

# Investor Meeting for the Fiscal Year Ended March 2020

**PROTO CORPORATION**

**May 14, 2020 (Investor Meeting May 20, 2020)**



# Overview of FY March 2020

## ■ Overview of the Business Performance (FY March 2020)

ROE	16.7 %	+ 5.0 point
Sales	59,127 million yen	(5.0% y/y)
Gross Profit	24,406 million yen	+ 2.4% y/y
EBITDA	6,455 million yen	+ 9.0% y/y
Operating income	5,136 million yen	+ 12.5% y/y
Ordinary income	5,354 million yen	+ 7.0% y/y
Net income	4,991 million yen	+ 58.0% y/y

## ■ Topics

- Sales: declined (mainly due to the decline in sales of goods [the decrease in sales of Kings Auto Co., Ltd., the withdrawal of Bike Bros Inc. from unprofitable businesses and the decrease in sales of AUTOWAY Co., Ltd.] )
- Gross profit and operating income: increased  
(as profitability improved in the fields of used cars, new cars, and maintenance)
- Net income: increased (in addition to the above, about 1.8 billion yen was posted as gain on sale of fixed assets upon the relocation of the Tokyo headquarters, etc.)
- The impact of the new coronavirus (COVID-19) on the business performance for FY Mar. 2020 was limited
- Sales of AUTOWAY Co., Ltd. returned to normal in Feb. 2020  
Merchandise warranty Provisions for FY Mar. 2020 was 35 million yen (for wheel refund/exchange)
- Capital alliance with nanoconnect, Inc. (strengthening the AI domain) in Jan. 2020

# FY March 2020: Operating Results (1)

Consolidated Statements of Income [unit: million yen]	FY March 2019		FY March 2020			
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	Results(c)	Sales ratio
Net Sales	62,251	100.0%	62,431	100.0%	59,127	100.0%
Gross Profit	23,832	38.3%	24,689	39.5%	24,406	41.3%
EBITDA	5,920	9.5%	6,255	10.0%	6,455	10.9%
Operating Income	4,565	7.3%	4,916	7.9%	5,136	8.7%
Ordinary Income	5,004	8.0%	4,942	7.9%	5,354	9.1%
Net Income	3,159	5.1%	4,512	7.2%	4,991	8.4%
Net Income per Share(Yen)	78.75	-	112.41	-	124.33	-

※The forecast for the term ended Mar. 2020 were announced on July 31, 2019. (The same)

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

※For net income per share, the effects of the 2-for-1 stock split with the effective date being July 1, 2019 were taken into account.

YoY change		Achievement rate	
(c)-(a)	%	(c)-(b)	%
(3,123)	(5.0%)	(3,303)	(5.3%)
574	+2.4%	(282)	(1.1%)
535	+9.0%	199	+3.2%
571	+12.5%	220	+4.5%
349	+7.0%	412	+8.3%
1,831	+58.0%	478	+10.6%
45.58	+57.9%	11.92	+10.6%

[unit: million yen]	FY March 2019		FY March 2020			
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	Results(c)	Sales ratio
SG&A Expenses	19,267	31.0%	19,773	31.7%	19,270	32.6%
Employment Cost	7,871	12.6%	8,176	13.1%	7,721	13.1%
Advertising Cost	4,486	7.2%	4,660	7.5%	4,602	7.8%
Other Expenses	6,909	11.1%	6,935	11.1%	6,945	11.7%

YoY change		Achievement rate	
(c)-(a)	%	(c)-(b)	%
2	+0.0%	(502)	(2.5%)
(150)	(1.9%)	(455)	(5.6%)
116	+2.6%	(57)	(1.2%)
36	+0.5%	9	+0.1%

## Net Sales

Sales dropped mainly due to the decline in the export sales of used cars (sales of goods) by Kings Auto Co., Ltd., the withdrawal of Bike Bros Inc. from businesses (sales of goods and ad-related), the decrease in sales of tires and wheels (sales of goods) by AUTOWAY Co., Ltd.

## Operating Income

Operating income increased mainly due to the steady performance of PROTO CORPORATION's information and service businesses and PROTO-RIOS INC.

## Net Income

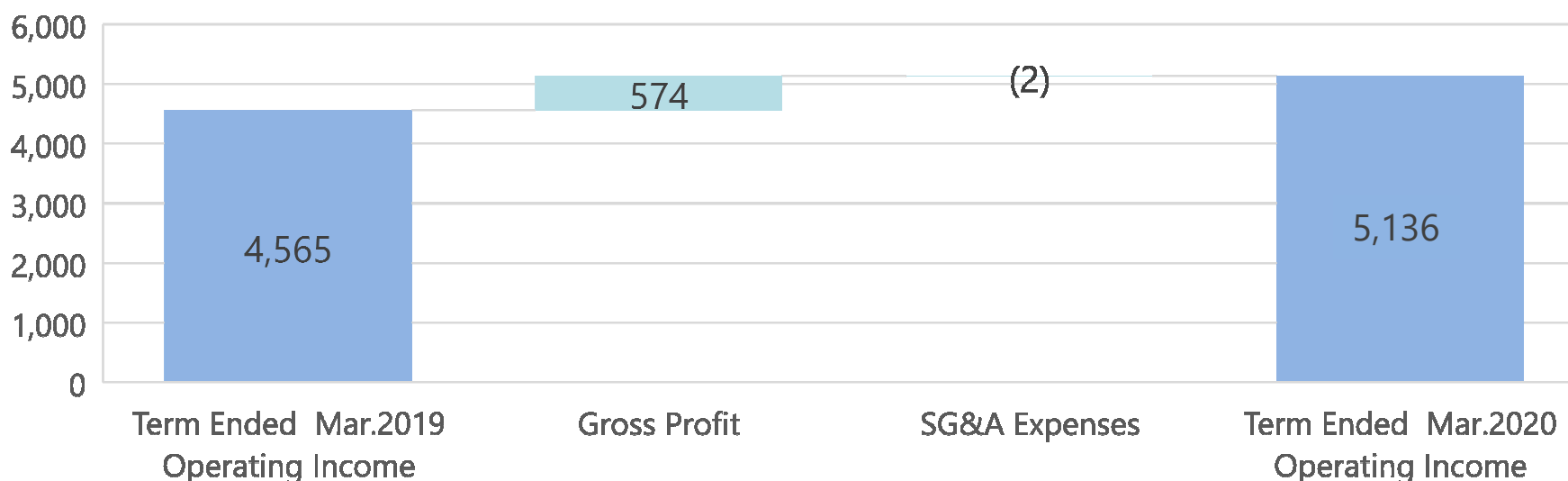
In addition to the above, net income increased due to the posting of gain on sale of fixed assets upon the relocation of Tokyo headquarters.

# FY March 2020: Operating Results (2)

## ■ Operating Income – Analysis of Primary Factors for Increase and Decrease

(Unit: million yen)

Primary Gross Profit Factors	+574	Primary SG&A Factors	(2)	Operating Income Increase and Decrease	+571
PROTO CORPORATION	+656	PROTO CORPORATION	(401)	PROTO CORPORATION	+255
PROTO-RIOS	+300	PROTO-RIOS	(42)	PROTO-RIOS	+258
AUTOWAY	(242)	AUTOWAY	(60)	AUTOWAY	(303)
TIRE WORLD KAN BEST	+191	TIRE WORLD KAN BEST	+13	TIRE WORLD KAN BEST	+205
Kings Auto	(64)	Kings Auto	+2	Kings Auto	(61)
(Bike Bros)	(402)	(Bike Bros)	+498	(Bike Bros)	+95
		Amortization of Goodwill	+8	Amortization of Goodwill	+8
<b>Mainly the sales growth and the improvement in profitability of PROTO CORPORATION, PROTO-RIOS, and TIRE WORLD KAN BEST contributed to the increase in profit. As for AUTOWAY, profit declined due to lagging sales of tires.</b>		<b>Mainly the decrease in SG&amp;A due to the withdrawal of Bike Bros. Inc. from business contributed.</b>		<b>Mainly the sales growth and the improvement in profitability of PROTO CORPORATION, PROTO-RIOS, and TIRE WORLD KAN BEST contributed to the increase in profit.</b>	



# FY March 2020: Operating Results by Segment

Net Sales [unit: million yen]	FY March 2019		FY March 2020			
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	Results(c)	Sales ratio
Automobile-related	56,167	90.2%	56,293	90.2%	52,870	89.4%
Ad-related	21,278	34.2%	21,639	34.7%	21,485	36.3%
Information and services	5,041	8.1%	5,074	8.1%	5,557	9.4%
Sales of goods	29,847	47.9%	29,579	47.4%	25,827	43.7%
Lifestyle-related	4,335	7.0%	4,331	6.9%	4,168	7.0%
Real Estate	195	0.3%	137	0.2%	160	0.3%
Other Business	1,553	2.5%	1,668	2.7%	1,928	3.3%
Total	62,251	100.0%	62,431	100.0%	59,127	100.0%

YoY change		Achievement rate	
(c)-(a)	%	(c)-(b)	%
(3,297)	(5.9%)	(3,423)	(6.1%)
206	+1.0%	(154)	(0.7%)
515	+10.2%	482	+9.5%
(4,019)	(13.5%)	(3,751)	(12.7%)
(166)	(3.8%)	(162)	(3.8%)
(34)	(17.7%)	22	+16.7%
375	+24.2%	259	+15.6%
(3,123)	(5.0%)	(3,303)	(5.3%)

Operating Income [unit: million yen]	FY March 2019		FY March 2020			
	Results(a)	Profit margin	Forecast(b)	Profit margin	Results(c)	Profit margin
Automobile-related	5,758	10.3%	6,524	11.6%	6,582	12.5%
Lifestyle-related	249	5.8%	138	3.2%	169	4.1%
Real Estate	193	99.0%	34	24.9%	135	84.2%
Other Business	57	3.7%	36	2.2%	58	3.1%
Management Division	(1,693)	-	(1,817)	-	(1,809)	-
Total	4,565	7.3%	4,916	7.9%	5,136	8.7%

YoY change		Achievement rate	
(c)-(a)	%	(c)-(b)	%
823	+14.3%	58	+0.9%
(80)	(32.2%)	30	+22.3%
(57)	(30.0%)	100	+294.3%
1	+2.9%	22	+62.9%
(115)	-	8	-
571	+12.5%	220	+4.5%

## Automobile-related information

Sales dropped, and profit grew: Sales dropped mainly due to the decline in sales of goods. Profit grew due to the increase in sales of DataLine SalesGuide, PROTO-RIOS INC. and others.

## Ad-related

The main factor for the sales growth was the steady performance of MOTORGATE and Goo-net Pit.

## Information and services

The main factor for the sales growth was the steady performance of DataLine SalesGuide and software sales by PROTO-RIOS INC.

## Sales of goods

The main factor for the sales drop was the decline in export sales of used cars by Kings Auto Co., Ltd., the withdrawal of Bike Bros Inc. from businesses (EC business), the decrease in sales of tires and wheels by AUTOWAY Co., Ltd.

## Lifestyle-related information

Sales and profit declined: The main factor was the transfer of the reuse business (Feb. 2019).

# FY March 2020: Consolidated Balance Sheet

[unit: million yen]	As of March 31, 2019		As of March 31, 2020	
	Results(a)	Ratio	Results(b)	Ratio
Current Assets	27,088	61.7%	28,231	63.1%
Fixed Assets	16,791	38.3%	16,494	36.9%
Current Liabilities	14,035	32.0%	11,268	25.2%
Long-term Liabilities	1,814	4.1%	1,524	3.4%
Net Assets	28,029	63.9%	31,932	71.4%
Total Assets	43,879	100.0%	44,726	100.0%

YoY change	
(b)-(a)	%
1,142	104.2%
(296)	98.2%
(2,766)	80.3%
(290)	84.0%
3,903	113.9%
846	101.9%

[unit: million yen]	As of March 31, 2019		As of March 31, 2020	
	Results(a)	Ratio	Results(b)	Ratio
Cash and cash equivalents	15,747	35.9%	18,057	40.4%
Interest-bearing debt	6,800	15.5%	3,469	7.8%
Net cash	8,947	20.4%	14,587	32.6%

YoY change	
(b)-(a)	%
2,309	114.7%
(3,330)	51.0%
5,640	163.0%

## Current Assets

The main factor for the increase was cash and cash equivalents growing 2,309 million yen through the sale of fixed assets, including the Tokyo headquarters.

## Fixed Assets

The main factor for the decline was the decrease in tangible fixed assets due to the sale of fixed assets such as the Tokyo headquarters.

## Current Liabilities

The main factor for the decrease was short-term debts (including current portion of long-term debts) decreasing by 2,941 million yen.

## Long-term Liabilities

The main factor for the decrease was long-term debts dropping by 388 million yen.

# FY March 2020: Consolidated Statements of Cash Flows

[unit: million yen]	FY March 2019	FY March 2020	YoY change
	Results(a)	Results(b)	(b)-(a)
Cash Flows from Operating Activities	3,807	6,014	2,206
Cash Flows from Investing Activities	(1,352)	401	1,754
Cash Flows from Financing Activities	(2,846)	(4,459)	(1,613)
Cash and Cash Equivalents at End of Term	15,356	17,336	1,980

[unit: million yen]	FY March 2019	FY March 2020	YoY change
	Results(a)	Results(b)	(b)-(a)
Investment Amount (Tangible/intangible fixed assets*)	1,728	2,025	297
Depreciation (Tangible/intangible fixed assets)	916	890	(26)
Amortization of Goodwill	437	429	(8)

\* 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 6,014 million yen, mainly because 7,139 million yen was posted as net income before taxes and other adjustments, and the depreciation free from spending and goodwill amortization totaled up to 1,319 million yen.

## Cash Flows from Investing Activities

There was an income of 401 million yen, mainly because there was a revenue of 3,588 million yen from the sale of tangible fixed assets, including the Tokyo headquarters.

## Cash Flows from Financing Activities

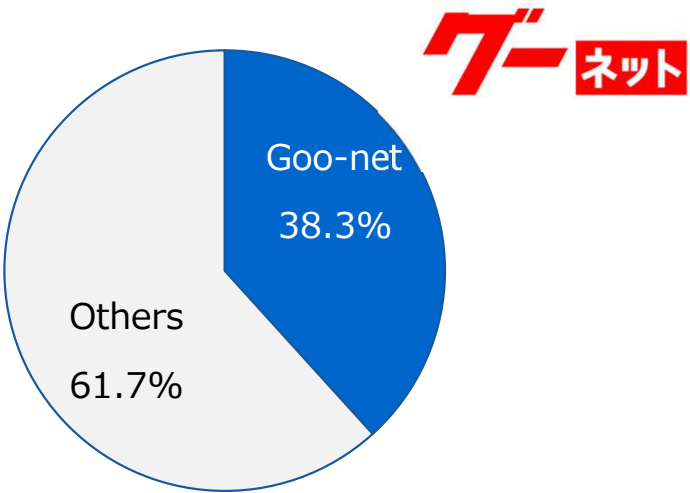
There was an expenditure of 4,459 million yen, mainly due to the repayment of debts of 3,330 million yen and a payment of dividends of 1,053 million yen.

# Used Cars Field No. of Affiliated companies of Goo-net(MOTOR GATE)

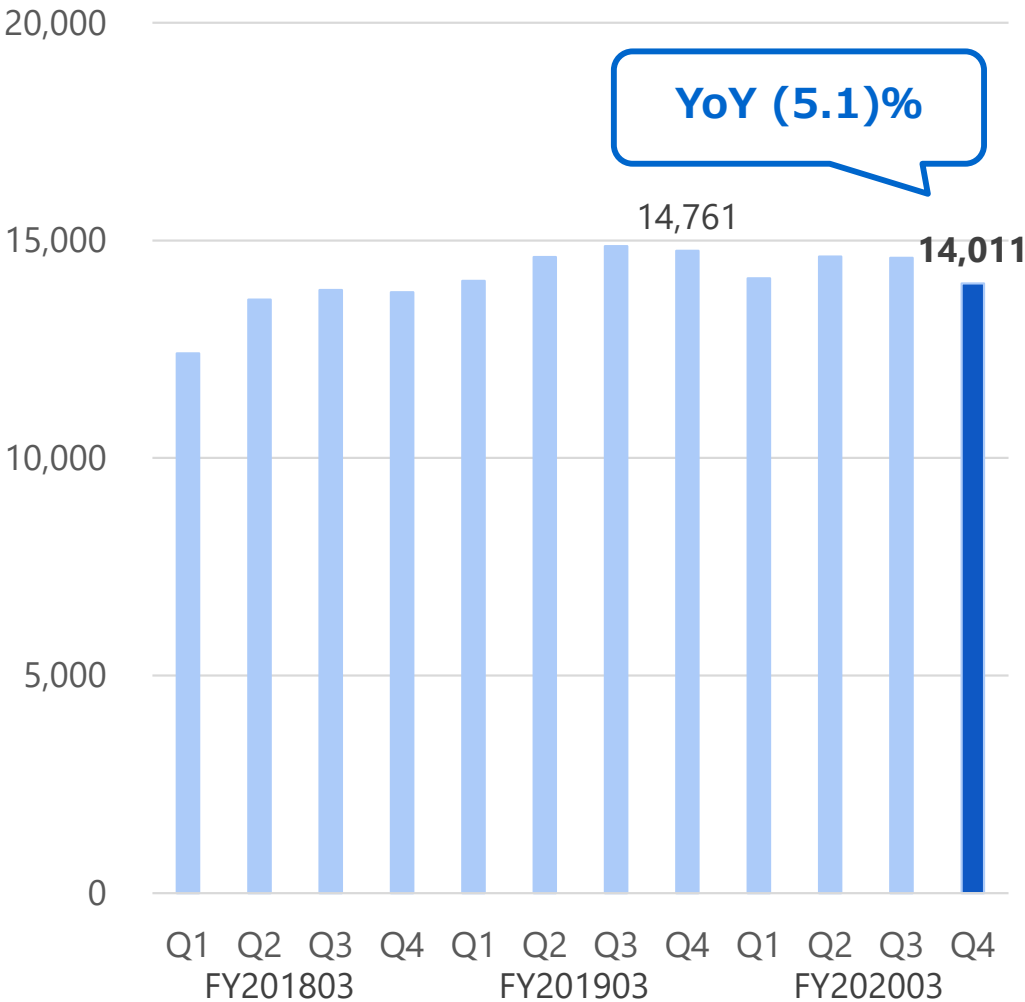
## No. of Affiliated companies of Goo-net(MOTOR GATE)

**Target market scale**  
**(36,600 companies)**

Source:  
Surveyed by our company



(Unit: Companies)



**The number of affiliated companies of Goo-net dropped (5.1)% year on year.**



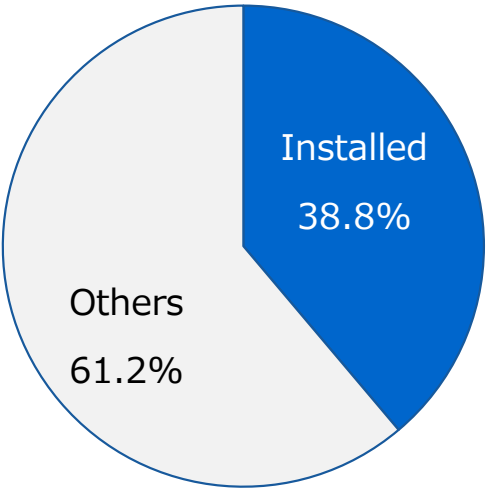
# New Cars Field No. of Affiliated sites of DataLine SalesGuide

## No. of Affiliated sites of DataLine SalesGuide

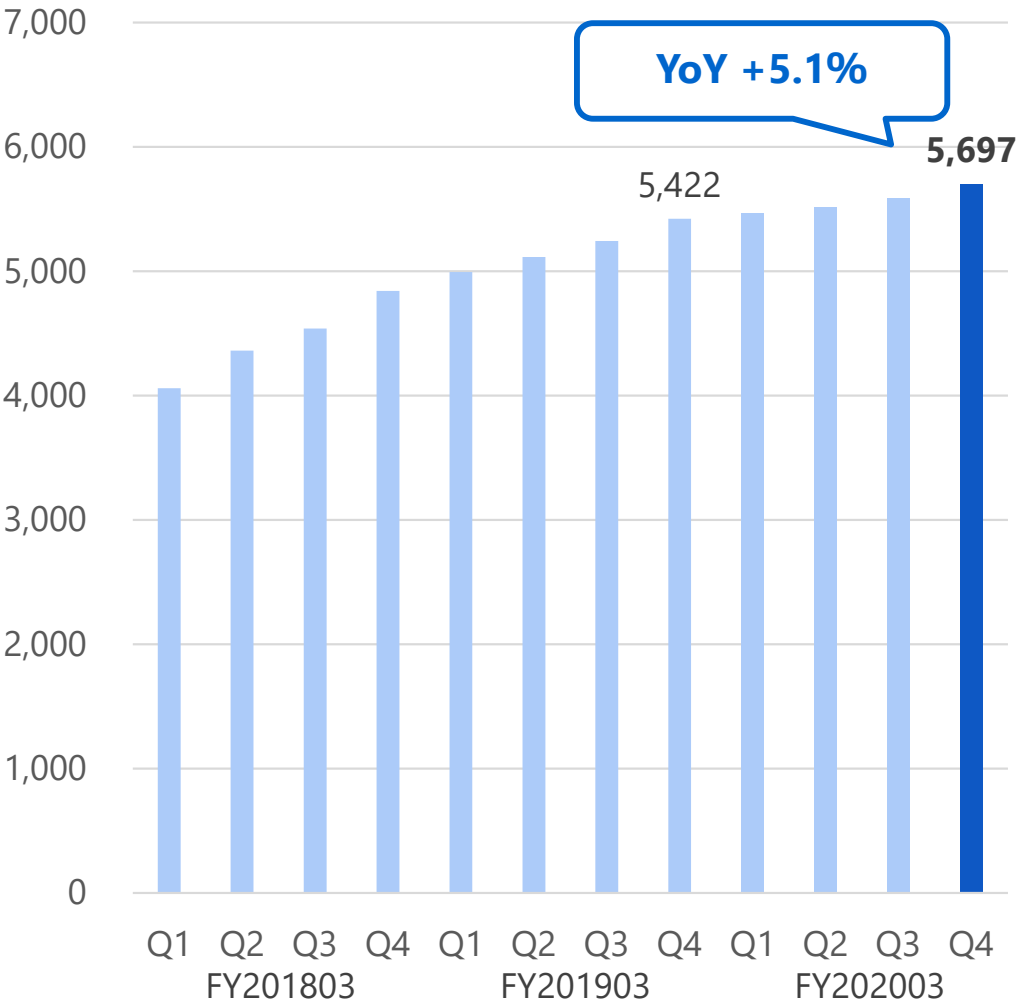
Total market scale  
(14,670sites)

Source:  
Japan Automobile Service  
Promotion Association

DataLine  
SalesGuide



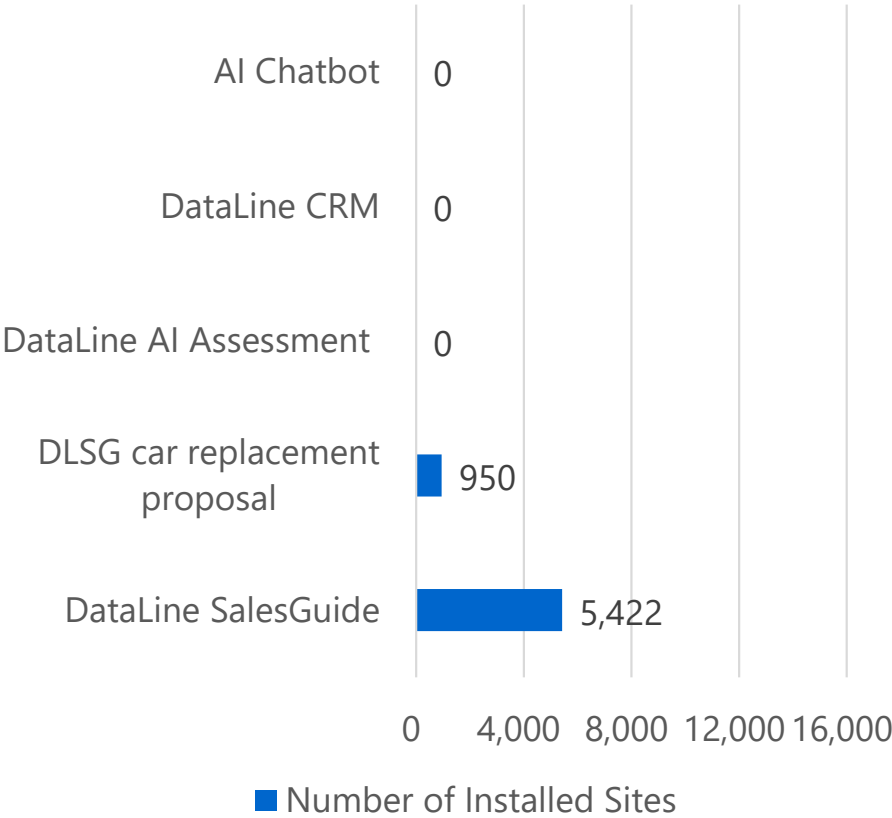
(Unit: Sites)



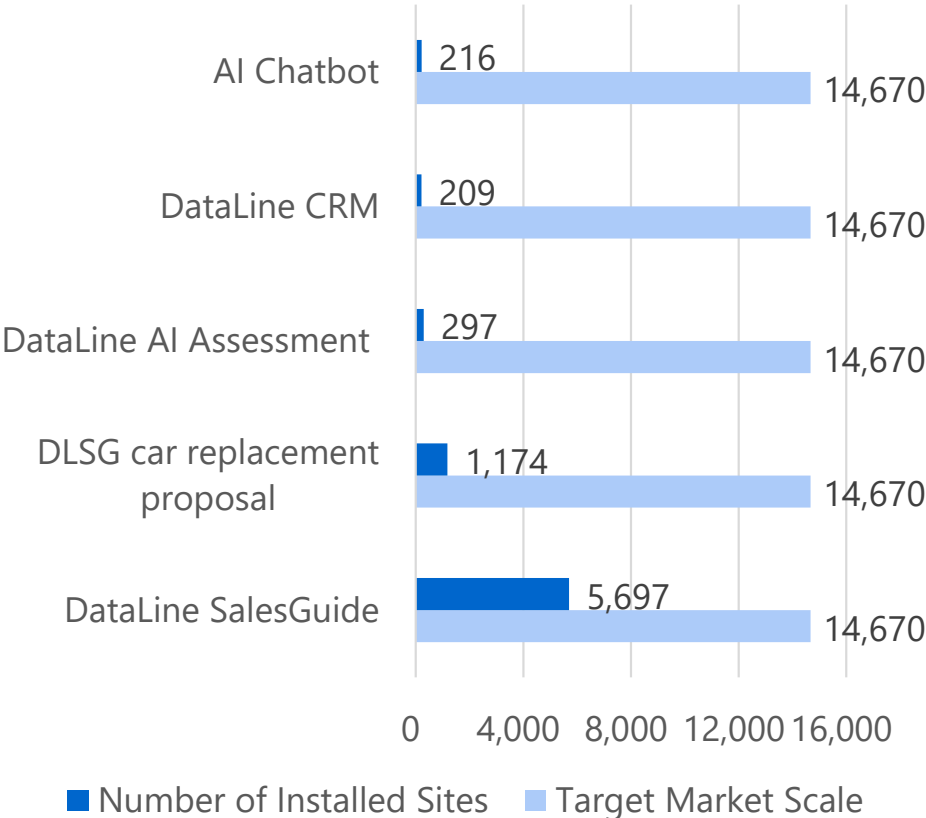
The number of dealers that have adopted DataLine SalesGuide increased 5.1% year on year.

# New Cars Field

Mar. 2019 (Results)



Mar. 2020 (Results)



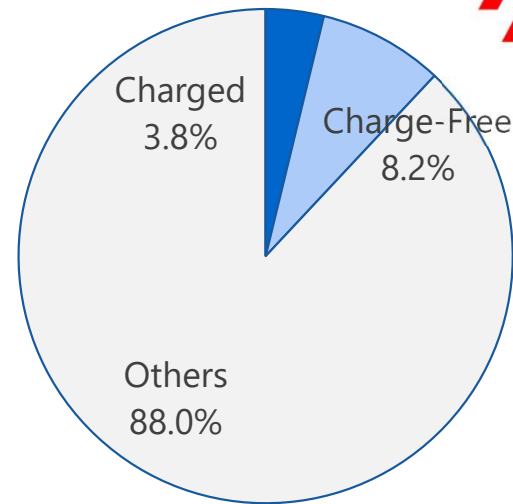
**To increase the number of dealers that have adopted our products or services  
And improve average spending per client, to grow our business in the field of new cars**

# Maintenance Field No. of Affiliated shops of Goo-net Pit

## No. of fee-charging Affiliated shops of Goo-net Pit

**Total market scale  
(91,788shops)**

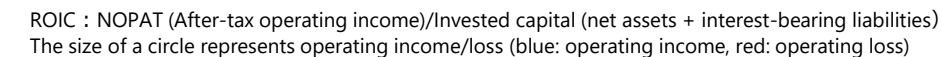
Source:  
Ministry of Land, Infrastructure,  
Transport and Tourism



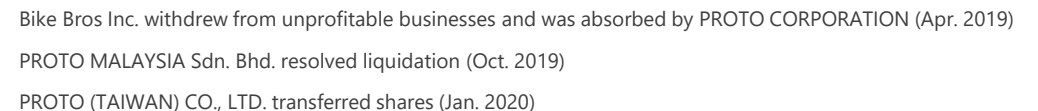
The number of fee-charging affiliated maintenance shops of Goo-net Pit increased 5.1%.

## Trends of the Business Portfolio

## FY March 2019



## FY March 2020



## Profitability improvement through review of our business portfolio

## **The impact of the new coronavirus and our company's measures**

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# Our measures against the new coronavirus (COVID-19)

## ■ Background

Feb. 27: The government requested the temporary closure of elementary, junior high, and high schools, etc. across Japan from Mar. 2 until the spring vacation

Mar. 11: The World Health Organization declared the pandemic of the new coronavirus

Mar. 25: Tokyo requested citizens to refrain from going out on weekends due to the critical phase of infection spread

Apr. 7: Declaring a state of emergency in seven prefectures, including Tokyo and Osaka

Apr. 16: The state of emergency was extended to include all prefectures

May 4: Extension of the state of emergency declaration announced.

## ■ Measures against the new coronavirus (regarding the employees in our company group)

- **From the end of Feb. 2020, in principle, we continued sales activities by switching to telephone and online sales**
  - Prohibition of overseas travel, business trips and large-scale meetings
  - Prohibition of small meetings and face-to-face appointments, etc.  
(Alternative means "phone calls and online meetings ")
  - The sales department is prohibited from conducting face-to-face sales activities with customers  
(Continuing sales activities through alternative means "phone calls and online meetings")
  - Staff of back-office departments telecommute in general

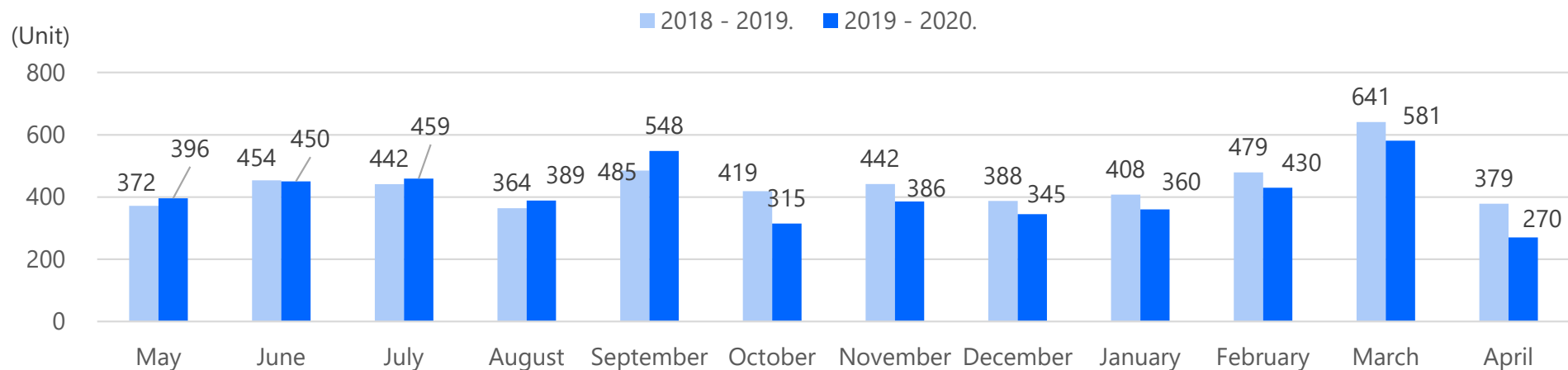
**We adopt online sales and telecommuting, to develop an environment where employees and business partners will not be infected**

# Regarding the impact of the new coronavirus (COVID-19)

## ■ Trends of users

- Refraining from going out
  - Decrease in the frequency of dealers visits
  - Increase of the number of unique users of "Goo-net" (hitting a record high in March 2020)
- Restriction on the use of public transportation
  - Increase of use of owned cars in cities
  - Growth of demand for low-cost used cars
  - Growth of demand for motorcycles

Monthly Sales of New Cars in Japan



**Due to the uncertainty caused by the COVID-19  
Users' willingness to spend is expected to decline.**

# Regarding the impact of the new coronavirus (COVID-19)

## ■ Trends of dealers of used cars and new cars

- April 2020: New cars sales down 30% y-o-y.
  - Shortening of business hours, temporary closure of some shops
  - Cancellation or postponement of campaigns and events, etc.
  - They refrain from conducting promotional activities using direct mails, flyers, etc.
- In MOTOR GATE, the posting of ads is curtailed
- The number of automobiles listed in “Goo-net” is record-high (as of the end of April 2020)

## ■ Trends of auction venues for used cars

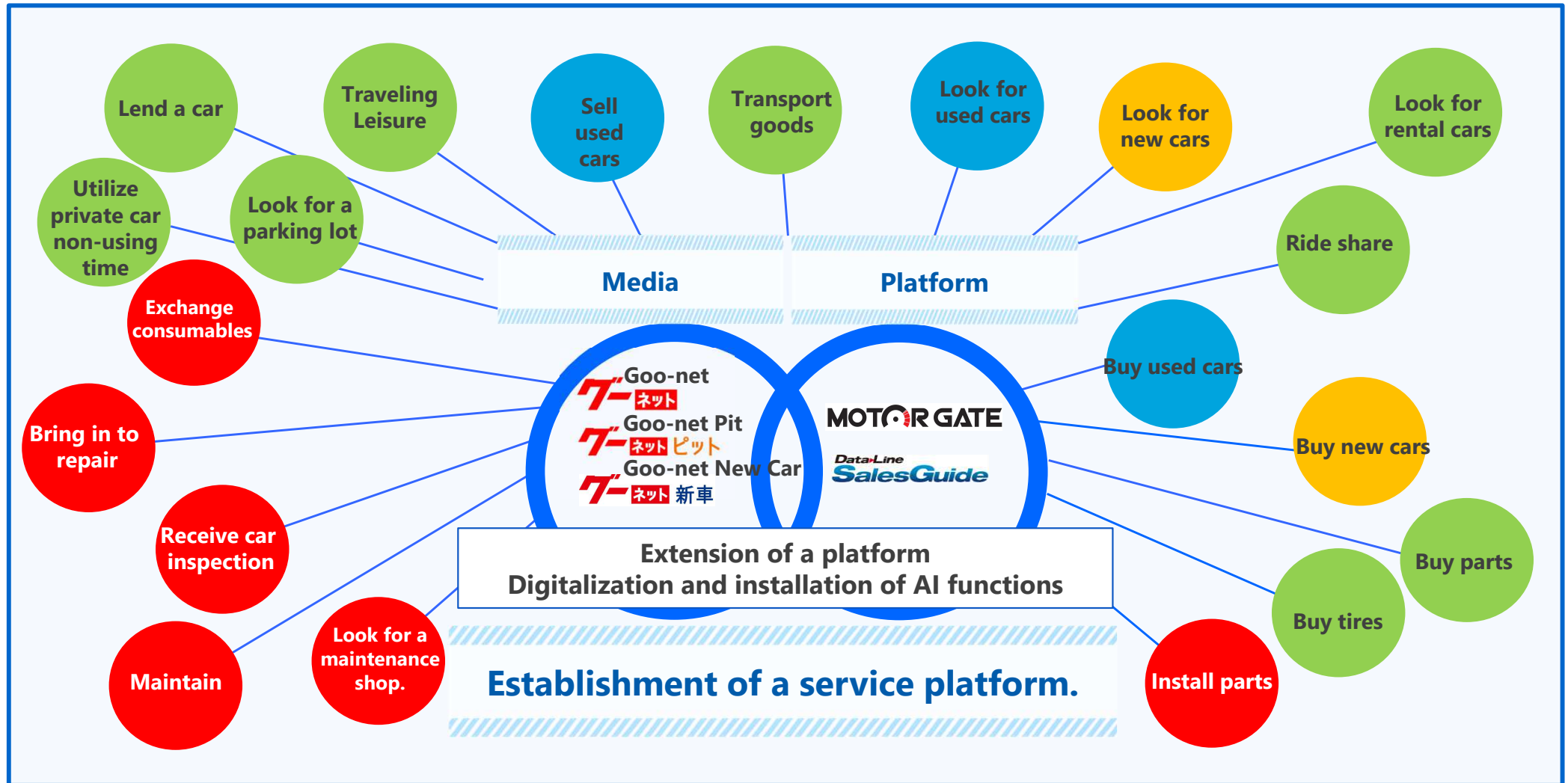
- Increase in the number of auctioned cars per event (from the first week of April 2020)
- Decline in contract prices (from the fourth week of March 2020)
- Significant drop in purchase rate (from the fourth week of March 2020)

**Used car dealers and new car dealers are curbing their advertising spending  
At this time, it is difficult to predict the duration and amount of the impact.**



# Vision “Establishment of a Service Platform”

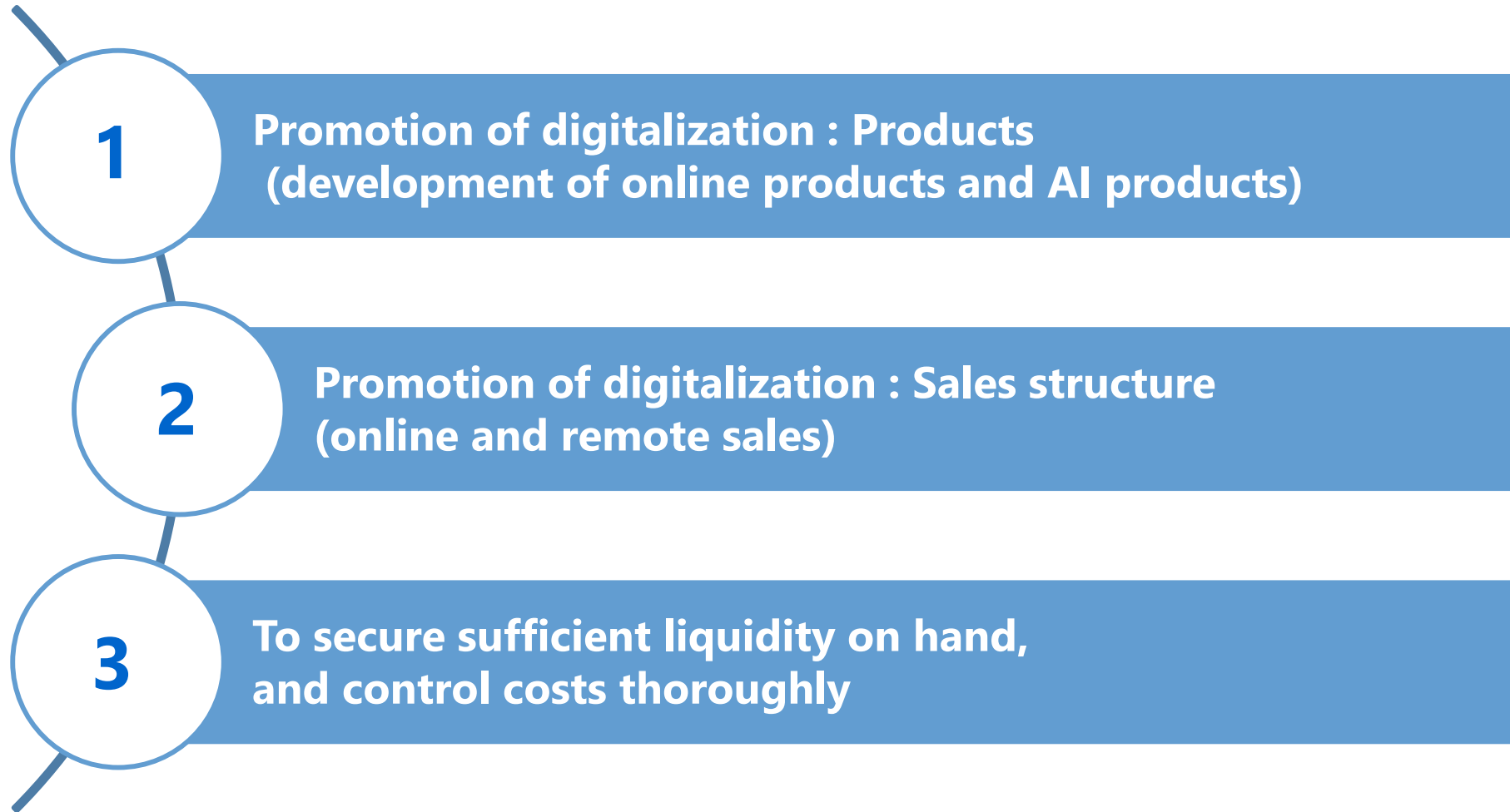
To realize comprehensive support for car life.



To be the leader in Japan in the automobile-related information service industry!!  
(From media to a service platform. )

# Items we focus on this term

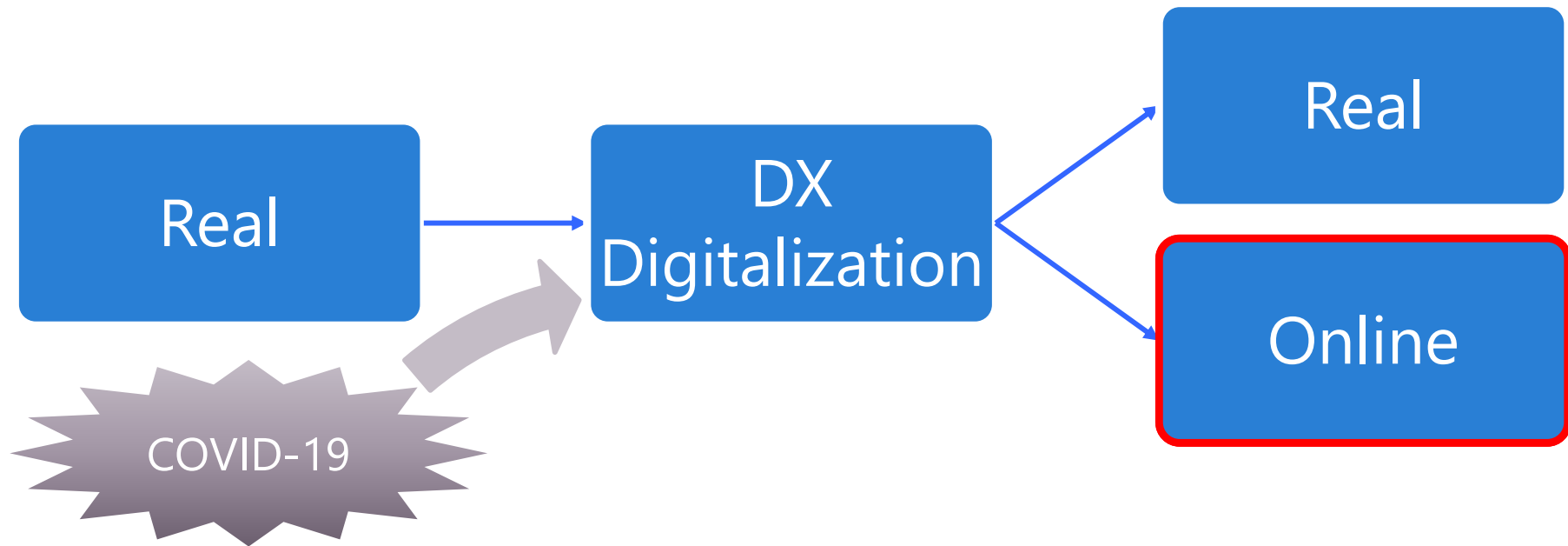
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**Promote digitalization to support existing customers as a top priority**

# Changes in dealers of new cars and used cars

- COVID-19 caused constraints on time, distances, and places between users and customers
- Rapid distribution of online communication tools, including Zoom
- Dealers of new cars and used cars who want communicate with users online increased



**There emerged needs for online communication  
from both users and customers**

# Activities in the used car field

- We released the function “to book business talks online” in MOTOR GATE Calendar on April 27, 2020 (compatible with LINE, Skype, Google Hangouts Meet, FaceTime, Zoom, etc.)
- We strive to maintain the number of MOTOR GATE affiliates, and increase the number of enterprises using MOTOR GATE Calendar



WORRIES  
クルマ選び、こんなお悩みはありませんか？



外に出ることができない状況だが  
クルマ購入の検討をしたい

おうちでくつろぎながら  
スマートに商談をしたい

確認したいことをオンラインで済ませて  
現地で掛かる時間を少なくしたい

## ◆ Major characteristics of the function “to book business talks online” of Goo-net

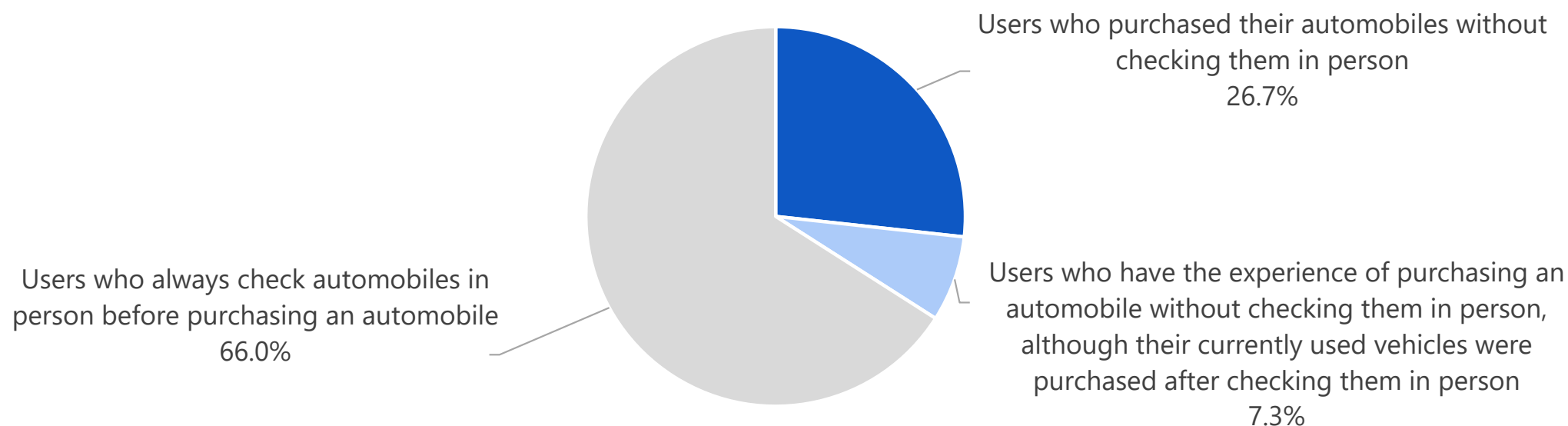
1. Even during the period of voluntary ban on leaving home, customers can browse vehicles that stir their interest at home by using their PCs or smartphones
2. The function “to book business talks online” is added to the functions to book the visit to a shop or a test drive, so that customers can book a non-face-to-face business talk with a dealer and fix a date
3. Users and dealers determine an app to be used in advance and communicate with each other via video calling on a scheduled date

**The platform will be equipped with the online business talk function,  
to support existing customers**

# For reference: Used car users' purchase behavior

## ■ Current used car users' purchase behavior (Excerpt from CAR USER REPORT 2020)

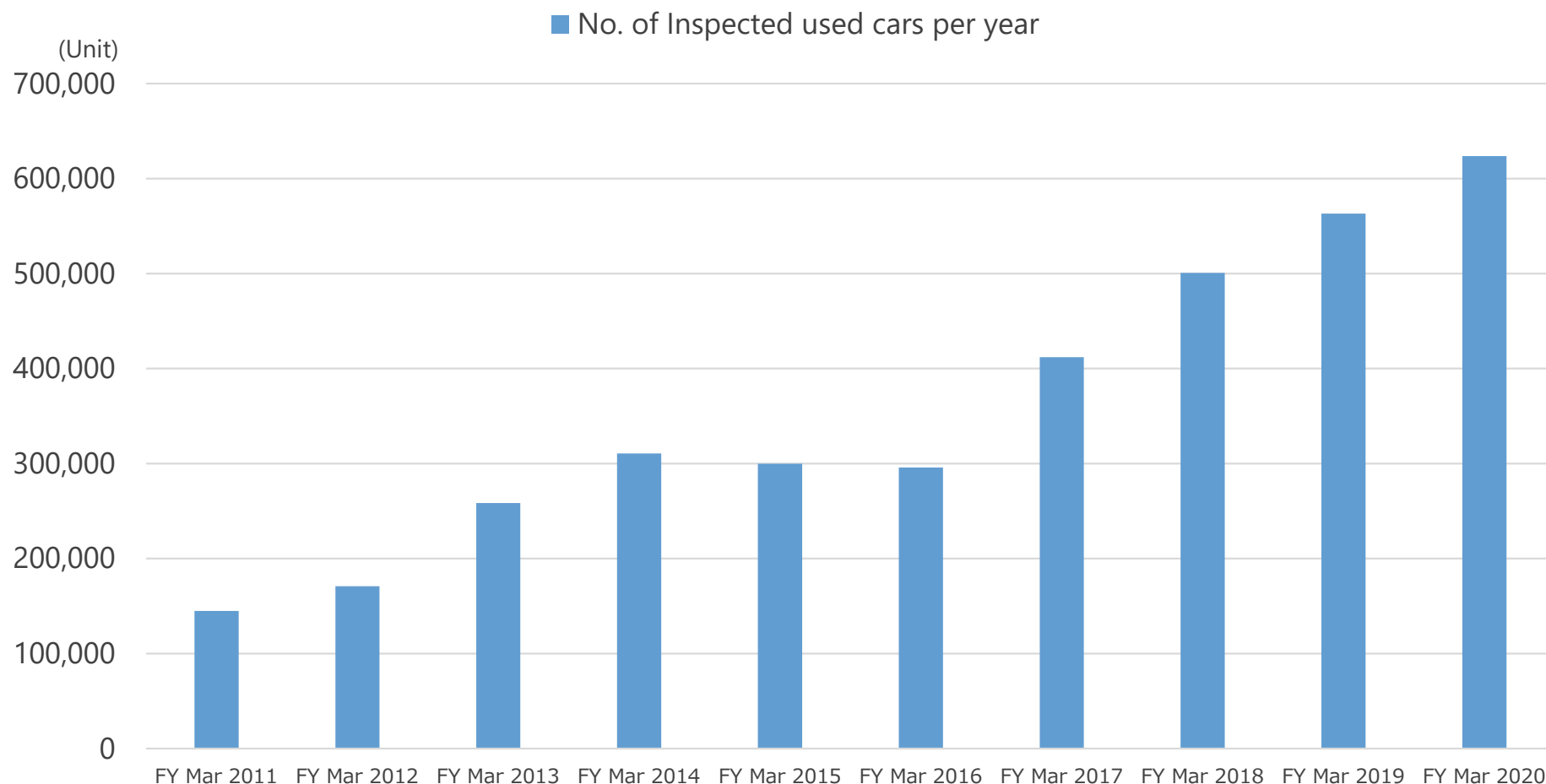
### Ratio of used car users who purchased their automobiles after checking them in person (Dec. 2019)



**At the moment, used car users who purchase automobiles without checking them in person account for about one third**

## For reference: Variation in the number of inspected used cars (Goo-Inspection)

### ■ Annual variation in the number of inspected used cars in our corporate group



**The number of inspected used cars increased about 4 times in the past 10 years, facilitating the decision making for purchasing used cars.  
As a result, used car users who do not check automobiles in person increased.**

# Activities in the new cars and maintenance fields

## ■ New cars field

- **AI Chatbot will be equipped with the function “to book business talks online” (to be released in May 2020)**
- Increase of dealers using AI Chatbot
- To carry out the marketing with upselling to new car dealers (existing customers)

## AI Chatbot

It will be installed in the websites of new car dealers, to enable the booking of visit to a shop and simplified assessment of trade-in cars

- To improve the efficiency of business talks (for sale and trade-in)
- To attend to customers outside business hours and reel in customers
- To have the function “to book business talks online” (new)



## ■ Maintenance field

- Promotion of the installation of AI Chatbot in the Goo-net Pit site (Improvement in the access to the booking service)

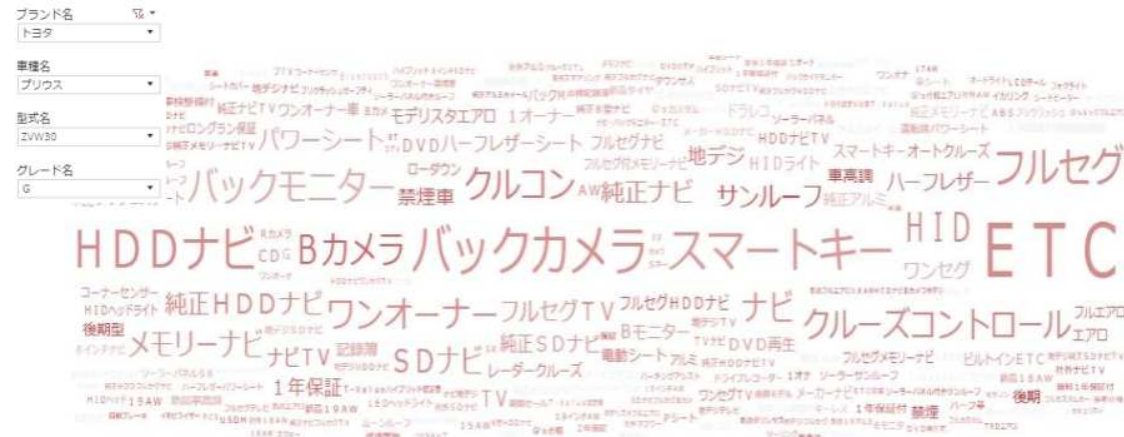
**To install AI Chatbot in more sites and equip it with the function “to book business talks online”**

# Promotion of development of AI products

## ■ Development of major AI products

- Development of AI products that would contribute to the improvement in inventory turnover of customers
- Development of AI products that would contribute to inventory optimization of customers
- Development of AI products that would help save labor for registering inventory of Customers

\*MOTORGATE AI “Forecast of vehicles that will be sold tomorrow”  
(To suggest information that should be added for vehicles in stock; simulation function)



To promote the development of products in the AI domain  
to be installed in the platform



# To secure sufficient liquidity on hand, and control costs thoroughly

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## ■ To secure liquidity on hand

- In addition to cash equivalents of 18 billion yen, we will secure a credit line of 3 billion yen through an overdraft agreement (Contract concluded in May 2020.)
- To develop a system for continuing sustainable business activities in case the economic situation worsens

## ■ To implement appropriate control costs

- To implement appropriate promotion according to the trends of users (advertising cost)
- Promote the three-year medium-term plan ahead of schedule (manufacturing costs and SG&A expenses)

**To secure sufficient liquidity on hand and  
implement appropriate control costs**

# Consolidated Performance Forecast for FY Mar. 2021

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## ■ Performance forecast

As the new coronavirus continues to spread, the timing of the subsiding and the impact of the spread of infection cannot be foreseen. Hence, the future is very uncertain.

In line with the state of national emergency declared on Apr. 16, 2020, it is difficult to foresee its impact on the group's automobile-related industry and its period. Therefore, our company will not issue a consolidated performance forecast for the next fiscal year (FY Mar. 2021), as it is difficult to make a rational estimation.

However, our company will promptly disclose the information as soon as a reasonable forecast becomes possible.

# 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 2019 Results	FY March 2020 Results	FY March 2021 Forecast	FY March 2022 Forecast
2 <sup>nd</sup> Quarter	12.5 yen	13.75 yen (Including commemorative dividend: 1.25 yen)	12.5 yen	TBD
Year-End	12.5 yen	13.75 yen (Including commemorative dividend: 1.25 yen)	12.5 yen	TBD
Annual	25 yen	27.5 yen (Including commemorative dividend: 2.5 yen)	25 yen	TBD

※ For Cash Dividends per Share, the effects of the 2-for-1 stock split with the effective date being July 1, 2019 was taken into account.

# Appendix

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# Vision “Corporate Goal”

## Customer satisfaction

Beneficial information and services

## Pride of employees

Company and work



## Trust from shareholders

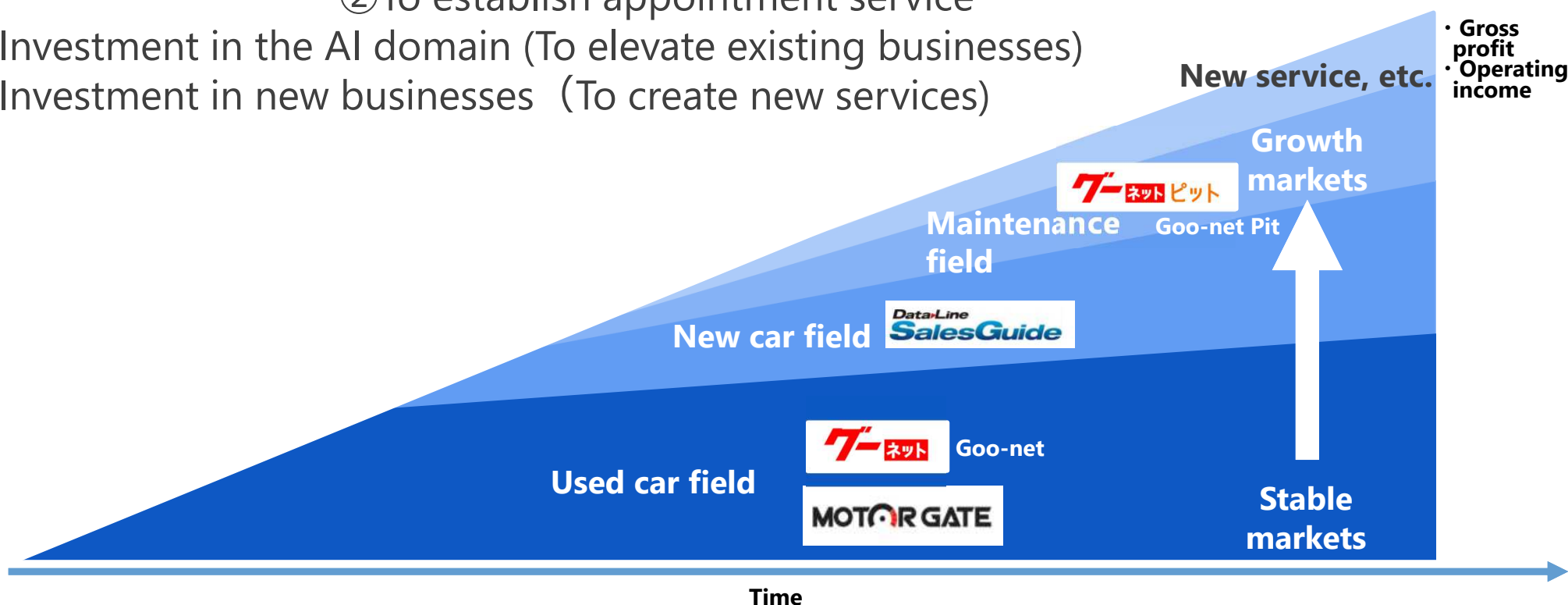
Future and results

**Gaining “customer satisfaction (useful information and services),”  
“employee pride (company and work),” and “shareholder trust (future and achievements)”  
by creating a new society through change and innovation**

# Medium- to Long-Term Growth Strategy

## ■ Priorities

- New car field: To earn profit mainly from services based on our database.
- Used car field: To review manufacturing cost and SG&A.  
(reconsidering paper media and business footholds)
- Maintenance field: ① To expand the foundation of the advertisement business.  
② To establish appointment service
- Investment in the AI domain (To elevate existing businesses)
- Investment in new businesses (To create new services)



**We will invest our management resources in the medium- and long-term growth markets and aim for sustainable improvement of our corporate value.**

# Medium-term 3-Year Business Plan (Business Indicators)

## ■ Concerning important business indicators

Along with the growth of gross profit and operating income, we have positioned ROE and EPS as important business indicators.

## ■ Business indicators

	FY March 2016 Results	FY March 2019 Results	FY March 2022 Forecast
ROE	(1.5%)	11.7%	Over 12.0%
EPS (Net income per share)	(9.64) yen	78.75 yen	100.00 yen
Gross profit※	21.2 billion yen	23.8 billion yen	CAGR 6.4%
Operating income	4.07 billion yen	4.56 billion yen	CAGR 9.4%

※ We have changed key management indicators from net sales to gross profit on the assumption that the "Accounting Standard for Revenue Recognition" will be applied in the future.

※ For EPS, the effects of the 2-for-1 stock split with the effective date being July 1, 2019 was taken into account.

**We aim to achieve an ROE of 12% or more in the three-year medium-term plan.**

# Corporate Profile

Corporate Name	PROTO CORPORATION
Founded	October 1, 1977
Established	June 1, 1979
Common Stock	1,849 million yen (As of March 31, 2020)
Shares Outstanding	41,925,300 shares (As of March 31, 2020)
Head Offices	23-14, Aoi 1-chome, Naka-ku, Nagoya 460-0006, Japan 6-18-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-0023, Japan
Branch Offices	Sapporo, Sendai, Takasaki, Nagano, Hamamatsu, Nagoya, Kanazawa, Osaka, Hiroshima, Matsuyama, Fukuoka, Kumamoto (53 Sales Outlets Nationwide)
Fiscal Year-end	March 31
Number of Employees	Consolidated: 1,456 (As of March 31, 2020) Parent: 577 (As of March 31, 2020)
Stock Exchange Listing	Tokyo Stock Exchange, First Section and Nagoya Stock Exchange, First Section
Subsidiary	<ol style="list-style-type: none"> <li>1. AUTOWAY Co., Ltd. (Full subsidiary since April 2013)</li> <li>2. TIRE WORLD KAN BEST CO., LTD. (Full subsidiary since April 2015)</li> <li>3. GOONET EXCHANGE (Former Kings Auto Co., Ltd.) (Full subsidiary since April 2012)</li> <li>4. PROTO-RIOS INC. (Full subsidiary since October 2002)</li> <li>5. CAR CREDO Co., Ltd. (Full subsidiary, established in February 2012)</li> <li>6. CAR BRICKS Co., Ltd. (Shareholder ratio 66% ,established in May 2017)</li> <li>7. PROTO MEDICAL CARE (Full subsidiary since October 2009)</li> <li>8. MARUFUJI (Full subsidiary since January 2016)</li> <li>9. SILVER HEART (Full subsidiary since January 2016)</li> <li>10. PROTO SOLUTION Co., Ltd. (Full subsidiary, established in April 2007 )</li> <li>11. OKINAWA CALL STAFF SERVICE Co., LTD (Full subsidiary since October 2017)</li> <li>12. PROTO Ventures (Full subsidiary, established in April 2019)</li> <li>13. Associe Co., Ltd (Full subsidiary since October 2019)</li> <li>14. CAR CREDO (Thailand) Co., Ltd. (Shareholder ratio 49% ,established in December 2018)</li> <li>15. PROTO MALAYSIA Sdn. Bhd. (Full subsidiary since September 2011) * The company is currently under liquidation.</li> </ol> (As of April 30, 2020)



# Corporate Profile

## Financial Data (Consolidated)

Shares outstanding (million, March 2020)	41.9
Market capitalization (¥ billion, March 2020)	35.9
DPS (¥, FY March 2021, Forecast)	25.0
EPS (¥, FY March 2020)	124.33
BPS (¥, FY March 2020)	794.38
ROE (% , FY March 2020, Net income basis)	16.7
ROA (% , FY March 2020, Ordinary income basis)	12.1
Equity ratio (% , March 2020)	71.3
Potential share dilution (million)	-
Foreign ownership (% , March 2020)	28.96

## Major Shareholders

	(Thousands)
1) Mugen Corporation	13,614 (32.47%)
2) The Master Trust Bank of Japan, Ltd. (Trust Account )	2,823 ( 6.73%)
3) JPLLC CLIENT SAFEKEEPING ACCOUNT	2,670 ( 6.36%)
4) PROTO CORPORATION	1,763 ( 4.20%)
5) JP MORGAN CHASE BANK 385632	1,137 ( 2.71%)
6) BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,094 ( 2.61%)
7) CLEARSTREAM BANKING S.A	1,024 ( 2.44%)
8) Japan Trustee Services Bank, Ltd. (Trust Account )	930 ( 2.21%)
9) Hiroichi Yokoyama	887 ( 2.11%)
10) Yoshihiro Yokoyama	730 ( 1.74%)

※ For DPS, EPS, and BPS, the effects of the 2-for-1 stock split with the effective date being July 1, 2019 was taken into account.

(As of March 31, 2020)

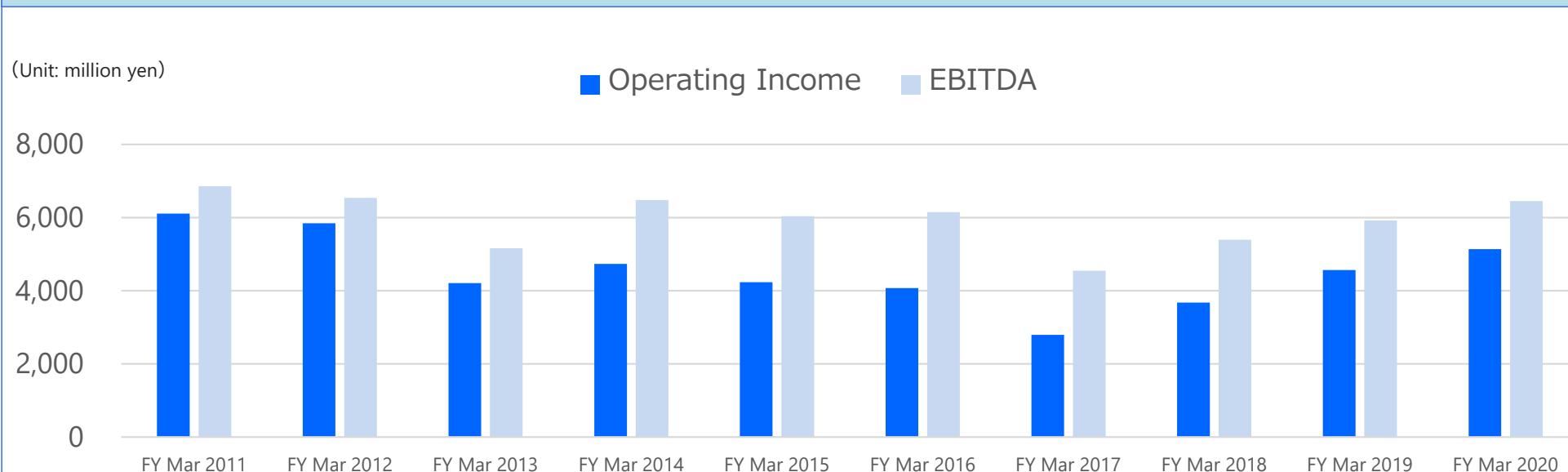
# Operating Results 10-year Summary

[unit: million yen]	FY2011 March Results	FY2012 March Results	FY2013 March Results	FY2014 March Results	FY2015 March Results	FY2016 March Results	FY2017 March Results	FY2018 March Results	FY2019 March Results	FY2020 March Results
Net Sales	28,779	30,582	38,287	54,761	48,602	54,297	56,717	62,111	62,251	59,127
Operating Income	6,111	5,846	4,209	4,735	4,233	4,071	2,795	3,674	4,565	5,136
Net Income	3,197	3,275	2,290	2,627	2,381	(390)	1,506	519	3,159	4,991
EBITDA*1	6,856	6,540	5,161	6,483	6,039	6,149	4,547	5,396	5,920	6,455
Adjusted Net Income*2	3,620	3,680	2,836	3,555	3,308	641	2,145	1,151	3,596	5,420
Depreciation	322	288	404	819	879	1,046	1,113	1,089	916	890
Amortization of Goodwill	422	405	546	928	926	1,032	638	632	437	429

\*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



# Operating Results 10-year Summary(Segment)

Sales [unit: million yen]	FY2011 March Results	FY2012 March Results	FY2013 March Results	FY2014 March Results	FY2015 March Results	FY2016 March Results	FY2017 March Results	FY2018 March Results	FY2019 March Results	FY2020 March Results
Automobile-related	25,566	26,704	33,687	50,138	44,056	49,486	51,025	56,100	56,167	52,870
Ad-related	20,558	20,579	21,163	21,412	21,593	21,006	21,231	21,618	21,278	21,485
Information and services	3,083	3,312	3,749	4,464	4,546	5,087	4,893	5,053	5,041	5,557
Sales of goods	1,923	2,813	8,774	24,262	17,915	23,392	24,899	29,429	29,847	25,827
Lifestyle-related	2,616	3,470	3,837	3,541	3,393	3,466	4,236	4,370	4,335	4,168
Real Estate	181	166	163	167	164	162	187	213	195	160
Other Business	415	240	597	913	988	1,182	1,268	1,426	1,553	1,928
Total	28,779	30,582	38,287	54,761	48,602	54,297	56,717	62,111	62,251	59,127

Operating Income [unit: million yen]	FY2011 March Results	FY2012 March Results	FY2013 March Results	FY2014 March Results	FY2015 March Results	FY2016 March Results	FY2017 March Results	FY2018 March Results	FY2019 March Results	FY2020 March Results
Automobile-related	7,281	7,272	5,916	6,217	5,624	5,277	3,939	4,933	5,758	6,582
Lifestyle-related	301	228	131	248	338	307	478	370	249	169
Real Estate	104	83	85	69	96	109	147	170	193	135
Other Business	(91)	(149)	(323)	(140)	(94)	(66)	(136)	(71)	57	58
Management Division	(1,484)	(1,589)	(1,599)	(1,659)	(1,732)	(1,554)	(1,633)	(1,728)	(1,693)	(1,809)
Total	6,111	5,846	4,209	4,735	4,233	4,071	2,795	3,674	4,565	5,136

# Segment details

## Segment details

### ■ Automobile-related(Main Product)

#### ■ Ad-related



Used Cars

Internet option product such as Goo-net (MOTOR GATE,GooPurchase,etc)

Used Cars

Basic advertisement fee (Web,Magazine), Sale of information magazines

Maintenance

Internet option product such as Goo-net Pit

#### ■ Information and services



New Cars

PROTO CORPORATION (DataLine SalesGuide,DataLine)

Used Cars

PROTO CORPORATION (Goo-inspection, Goo Warranty)

Maintenance

PROTO-RIOS(Quotation system for maintenance shops)

#### ■ Sales of goods



AUTOWAY and TIRE WORLD KAN BEST (EC:Tires and Wheels)  
GOONET EXCHANGE (Kings Auto) (Export of used cars),  
PROTO CORPORATION(Sales of goods)

#### ■ Ad-related

Mostly occupied by the monthly fees of MOTOR GATE and advertisement income through Goo-net.

#### ■ Information and services

Sales are mainly from monthly fees of DataLine for new car dealers and quotation system for maintenance shops.

#### ■ Sales of goods

Sales are mainly from the e-commerce sales of tires and wheels and exporting used cars.

### ■ Lifestyle-related



PROTO MEDICAL CARE(Sales of ads, rental welfare goods, etc)

PROTO CORPORATION (Information of culture lesson, etc)

Sales are mainly from advertisement income related to nursing and welfare and rental sales of welfare equipment.

### ■ Real Estate

PROTO CORPORATION (Income from the rental of real estate)

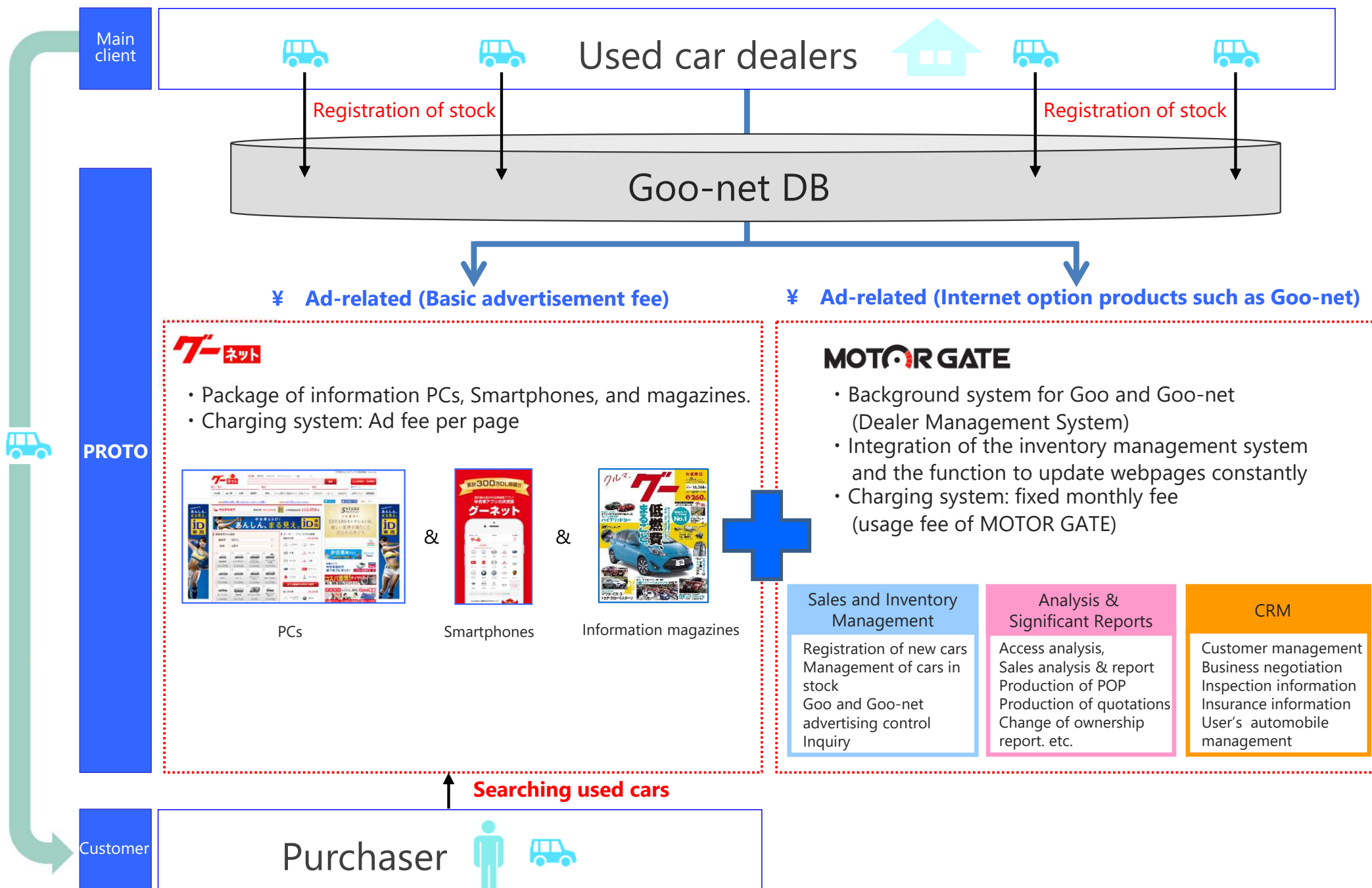
Sales are mostly from rent income of the non-operational floors of our own building.

### ■ Other Business

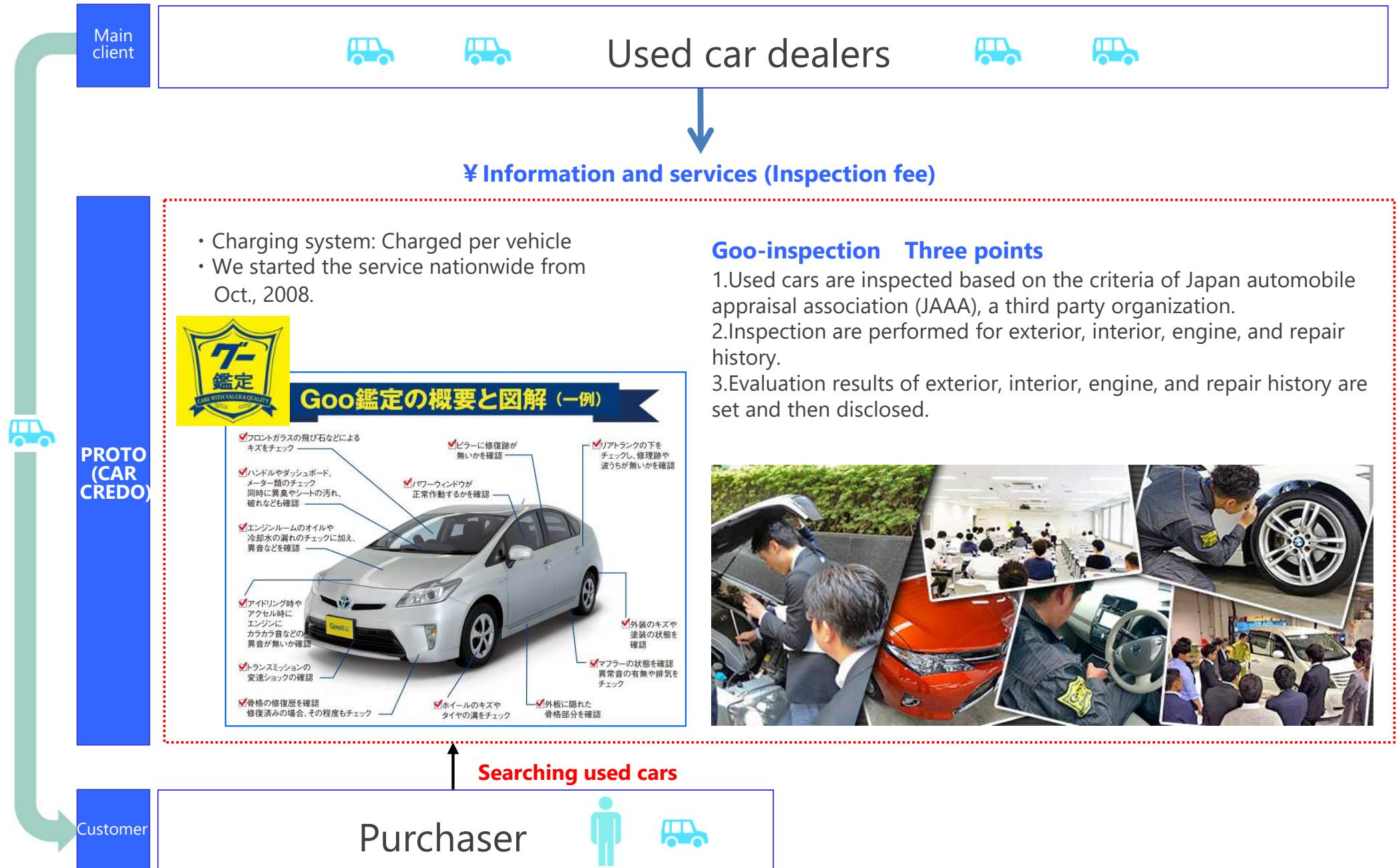
PROTO SOLUTION (Business Process Outsourcing, etc)  
OKINAWA CALL STAFF SERVICE and Associe  
(Temporary staffing,etc)  
AUTOWAY (Solar power generation)  
PROTO CORPORATION (Agricultural business)  
PROTO Ventures (Investment)

Sales are mostly from the BPO business.

# Used car dealers: Business model of Goo and MOTOR GATE

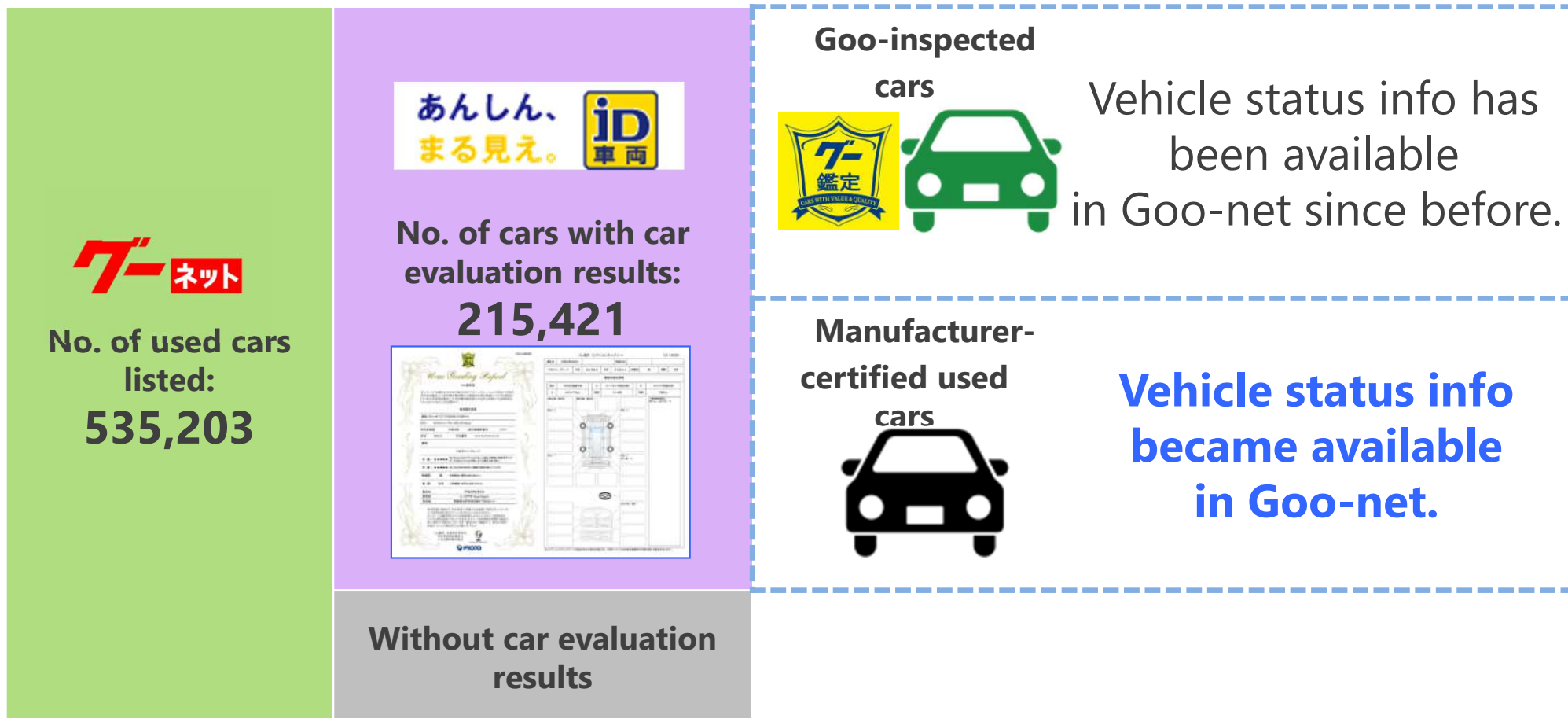


# Used car dealers: Business model of Goo-Inspection



# Our efforts: the release of vehicle condition information

- Differentiation from competing media: Improvement of order placing rate through the disclosure of vehicle status info



※For reference: No. of cars whose status info has been disclosed by competing media: 60,028

(as of April 28, 2020)

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



# New car dealers: Business model of DataLine SalesGuide

Main client



New car dealers



¥ Information and services (Usage fee of DataLine SalesGuide)

**DataLine SalesGuide**

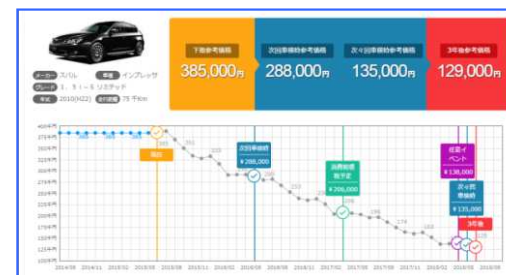
- Charging system: fixed monthly fee
- We promote the replacement to new car by presenting a rough estimate of both the current value and future value of a car during the negotiation with user.



Cost comparison suggestion function



Future forecast graph function (future price)



POP function for replacement



Replacement simulation function



PROTO

Customer

Automobile users





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\* 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.

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