

Financial Results for the Fiscal Year Ended March 2018

PROTO CORPORATION

May 11, 2018



Financial Data (Consolidated)

Shares outstanding (million)	20.9
Market capitalization (¥ billion, March 2018)	34.8
DPS (¥, FY March 2018)	50.0
EPS (¥, FY March 2018)	25.89
BPS (¥, FY March 2018)	1,293.62
ROE (% , FY March 2018, Net income basis)	2.0
ROA (% , FY March 2018, Ordinary income basis)	8.7
Equity ratio (% , March 2018)	58.4
Potential share dilution (million)	-
Foreign ownership (% , March 2018)	31.65

Major Shareholders

	(Thousands)
1) Mugen Corporation	6,807 (32.50%)
2) JPLLC CLIENT SAFEKEEPING ACCOUNT	1,323 (6.31%)
3) The Master Trust Bank of Japan, Ltd. (Trust Account)	1,000 (4.77%)
4) PROTO CORPORATION	881 (4.20%)
5) BNYM NON-TREATY DTT	692 (3.30%)
6) JP MORGAN CHASE BANK 385632	568 (2.71%)
7) CLEARSTREAM BANKING S.A	520 (2.48%)
8) Hiroichi Yokoyama	440 (2.10%)
9) STATE STREET BANK AND TRUST COMPANY	433 (2.07%)
10) Yoshihiro Yokoyama	377 (1.80%)

(As of March 31, 2018)

FY March 2018 : Operating Results (1)

Consolidated Statements of Income [unit: million yen]	FY March 2017		FY March 2018				YoY change		Achievement rate	
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	Results(c)	Sales ratio	(c)-(a)	%	(c)-(b)	%
Net Sales	56,717	100.0%	62,650	100.0%	62,111	100.0%	5,394	109.5%	(538)	99.1%
Gross Profit	21,820	38.5%	23,615	37.7%	23,142	37.3%	1,321	106.1%	(472)	98.0%
EBITDA	4,547	8.0%	5,477	8.7%	5,396	8.7%	848	118.7%	(80)	98.5%
Operating Income	2,795	4.9%	3,700	5.9%	3,674	5.9%	878	131.4%	(25)	99.3%
Ordinary Income	2,883	5.1%	3,859	6.2%	3,735	6.0%	852	129.6%	(123)	96.8%
Net Income	1,506	2.7%	2,120	3.4%	519	0.8%	(987)	34.5%	(1,600)	24.5%
Net Income per Share(Yen)	75.02	-	105.69	-	25.89	-	(49.13)	34.5%	(79.80)	24.5%

※The planned values for the term ended Mar. 2018 were announced on October 30, 2017. (The same)

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

[unit: million yen]	FY March 2017		FY March 2018				YoY change		Achievement rate	
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	Results(c)	Sales ratio	(c)-(a)	%	(c)-(b)	%
SG&A Expenses	19,024	33.5%	19,915	31.8%	19,467	31.3%	442	102.3%	(447)	97.8%
Employment Cost	7,936	14.0%	8,124	13.0%	8,066	13.0%	129	101.6%	(58)	99.3%
Advertising Cost	4,167	7.3%	4,793	7.7%	4,295	6.9%	128	103.1%	(497)	89.6%
Other Expenses	6,921	12.2%	6,997	11.2%	7,106	11.4%	185	102.7%	108	101.6%

Net Sales

Sales increased, mainly because the sales of goods (tires and wheels) were healthy.

Operating Income

Operating income rose, mainly because of the healthy sales of goods (tires and wheels) of AUTOWAY Co., Ltd. and the effects of cost reduction through the structural reform of Goo Series.

Net Income

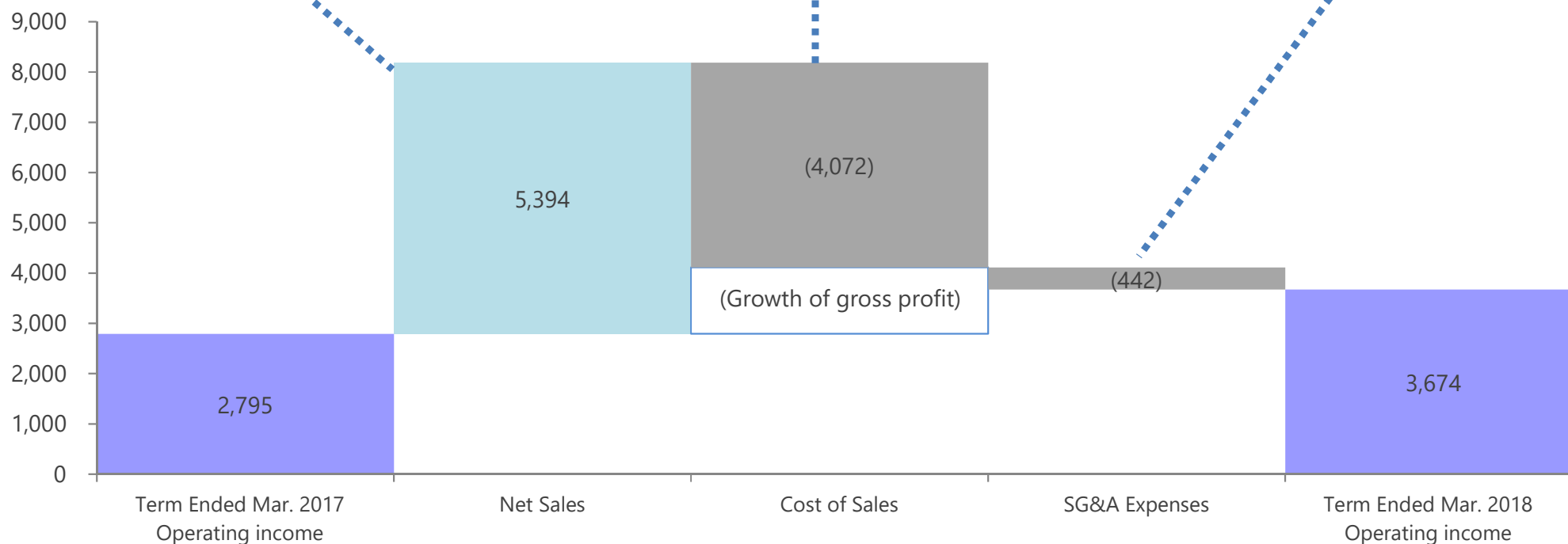
Net income dropped, mainly because 1,193 million yen was posted as the impairment loss regarding the goodwill of TIRE WORLD KAN BEST Co., Ltd.

FY March 2018: Operating Results (2)

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

Effect of sales growth on operating income	+5,394	Effect of increase in Cost of Sales on operating income	(4,072)	Effect of increase in SG&A Expenses on operating income	(442)
【Primary factors】		【Primary factors】		【Primary factors】	
PROTO CORPORATION	+2,586	PROTO CORPORATION	(1,272)	PROTO CORPORATION	(473)
AUTOWAY/TIRE WORLD KAN BEST	+2,565	AUTOWAY/TIRE WORLD KAN BEST	(2,140)	AUTOWAY/TIRE WORLD KAN BEST	(431)

Increased sales	Despite cost prices rising, gross profit have grown	Increased advertising and sales promotion expenses (Autoway/Goo-net)
------------------------	------------------------------------------------------------	-----------------------------------------------------------------------------



FY March 2018: Operating Results by Segment

Net Sales [unit: million yen]	FY March 2017		FY March 2018			
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	Results(c)	Sales ratio
Automobile-related	51,025	90.0%	56,297	89.9%	56,100	90.3%
Ad-related	21,231	37.4%	21,959	35.1%	21,618	34.8%
Information and services	4,893	8.6%	4,961	7.9%	5,053	8.1%
Sales of goods	24,899	43.9%	29,377	46.9%	29,429	47.4%
Lifestyle-related	4,236	7.5%	4,533	7.2%	4,370	7.0%
Real Estate	187	0.3%	199	0.3%	213	0.3%
Other Business	1,268	2.2%	1,619	2.6%	1,426	2.3%
Total	56,717	100.0%	62,650	100.0%	62,111	100.0%

YoY change		Achievement rate	
(c)-(a)	%	(c)-(b)	%
5,075	109.9%	(196)	99.7%
386	101.8%	(340)	98.4%
159	103.3%	92	101.9%
4,529	118.2%	51	100.2%
134	103.2%	(162)	96.4%
26	114.1%	14	107.4%
157	112.4%	(193)	88.1%
5,394	109.5%	(538)	99.1%

Operating Income [unit: million yen]	FY March 2017		FY March 2018			
	Results(a)	Profit margin	Forecast(b)	Profit margin	Results(c)	Profit margin
Automobile-related	3,939	7.7%	4,837	8.6%	4,933	8.8%
Lifestyle-related	478	11.3%	461	10.2%	370	8.5%
Real Estate	147	78.6%	171	86.2%	170	79.8%
Other Business	(136)	-	(72)	-	(71)	-
Management Division	(1,633)	-	(1,697)	-	(1,728)	-
Total	2,795	4.9%	3,700	5.9%	3,674	5.9%

YoY change		Achievement rate	
(c)-(a)	%	(c)-(b)	%
994	125.2%	95	102.0%
(108)	77.4%	(90)	80.3%
23	115.9%	(1)	99.4%
64	-	1	-
(95)	-	(30)	-
878	131.4%	(25)	99.3%

Automobile-related information

Profit grew, mainly because of the sales growth of goods (tires and wheels) of AUTOWAY and the cost reduction through the structural reform of Goo Series in the ad field. In addition, the sales of Goo Purchase (ad field) were 300 million yen smaller than the estimate, and so the sales of this segment were 0.3% smaller than the estimate. *For the details of this segment, please refer to P.31.

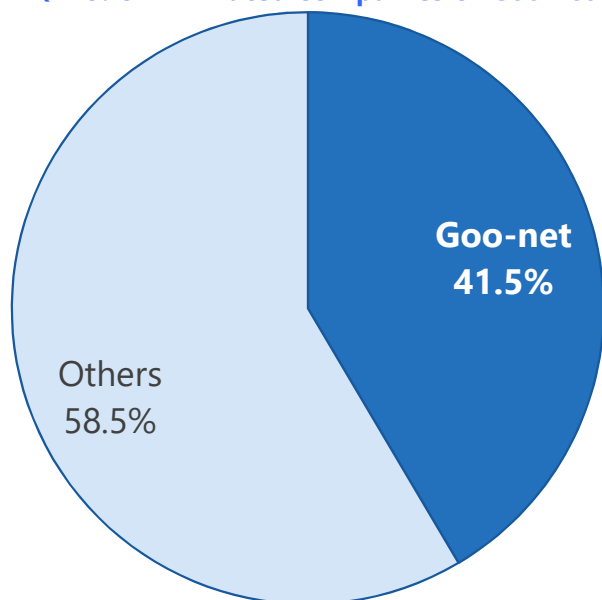
Lifestyle-related information

Profit dropped, mainly because sales staff increased as the target area for the welfare equipment rental business expanded.

Review of the automobile-related business (as of the end of Mar. 2018)

■ Used Cars

(No. of Affiliated companies of Goo-net)



クルマ、まるごと。



13,811 companies

Target market scale

(33,267 companies)

Source:

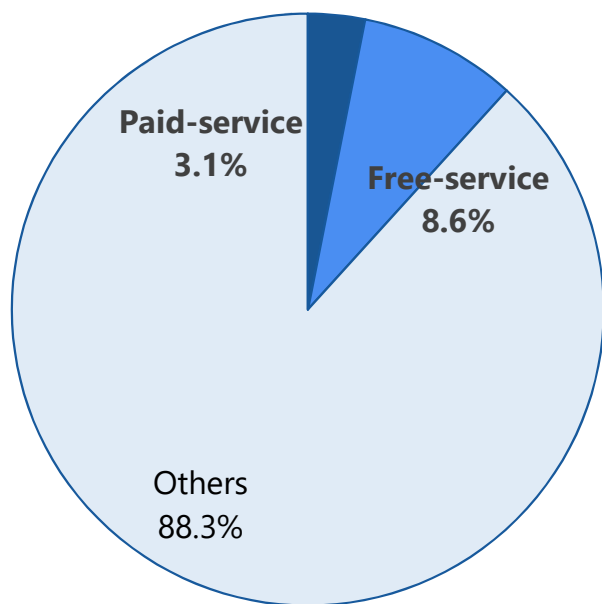
Surveyed by our company

	FY Mar. 2017 Results (a)	FY Mar. 2018 Results (b)	(b)-(a)	(b)/(a)
Companies	12,611	13,811	+1,200	+9.5%
	FY Mar. 2018 Forecast (a)	FY Mar. 2018 Results (b)	(b)-(a)	(b)/(a)
Companies	14,000	13,811	(189)	(1.3%)

- We made efforts to increase affiliated firms, especially small-sized used car dealers.
- We reduced the cost for paper media, by halving publication cycle in 6 areas throughout Japan in Sep. 2017.
- Release of MG Calendar
Installation of the functions to make an appointment with a dealer and book a test drive in Goo-net.

■ Maintenance

(No. of Affiliated shops of GooPit)



クルマメンテ、まるごと。



Paid-service: 2,868 shops
Free-service: 7,933 shops

Total market scale
(92,042 shops)

Source:

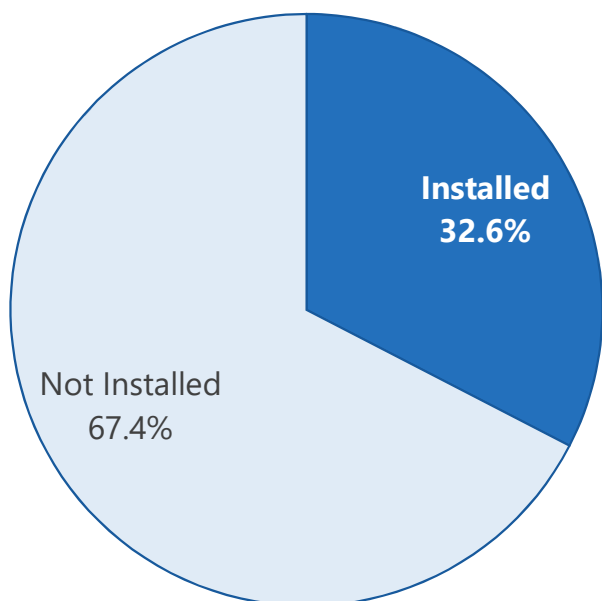
Ministry of Land, Infrastructure,
Transport and Tourism

Paid-service	FY Mar. 2017 Results (a)	FY Mar. 2018 Results (b)	(b)-(a)	(b)/(a)
Shops	1,815	2,868	+1,053	+58.0%
Paid-service	FY Mar. 2018 Forecast (a)	FY Mar. 2018 Results (b)	(b)-(a)	(b)/(a)
Shops	3,000	2,868	(132)	(4.4%)

- We made efforts to increase fee-charging shops, by expanding our target area and improving sales promotion methods, including the enrichment of task records.
- We proceeded with Goo Checkup, while following the revised plan.

Review of the automobile-related business (as of the end of Mar. 2018)

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



DataLine
SalesGuide

4,841 sites

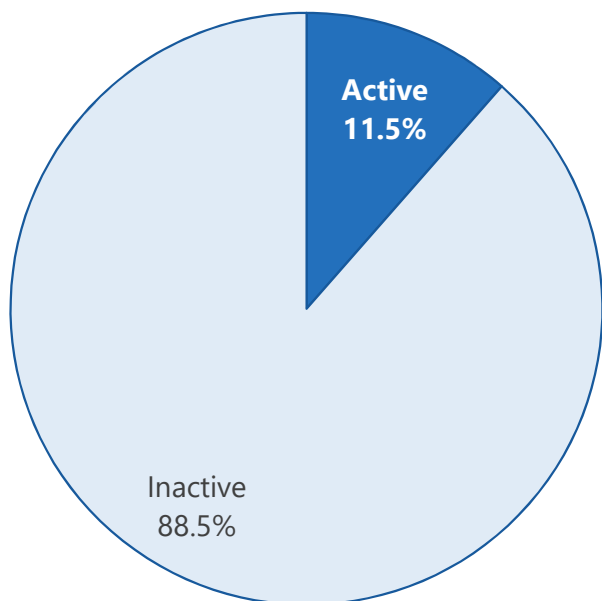
**Total market scale
(14,861 sites)**

Source:
Japan Automobile Service
Promotion Association

	FY Mar. 2017 Results (a)	FY Mar. 2018 Results (b)	(b)-(a)	(b)/(a)
Sites	3,935	4,841	+906	+23.0%
	FY Mar. 2018 Forecast (a)	FY Mar. 2018 Results (b)	(b)-(a)	(b)/(a)
Sites	4,500	4,841	+341	+7.6%

- The number of new car dealers that have installed Dataline SalesGuide was raised, by increasing sales staff in addition to the recommendation of tools from automobile manufacturers, etc.

■ Sale of goods (MOTOR GATE Shopping operation rate)



	FY Mar. 2017 Results (a)	FY Mar. 2018 Results (b)	(b)-(a)	(b)/(a)
Active rate	9.8%	11.5%	+1.7pt	+17.3%

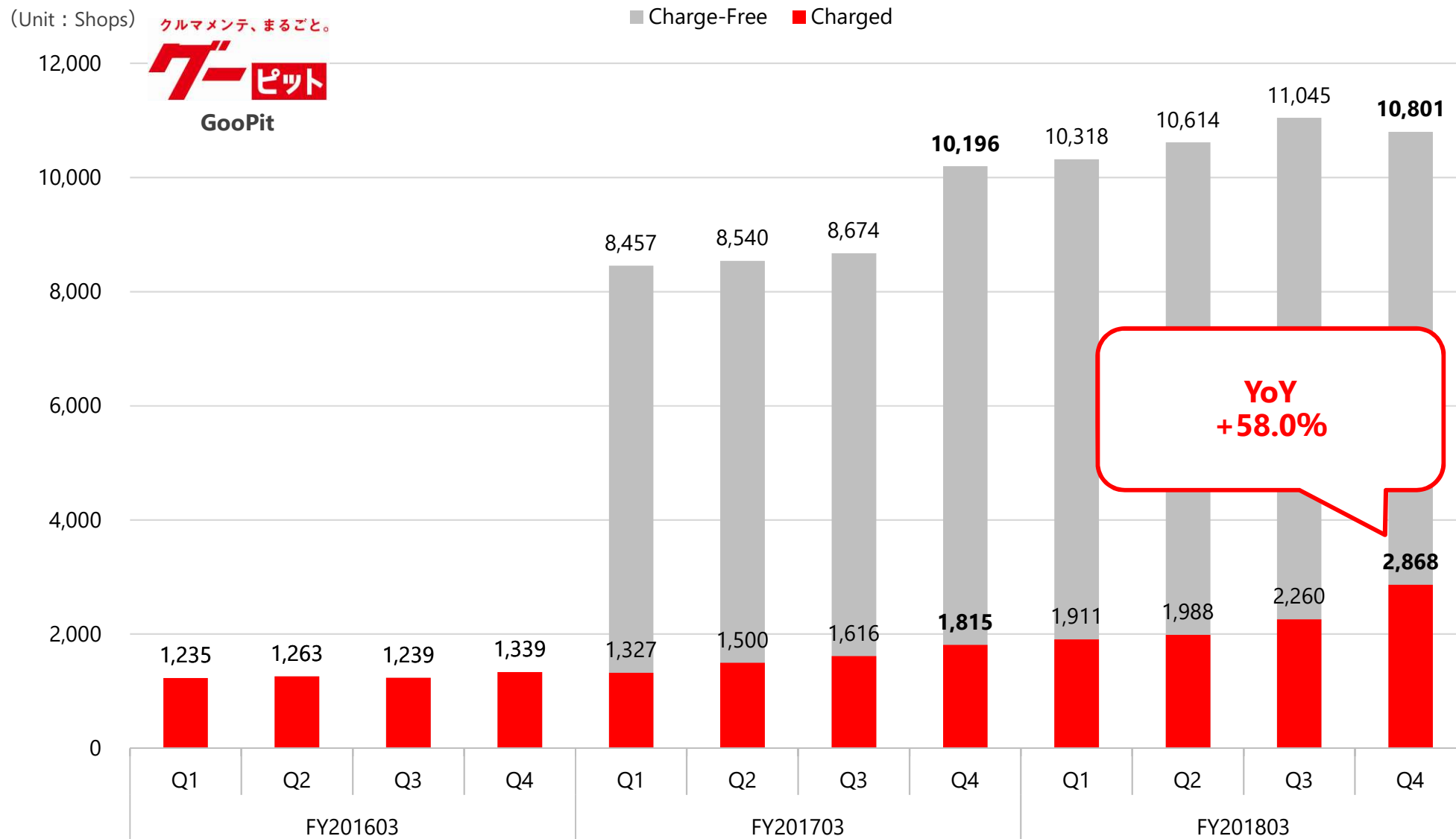
**Active rate :
11.5%**

※Shops that used MOTOR GATE Shopping once or more in Mar. 2018 are defined as Active.

※Major products are:
 • Tires and wheels made in Japan
 • Imported tires and wheels

- The ratio of active shops was improved, by increasing MOTOR GATE clients and developing a system for supporting first-time purchase.
- Sales volume of products in MG Shopping increased 2.2 times from the previous year.

For reference: Variation in the number of Affiliated shops of GooPit

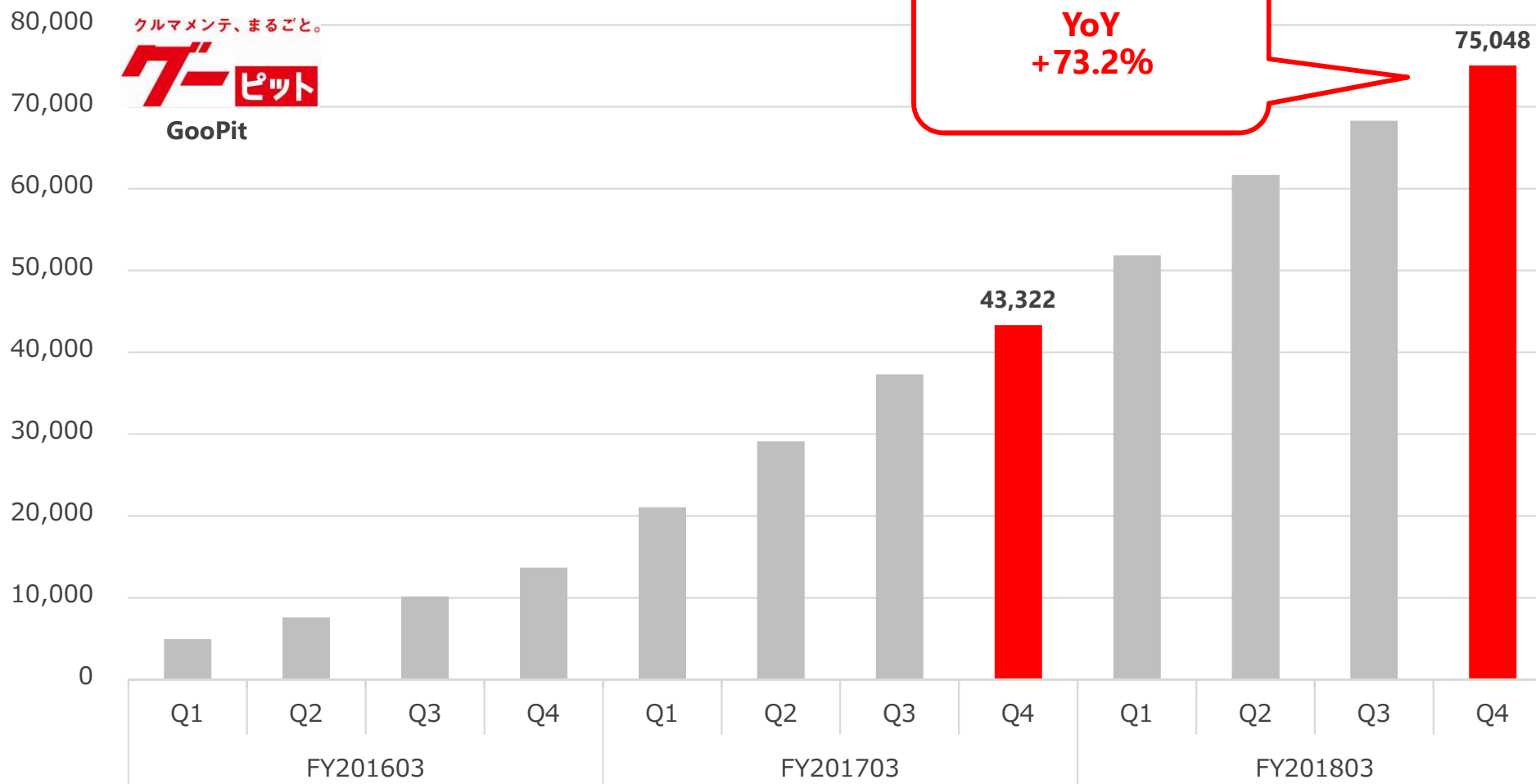


**UU of GooPit is steadily increasing,
Improvement of sales method increases number of charged shops (YoY + 58.0%).**

For reference: Enrichment of GooPit content

Cumulative number of posted work records of GooPit-affiliated maintenance shops

(Unit : Posts)



※ Cumulative number of posts about actual work at maintenance shops: Cumulative number of reviews on GooPit about actual work

Enrichment of the major content of GooPit (maintenance records)

For reference: Trend of the customer sending service in the maintenance field

Number of deliveries of Goo Checkup



As a result of reviewing service flows and strengthening alliances including "Rakuten-Shaken", the number of delivered vehicles increased, **to +397.9% of the same quarter of the previous year.**

Number of deliveries of GooPit auto parts installation service (tire installation etc.)

Delivering group synergies and strengthening alliances including "Amazon.co.jp", the number of deliveries of tire installation services increased, **to +477.5% of the same quarter of the previous year.**

To promote the development of the customer sending service as the mainstay in the maintenance domain

FY March 2018: Consolidated Balance Sheet

[unit: million yen]	As of March 31, 2017		As of March 31, 2018		YoY change	
	Results(a)	Ratio	Results(b)	Ratio	(b)-(a)	%
Current Assets	23,731	56.6%	27,826	62.6%	4,094	117.3%
Fixed Assets	18,203	43.4%	16,591	37.4%	(1,612)	91.1%
Current Liabilities	12,627	30.1%	16,143	36.3%	3,516	127.8%
Long-term Liabilities	2,905	6.9%	2,296	5.2%	(609)	79.0%
Net Assets	26,401	63.0%	25,977	58.5%	(424)	98.4%
Total Assets	41,934	100.0%	44,417	100.0%	2,482	105.9%

[unit: million yen]	As of March 31, 2017		As of March 31, 2018		YoY change	
	Results(a)	Ratio	Results(b)	Ratio	(b)-(a)	%
Cash and cash equivalents	12,784	30.5%	16,120	36.3%	3,336	126.1%
Interest-bearing debt	6,679	15.9%	8,590	19.3%	1,911	128.6%
Net cash	6,105	14.6%	7,530	17.0%	1,425	123.3%

Current Assets

Main factor for increasing was cash and deposits increasing by 3,336 million yen (primarily due to borrowings).

Fixed Assets

Main factor for decreasing was the impairment loss regarding the goodwill of TIRE WORLD KAN BEST.

Current Liabilities

Main factor for increasing was short-term debts increasing by 2,600 million yen (primarily in PROTO CORPORATION).

Long-term Liabilities

Main factor for decreasing was long-term debts dropping by 528 million yen (primarily in AUTOWAY).

FY March 2018: Consolidated Statements of Cash Flows

[unit: million yen]	FY March 2017	FY March 2018	YoY change
	Results(a)	Results(b)	(b)-(a)
Cash Flows from Operating Activities	3,179	3,999	819
Cash Flows from Investing Activities	(1,197)	(1,576)	(378)
Cash Flows from Financing Activities	(886)	898	1,784
Cash and Cash Equivalents at End of Term	12,383	15,729	3,346

[unit: million yen]	FY March 2017	FY March 2018	YoY change
	Results(a)	Results(b)	(b)-(a)
Investment Amount (Tangible/intangible fixed assets*)	1,335	2,204	869
Depreciation (Tangible/intangible fixed assets)	1,112	1,088	(24)
Amortization of Goodwill	638	632	(5)

* 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 3,999 million yen, mainly because 1,990 million yen was posted as net income before taxes and other adjustments, and depreciation free from spending, goodwill amortization and impairment loss totaled up to 3,416 million yen.

Cash Flows from Investing Activities

There was an expenditure of 1,576 million yen, mainly because 1,850 million yen was posted as expense for acquiring fixed assets, such as tire distribution facilities.

Cash Flows from Financing Activities

There was an income of 898 million yen, mainly because short-term debts augmented 2,600 million yen.

Breakdown of goodwill balance

[unit: million yen]	As of March 31, 2017	As of March 31, 2018	YoY change	Goodwill amortization for the term ended Mar. 2018	Goodwill amortization for the term ending Mar. 2019
	Results(a)	Results(b)	(b)-(a)	Results	Forecast
Automobile-related	3,367	1,669	(1,698)	504	333
(AUTOWAY)	2,003	1,669	(333)	333	333
(TIRE WORLD KAN BEST)	1,364	0	(1,364)	170	0
Lifestyle-related	683	560	(122)	110	85
Other Business	55	58	2	16	17
Total	4,106	2,288	(1,817)	632	437

■ AUTOWAY

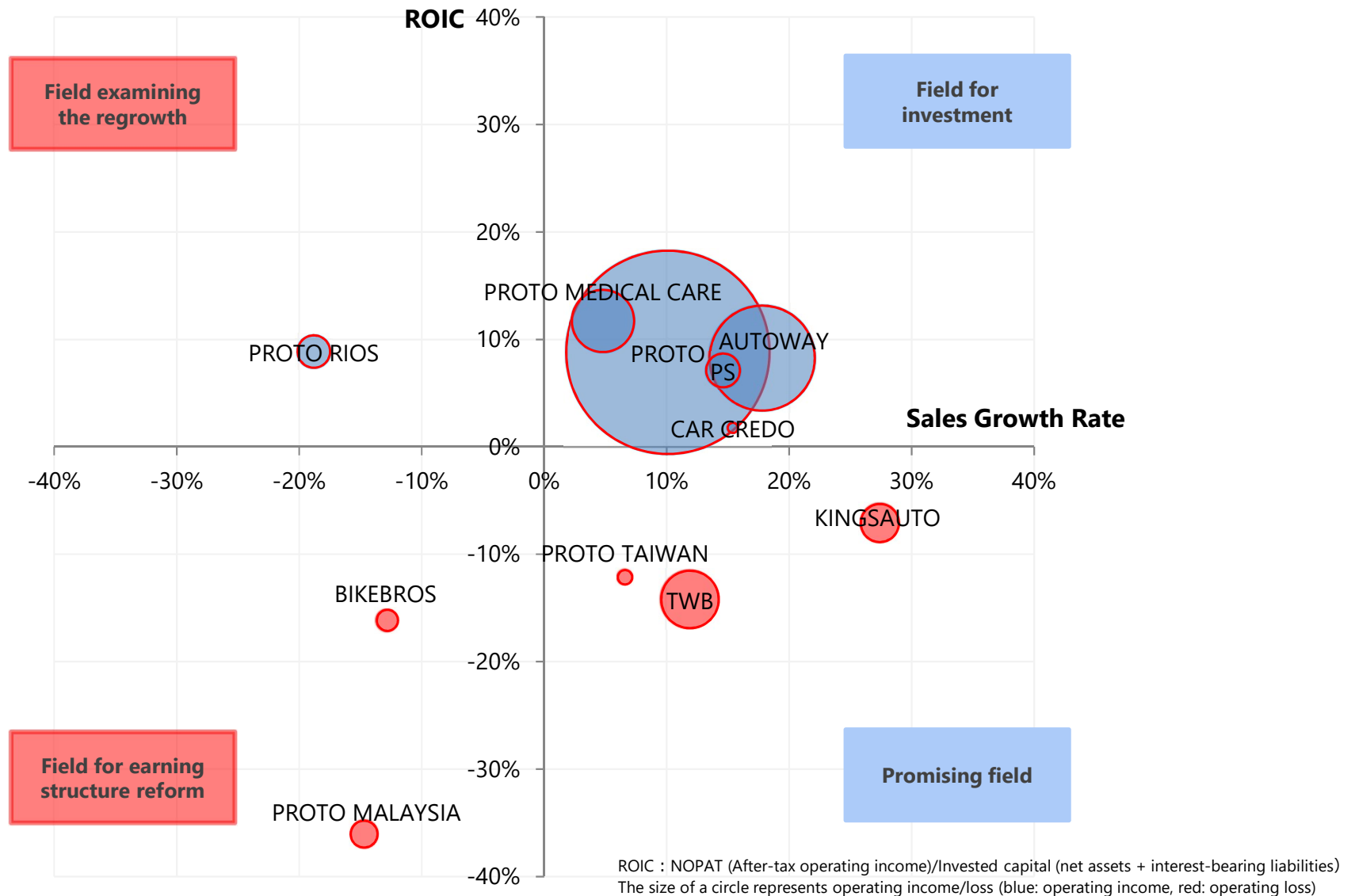
Performance exceeds the initial plan for recouping investment.

■ TIRE WORLD KAN BEST

As for the goodwill balance of Tire World Kan Best, 1,193 million yen was posted as impairment loss in the term ended Mar. 2018.

It was judged difficult to complete the initial plan for recouping investment, considering the recent market environment and the competition trend, mainly because we were delayed in reflecting the rise in procurement cost due to the skyrocketing of prices of raw materials for tires in the prices of our products after Apr. 2017, and so part of fixed assets (126 million yen) and the total amount of unamortized goodwill balance (1,193 million yen) were posted as impairment loss.

Current situation of the business portfolio (as of the end of Mar. 2018)



To improve ROIC continuously for maximizing corporate value from the long-term viewpoint

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
ROE	(1.5%)	5.6%	13.3%	15.0%

■ Revised 3-year mid-term business plan (announced on May 11, 2018)

(Unit: million yen)

Business Plan	FY March 2016 Results	FY March 2017 Results	FY March 2018 Results	FY March 2019 Forecast
Net Sales	54,297	56,717	62,111	62,370 [(14,359)]
Operating Income	4,071	2,795	3,674	4,100 [(2,750)]
Net Income	(390)	1,506	519	2,700 [(1,920)]
ROE	(1.5%)	5.8%	2.0%	10.1% [(4.9%)]

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

Background of the revision to the 3-year mid-term business plan

Accounting item	Segment	Description
Sales	Automobile-related (Information and services)	Maintenance: Revision to the estimated growth rate of Goo Checkup Maintenance: Revision to the estimated growth potential of PROTO RIOS due to the restructuring of the field of software for maintenance and bodywork
Operating income	Automobile-related (Ad-related)	Used cars: Revision to the costs of ad and sales promotion for Goo-net
	Automobile-related (Information and services)	Maintenance: Delay in making Goo Checkup profitable Maintenance: Revision to the estimated profitability of PROTO RIOS due to the restructuring of the field of software for maintenance and bodywork
	Lifestyle-related	Revision to the ad cost for PROTO MEDICAL CARE

We revised the business plan while considering the market environment and the progress of business in each segment.

Gist of the business plan for the term ending Mar. 2019

Accounting item	Segment	Description
Sales	Automobile-related (Ad-related)	Used cars: Growth of sales related to MOTOR GATE Used cars: Decrease in sales of information magazines Maintenance: Increase in sales of GooPit ads
	Automobile-related (Information and services)	Maintenance: Decline in sales of software of PROTO-RIOS New cars: Drop in sales of price data
	Automobile-related (Sale of goods)	Tires: Growth of sales of imported and domestic tires Export of used cars: Decrease in sales due to the revision to transaction conditions for export to Myanmar
Operating income	Automobile-related	Tires: Improvement of operating income/loss through the decrease in the burden of goodwill amortization Used cars: Improvement of operating income/loss due to the full-year contribution of the reduction of cost for paper media Export of used cars: Improvement of operating income/loss thanks to the revision to transaction conditions
	Lifestyle-related	Decline in operating income/loss due to the augmentation of advertisement/publicity cost of Proto Medical Care
	Other	Agriculture: Improvement of operating income/loss due to the decrease in depreciation

In the term ending Mar. 2019, we aim to increase business partners in each field and improve profitability.

FY March 2019: Consolidated Earnings Forecast

Consolidated Statements of Income [unit: million yen]	FY March 2018		FY March 2019		YoY change	
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	(b)-(a)	%
Net Sales	62,111	100.0%	62,370	100.0%	258	100.4%
Gross Profit	23,142	37.3%	24,622	39.5%	1,479	106.4%
EBITDA *	5,396	8.7%	5,500	8.8%	104	101.9%
Operating Income	3,674	5.9%	4,100	6.6%	425	111.6%
Ordinary Income	3,735	6.0%	4,125	6.6%	389	110.4%
Net Income	519	0.8%	2,700	4.3%	2,180	519.9%
Net Income per Share (Yen)	25.89	-	134.61	-	108.72	519.9%

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

[unit: million yen]	FY March 2018		FY March 2019		YoY change	
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	(b)-(a)	%
SG&A Expenses	19,467	31.3%	20,522	32.9%	1,054	105.4%
Employment Cost	8,066	13.0%	8,515	13.7%	449	105.6%
Advertising Cost	4,295	6.9%	4,537	7.3%	242	105.6%
Other Expenses	7,106	11.4%	7,468	12.0%	361	105.1%

FY March 2019: Consolidated Earnings Forecast (Segment)

Sales [unit: million yen]	FY March 2018		FY March 2019		YoY change	
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	(b)-(a)	%
Automobile-related	56,100	90.3%	56,010	89.8%	(90)	99.8%
Ad-related	21,618	34.8%	21,724	34.8%	106	100.5%
Information and services	5,053	8.1%	4,745	7.6%	(307)	93.9%
Sale of goods	29,429	47.4%	29,540	47.4%	111	100.4%
Lifestyle-related	4,370	7.0%	4,504	7.2%	134	103.1%
Real Estate	213	0.3%	193	0.3%	(20)	90.5%
Other Business	1,426	2.3%	1,661	2.7%	234	116.4%
Total	62,111	100.0%	62,370	100.0%	258	100.4%

Operating Income [unit: million yen]	FY March 2018		FY March 2019		YoY change	
	Results(a)	Profit margin	Forecast(b)	Profit margin	(b)-(a)	%
Automobile-related	4,933	8.8%	5,484	9.8%	550	111.2%
Lifestyle-related	370	8.5%	130	2.9%	(240)	35.1%
Real Estate	170	79.8%	162	84.1%	(7)	95.4%
Other Business	(71)	-	28	1.7%	100	-
Management Division	(1,728)	-	(1,706)	-	21	-
Total	3,674	5.9%	4,100	6.6%	425	111.6%

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 2016 Results	FY March 2017 Results	FY March 2018 Results	FY March 2019 Forecast
2 nd Quarter	19.00	25.00	25.00	25.00
Year-End	20.00	25.00	25.00	25.00
Annual	39.00	50.00	50.00	50.00

Taking continuous and stable dividends into consideration

Prioritized items in the term ending Mar. 2019

- **To establish a sure position in each business domain**
- **To reform the business structure for expanding revenue**

Vision “Comprehensive support for car life”

Vision
Comprehensive support for car life

To be commenced
in the term ending
Mar. 2020

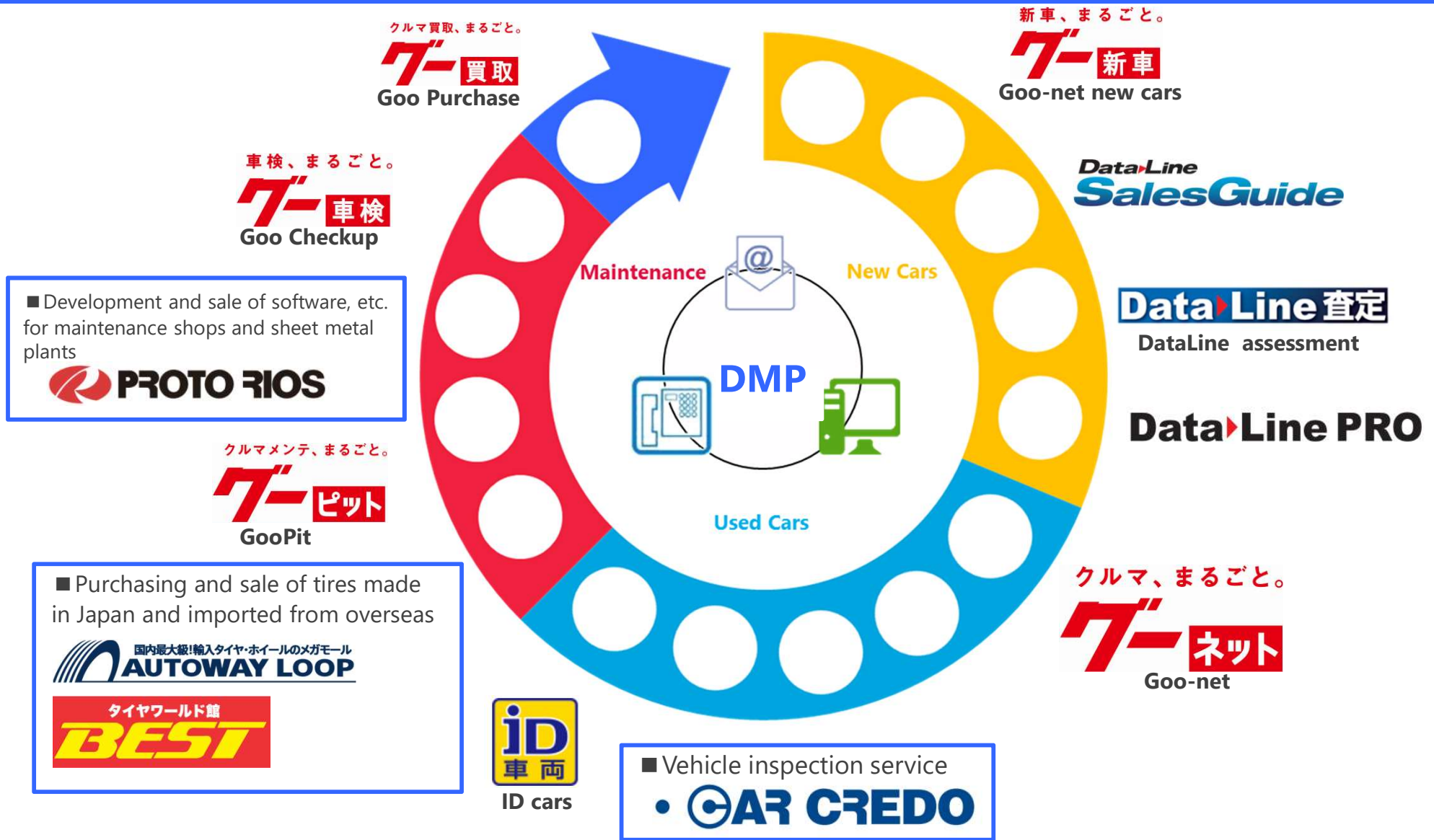
Business strategy
Creation of Goo Life Time Value
To organically combine the activities in the business domains
of new and used cars and maintenance

Term ending Mar. 2019
to
Term ended Mar. 2017

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

To establish a sure position in each business domain

Business strategy “Creation of Goo Life Time Value”



We will actualize comprehensive support for car users by organically combining Goo-net, GooPit, and Goo-net new cars.

Prioritized items in the term ending Mar. 2019

1. Used car domain

→ Improvement in profitability

- To increase affiliated shops of Goo-net
- To reform the cost structure
(To improve productivity by reducing the cost for paper media and utilizing CRM)

2. New car domain

→ Enhancement of growth potential

- To increase dealers that have installed DataLine SalesGuide
- To enhance the support for the business administration of new car dealers (the upgrade of DataLine SalesGuide, the strengthening of Goo-net new cars, etc.)

3. Maintenance domain

→ Enhancement of growth potential

- To increase fee-charging affiliated shops of GooPit
- To establish infrastructure for sending car users
(increase of affiliated shops for attracting customers and shops that could accept customers)

4. Domain of sale of goods

(Export of tires and used cars)

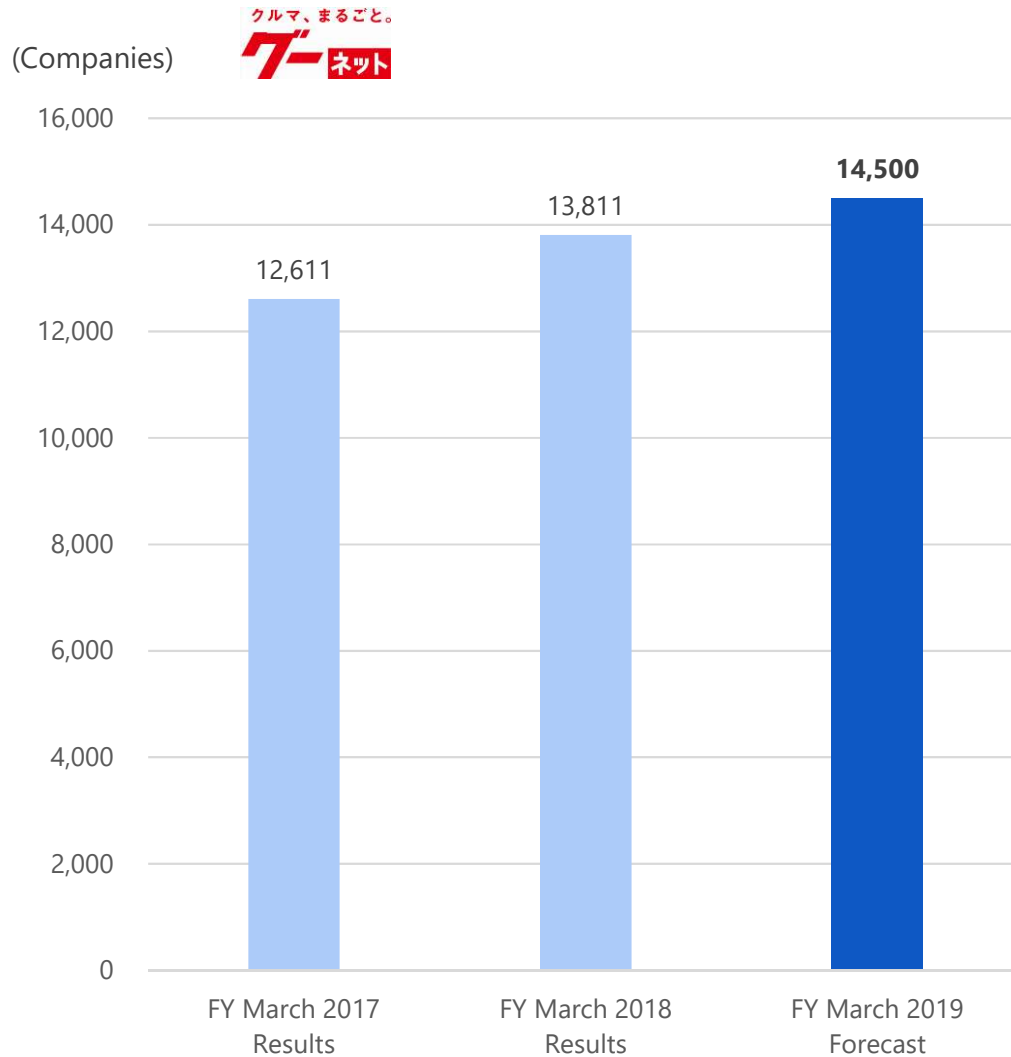
→ Improvement of profitability

- Tires: To increase sales volume with MOTOR GATE Shopping
- Export of used cars: To improve profitability by revising transaction conditions

To reform the business structure for expanding revenue

1.Used cars field

■ No. of Affiliated companies of Goo-net

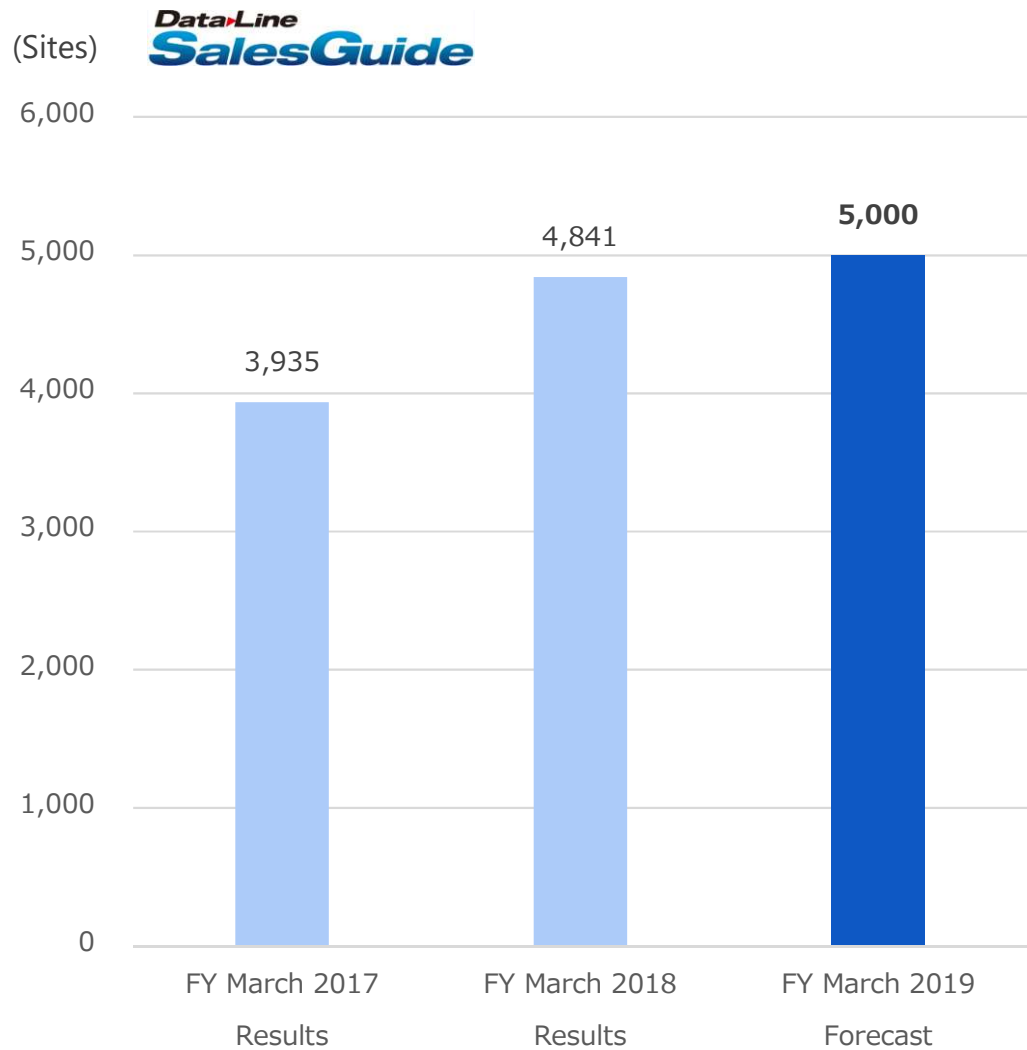


- To increase affiliated companies of Goo-net
- To reform the cost structure of paper media
- To enhance productivity by utilizing CRM
- To strengthen ID Cars (which discloses vehicle states)

To improve profitability by increasing affiliated companies of Goo-net and reforming the cost structure

2. New cars field

■ No. of Affiliated sites of DataLine SalesGuide

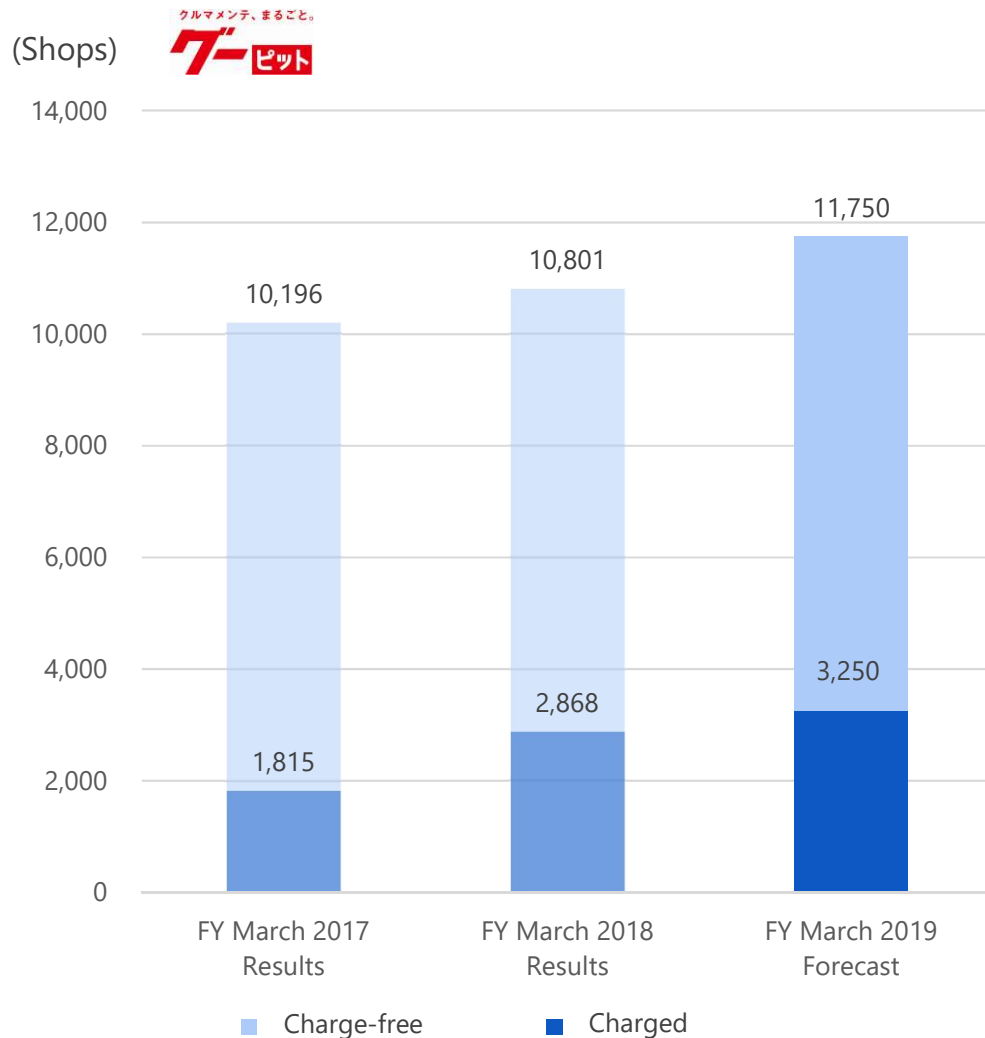


- To increase dealers that have installed DataLine SalesGuide
- To upgrade DataLine SalesGuide
- To enhance the support for the business administration of new car dealers (strengthening of Goo-net new cars and provision of promotional goods)

To improve growth potential by upgrading DataLine SalesGuide and strengthening Goo-net new cars

3.Maintenance Field

■ No. of Affiliated shops of GooPit



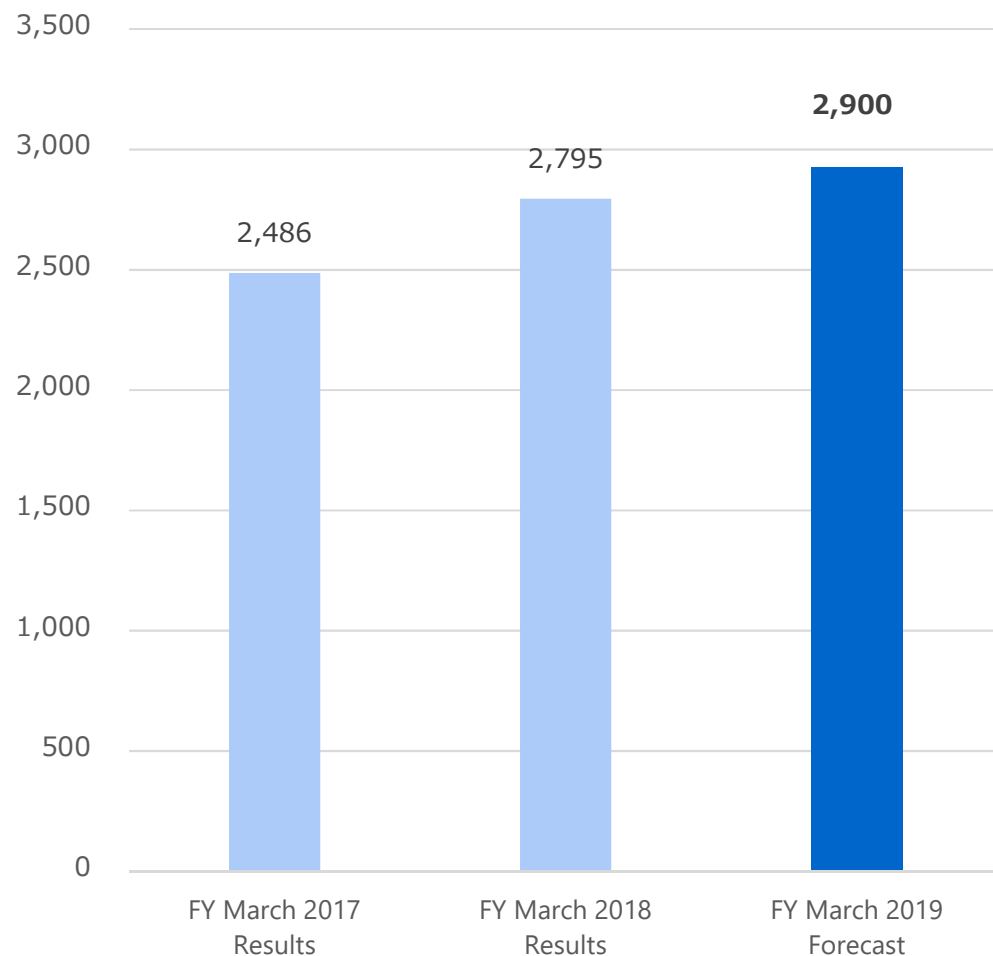
- To increase (charged shops) affiliated shops of GooPit
- To enrich the content of GooPit
- To establish infrastructure for sending car users
Based on Goo Checkup and GooPit auto parts installation service, we will engage in the following activities:
 - “To increase shops for accepting customers”
 - “To attract more car users”
 - “To enrich our product lineup”

We will increase (charged shops) affiliated shops and establish infrastructure for sending car users

4.Sale of goods field (Tires and Used cars Export)

■ Sales volume of tires (total in the corporate group)

(Unit:1,000)



■ Tires

- Strengthening of MOTOR GATE Shopping (increase of the ratio of active used car dealers and maintenance shops)
- Enhancement of marketing targeted at corporations





■ Export of used cars

- To revise the transaction conditions with unprofitable business partners
- Decrease of volume of export to Myammer

To improve profitability by increasing the sales volume of tires and with the revision to the transaction conditions for export of used cars

Appendix

Segment details

Segment details	
<p>■ Automobile-related(Main Product)</p> <p>■ Ad-related</p> <p>Used Cars Internet option product such as Goo-net (MOTOR GATE,GooPurchase,etc)</p> <p>Used Cars Basic advertisement fee (Web,Magazine), Sale of information magazines</p> <p>Maintenance Internet option product such as Goopit</p> <p>■ Information and services</p> <p>New Cars PROTO CORPORATION (DataLine SalesGuide,DataLine)</p> <p>Used Cars PROTO CORPORATION (Goo-inspection, Goo Warranty)</p> <p>Maintenance PROTO CORPORATION (Goo Checkup)</p> <p>Maintenance PROTO-RIOS(Quotation system for maintenance shops)</p> <p>■ Sale of goods</p> <p>AUTOWAY and TIRE WORLD KAN BEST (EC:Tires and Wheels) Kings Auto(Export of used cars), Bike Bros(EC:Bike parts) PROTO CORPORATION(Sale of goods)</p>	<p> MOTOR GATE</p> <p>■ Ad-related Goo-net GooPit GooBike</p> <p>Mostly occupied by the monthly fees of MOTOR GATE and advertisement income through Goo-net.</p> <ul style="list-style-type: none"> Used car dealers (Japan): Market share in terms of the number of business partners is 41.5% (13,811 companies). Maintenance shops (Japan): Market share in terms of the number of business partners is 11.7% (10,801 shops). <p>■ Information and services </p> <p>Sales are mainly from monthly fees of DataLine for new car dealers and maintenance metal coating system.</p> <ul style="list-style-type: none"> New car dealers (Japan): Market share in terms of the number of business partners is 32.6% (4,841 locations). <p>■ Sale of goods </p> <p>Sales are mainly from the e-commerce sales of tires and wheels and importing used cars.</p> <ul style="list-style-type: none"> MOTOR GATE active shopping rate: 11.5%
<p>■ Lifestyle-related </p> <p>PROTO MEDICAL CARE(Sales of ads, rental welfare goods, etc)</p> <p>PROTO CORPORATION (Information of culture lesson, reuse, etc)</p>	<p>Sales are mainly from advertisement income related to nursing and welfare and rental sales of welfare equipment.</p>
<p>■ Real Estate PROTO CORPORATION (Income from the rental of real estate)</p>	<p>Sales are mostly from rent income of the non-operational floors of our own building.</p>
<p>■ Other Business PROTO SOLUTION (Business Process Outsourcing, etc) AUTOWAY (Solar power generation) PROTO CORPORATION (Agricultural business)</p>	<p>Sales are mostly from the BPO business.</p>

Outline of our major services by business domain

<Used car dealer>

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

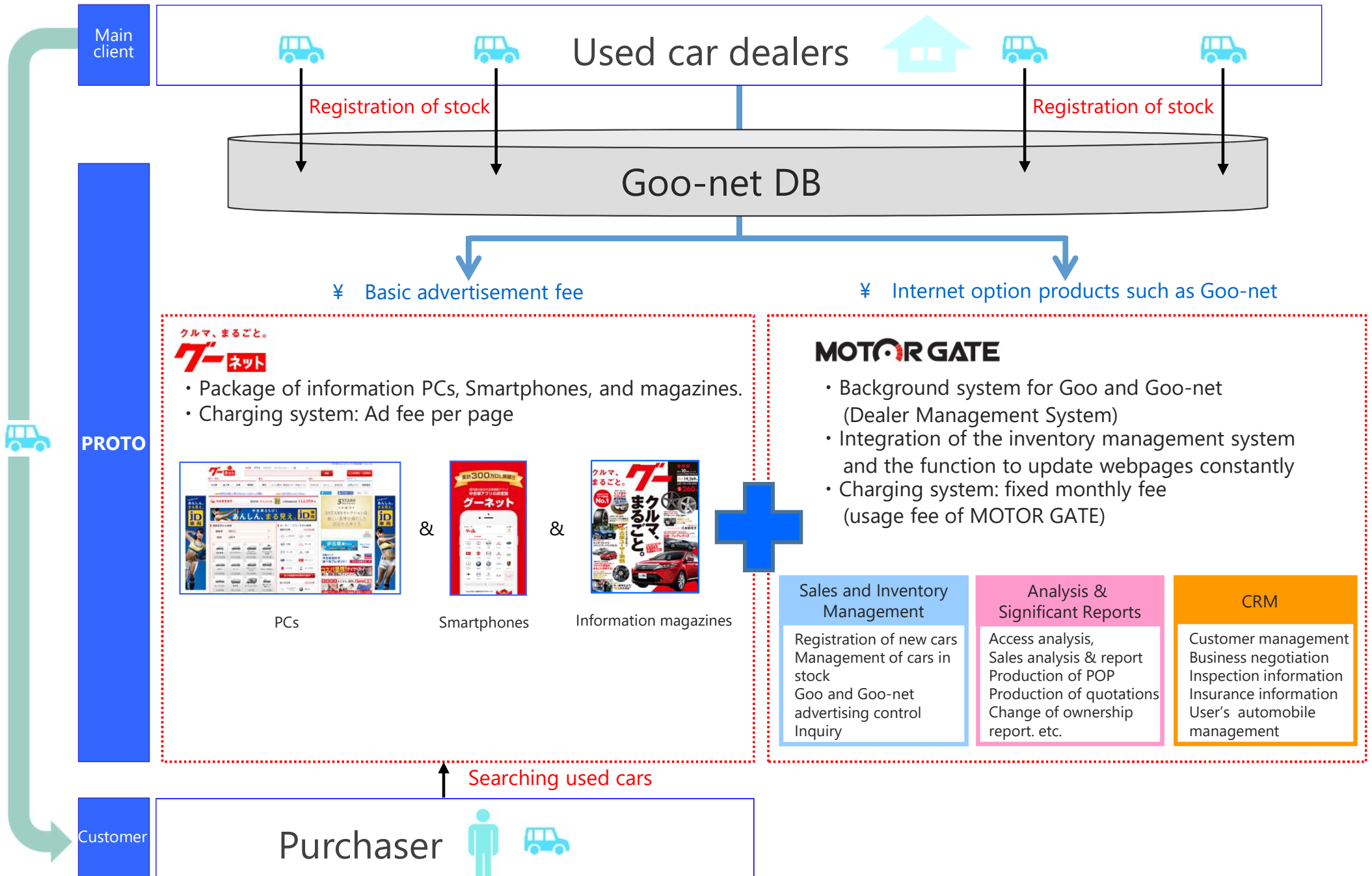
<Maintenance shop>

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

<New car dealer>

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

Used car dealers: Business model of Goo and MOTOR GATE



Used car dealers: Business model of Goo-Inspection

Main client



Used car dealers



¥ Inspection fee

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



Goo鑑定の概要と図解 (一例)



Goo-inspection Three points

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



PROTO (CAR CREDO)

Searching used cars

Customer

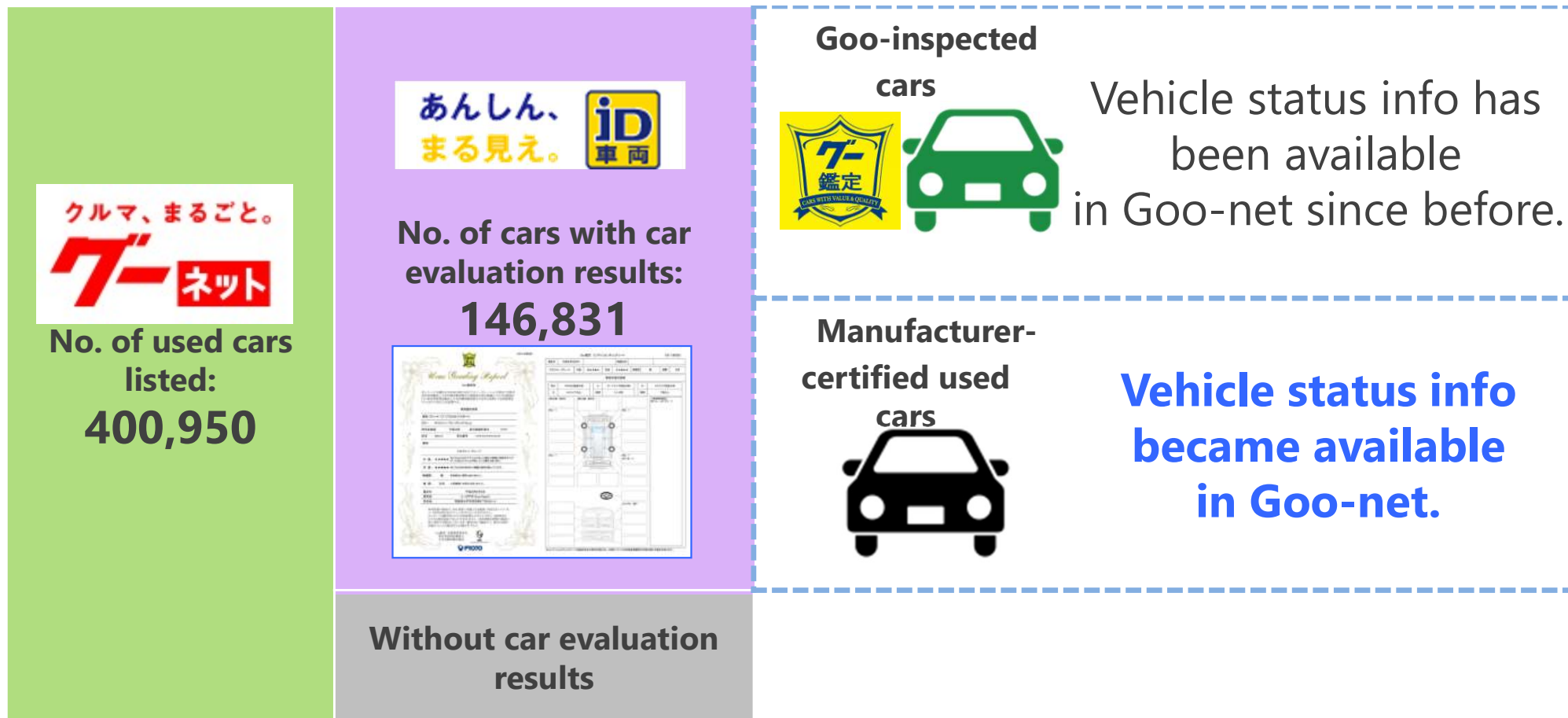
Purchaser



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

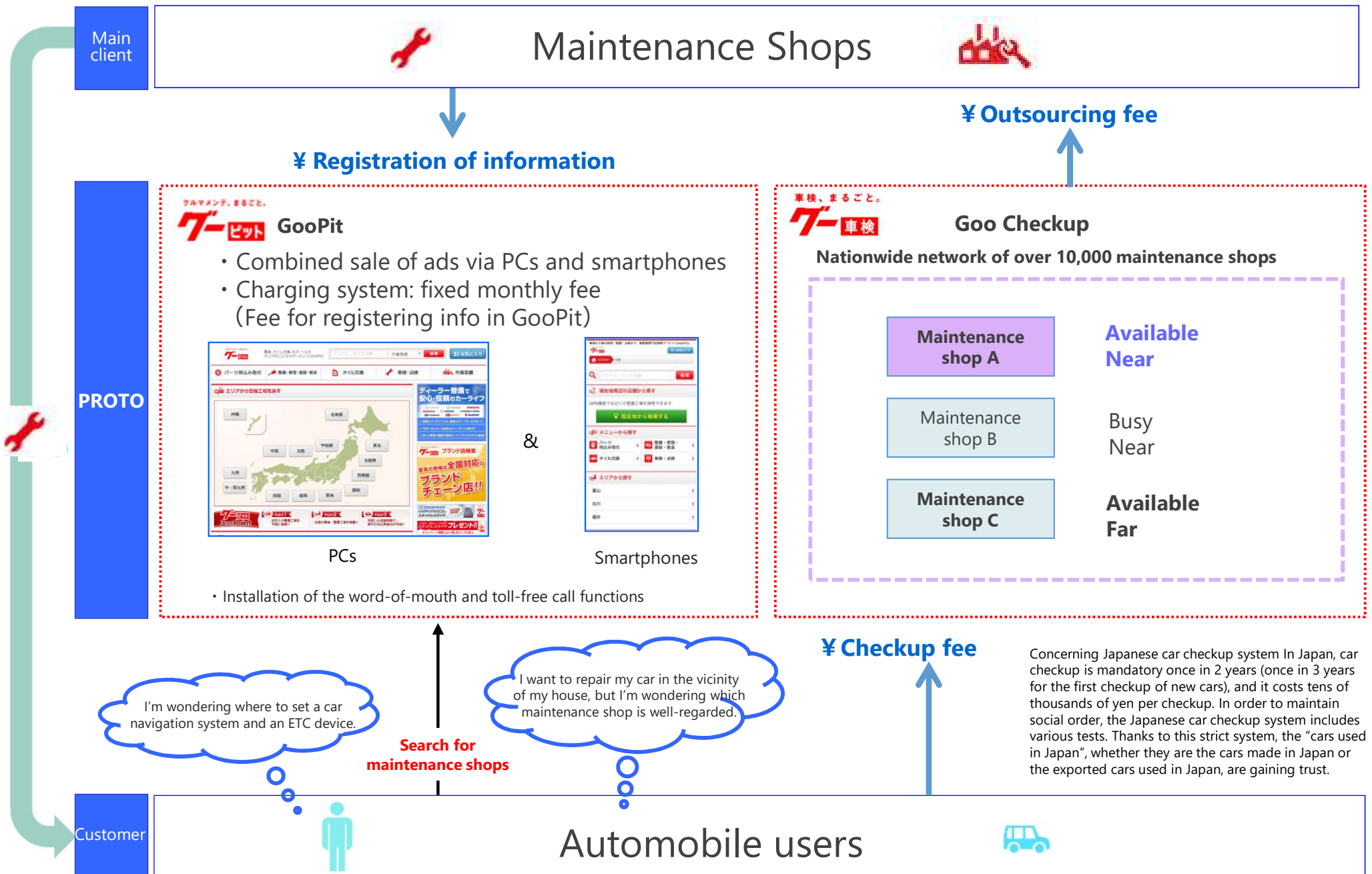


※For reference: No. of cars whose status info has been disclosed by competing media: 39,307

(as of April 23, 2018)

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

Maintenance Shops: Business model of GooPit and Goo Checkup



New car dealers: Business model of DataLine SalesGuide

Main client



New car dealers



¥ Usage fee of DataLine SalesGuide

DataLine SalesGuide

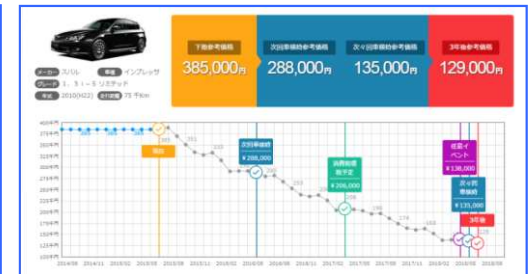
- Charging system: fixed monthly fee
- We promote the replacement to new car by presenting a rough estimate of both the current value and future value of a car during the negotiation with user.



Cost comparison suggestion function



Future forecast graph function (future price)



POP function for replacement



Replacement simulation function



PROTO

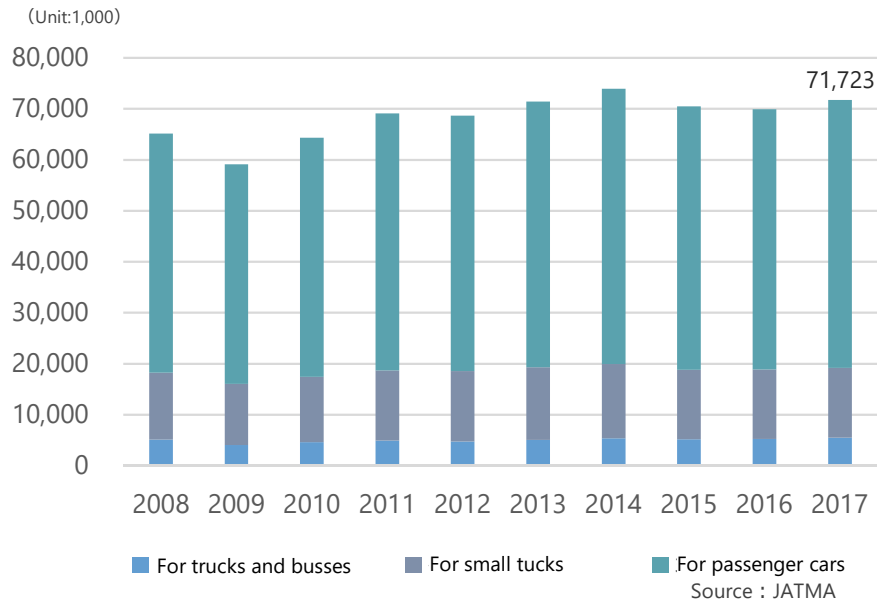
Customer

Automobile users



Sale of goods: Overview of the Domestic Tire Market

■ Number of replacement tires sold in Japan (four-wheel)



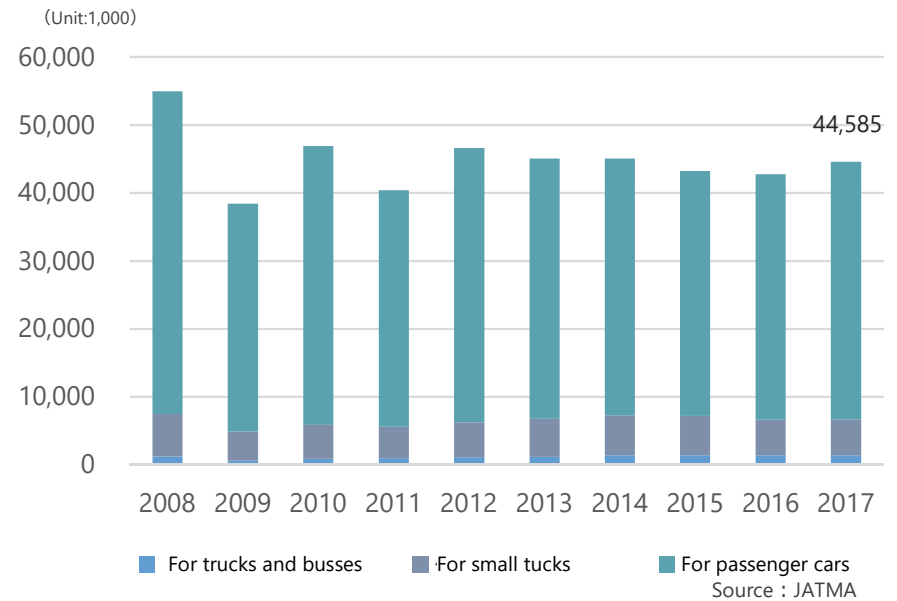
1. Stable market where about 70 million wheels are sold per year.

High correlation with the number of cars owned.

2. Retail market with segmented players

Car goods store, Used car dealer, SS, etc.

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



1. On a gradual downward trend.

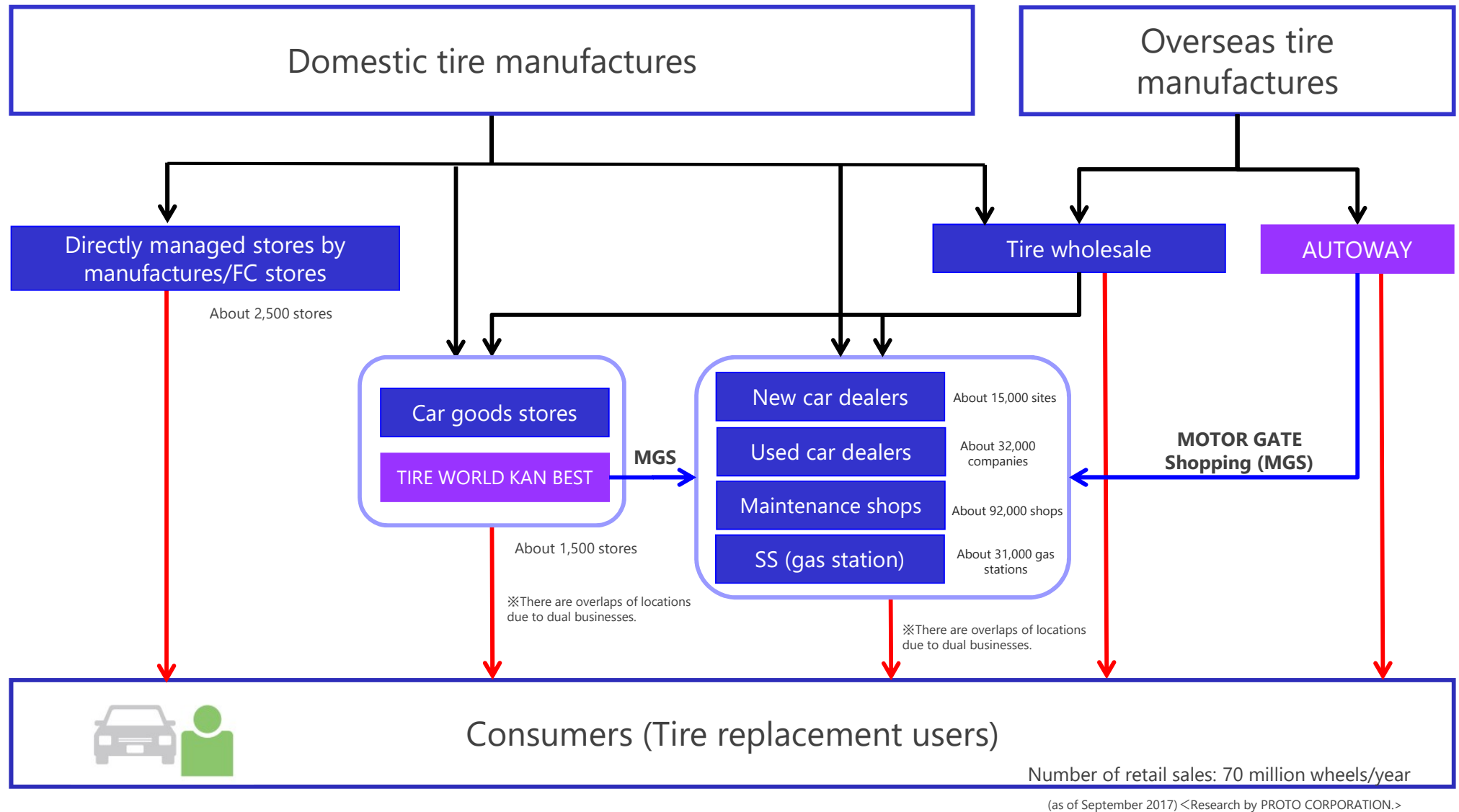
High correlation with the number of new cars sold.

2. Direct business between car manufactures and tire manufactures.

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

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

Sale of goods: Distribution structure of the replacement tire market in Japan



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

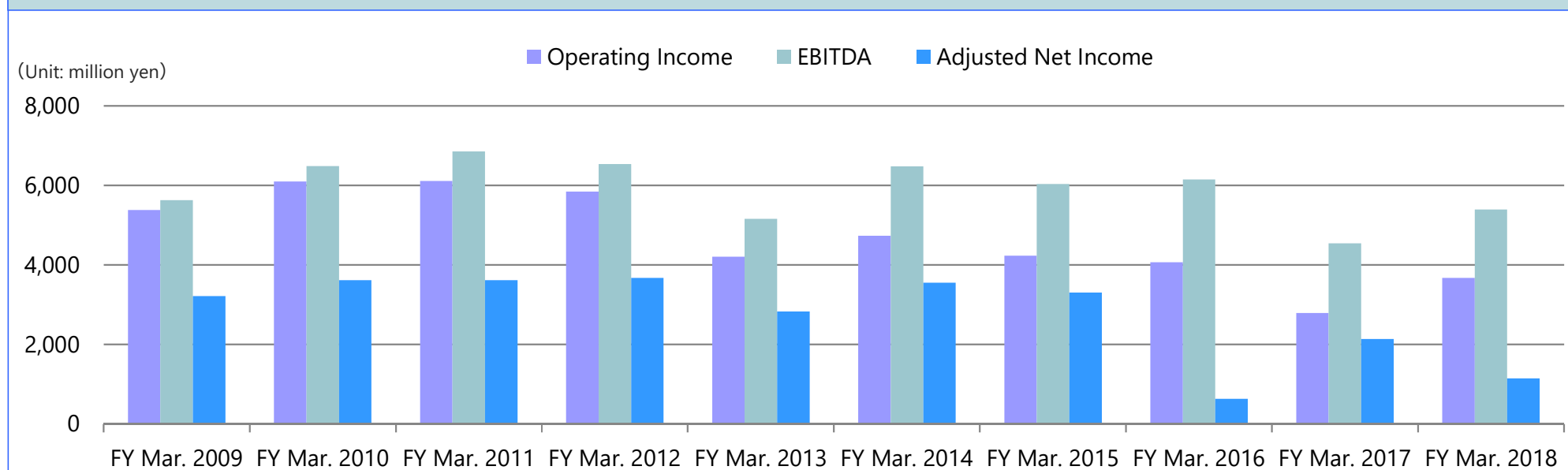
Operating Results 10-year Summary

[unit: million yen]	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	FY2018 March Results
Net Sales	23,657	25,682	28,779	30,582	38,287	54,761	48,602	54,297	56,717	62,111
Operating Income	5,384	6,098	6,111	5,846	4,209	4,735	4,233	4,071	2,795	3,674
Net Income	3,187	3,529	3,197	3,275	2,290	2,627	2,381	(390)	1,506	519
EBITDA*1	5,628	6,490	6,856	6,540	5,161	6,483	6,039	6,149	4,547	5,396
Adjusted Net Income*2	3,223	3,621	3,620	3,680	2,836	3,555	3,308	641	2,145	1,151
Depreciation	207	299	322	288	404	819	879	1,046	1,113	1,089
Amortization of Goodwill	36	91	422	405	546	928	926	1,032	638	632

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

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

Annual Transition of Operating Income/EBITDA/Adjusted Net Income



Operating Results 10-year Summary(Segment)

Sales [unit: million yen]	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	FY2018 March Results
Automobile-related	21,889	22,858	25,566	26,704	33,687	50,138	44,056	49,486	51,025	56,100
Ad-related	19,419	19,511	20,558	20,579	21,163	21,412	21,593	21,006	21,231	21,618
Information and services	2,232	2,818	3,083	3,312	3,749	4,464	4,546	5,087	4,893	5,053
Sales of goods	237	528	1,923	2,813	8,774	24,262	17,915	23,392	24,899	29,429
Lifestyle-related	1,345	2,286	2,616	3,470	3,837	3,541	3,393	3,466	4,236	4,370
Real Estate	194	205	181	166	163	167	164	162	187	213
Other Business	227	332	415	240	597	913	988	1,182	1,268	1,426
Total	23,657	25,682	28,779	30,582	38,287	54,761	48,602	54,297	56,717	62,111

Operating Income [unit: million yen]	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	FY2018 March Results
Automobile-related	7,034	7,590	7,281	7,272	5,916	6,217	5,624	5,277	3,939	4,933
Lifestyle-related	62	162	301	228	131	248	338	307	478	370
Real Estate	70	105	104	83	85	69	96	109	147	170
Other Business	(80)	(35)	(91)	(149)	(323)	(140)	(94)	(66)	(136)	(71)
Management Division	(1,701)	(1,725)	(1,484)	(1,589)	(1,599)	(1,659)	(1,732)	(1,554)	(1,633)	(1,728)
Total	5,384	6,098	6,111	5,846	4,209	4,735	4,233	4,071	2,795	3,674

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, 2018)
Shares Outstanding	20,940,000 shares (As of March 31, 2018)
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: 1,579 (As of March 31, 2018) Parent: 624 (As of March 31, 2018)
Stock Exchange Listing	Tokyo Stock Exchange JASDAQ Standard (Listed on September 12, 2001)
Subsidiary	<ol style="list-style-type: none"> 1. AUTOWAY Co., Ltd. (Full subsidiary since April 2013) 2. TIRE WORLD KAN BEST CO., LTD. (Full subsidiary since April 2015) 3. Bike Bros. Inc. (Full subsidiary since April 2010) 4. Kings Auto Co., Ltd. (Full subsidiary since April 2012) 5. PROTO-RIOS INC. (Full subsidiary since October 2002) 6. CAR CREDO Co., Ltd. (Full subsidiary, established in February 2012) 7. CAR BRICKS Co., Ltd. (Shareholder ratio 66% ,established in May 2017) 8. PROTO MEDICAL CARE (Full subsidiary since October 2009) 9. MARUFUJI (Full subsidiary since January 2016) 10. SILVER HEART (Full subsidiary since January 2016) 11. PROTO SOLUTION Co., Ltd. (Full subsidiary, established in April 2007) 12. OKINAWA CALL STAFF SERVICE Co., LTD (Full subsidiary since October 2017) 13. PROTO MALAYSIA Sdn. Bhd. (Full subsidiary since September 2011) 14. PROTO (TAIWAN) CO., LTD. (Full subsidiary, established in December 2011) 15. CAR CREDO MALAYSIA SDN. BHD. (Full subsidiary, established in August 2015)

(As of March 31, 2018)



Our magazine was first issued in 1977

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

Future Outlook

The IR information in this document includes a future outlook.

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

For Inquiries

PROTO CORPORATION

IR staff: Suzuki, Corporate planning department

Takabayashi, Corporate planning department

Tel: +81-52-934-1519

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