li> <li>12. PT. PROTO INDONESIA * (Full subsidiary, established in December 2012)</li> </ol> <p>(As of January 30, 2015) *Account currently being settled</p>	

# Outline of Goo-inspection



- By promoting Goo-inspection, we will develop an environment in which users can select automobiles without anxiety while trusting it

## Goo-inspection (Vehicles with appraisal results)



### Disclosure of car conditions

#### Goo 鑑定の概要と図解(一例)

Outline and schematic diagram of Goo-inspection (one example)



#### 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 (JAA) の鑑定師が中古車を鑑定。プロがグレーディングレポート (鑑定書) を一台一台に発行します。

公正!

##### Goo 鑑定のポイント ②

☑ 最大344項目のチェック

じつは最大344項目の多岐にわたる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

☑ 鑑定書付き

鑑定項目は外装、内装、機関、修復歴の4つに大別し、それぞれについて評価を定めます。もちろん改ざんがあれば鑑定書は発行されません。

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 鑑定車の表示がしています。

#### ステップ ② Goo 鑑定車詳細ページ



詳細ページからはGoo 鑑定書 (サンプル) を見ることができます。

#### ステップ ③ Goo 鑑定書ページ



- We will cover all aspects of used car distribution industry from the upper to lower stage, and promote the development and provision of products and services that meet customers' needs.

## Business Field (1) ; units



## Business Field (1)

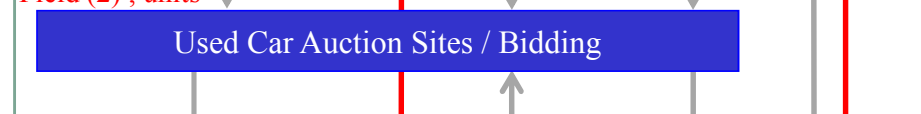
### Data Line PRO, Basic Price Data for Automobile Manufacturers

To offer the data on final bidding prices and retail prices, etc.

### Data Line Assessment, e-satei

To offer the system for appraising used cars for corporations

## Business Field (2) ; units

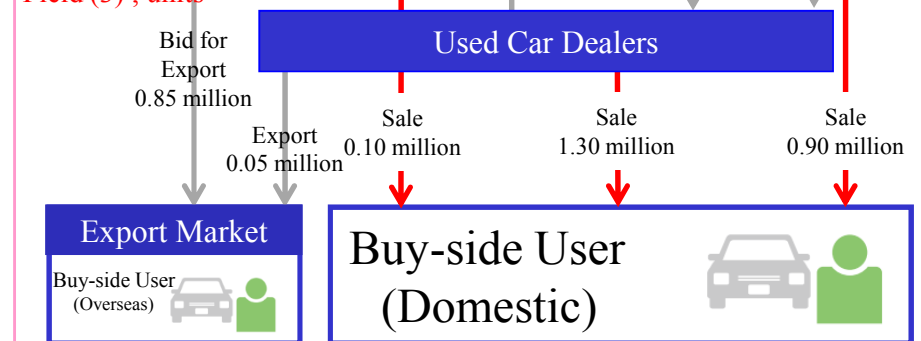


## Business Field (2)

### Goo-net Automobile Distribution, Automobile Distribution Journal

The trend of the distribution market is informed via websites and paper sheets to automobile-related firms.

## Business Field (3) ; units



## Business Field (3)

### Goo Series (PC, mobile, information magazines)

To search favorite cars and estimate their prices

### MOTOR GATE (platform for dealers)

Sales, Stock, client, and customer management tools utilizing the platform for dealers, etc.

### Goo-inspection

Addition of the information on the appraisal by the third-party institution

### GooAUTO, Goo-net Exchange

To assist exporters and dealers in the export of used cars

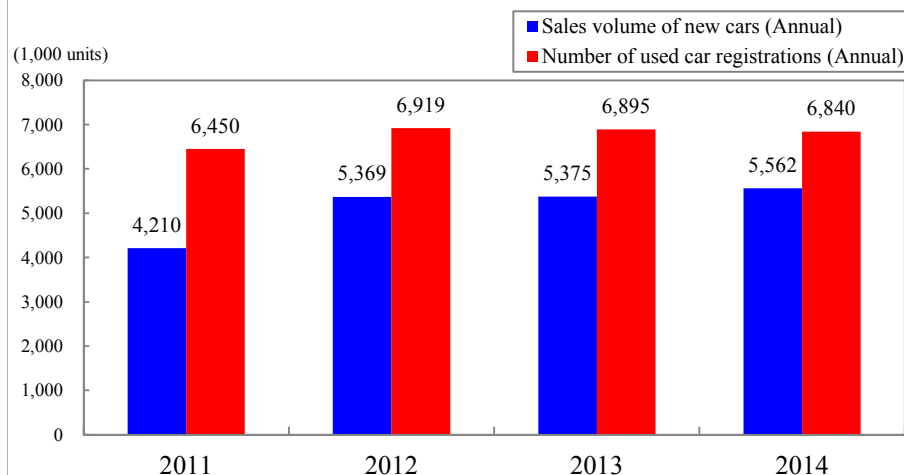
※Source: The graphic was compiled by PROTO based on data in Yano Research Institute, Ltd., "Used Car Distribution Industry 2012" (Used car distribution flowchart for 2011)

※ 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.

# Japanese Car Market Trend

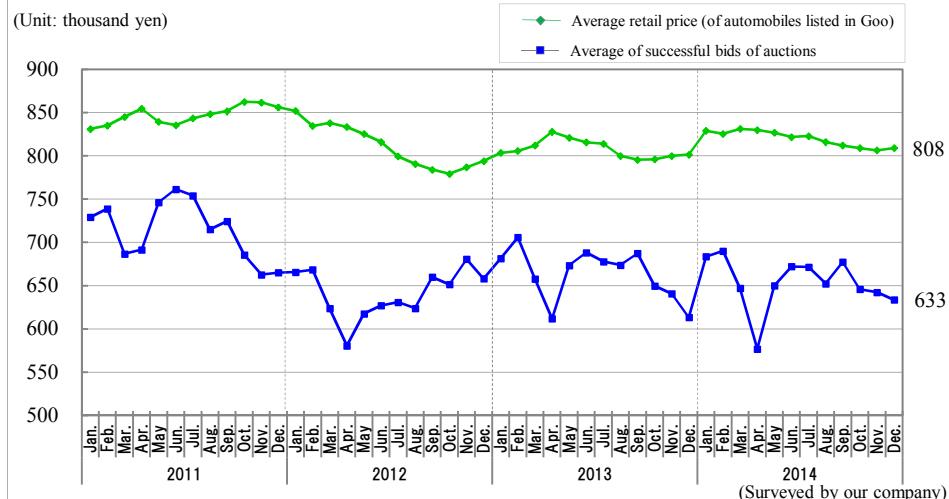


## Trends in the Sales Volume of New Cars and the Number of Used Car Registrations (Calendar Years)



Source: Data from Japan Auto Dealers Association and Japan Mini Vehicles Association

## Variations in Retail and Wholesale Prices of Used Cars



(Surveyed by our company)

## 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).

## 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).

## 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 is around 650,000 yen.

### 【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

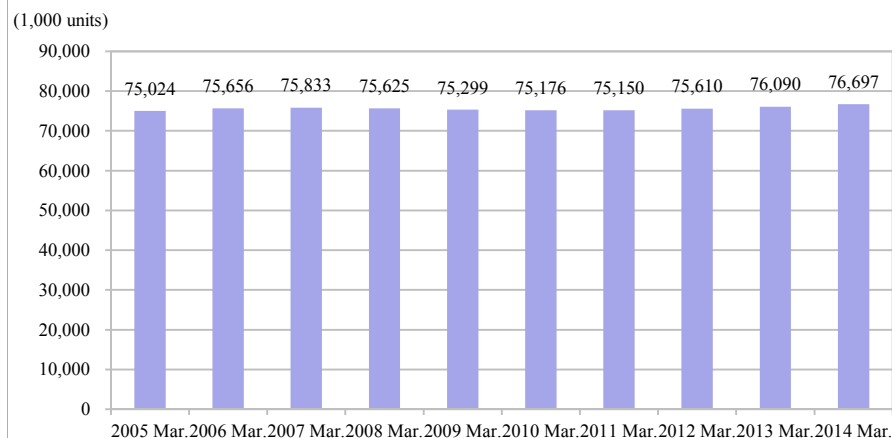
#### 2. Second phase: Eco-car Subsidy

December 20, 2011 to September 21, 2012: a budget of 300 billion yen without Scrap Incentive

# Japanese Car Market Trend (Car maintenance field)

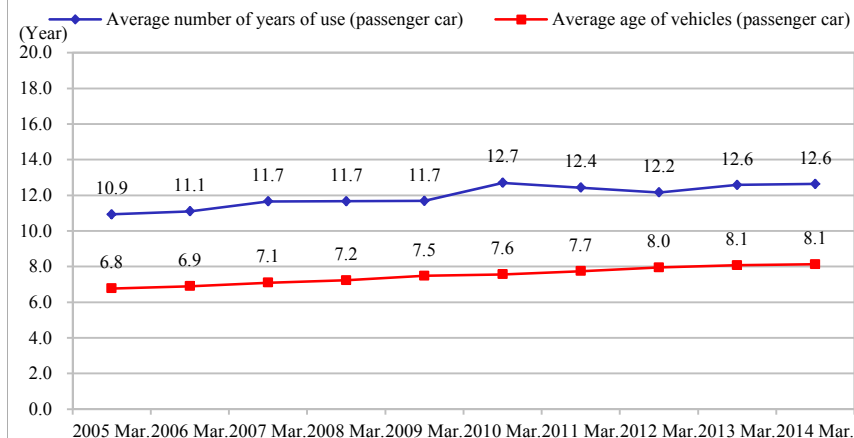


## Trends in the number of automobiles owned



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.

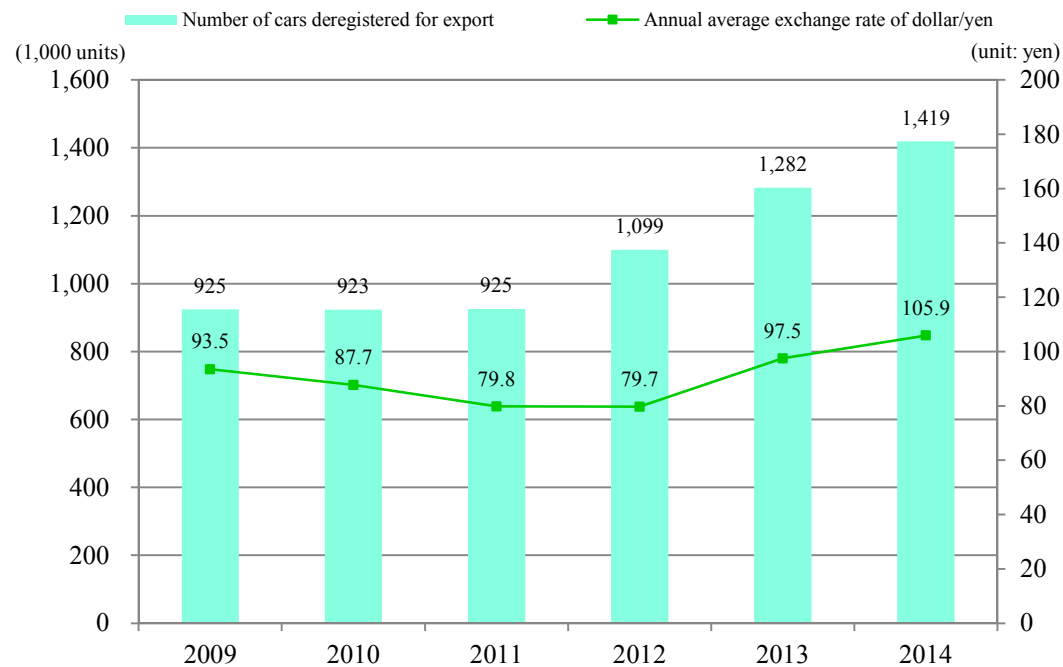
## Variations in average number of years of use and age of vehicles

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.)

## Trend in the used car export field



Source: Japan Auto Dealers Association

## Volume of export of used cars to each country in 2013

Rank	Country	Number of cars (thousand units)
1	RUSSIA	167
2	MYANMAR	134
3	U.A.E.	98
4	NEW ZEALAND	91
5	CHILE	78
6	SOUTH AFRICA	62
7	KENYA	61
8	KYRGYZ	36
9	MONGOLIA	34
10	TANZANIA	30

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%.

## Magazine Business

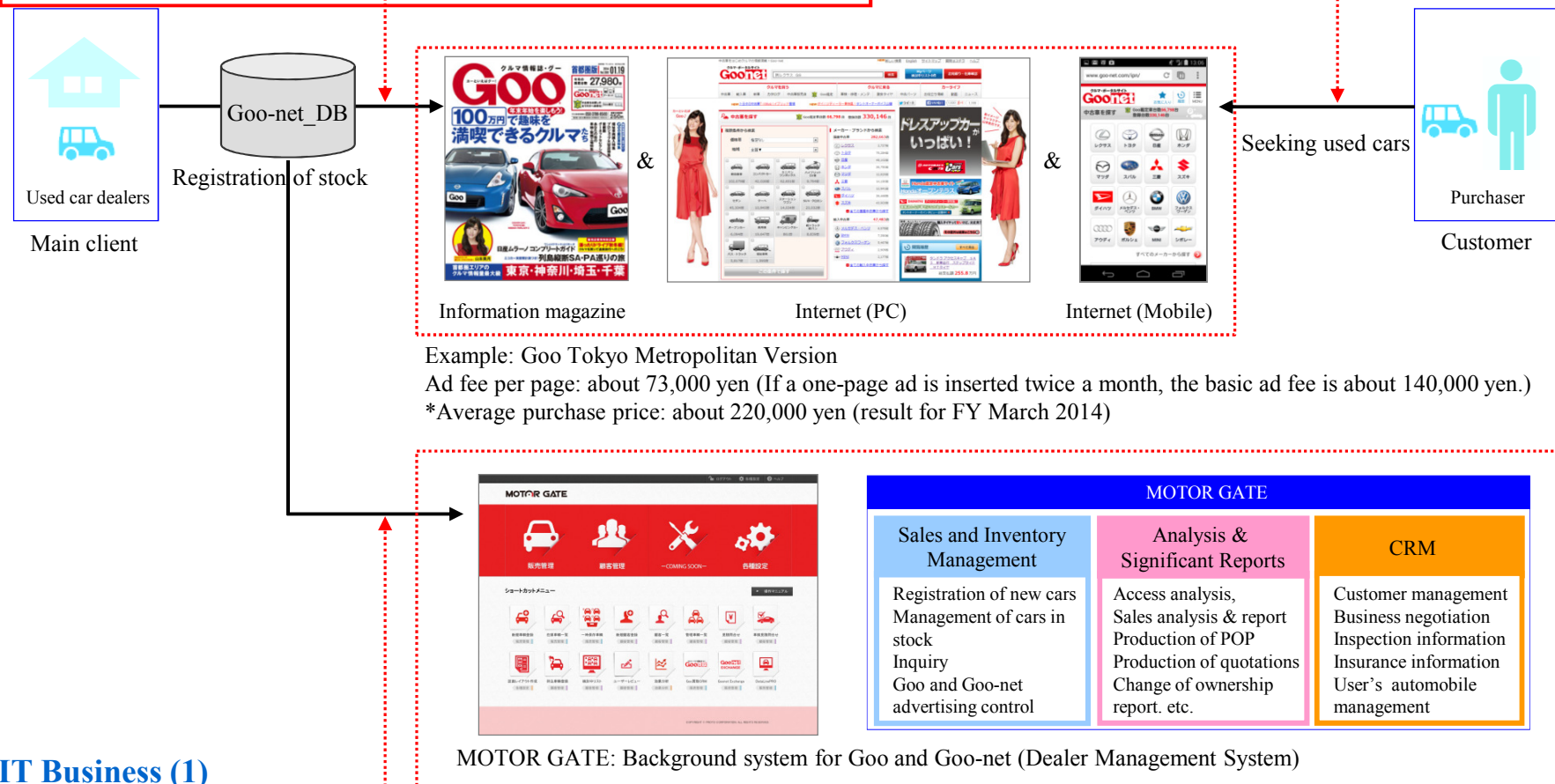
### Information registration fees (1)

Charging system: Ad fee per page

\*Basic ad fee (package of information magazines, PCs, and mobile devices)

### Information service fees

Sale of information magazine



## IT Business (1)

### Information registration fees (2)

Fee for Internet option products, such as Goo-net (MOTOR GATE)

\* 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

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