

## Questions and Answers

Date: August 4, 2021 (Wed) 13:00-14:00

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.

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• **Factors behind the increase in the number of MOTOR GATE dealers (Financial Results Briefing, page 13)**

Q. The number of MOTOR GATE dealers are increasing, but is this related to a booming used car market?

A. Increase in the number of dealers, we see the buoyant used car market as being responsible for around 50% of the increase. For the remaining 50%, We understand that this is due to an increase in the number of occasions when used car dealers and users wish to discuss business online, and is the result of the MG calendar that we released in the last quarter.

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• **About our business portfolio**

Q. Other than PROTO MEDICAL CARE, are there any other businesses to be sold?

A. There are no eligible businesses at present.

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• **Decrease in the number of dealer introducing AI Chatbot in the new car field(Financial results briefing, page 40)**

Q. The number of AI Chatbot installations has halved from 712 dealers in March 2021 to 353 dealers in June 2021. What are the reasons for this decline?

A.. There were two main reasons for this: firstly, we didn't provide enough support for our clients to make use of the system, secondly, after a temporary introduction in a campaign, the customer did not adopt the product in the long term. However, AI Chatbots are not only used by new car dealers, but also in many other places, and we continue to see demand from our clients, so we believe that this is a service that we can grow in the future.

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• **Monthly unit price change of DataLine SalesGuide (Financial results briefing, page 16)**

Q. We had expected that the monthly unit price would fall as the number of AI Chatbot dealers decreased, but there has been no change compared to the end of the previous period. Please tell us the reason. Also, please tell us how the monthly unit price is likely to change in the future.

A. Despite the decrease in the number of dealers using AI Chatbots, we believe that the reason for the lack of change in the monthly unit price is that we released a number of optional services in the last period, which resulted in an increase in the number of customers using these optional services. In terms of future unit costs, we believe that our video service, DLSG car replacement proposal Movie, has been more well received than we had originally anticipated and that we will be able to increase this by continuing to add services based on the DataLine SalesGuide.

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• **Current export status of GOONET EXCHANGE (Financial results briefing, page 14 to page15)**

Q. What changes have been made to the exporting countries since GOONET EXCHANGE started its alliance with used car exporters? In addition, some countries are under lockdown due to the spread of the new coronavirus, please tell us what the current export situation is.

A. As a result of our alliance with three used car exporters, we are now able to export to almost all parts of the world, which means that we have expanded our coverage, albeit indirectly. The export market is also expected to remain strong, despite the impact of the new coronavirus and the shortage of containers.

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• **About changes in Number of factories listed on Goo-net Pit for a fee and policy to achieve our target of 5,000 paid-for listings(Financial results briefing, page 41)**

Q. Please tell me about why the number of factories with paid listings on Goo-net Pit has not changed since the end of the previous quarter and policy to achieve our target of 5,000 paid-for listings.

A. The number of new listings has not changed significantly, but there had an unexpected increase in cancellations, partly due to the change in the business year. However, this does not mean that our performance in terms of sending visitors has weakened, and the number of visits to Goo-net Pit and the amount of content published has increased as expected, so the overall feeling is that we are not at a standstill. However, it is true that the number of factories listed on the website has temporarily slowed down, and we are determined to deal with this. Achieve our target of 5,000 paid-for listings, the key is how to increase the number of customers sent by strengthening the pay-as-you-go service, and we believe that there is still room for improvement. As for the Goo-net Pit, we believe that if we take our time, we will be able to give you a reasonable result, so please give us more time.

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• **Factors that may cause a customer to cancel a Goo-net Pit (Financial results briefing, page 41)**

Q. What are the reasons for the unexpected increase in cancellations of Goo-net Pit, despite the fact that there has been no weakening in the number of customers sent?

A. We do not see any overall weakness, but we do see this as a factor in the sluggish performance of some clients in terms of sending customers.