

## Questions and Answers

Date: May 24, 2021 (Mon) 13:00-14:00 (Japan time)

Place: PROTO CORPORATION HEAD OFFICE, Nagoya, Japan (WEB distribution)

Speaker: Mr. Kenji Kamiya, President

Mr. Takehito Suzuki, Executive Officer

Mr. Nariaki Takabayashi, Accounting and Finance 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.

### • Trends in the used and new car industry and their impact on the company.

Q. Please tell us how the recent sharp rise in the used car market and stagnation in the supply of new cars will affect your business performance in the current fiscal year (ending March 2022) and beyond.

A. The fact that the market for used cars is soaring means, in other words, that the market is very active. In previous years, April-May is usually a slightly lower period than the fourth quarter of the previous year (January-March), but this year (ending March 2022) the market is slightly stronger than in previous years. We believe that if there is a slowdown in the supply of new cars, the need for used cars will become even stronger. So at the moment we are looking at a very active year for the used car market. As for the supply of new cars, as reported in the newspapers and other media, the shortage of semiconductors is expected to affect the supply of new cars from June to July. We have built up our business plan based on the expectation that new car dealers and manufacturers will be affected from September to October.

### • Selection and concentration of business portfolio and mergers and acquisitions (Financial Results Briefing, page 15,16)

Q. You sold the shares of PROTO MEDICAL CARE on June 1, 2021, and are planning to conduct M&A at PROTO SOLUTION Co., Ltd. in the current fiscal year (ending March 2022). What are the objectives of the divestment and acquisition?

A. In pursuing synergies between the Group's core automotive and lifestyle-related information businesses, the decision to sell PROTO MEDICAL CARE was made as part of the selection and concentration of the Group's business portfolio, as it was not possible to achieve significant results that would contribute to the growth of both businesses. As for PROTO SOLUTION Co., Ltd.'s plans for M&As, it is expected that they will mainly focus on businesses related to BPO, similar to the M&A activities conducted by PROTO SOLUTION Co., Ltd. in the past. PROTO SOLUTION Co., Ltd. is also a functional subsidiary of our business, and we have a unique perspective on this M&A. In addition, in the area of "functions", there are countless companies that are developing businesses that will be a sufficient positive factor for our business as the digitalization in society continues. The addition of such businesses to the Group, led by PROTO SOLUTION Co., Ltd. is one of our M&A policies, with the expectation that they will be used effectively not only by us but also by our Group companies. In addition to the above, we do not intend to remain in the automotive segment for the long term, and we will be looking at new

non-automotive businesses and new areas for M&A. As soon as we have a clearer idea of where we are headed, we will report on this as soon as possible.

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• **Plans for the number of clients for each service in the year ending March 2022 (Financial Results Briefing, page 29)**

- Q. What are your plans for the number of customers for each of your services in the used car, new car and maintenance sectors for the year ending March 2022?
- A. As of the end of the current fiscal year, the company plans to have about 23,000 dealers for used-car field MOTOR GATE, and about 5,000 pay-per-use shops for maintenance field Goo-net Pit. For DataLine SalesGuide in the new car field, which the company explained on page 29 of its financial results presentation that it would target 8,000 dealers in the medium term, it plans to have approximately 6,500 dealers.
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• **Expected increase in unit price of DataLine SalesGuide in the year ending March 2022 and when the medium-term target will be achieved (Financial Results Briefing, page 29)**

- Q. With regard to DataLine SalesGuide, you said that in the previous fiscal year (ended March 2021), you conducted AI Chatbot's campaign, which resulted in an increase in the unit price per customer. Excluding temporary changes due to campaigns, etc., do you expect the unit price per customer to increase in the current fiscal year (ending March 2022) and beyond? Also please tell us when you will achieve the medium-term targets mentioned on page 29 of the financial results presentation materials.
- A. As for the prospect of higher unit prices from the current fiscal year (ending March 2022) onwards, we are gradually receiving a certain level of recognition from our customers, the new car dealers, regarding our business development centered on DataLine SalesGuide, and we believe that unit prices will continue to rise from the current fiscal year onwards. With regard to the timing of the achievement of the medium-term targets on page 29 of the financial results presentation materials, we hope to achieve them in approximately three years.