



(TRANSLATION FOR REFERENCE ONLY)

October 30, 2020

To Our Shareholders

Corporate Name: PROTO CORPORATION

Representative: Kenji Kamiya, President

Securities Code: 4298

(TSE and NSE 1st Section)

Contact: Takehito Suzuki, Executive Officer

Tel: +81-52-934-2000

(Correction)

Supplementary Data of Q2 of FY March 2021 Consolidated Financial Results (Financial Results for the Six Months Ended September 2020)

PROTO CORPORATION hereby notifies corrections to the contents of “Supplementary Data of Q2 of FY March 2021 Consolidated Financial Results (Financial Results for the Six Months Ended September 2020)” that was announced on October 30, 2020.

The revised parts are underlined.

Corrections

Supplementary Data of Q2 of FY March 2021 Consolidated Financial Results (Financial Results for the Six Months Ended September 2020) Page 16 (Ad-related (used car field))

(Before correction)

YoY +20.3%

(After correction)

YoY +10.0%

Financial Results for the Six Months Ended September 2020 (April 1,2020 to September 30,2020)

PROTO CORPORATION (4298)
October 30, 2020
(Investor Meeting November 5, 2020)



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1. Overview of Q2/FY March 2021
2. Our company's activities
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Overview of Q2/FY March 2021

Overview of Q2/FY March 2021

**Operating income rose,
as the platform performed well.**

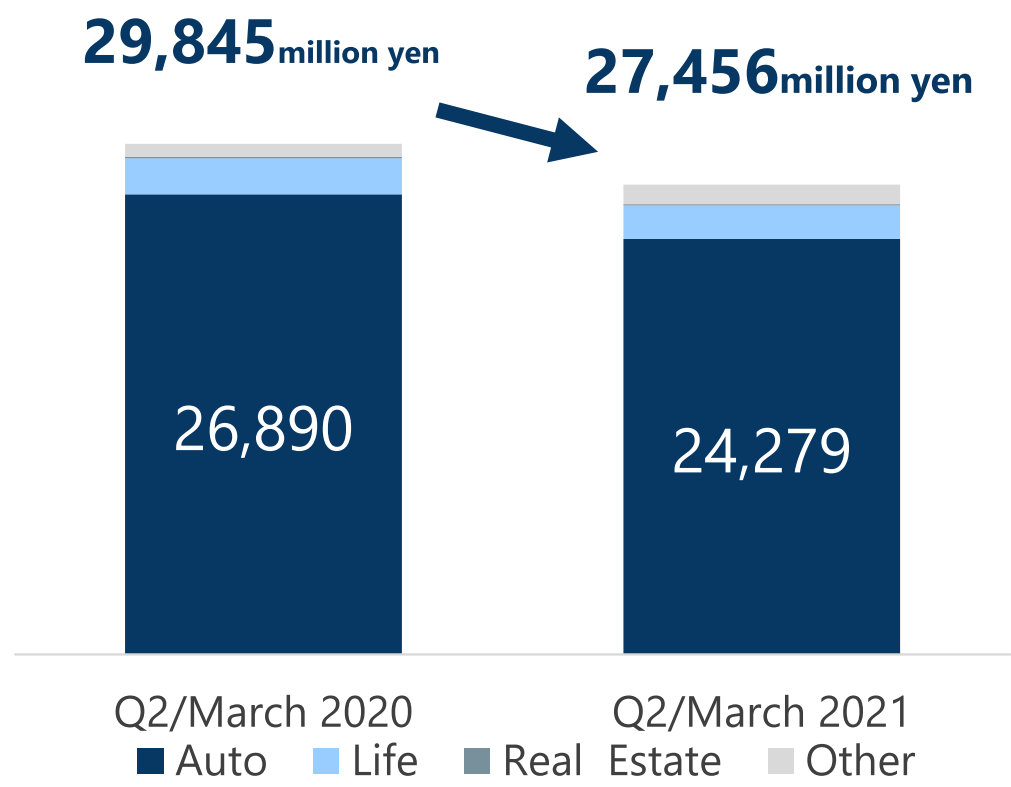
Sales	27,456 million yen	YoY (8%)
Gross Profit	11,941 million yen	YoY (2%)
EBITDA	3,497 million yen	YoY +4%
Operating income	2,838 million yen	YoY +4%
OP Margin	10.3%	YoY +1.2pt
Net income	1,791 million yen	YoY (44%)

* A gain on sale of fixed assets amounting to 1,817 million yen booked in Q2 of the previous term.

Overview of Q2/FY March 2021

Consolidated sales declined, due to the sluggish sales of goods.

Sales

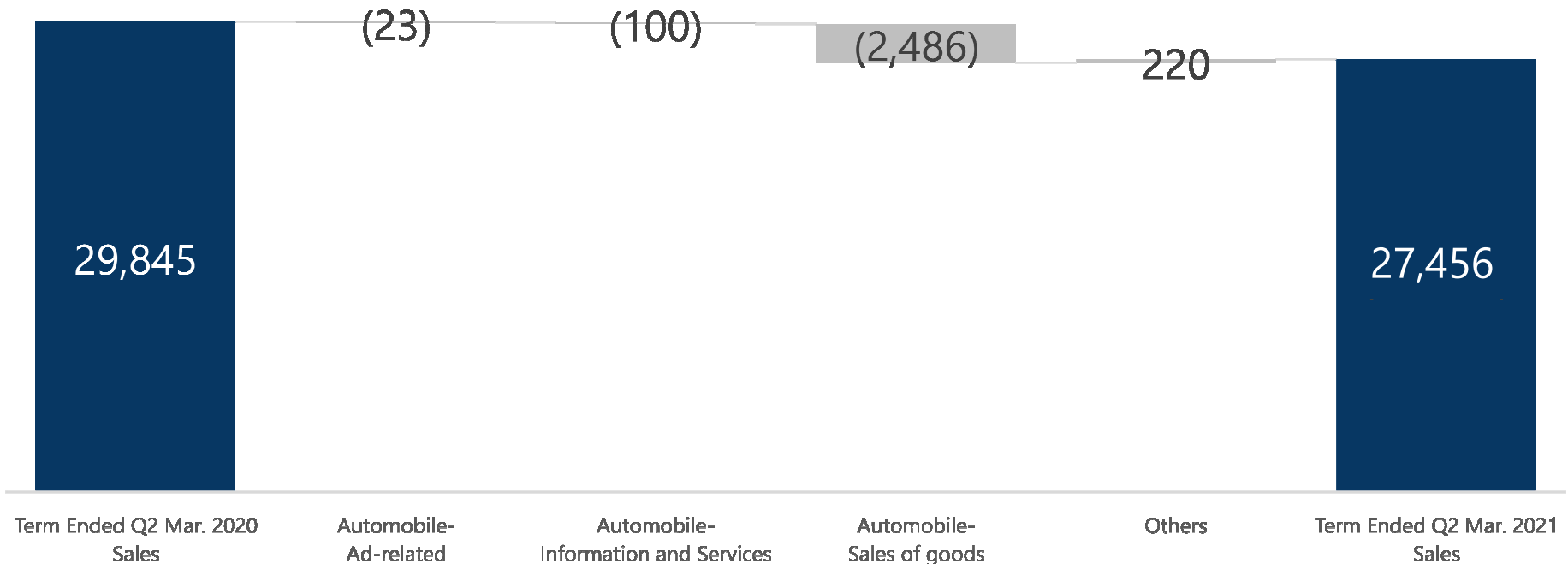


YoY
(8%)
Down 2,389 million yen

Overview of Q2/FY March 2021

Especially, the sales of goods (Tire and export of used cars) dropped.

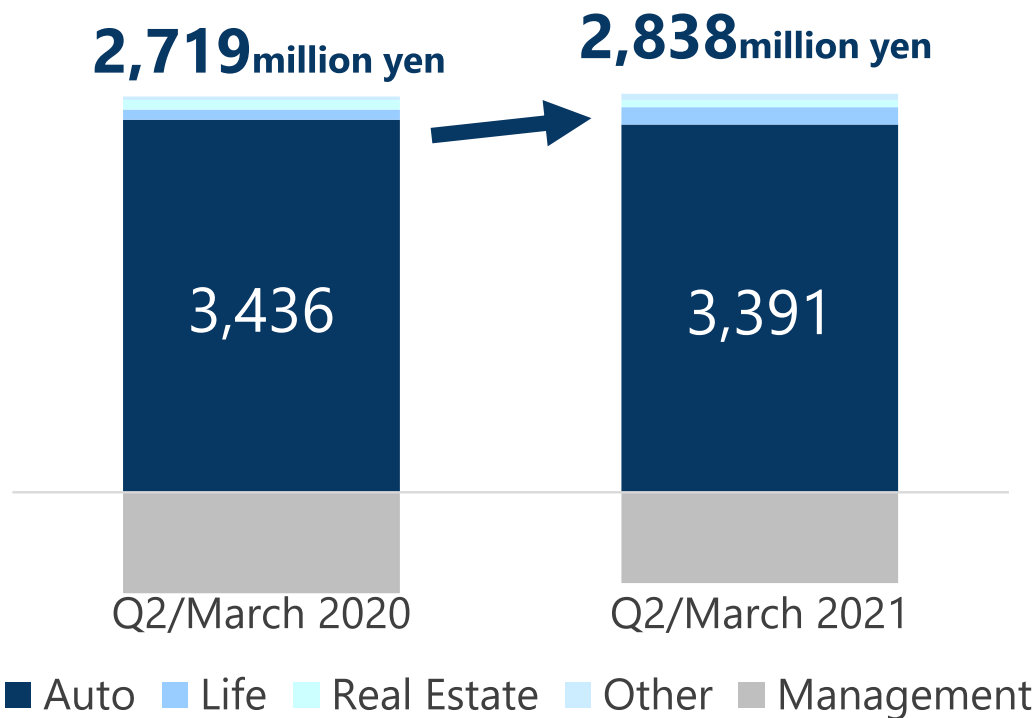
Sales Breakdown (Million yen)



Overview of Q2/FY March 2021

Operating income rose, as the platform performed well.

Operating income



YoY
+ 4%
Up 118 million yen

Overview of Q2/FY March 2021

Operating income increased due to lower SG&A expenses.
In particular, SG&A expenses decreased in the Lifestyle-related and Management divisions.
Operating income from Automobile-related was flat YoY.

Operating Income Breakdown



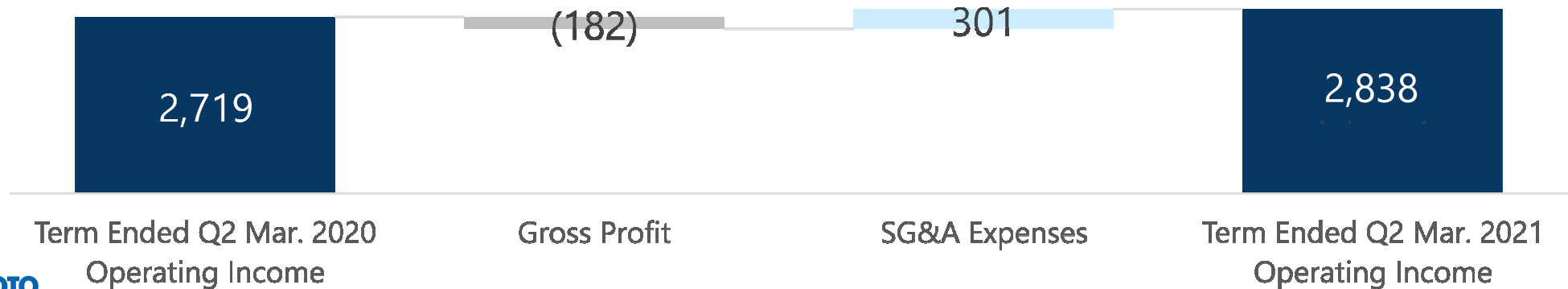
Overview of Q2/FY March 2021

As for the performance of each company, PROTO CORPORATION contributed to the rise in profit.

Operating Income Breakdown

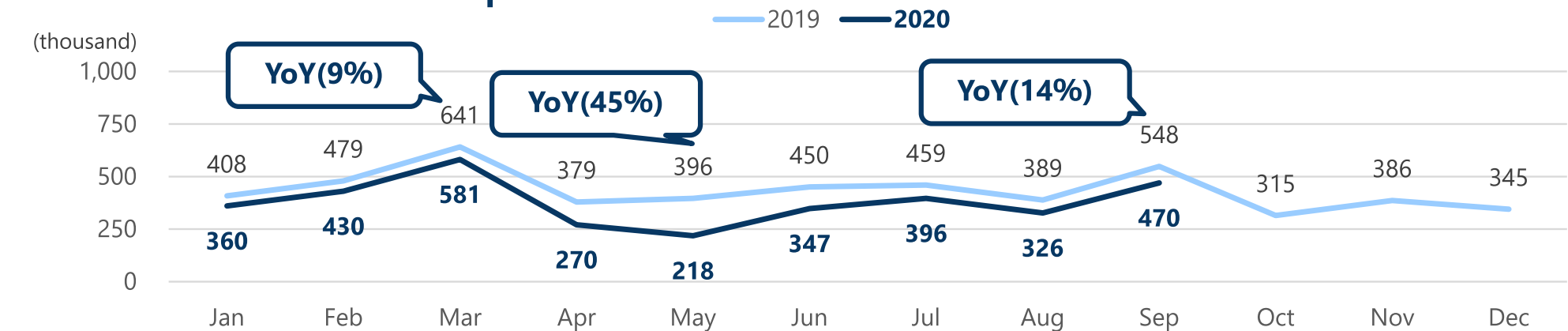
(Million yen)

Gross Profit Breakdown	(182)	SG&A Breakdown	+301	Operating Income Breakdown	+118
PROTO CORPORATION	+335	PROTO CORPORATION	+81	PROTO CORPORATION	+416
PROTO-RIOS	(89)	PROTO-RIOS	+3	PROTO-RIOS	(85)
AUTOWAY	(215)	AUTOWAY	+35	AUTOWAY	(180)
TIRE WORLD KAN BEST	(144)	TIRE WORLD KAN BEST	+5	TIRE WORLD KAN BEST	(139)
GOONET EXCHANGE	+4	GOONET EXCHANGE	(27)	GOONET EXCHANGE	(23)
		Amortization of Goodwill	(1)	Amortization of Goodwill	(1)

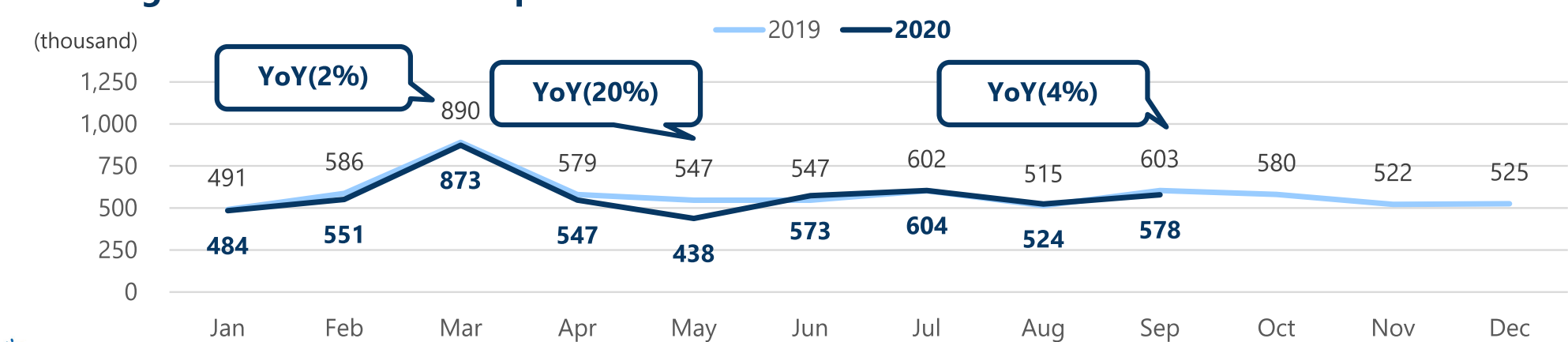


Regarding the impact of COVID-19 on the domestic automotive market

Sales volume of new cars in Japan

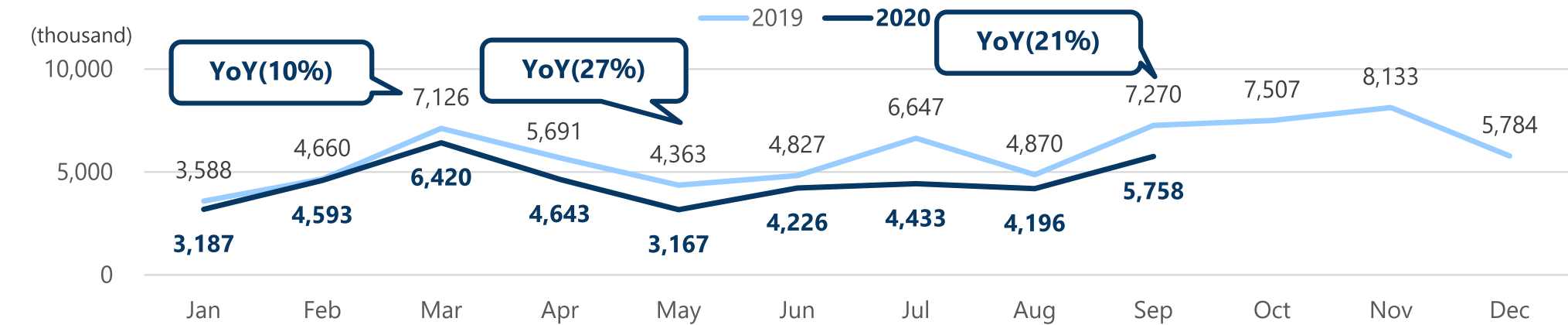


No. of registered used cars in Japan

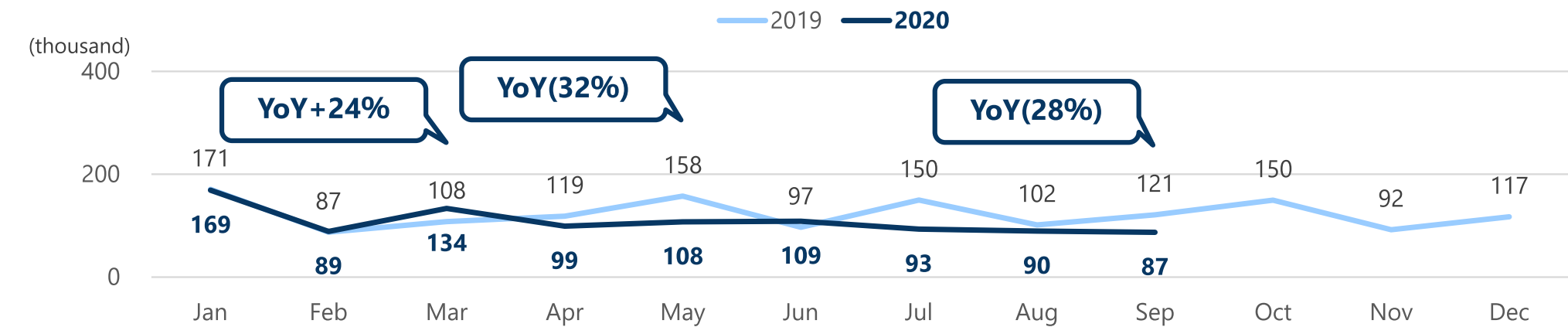


Regarding the impact of COVID-19 on the domestic automotive market

Sales volume of tires of four-wheeled vehicles for replacement in Japan



No. of deregistered vehicles for export in Japan



Overview of Q2/FY March 2021

The export of used cars was affected, but the automobile-related information business performed well.

Sub-segment	Major products	Q2 evaluation	Situation in Q2	Measures from Q3
Ad-related	MOTOR GATE (Goo-net)	Excellent	Healthy, and the sales of options were favorable. (MOTOR GATE Calendar, etc)	Sales promotion of MOTOR GATE AI
Ad-related	Goo-net Pit	Good	Healthy, and FC rights of leading companies obtained	Promotion of "smart booking" Strengthening of ad business
Ad-related	Ad agency (online ads) and fliers	Average	The demand for ads for reeling in customers dropped.	Marketing continued, expecting the recovery of demand
Information and services	New cars (DataLine SalesGuide, etc.)	Average	Stagnancy in new marketing (roughly six months delay)	Sales activities targeting new customers resumed in June 2020
Information and services	Software for maintenance shops (PROTO-RIOS)	Average	Recoil from the good performance in the previous term. Sales activities targeting new customers were stagnant.	Sales activities targeting new customers resumed in July 2020
Sale of goods	Sale of tires and wheels	Average	EC was healthy, while real shops struggled.	Sales promotion mainly for EC
Sale of goods	Export of used cars	Bad	Ports of destination countries closed	To enhance debt collection and reduce costs, Shift of business models through promotion of alliances

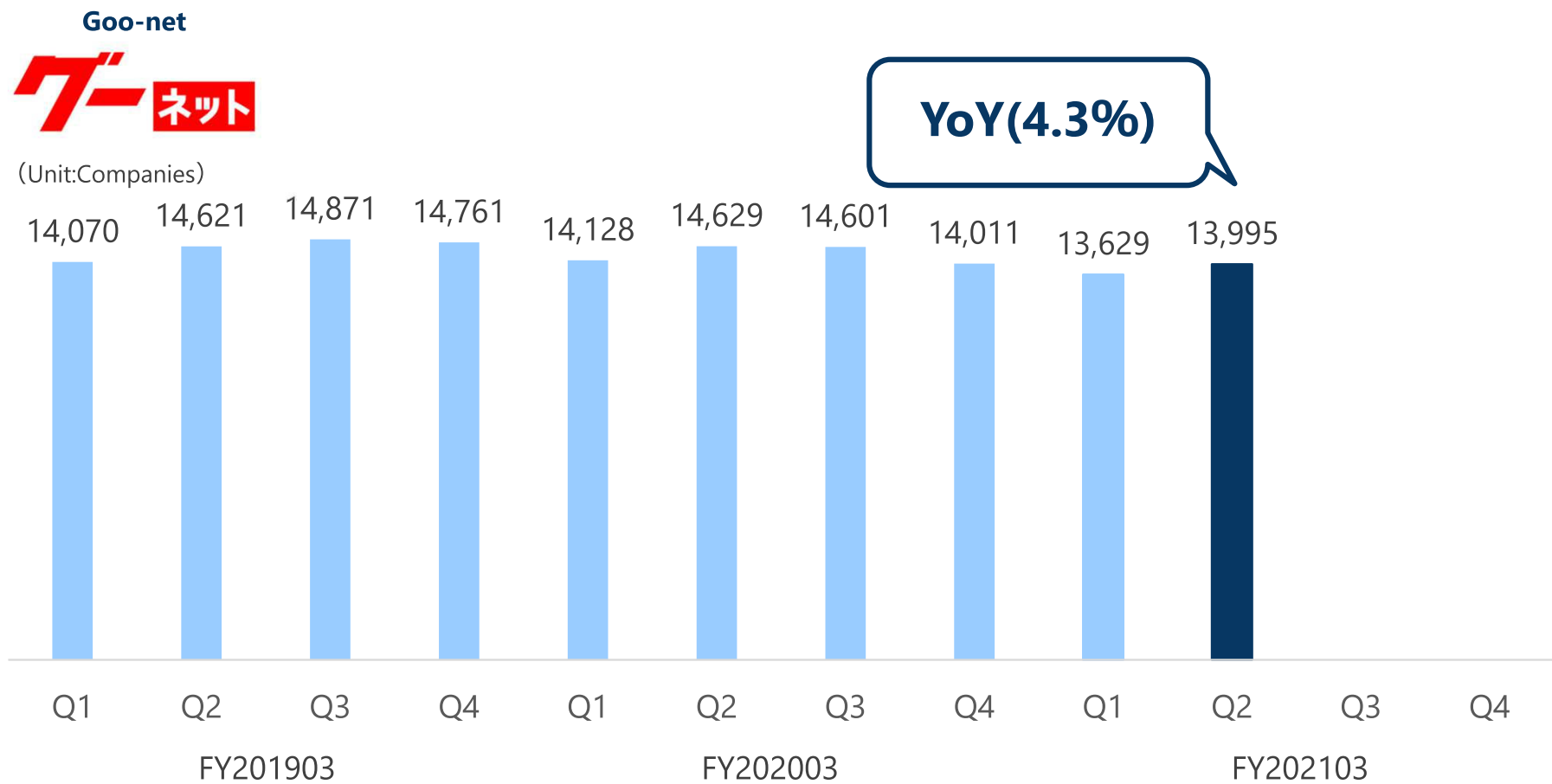
Impact of COVID-19 on Company Earnings

Concerns remain, but the company's own digital transformation (DX) adapted to COVID-19 is proceeding.

COVID-19	Internal	External
Positive	<ul style="list-style-type: none">• Started provision of DX products (online reservations, Goo-net Live, AI products)• Stepped up R&D of DX products• Improved value provided by Goo-inspection (enhanced the online negotiation service)• Cost cuts thanks to shift to online sales activities (consolidated 8 sales offices in the first half)	<ul style="list-style-type: none">• Car users' shift to the Internet is progressing (increase in website access and time spent on website)• Increased demand for used cars• Switch back to owning cars rather than sharing• Increase of tires/wheels being sold online
Negative	<ul style="list-style-type: none">• New sales activities are stagnant (sales to existing customers are robust)• The sale of goods is struggling (tires and export of used cars)	<ul style="list-style-type: none">• Sluggish new car market (weak individual consumption, supply chain disruptions)• Concerns over medium/long-term used car supply (stagnancy in car acquisitions)• Small businesses for used cars and maintenance closing down• Sluggish tire market (consumer spending is sluggish particularly at stores)• Sluggish used cars exporting market (port closures, etc.)

Ad-related (used car field)

No. of affiliated companies of Goo-net (MOTOR GATE)



Ad-related (used car field)

No. of affiliated dealers of Goo-net (MOTOR GATE)

Continued to advertise mainly at large and medium-sized used car dealers, although new contract acquisition was sluggish.



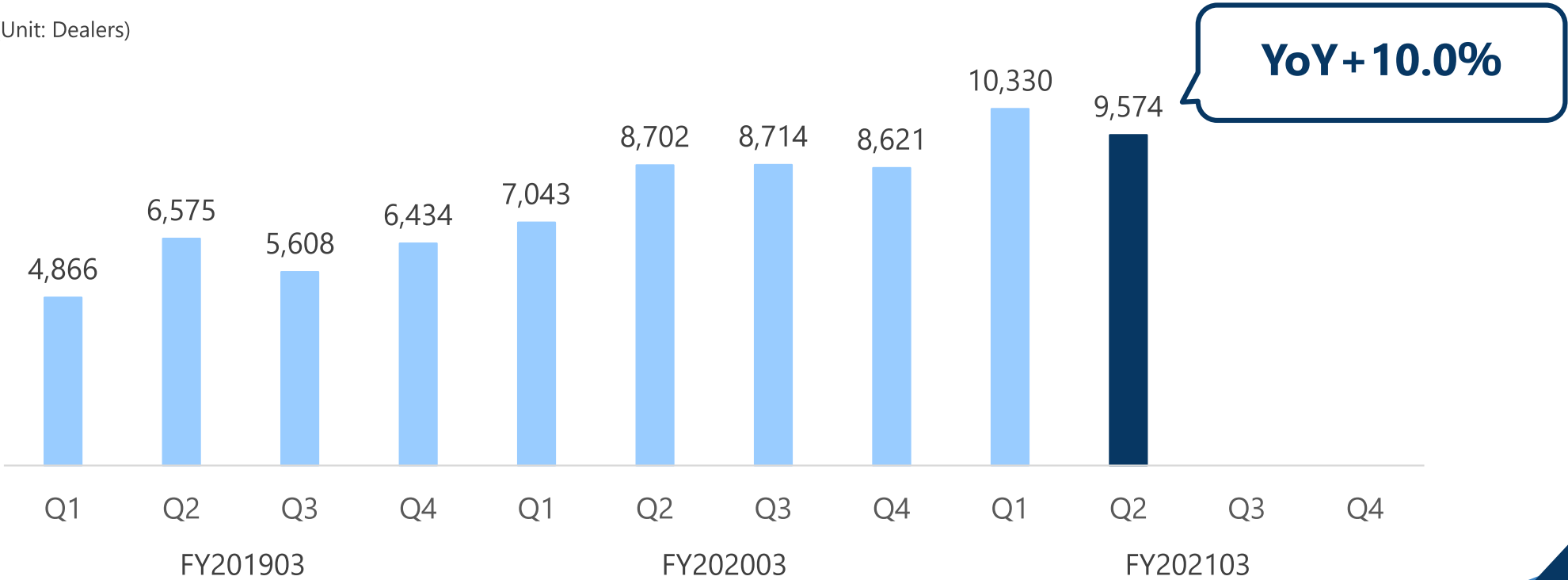
Ad-related (used car field)

No. of dealers that have installed MOTOR GATE Calendar (including the booking of online business talks)



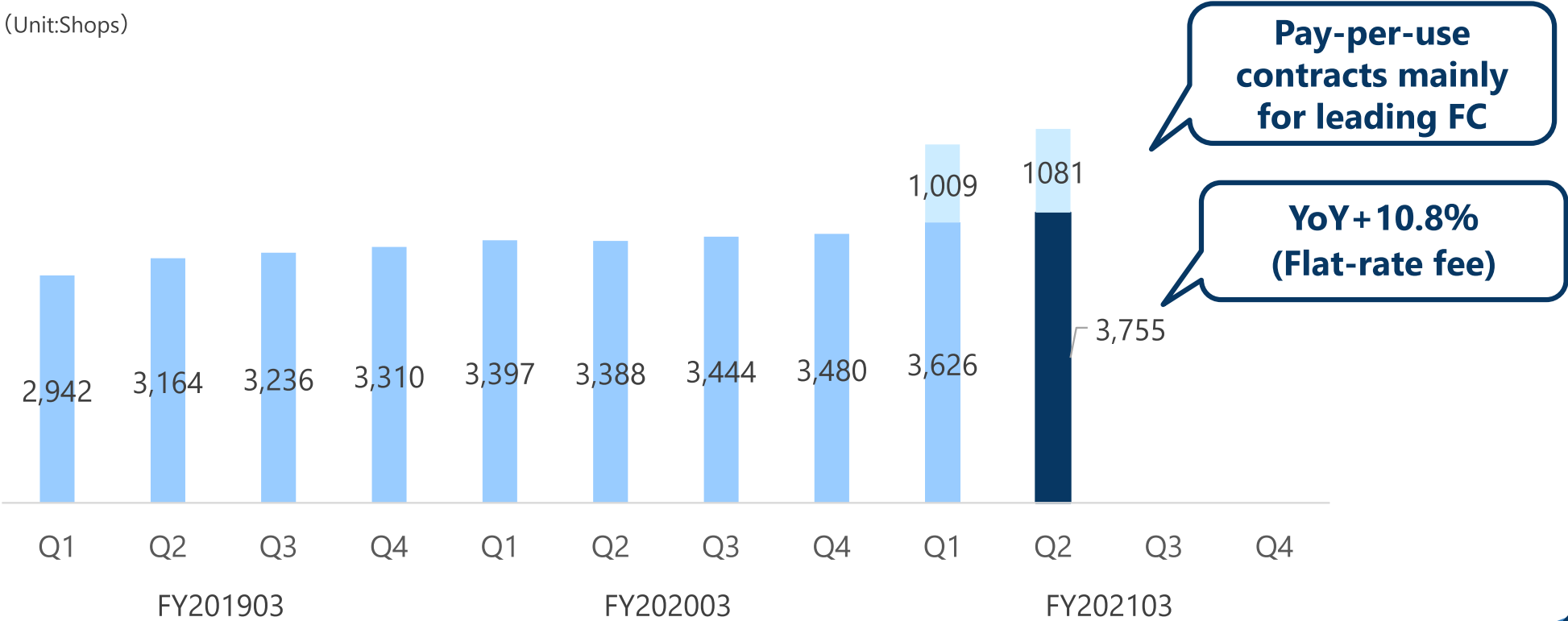
(Unit: Dealers)

Amid the COVID-19, the non-contact business talk tool “booking of online business talks” and “Goo-net Live (online business talks)” are increasingly used.



Ad-related (maintenance field)

No. of fee-paying shops listed in Goo-net Pit (pay-per-use contracts started in Q1 of 2020)



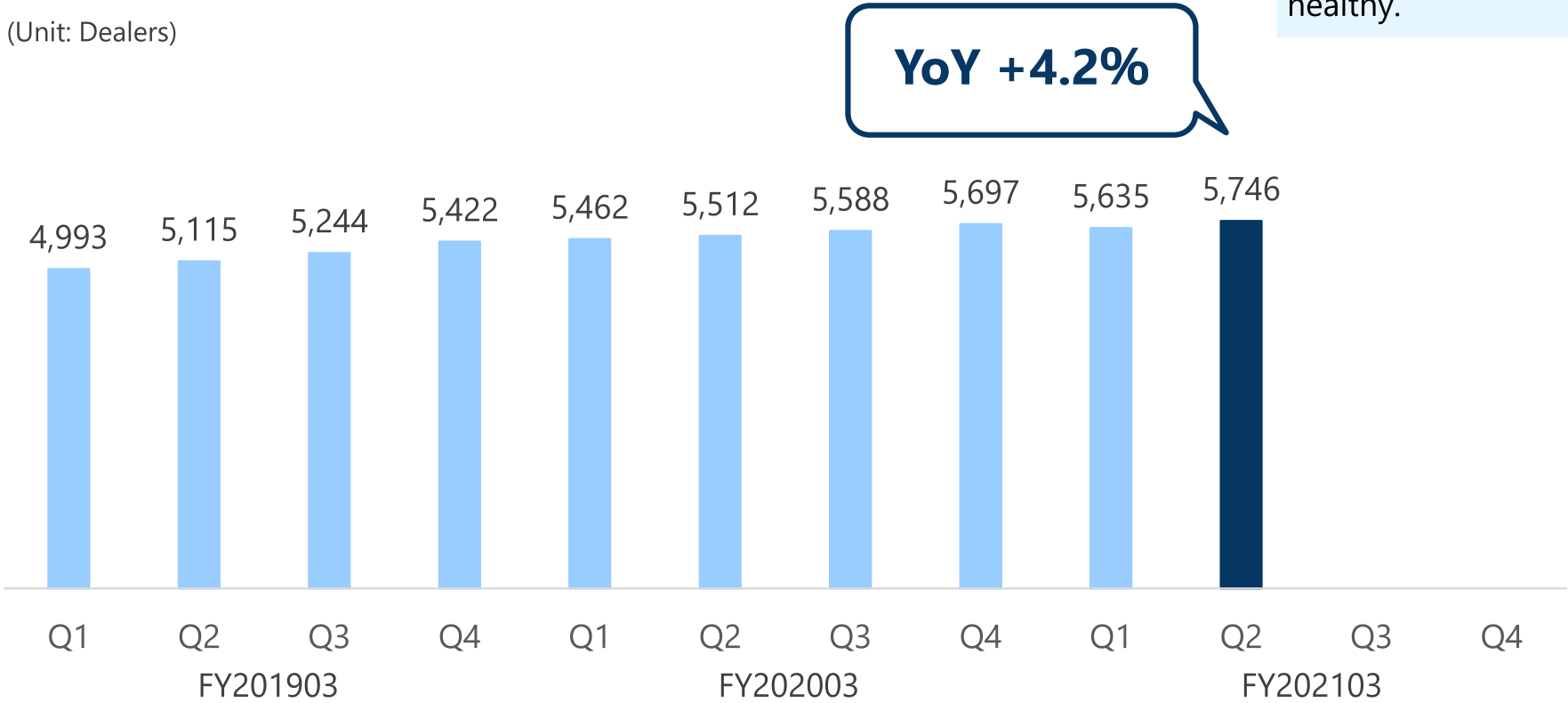
Information and services (new car field)

No. of dealers that have adopted DataLine SalesGuide



(Unit: Dealers)

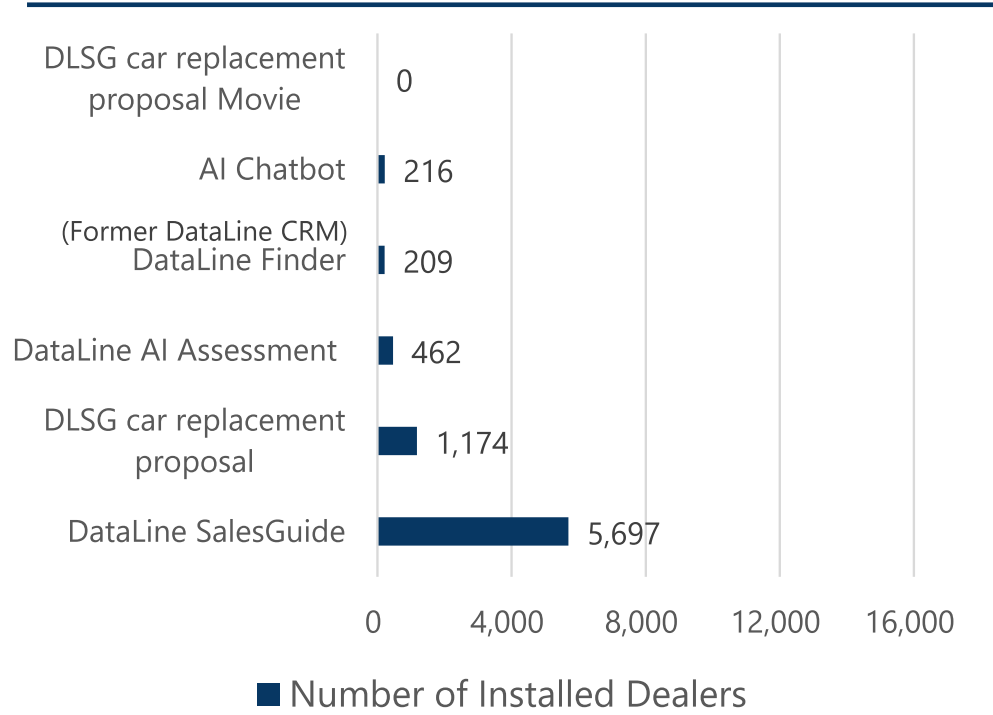
Amid the COVID-19, the increase of new contracts is stagnant, roughly 6 months behind our target. Meanwhile, sales of DX products to existing customers are healthy.



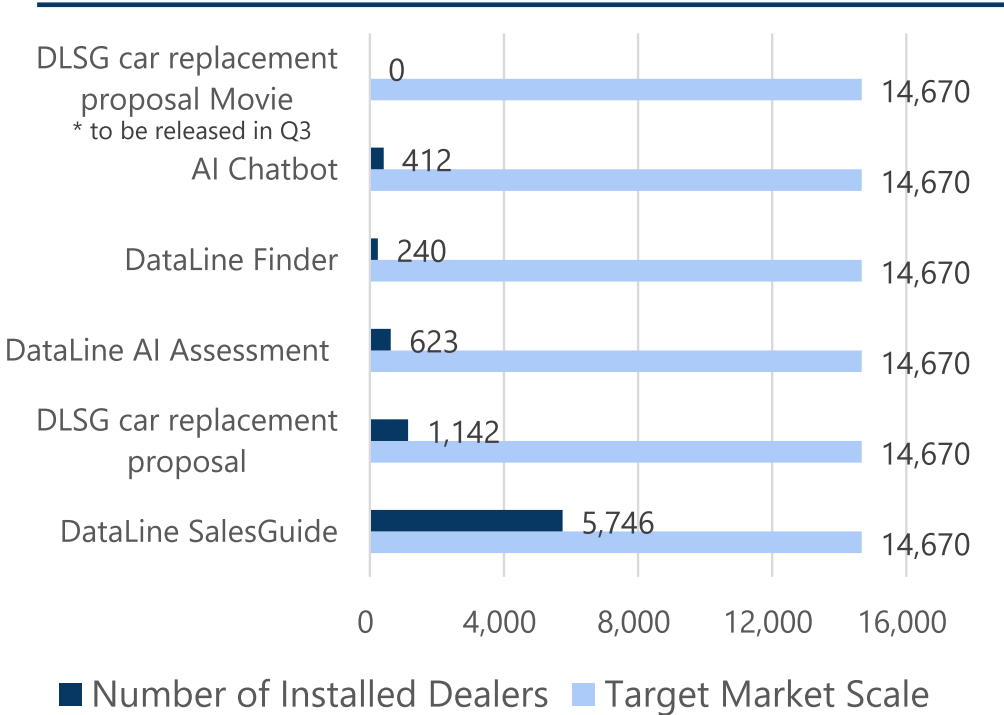
Information and services (new car field)

We will strive to grow the new car domain, by increasing the number of dealers that have adopted our products and increasing average spending per customer.

March 2020 (Results)



September 2020 (Results)

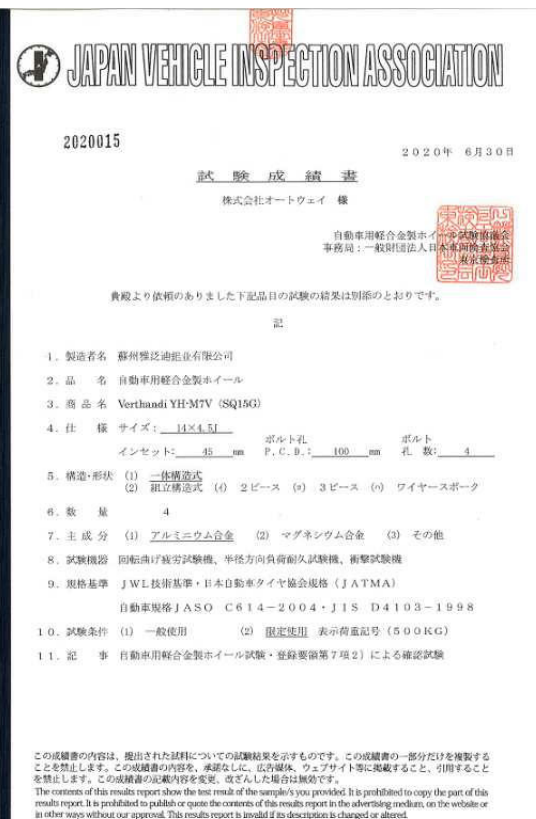


Our company's activities

Tire Field: Progress Report on AUTOWAY's Wheel Indication Issue

Proceeding returns, replacements, and refunds for affected imported wheels.

Also, implemented thorough wheel quality control, applied for VIA registration, and enhanced group governance.



Implement thorough wheel quality control

- Applied for VIA registration of aluminum wheels and implement thorough quality control
- Established quality control system for aluminum wheels (in cooperation with external experts)
- Disclosed information on quality control (enhanced group governance)

Carry out company-wide measures to provide reliability and safety

- Strengthen our organizational structure (established Quality Control Office)
- Implemented in-house training on aluminum wheel safety standards, fostered compliant mindset, and disposed of recalled wheels
- Suspended business with the overseas plant in Thailand that manufactured the wheels in question

Progress so far (Japanese only)

<https://www.autoway.co.jp/quality/quality03/>

- Implemented thorough quality control for aluminum wheels
- Implemented company-wide measures to provide reliability and safety
- Completed VIA registration application for all imported wheels and received a certificate of accreditation

Medium- to Long-Term Growth Strategy

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

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 : ①To expand the foundation of the advertisement business.
②To establish appointment service
- Investment in the AI domain (To elevate existing businesses)
- Investment in new businesses (To create new services)

- Gross profit
- Operating income

New service, etc.

Maintenance field

7-ネット **ピット** Goo-net Pit

New car field

DataLine
SalesGuide

Used car field

7-ネット Goo-net

MOTOR GATE

Growth markets

Stable markets

Time

Key Message

- 1. Aggressive launch of DX products**
- 2. Cost structure overhaul**
- 3. Continuous review and improvement of our business portfolio**

Major activities in the second quarter of the term ending March 2021

Aggressive launch of DX products amid the COVID-19

Apr. 2020: Released MOTOR GATE's function of "booking of online business talks" (used cars).

Apr. 2020: GOONET EXCHANGE entered into a business alliance with BE FORWARD CO.,LTD. (used car exports)

May 2020: Released AI chatbot's function of "booking of online business talks" (new cars).

Jun. 2020: Released the online business talk tool "Goo-net Live" (used cars).

Jul. 2020: Released "MOTOR GATE AI," an AI-based analysis tool for increasing contract rates (used cars).

Jul. 2020: Incorporated AI chatbots into "Smart booking" of Goo-net Pit (maintenance).

Sep. 2020: GOONET EXCHANGE entered into a business alliance with SBT CO., LTD. (used car exports)

Oct. 2020: Sold the non-automobile Goo School business (simple absorption-type split) (lifestyle)

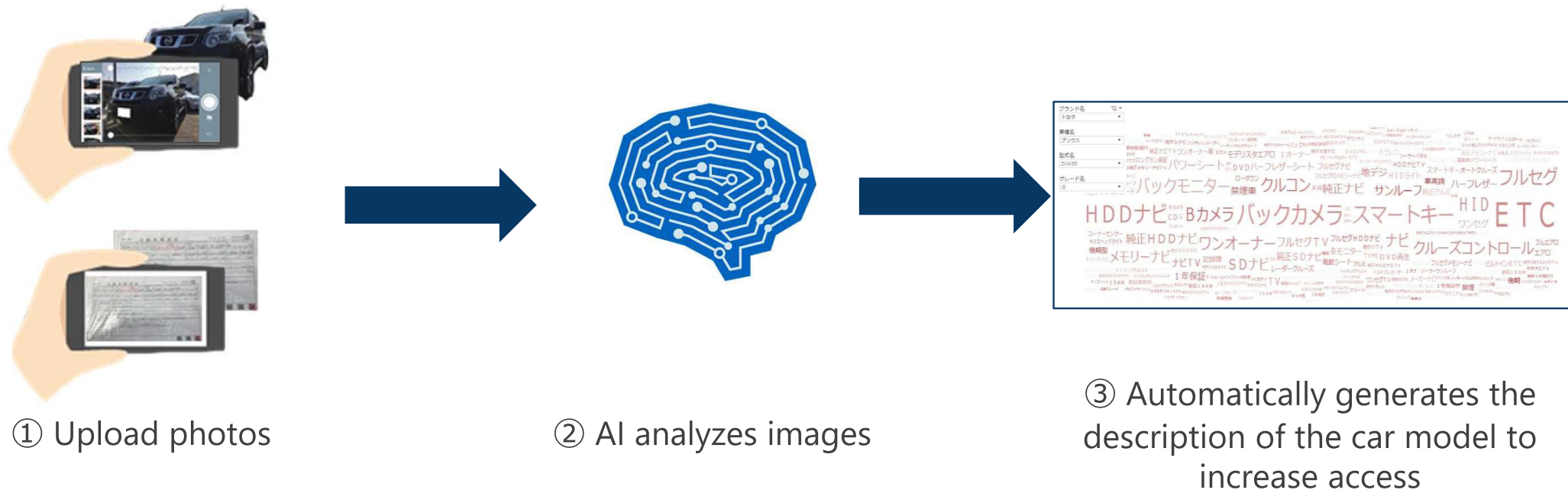
GOONET EXCHANGE (used car exports)

Pursuing alliances with major used car exporters as part of efforts to build a platform for used car exports



Used car field: MOTOR GATE AI

AI generates used car listing information based on uploaded photos



**Reduces used car data registration time by around 50%
(from existing services)**

Used car field: MOTOR GATE AI

Released AI-based products (Promotion of DX in the automobile field)



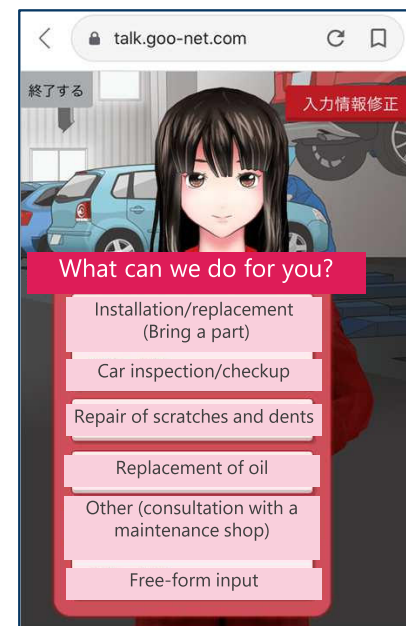
Released on Jul. 2, 2020

- AI automatically generates used car property information
 - Achieve operational efficiency for customers
- AI automatically detects additional information such as popular equipment from images.
 - Improved inventory turnover rate

Maintenance field: Incorporated AI chatbots into “smart booking”

Released AI-based products (Promotion of DX in the automobile field)

Goo-net Pit



Booked

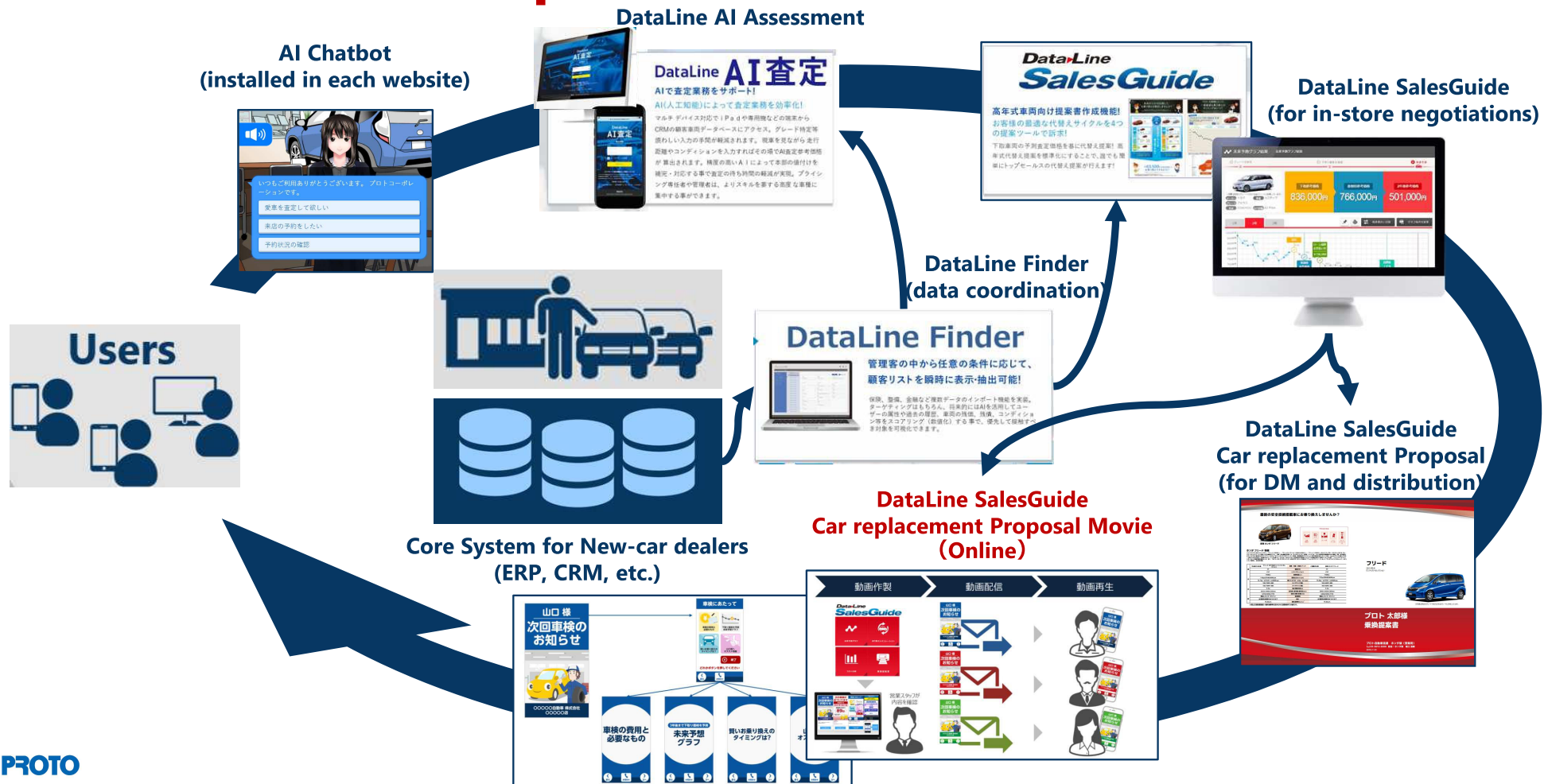
Released on Jul. 15, 2020

- Improving the efficiency of reception work with AI chatbots
- Improving the operating rate of maintenance shops due to an increase in the number of customers

New Car Field: DataLine SalesGuide

Car replacement Proposal Movie (to be released in Q3)

Provided DX products to all new-car dealers



New Car Field: DataLine SalesGuide

Car replacement Proposal Movie (to be released in Q3)

Achieving One to One Marketing with DX Products



Direct-mail replacement (short mail, Line)
Direct-mail (printing QR code)

- Notice of periodic vehicle inspection required by the Japanese regulation
- Future prediction graph
- Wise timing for car replacement
- Recommended information

The screenshots display the following features of the DataLine SalesGuide app:

- Notice of periodic vehicle inspection required by the Japanese regulation:** A screen showing a notification for the next inspection date (2021年1月21日) and a countdown (89日). It includes a QR code for more information.
- Future prediction graph:** A screen showing a line graph of future vehicle prices. It includes a text box stating: "ユーザーは走行距離を入力するだけで下取価格を把握できます！" (Users can grasp the trade-in price just by inputting the mileage.) and another stating: "グラフを用いることで視覚的に下取価格を把握できます！" (By using the graph, you can grasp the trade-in price visually.)
- Recommended information:** A screen showing a list of recommended vehicles, including a Mazda MAZDA2. It includes a text box stating: "販社様オリジナルのリンクを表示できます！" (You can display original links from the dealer.)
- Wise timing for car replacement:** A screen showing a comparison of total costs (総費用額) for different vehicles. It includes a text box stating: "将来の資産を想定しながらトータルコスト（総費用額）を表示します！" (We display the total cost (total expense) while considering future assets.) and another stating: "将来を比較することでトータルコストをイメージしやすくしています！" (By comparing the future, we make it easier to imagine the total cost.)

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

We aim to achieve an ROE of 12% or more in the 3-year medium-term plan.

■ 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%

Note: 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.

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

FY March 2021:Consolidated Earnings Forecast

Unchanged (announced on Jul. 31, 2020)

Consolidated Statements of Income [unit: million yen]	FY March 2020		FY March 2021		YoY	
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	(b)-(a)	%
Net Sales	59,127	100.0%	60,000	100.0%	872	+1.5%
Gross Profit	24,406	41.3%	25,615	42.7%	1,208	+4.9%
EBITDA	6,455	10.9%	6,613	11.0%	157	+2.4%
Operating Income	5,136	8.7%	5,225	8.7%	88	+1.7%
Ordinary Income	5,354	9.1%	5,289	8.8%	(65)	(1.2%)
Net Income	4,991	8.4%	3,481	5.8%	(1,510)	(30.3%)
Net Income per Share(Yen)	124.33	-	86.68	-	(37.65)	(30.3%)

[unit: million yen]	FY March 2020		FY March 2021		YoY	
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	(b)-(a)	%
SG&A Expenses	19,270	32.6%	20,390	34.0%	1,119	+5.8%
Employment Cost	7,721	13.1%	8,327	13.9%	605	+7.8%
Advertising Cost	4,602	7.8%	4,710	7.9%	108	+2.4%
Other Expenses	6,945	11.7%	7,351	12.2%	405	+5.8%

Preconditions

Assuming that a nationwide state of emergency will not be declared in Japan, consumer spending is expected to recover gently in the fields of used cars, new cars, maintenance, and tires. The export of used cars is estimated to be continuously affected by COVID-19, through the closure of ports in destination countries, etc.

Supplementary info

As for net income, there is no longer gain from sale of fixed assets due to the relocation of the headquarters in Tokyo, which amounted to about 1.8 billion yen in the previous term (whose effect on net income is about 1.2 billion yen)

FY March 2021: Consolidated Earnings Forecast by Segment

Net Sales [unit: million yen]	FY March 2020		FY March 2021		YoY	
	Results(a)	Sales ratio	Forecast(b)	Sales ratio	(b)-(a)	%
Automobile-related	52,870	89.4%	53,359	88.9%	489	+0.9%
Ad-related	21,485	36.3%	22,553	37.6%	1,067	+5.0%
Information and services	5,557	9.4%	5,332	8.9%	(224)	(4.0%)
Sales of goods	25,827	43.7%	25,474	42.5%	(353)	(1.4%)
Lifestyle-related	4,168	7.0%	4,176	7.0%	8	+0.2%
Real Estate	160	0.3%	145	0.2%	(15)	(9.5%)
Other Business	1,928	3.3%	2,318	3.9%	389	+20.2%
Total	59,127	100.0%	60,000	100.0%	872	+1.5%

Operating Income [unit: million yen]	FY March 2020		FY March 2021		YoY	
	Results(a)	Profit margin	Forecast(b)	Profit margin	(b)-(a)	%
Automobile-related	6,582	12.5%	6,861	12.9%	278	+4.2%
Lifestyle-related	169	4.1%	199	4.8%	30	+17.9%
Real Estate	135	84.2%	65	45.3%	(69)	(51.4%)
Other Business	58	3.1%	147	6.4%	88	+150.8%
Management Division	(1,809)	-	(2,049)	-	(239)	-
Total	5,136	8.7%	5,225	8.7%	88	+1.7%

Supplementary info

As for "Ad-related," MOTOR GATE and Goo-net Pit are expected to grow.

As for "Information and services," the new car domain is expected to grow, but there will be a recoil from sale of software for maintenance shops of PROTO-RIOS (In the previous term, there was rush demand due to the discontinuation of support for Windows 7).

As for "Sale of goods," the sales from export of used cars are estimated to decline due to COVID-19.

Regarding profit sharing with shareholders

Estimated dividends are “unchanged” (announced on May 14, 2020)

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 nd 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

Note: 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

Vision “Corporate Goal”

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

Customer satisfaction

Beneficial information and services

Pride of employees

Company and work

CHANGING COMPANY

-A company that continues
to change for the future-

Trust from shareholders

Future and results

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	<div> 1. AUTOWAY Co., Ltd. (Full subsidiary since April 2013) 2. TIRE WORLD KAN BEST CO., LTD. (Full subsidiary since April 2015) 3. GOONET EXCHANGE (Former Kings Auto) (Full subsidiary since April 2012) 4. PROTO-RIOS INC. (Full subsidiary since October 2002) 5. CAR CREDO Co., Ltd. (Full subsidiary, established in February 2012) 6. CAR BRICKS Co., Ltd. (Shareholder ratio 66% ,established in May 2017) 7. PROTO MEDICAL CARE (Full subsidiary since October 2009) 8. MARUFUJI (Full subsidiary since January 2016) 9. SILVER HEART (Full subsidiary since January 2016) </div> <div> 10. PROTO SOLUTION Co., Ltd. (Full subsidiary, established in April 2007) 11. OKINAWA CALL STAFF SERVICE Co., LTD (Full subsidiary since October 2017) 12. PROTO Ventures (Full subsidiary, established in April 2019) 13. Associe Co., Ltd (Full subsidiary since October 2019) 14. CAR CREDO (Thailand) Co., Ltd. (Shareholder ratio 49% ,established in December 2018) 15. PROTO MALAYSIA Sdn. Bhd. (Full subsidiary since September 2011) * The company is currently under liquidation. (As of October 30, 2020) </div>

Major Shareholders

Financial Data (Consolidated)

Shares outstanding (million, March 2020)	41.9
DPS (¥, FY March 2021, Forecast)	25.0
EPS (¥, FY March 2021, Forecast)	86.68
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 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)

Segment details

Major products in each segment

Automobile-related(Main Product)

Ad-related

Used cars

Data registration fee for Goo-net, etc. (charge for using MOTOR GATE, etc.)

Maintenance

Data registration fee for Goo-net Pit

Information and services

New cars

DataLine SalesGuide, etc.

Maintenance

Sales of software for maintenance and sheet-metal processing (PROTO-RIOS)

Sale of goods

EC: Tires and Wheels (AUTOWAY, TIRE WORLD KAN BEST)

Export of used cars (GOONET EXCHANGE)

EC: Sale of goods (PROTO CORPORATION)

Lifestyle-related Sales of ads, rental welfare goods (PROTO MEDICAL CARE)

Real Estate Income from the rental of real estate (PROTO CORPORATION)

Other Business

BPO business, Software Development (PROTO SOLUTION)

Agricultural business (PROTO CORPORATION)

Investment (PROTO Ventures)



Ad-related

The monthly charge for MOTOR GATE (such as Goo-net) is dominant.
The sales from ad agency business, fliers, information magazines, etc. are included.

Information and services



The monthly charge for the cloud service "DataLine" for new car dealers and the sales of software for maintenance and sheet-metal processing are dominant. The sales from vehicle appraisal are included.

Sale of goods



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

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

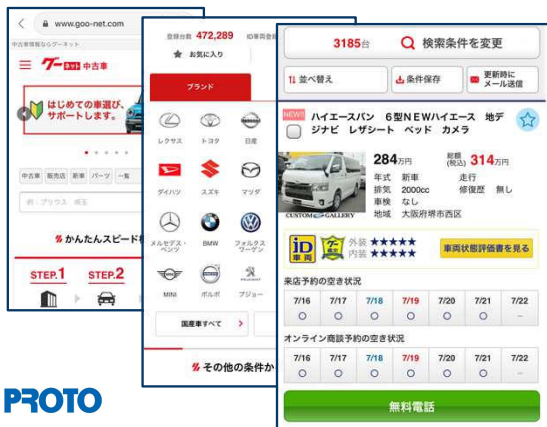
Sales are mostly from rent income of the non-operational floors of our own building.

Sales are mostly from the BPO business.

Used car field: Business models of Goo-net and MOTOR GATE

Users

- **Browsing of contents**
Detailed info on used cars
Info on used car dealers
Reviews of vehicles
Reviews of used car dealers
- **Inquiries to used car dealers**
Inventory check, requests for quotes, appointments, booking of a test drive, booking of online business talks, online business talk "Goo-net Live"
- **Charging system: free**



Platform



<https://www.goo-net.com/>

- Used car search (smartphones, apps, PCs, and information magazines)
- Detailed info on used cars (including Inspection info)
- Detailed info on used car dealers



- Automobile-related info platform (management system for used car dealers)
- Management of sales, customers, and inventory BtoB EC, ledger management function, etc.

Subsidiary for inspection



- Used car inspection service (about 620,000 vehicles per year, FY 3/2020)
- Charging system: charge per vehicle

Clients

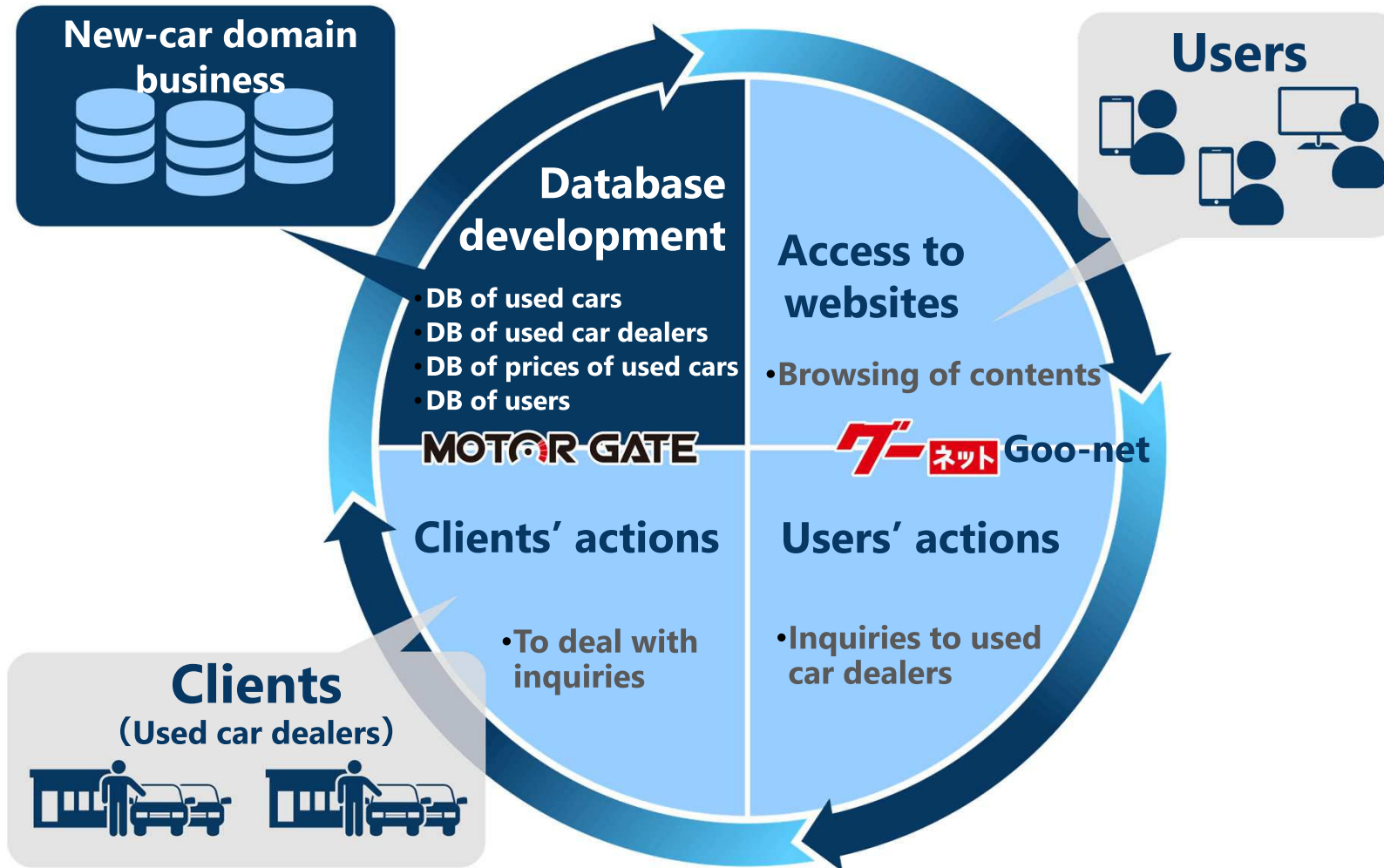
(Used car dealers)

- Used car info registration (inventory registration)
- To deal with users' inquiries
- **Charging system:**
Ad posting fee (MOTOR GATE charges)

*Fixed monthly charge (linked with the number of vehicles in stock)
Charges for options of MOTOR GATE







Used car field: Business cycle of Goo-net and MOTOR GATE



Used car field: Our strengths (disclosure of information on the status of used cars)

To develop an environment where users can purchase used cars without worry.

<p>Goo-net 7-ネット</p> <p>No. of used cars listed 458,782</p>	<p>With vehicle condition information 169,457</p> <p>あんしん、まる見え。 iD 車両</p> 	<p>Goo-inspected Cars</p> 
	<p>Certified Pre-Owned Cars</p> 	
	<p>No evaluation report on vehicle status</p> 	

In-house production of the automobile inspection function

Outline and illustration of Goo-inspection (example)



Note: For reference: No. of cars whose status info has been disclosed by competing media: 46,066 (as of October 22, 2020)

New-car field: Business models of DataLine Series

Users

- Comparison of costs for new cars
- Simulation of changing cars
- Simplified estimation of future prices

Charging system: free

- Appraisal and evaluation of cars owned

Charging system: free

- Inquiries to new car dealers

Charging system: free

Platform

DataLine SalesGuide

- Function to compare costs at the time of business talks for new cars
- Function for simulation of changing cars
- Function to estimate future prices
- Function to give a proposal for changing cars

DataLine AI 査定

- Appraisal function

AI Chatbot

- Business talk booking function (online)
- Online simple appraisal function
- Online price estimation function, etc.

Clients (new car dealers)

- Registration of customer info
- Registration of info on users' vehicles

Charging system:
Monthly charge (fixed)

- Registration of customer info
- Registration of info on users' vehicles

Charging system:
Monthly charge (fixed)

- To deal with inquiries from users

Charging system:
Monthly charge (fixed)

Q2/FY March 2021: Operating Results

[unit: million yen]	Q2/FY March 2020		Q2/FY March 2021		YoY		Full-year estimate
	Results(a)	Sales ratio	Results(b)	Sales ratio	(b)-(a)	%	Achievement rate
Net Sales	29,845	100.0%	27,456	100.0%	(2,389)	(8.0%)	45.8%
Gross Profit	12,123	40.6%	11,941	43.5%	(182)	(1.5%)	46.6%
EBITDA	3,362	11.3%	3,497	12.7%	135	+4.0%	52.9%
Operating Income	2,719	9.1%	2,838	10.3%	118	+4.4%	54.3%
Ordinary Income	2,778	9.3%	2,828	10.3%	49	+1.8%	53.5%
Net Income	3,178	10.6%	1,791	6.5%	(1,386)	(43.6%)	51.5%
Net Income per Share(Yen)	79.20	-	44.62	-	(34.58)	(43.7%)	51.5%

[unit: million yen]	Q2/FY March 2020		Q2/FY March 2021		YoY		Full-year estimate
	Results(a)	Sales ratio	Results(b)	Sales ratio	(b)-(a)	%	Achievement rate
SG&A Expenses	9,403	31.5%	9,102	33.2%	(301)	(3.2%)	46.6%
Employment Cost	3,839	12.9%	3,774	13.7%	(65)	(1.7%)	45.3%
Advertising Cost	2,151	7.2%	2,103	7.7%	(47)	(2.2%)	44.7%
Other Expenses	3,412	11.4%	3,223	11.7%	(188)	(5.5%)	43.9%

Q2/FY March 2021: Operating Results by Segment

Net Sales [unit: million yen]	Q2/FY March 2020		Q2/FY March 2021		YoY		Full-year estimate
	Results(a)	Sales ratio	Results(b)	Sales ratio	(b)-(a)	%	Achievement rate
Automobile-related	26,890	90.1%	24,279	88.4%	(2,610)	(9.7%)	45.5%
Ad-related	10,548	35.3%	10,525	38.3%	(23)	(0.2%)	46.7%
Information and services	2,675	9.0%	2,575	9.4%	(100)	(3.8%)	48.3%
Sales of goods	13,665	45.8%	11,179	40.7%	(2,486)	(18.2%)	43.9%
Lifestyle-related	2,101	7.0%	1,959	7.1%	(142)	(6.8%)	46.9%
Real Estate	89	0.3%	76	0.3%	(13)	(14.6%)	52.7%
Other Business	763	2.6%	1,139	4.2%	376	+49.3%	49.2%
Total	29,845	100.0%	27,456	100.0%	(2,389)	(8.0%)	45.8%

Operating Income [unit: million yen]	Q2/FY March 2020		Q2/FY March 2021		YoY		Full-year estimate
	Results(a)	Profit Margin	Results(b)	Profit Margin	(b)-(a)	%	Achievement rate
Automobile-related	3,436	12.8%	3,391	14.0%	(44)	(1.3%)	49.4%
Lifestyle-related	94	4.5%	161	8.3%	67	+71.1%	81.2%
Real Estate	89	99.9%	64	84.2%	(25)	(28.1%)	98.0%
Other Business	31	4.1%	59	5.2%	28	+91.0%	40.5%
Management Division	(931)	-	(838)	-	93	-	40.9%
Total	2,719	9.1%	2,838	10.3%	118	+4.4%	54.3%

Q2/FY March 2021: Consolidated Balance Sheet

[unit: million yen]	As of March 31, 2020		As of September 30, 2020		increase and decrease	
	Results(a)	Ratio	Results(b)	Ratio	(b)-(a)	%
Current Assets	28,231	63.1%	29,632	62.6%	1,401	105.0%
Non-Current Assets	16,494	36.9%	17,735	37.4%	1,241	107.5%
Current Liabilities	11,268	25.2%	11,913	25.1%	644	105.7%
Non-Current Liabilities	1,524	3.4%	1,417	3.0%	(106)	93.0%
Net Assets	31,932	71.4%	34,037	71.9%	2,104	106.6%
Total Assets	44,726	100.0%	47,368	100.0%	2,642	105.9%

[unit: million yen]	As of March 31, 2020		As of September 30, 2020		increase and decrease	
	Results(a)	Ratio	Results(b)	Ratio	(b)-(a)	%
Cash and cash equivalents	18,057	40.4%	18,380	38.8%	323	101.8%
Interest-bearing debt	3,757	8.4%	3,578	7.6%	(179)	95.2%
Net cash	14,299	32.0%	14,802	31.2%	502	103.5%

Q2/FY March 2021: Consolidated Statements of Cash Flows

[unit: million yen]	Q2/FY March 2020	Q2/FY March 2021	YoY
	Results(a)	Results(b)	(b)-(a)
Cash Flows from Operating Activities	2,694	1,890	(804)
Cash Flows from Investing Activities	901	(241)	(1,143)
Cash Flows from Financing Activities	(664)	(806)	(141)
Cash and Cash Equivalents at End of Term	18,289	18,160	(129)

[unit: million yen]	Q2/FY March 2020	Q2/FY March 2021	YoY
	Results(a)	Results(b)	(b)-(a)
Investment Amount (Tangible/intangible fixed assets*)	1,436	330	(1,106)
Depreciation (Tangible/intangible fixed assets)	428	442	14
Amortization of Goodwill	213	215	1

Consolidated Earnings (quarterly transition)

[unit: million yen]	FY2019 March,Q1	FY2019 March,Q2	FY2019 March,Q3	FY2019 March,Q4	FY2020 March,Q1	FY2020 March,Q2	FY2020 March,Q3	FY2020 March,Q4	FY2021 March,Q1	FY2021 March,Q2	FY2021 March,Q3	FY2021 March,Q4
Net Sales	15,816	14,774	17,228	14,430	14,698	15,147	15,134	14,147	13,518	13,937		
Gross Profit	5,900	5,734	6,389	5,807	5,951	6,172	6,282	6,000	5,962	5,978		
EBITDA	1,626	1,287	2,069	936	1,760	1,602	1,962	1,130	1,829	1,667		
Operating Income	1,263	954	1,739	606	1,448	1,271	1,622	794	1,502	1,335		
Ordinary Income	1,421	1,001	1,805	775	1,436	1,341	1,806	769	1,554	1,273		
Net Income	914	600	1,193	449	1,035	2,142	1,390	421	1,017	774		

[unit: million yen]	FY2019 March,Q1	FY2019 March,Q2	FY2019 March,Q3	FY2019 March,Q4	FY2020 March,Q1	FY2020 March,Q2	FY2020 March,Q3	FY2020 March,Q4	FY2021 March,Q1	FY2021 March,Q2	FY2021 March,Q3	FY2021 March,Q4
SG&A Expenses	4,637	4,779	4,649	5,200	4,502	4,901	4,660	5,205	4,459	4,642		
Employment Cost	1,996	1,955	1,914	2,005	1,917	1,922	1,938	1,942	1,902	1,872		
Advertising Cost	908	1,195	1,001	1,380	945	1,205	989	1,462	964	1,139		
Other Expenses	1,732	1,628	1,733	1,814	1,638	1,773	1,732	1,800	1,593	1,630		

Consolidated Earnings by Segment (quarterly transition)

Net Sales [unit: million yen]	FY2019 March,Q1	FY2019 March,Q2	FY2019 March,Q3	FY2019 March,Q4	FY2020 March,Q1	FY2020 March,Q2	FY2020 March,Q3	FY2020 March,Q4	FY2021 March,Q1	FY2021 March,Q2	FY2021 March,Q3	FY2021 March,Q4
Automobile-related	14,303	13,253	15,718	12,892	13,219	13,670	13,495	12,483	11,935	12,344		
Ad-related	5,187	5,325	5,368	5,397	5,161	5,387	5,366	5,569	5,163	5,361		
Information and services	1,255	1,185	1,264	1,336	1,259	1,415	1,452	1,428	1,253	1,322		
Sales of goods	7,860	6,742	9,085	6,158	6,798	6,867	6,676	5,485	5,518	5,660		
Lifestyle-related	1,085	1,103	1,075	1,070	1,044	1,057	1,022	1,044	981	978		
Real Estate	48	49	49	47	46	43	35	35	37	39		
Other Business	379	368	384	420	388	375	581	583	564	575		
Total	15,816	14,774	17,228	14,430	14,698	15,147	15,134	14,147	13,518	13,937		

Operating Income [unit: million yen]	FY2019 March,Q1	FY2019 March,Q2	FY2019 March,Q3	FY2019 March,Q4	FY2020 March,Q1	FY2020 March,Q2	FY2020 March,Q3	FY2020 March,Q4	FY2021 March,Q1	FY2021 March,Q2	FY2021 March,Q3	FY2021 March,Q4
Automobile-related	1,554	1,208	2,009	986	1,793	1,642	1,981	1,164	1,786	1,605		
Lifestyle-related	71	94	68	15	51	43	32	42	81	80		
Real Estate	48	48	49	46	47	42	35	9	33	31		
Other Business	11	12	18	14	14	17	28	(1)	22	37		
Management Division	(422)	(408)	(406)	(455)	(457)	(474)	(456)	(420)	(420)	(418)		
Total	1,263	954	1,739	606	1,448	1,271	1,622	794	1,502	1,335		

Operating Results 10-year Summary

[unit: million yen]	FY2011 March	FY2012 March	FY2013 March	FY2014 March	FY2015 March	FY2016 March	FY2017 March	FY2018 March	FY2019 March	FY2020 March
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

Operating Results 10-year Summary by Segment

Sales [unit: million yen]	FY2011 March	FY2012 March	FY2013 March	FY2014 March	FY2015 March	FY2016 March	FY2017 March	FY2018 March	FY2019 March	FY2020 March
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	FY2012 March	FY2013 March	FY2014 March	FY2015 March	FY2016 March	FY2017 March	FY2018 March	FY2019 March	FY2020 March
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

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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