

## Questions and Answers

Date: November 5, 2018 (Mon) 10 : 30~11 : 30  
Place: OTEMACHI 1<sup>st</sup> SQUARE CONFERENCE Room D, Tokyo  
Speaker: Mr. Kenji Kamiya, President  
Mr. Akito Ode, Executive Officer  
Mr. Takehito Suzuki, General Manager, Corporate Planning Department

※The following is the content of the questions and answers at the financial results briefing. Some parts have been added and corrected for making them more understandable.

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### • Regarding the full-year earnings forecast for the term ending March 2019

Q. With regard to the business performance in the second half of the term ending March 2019, it is projected that, year on year, sales will remain at almost the same level and operating income will grow. Could you tell us about the factors?

A. The main factor behind the sales staying almost flat is the downward revision to the second-half sales estimate of TIRE WORLD KAN BEST CO., LTD., which we have made taking the actual business results in the first half into account.

Meanwhile, the reason for the rising operating income is that we are striving to improve profitability mainly by reducing unprofitable sales, such as revenue coming from flyers, and focusing more on boosting sales in the core businesses, including revenue from advertising and usage fees.

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### • Regarding growth potential of GooPit

Q. Please tell us about your future outlook for an increase in the number of fee-charging affiliated shops, and the sustainability of the monthly-basis surplus of GooPit.

A. Regarding GooPit, in addition to the improvement in the sales method in the previous term, with steady development of our ability to lure customers and our evaluation, we have successfully increased the number of fee-charging affiliated shops. We are expecting that, our advertising business will eventually cover around 5,000 to 6,000 maintenance shops. Furthermore, concerning the sustainability of surplus in the advertising business for GooPit, although we may run into the red in the short term due to irregular events, basically, we are pleased to report that our company has successfully formed a base for moving GooPit business into the black.

In conclusion, our company would like to strive to double the number of fee-charging affiliated shops, compared to the current number, in the advertising business for GooPit; however, more importantly, we consider it as the top priority to strengthen our matching and sharing capabilities in the customers sending service, which is the point that we would like you to hold expectations for.

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### • Regarding the earnings structure of PROTO CORPORATION

Q. Do the sales and operating income of PROTO CORPORATION heavily rely on top customers?

A. We consider our reliance on top clients to be extremely weak, and we believe that the actual number of corporations with which our company conducts transactions has proven how diverse our revenue base is.

• **Regarding the market environment**

Q. I feel an oligopoly advancement by leading used car dealers in the used car sale field. Could you tell us about its impact on PROTO's business performance?

A. It is true that major used car dealers are getting larger share in the field; however, even amid the advancing oligopoly, our company entices new customers, raising the number of corporations with which we conduct transactions. Although it is predicted that the number of players in the field will decrease in the medium and long term, we would like to increase our company's share under such circumstances. At this juncture, there are risks regarding the impact of the oligopoly by leading used car dealers, but, taking various matters into account, including the growing number of new players in the field, we consider the significance of the impact is limited.

Furthermore, our company has expanded the business areas, ranging from used cars to maintenance and new cars. Anticipating that boundaries between the services, which are used cars, maintenance, and new cars, will blur in the future, we will go ahead with expanding our business areas and raising the number of client corporations in a bid to make a platform capable of providing a one-stop service in the car field.

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• **Regarding the lifestyle-related segment**

Q. Please tell us about the future outlook for the lifestyle-related segment.

A. I am in my fifth year of assuming the position of president. Our company currently concentrates management resources on the car segment, because, first of all, we would like to expand the business areas after securing a position for our car segment.

PROTO MEDICAL CARE, which engages in the advertising business for the nursing care, medical services, and welfare fields, currently plays a central role in the lifestyle-related segment. Thus, we will endeavor to grow business with a focus on PROTO MEDICAL CARE when enhancing the segment.