

Financial Results for the Three Months Ended June 2020

(April 1, 2020 to June 30, 2020)

PROTO CORPORATION (4298)
July 31, 2020
(Investor Meeting August 5, 2020)



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Overview of Q1/FY March 2021

Overview of Q1/FY March 2021

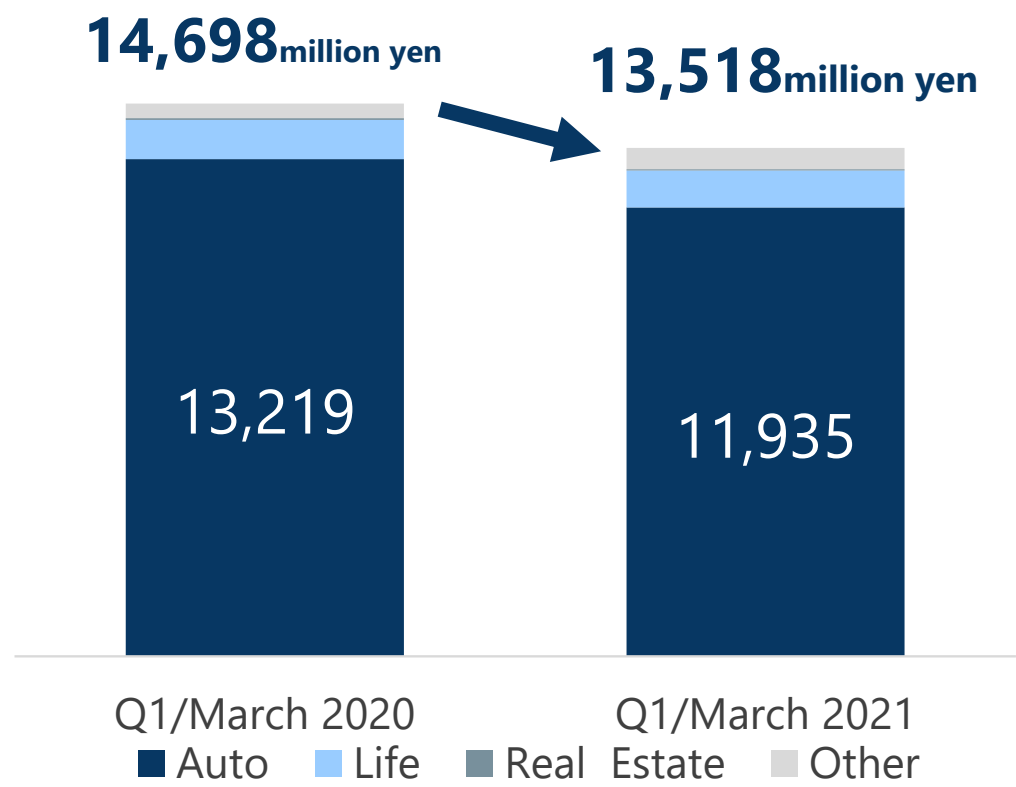
**Operating income rose,
as the platform performed well.**

| | | |
|-------------------------|---------------------------|------------|
| Sales | 13,518 million yen | YoY (8%) |
| Gross Profit | 5,962 million yen | YoY +0% |
| EBITDA | 1,829 million yen | YoY +4% |
| Operating income | 1,502 million yen | YoY +4% |
| OP Margin | 11.1% | YoY +1.2pt |
| Net income | 1,017 million yen | YoY (2%) |

Overview of Q1/FY March 2021

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

Sales

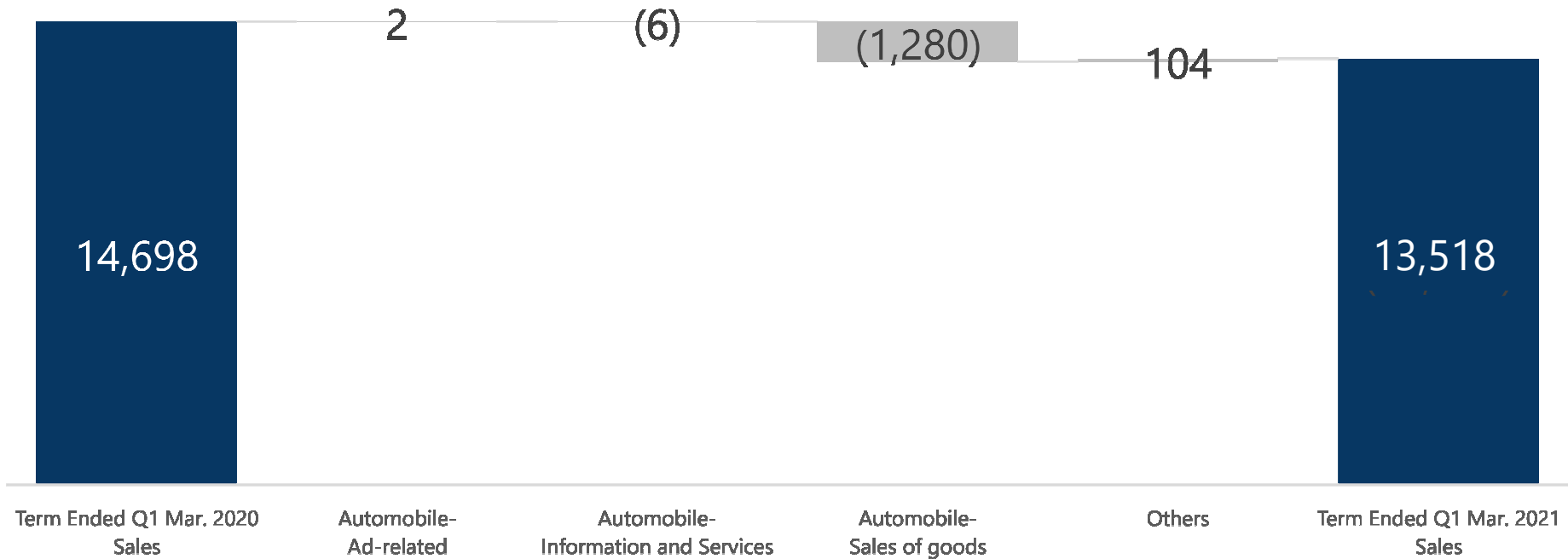


YoY
(8%)
Down 1,179 million yen

Overview of Q1/FY March 2021

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

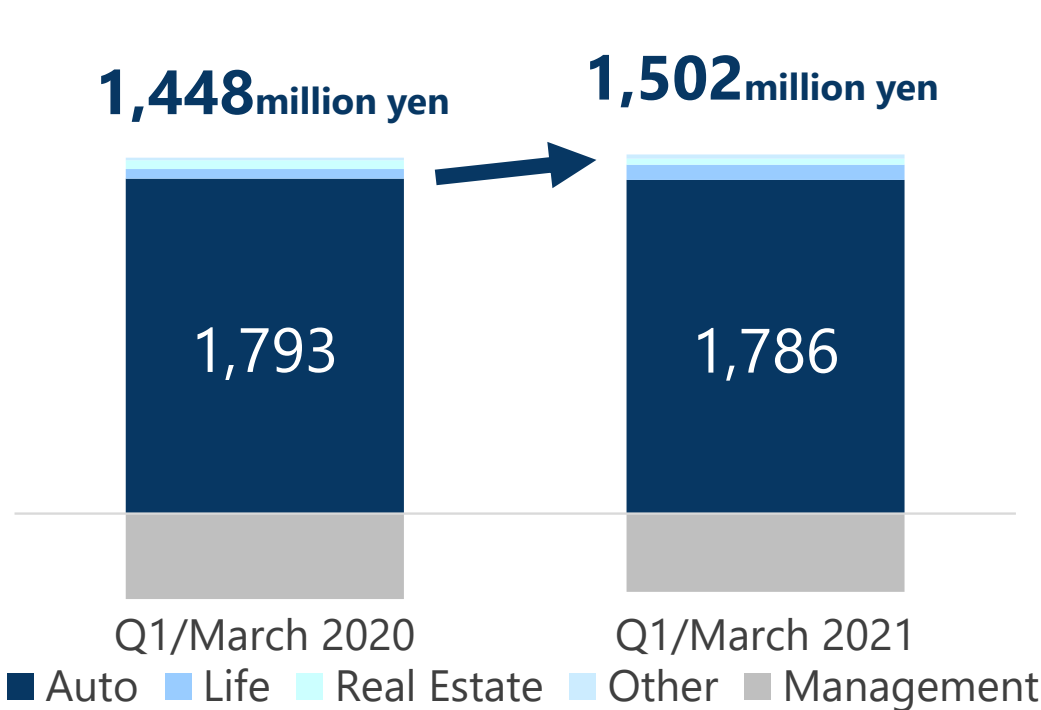
Sales Breakdown (Million yen)



Overview of Q1/FY March 2021

Operating income rose, as the platform performed well.

Operating income



YoY
+ 4%
Up 54 million yen

Overview of Q1/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



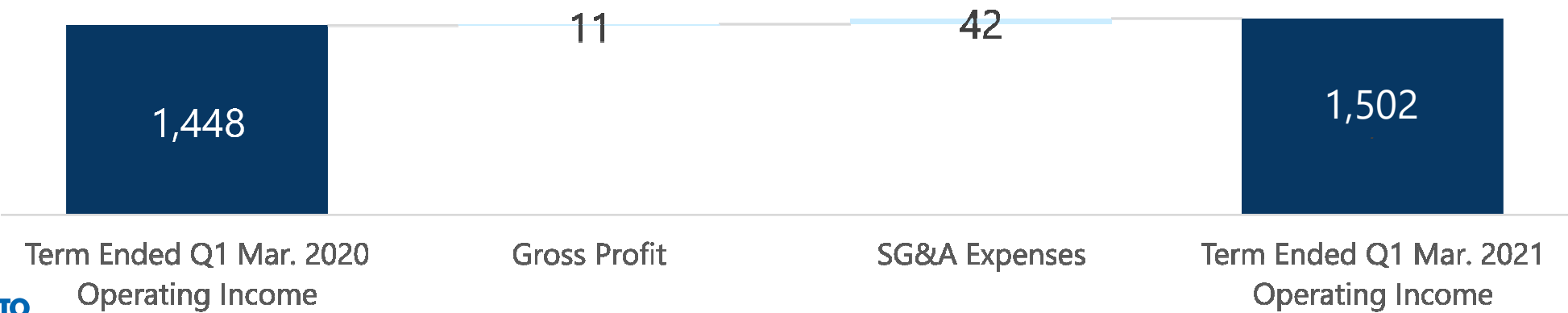
Overview of Q1/FY March 2021

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

Operating Income Breakdown

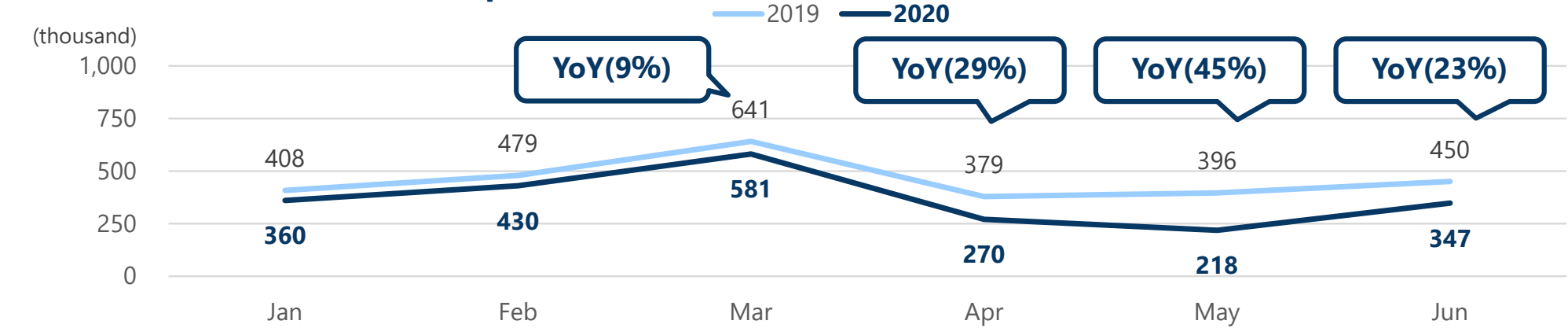
(Million yen)

| Gross Profit Breakdown | +11 | SG&A Breakdown | +42 | Operating Income Breakdown | +54 |
|------------------------|------|--------------------------|------|----------------------------|------|
| PROTO CORPORATION | +164 | PROTO CORPORATION | (19) | PROTO CORPORATION | +145 |
| PROTO-RIOS | +5 | PROTO-RIOS | (24) | PROTO-RIOS | (19) |
| AUTOWAY | (80) | AUTOWAY | (17) | AUTOWAY | (98) |
| TIRE WORLD KAN BEST | (42) | TIRE WORLD KAN BEST | +3 | TIRE WORLD KAN BEST | (39) |
| GOONET EXCHANGE | (2) | GOONET EXCHANGE | +1 | GOONET EXCHANGE | (1) |
| | | Amortization of Goodwill | +0 | Amortization of Goodwill | 0 |

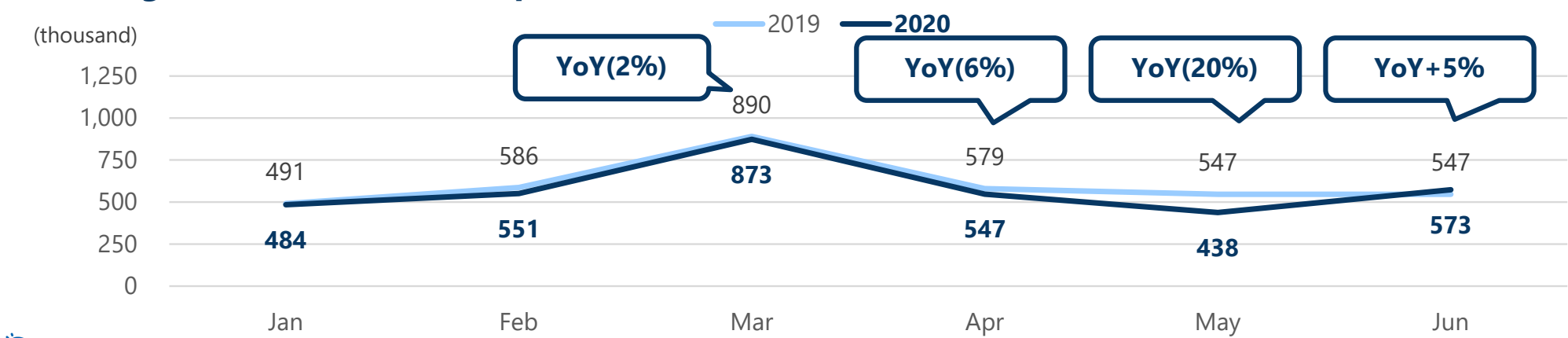


Regarding the impact of COVID-19 on the domestic automotive market

Sales volume of new cars in Japan

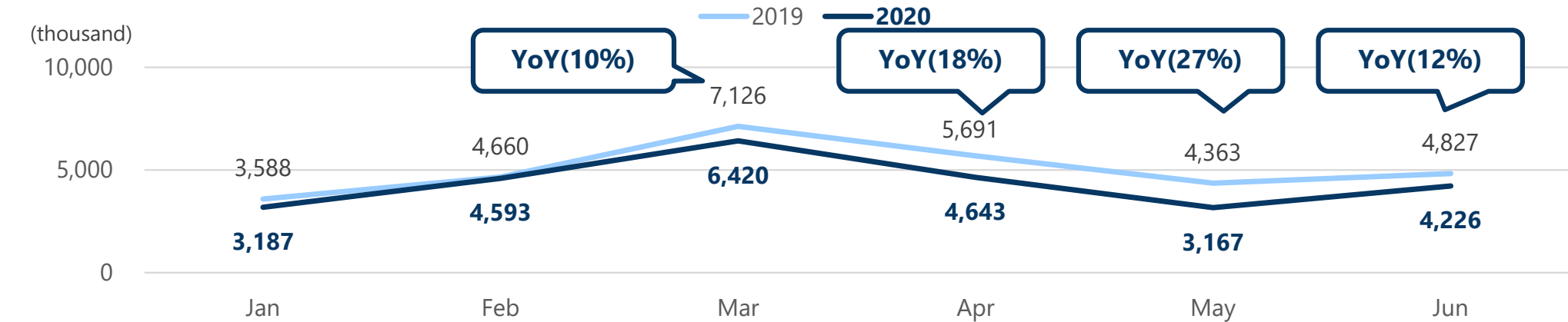


No. of registered used cars in Japan

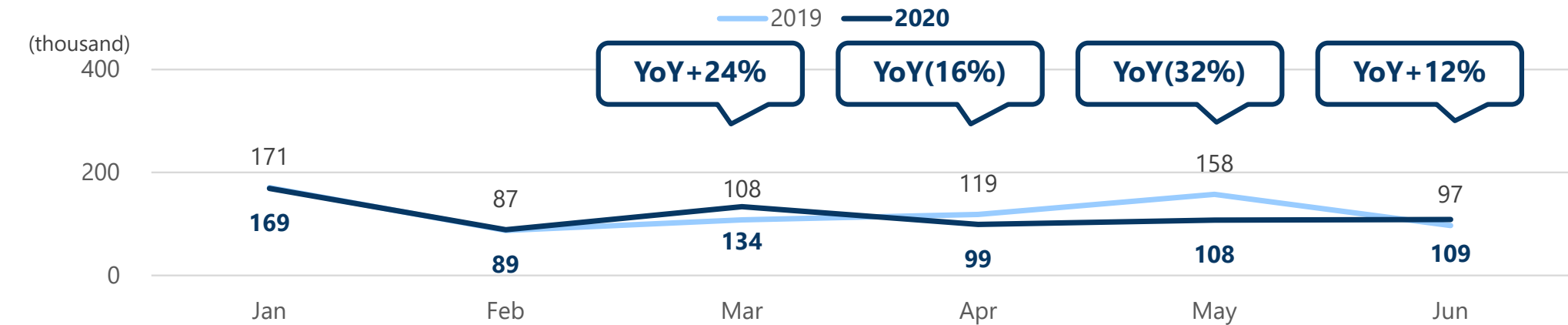


Regarding the impact of COVID-19 on the domestic automotive market

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



No. of deregistered vehicles for export in Japan



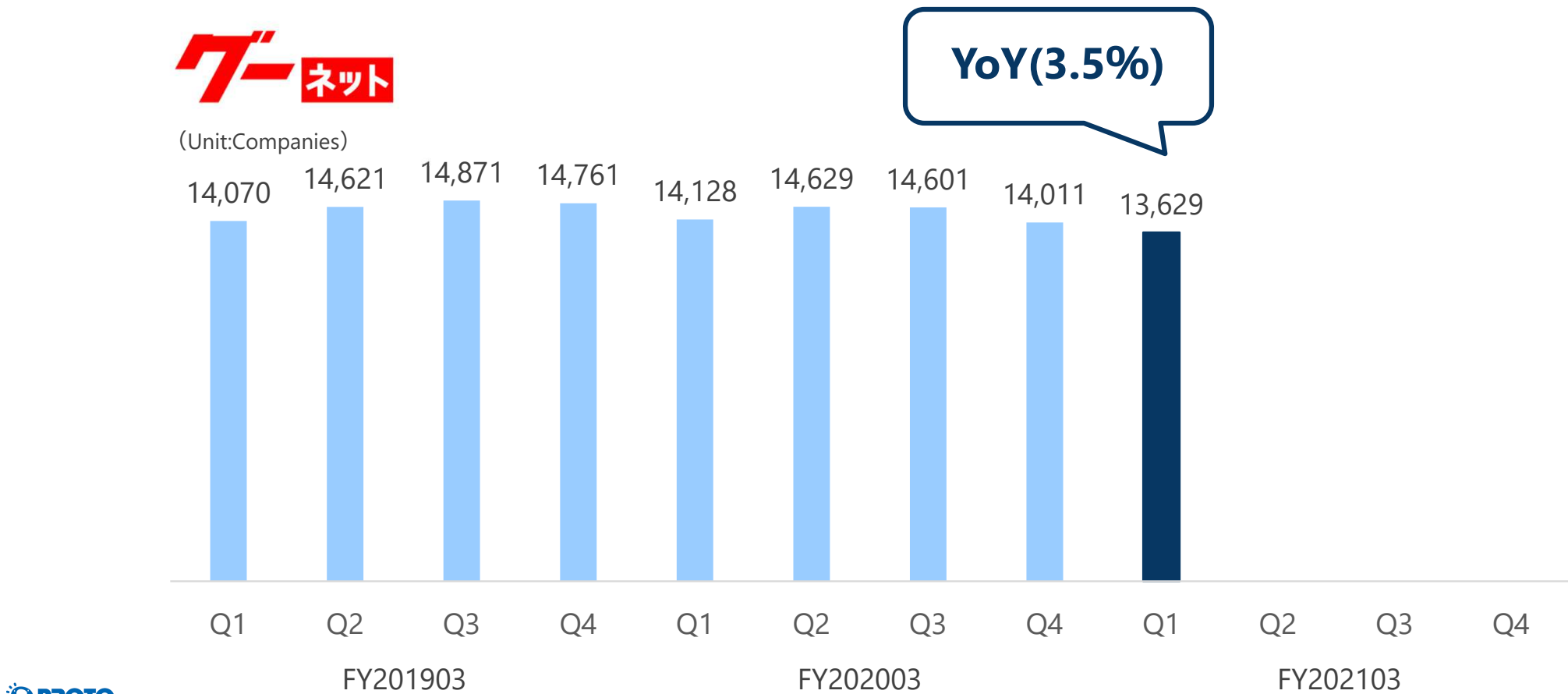
Impact of COVID-19 on our performance, and our measures

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

| Sub-segment | Major products | Q1 evaluation | Situation in Q1 | Measures from Q2 |
|--------------------------|--|------------------|--|---|
| Ad-related | MOTORGATE (Goo-net) | Good | Healthy, and the sales of options were favorable. | Sales promotion of MOTORGATE AI |
| Ad-related | Goo-net Pit | Excellent | Healthy, and FC rights of leading companies obtained | Promotion of “smart booking” |
| 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 | Sales activities targeting new customers were stagnant. | 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 |

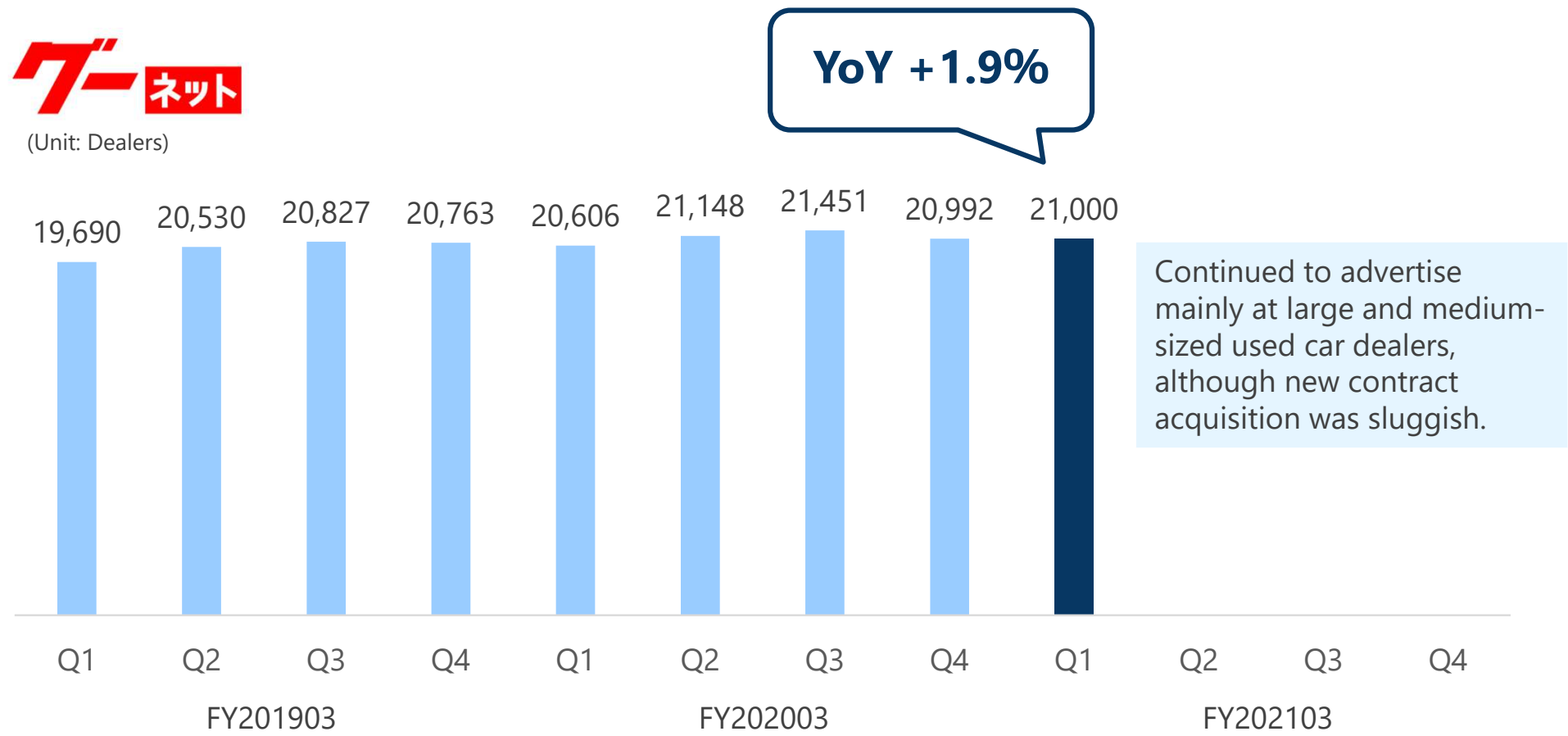
Ad-related (used car field)

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



Ad-related (used car field)

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



Ad-related (used car field)

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

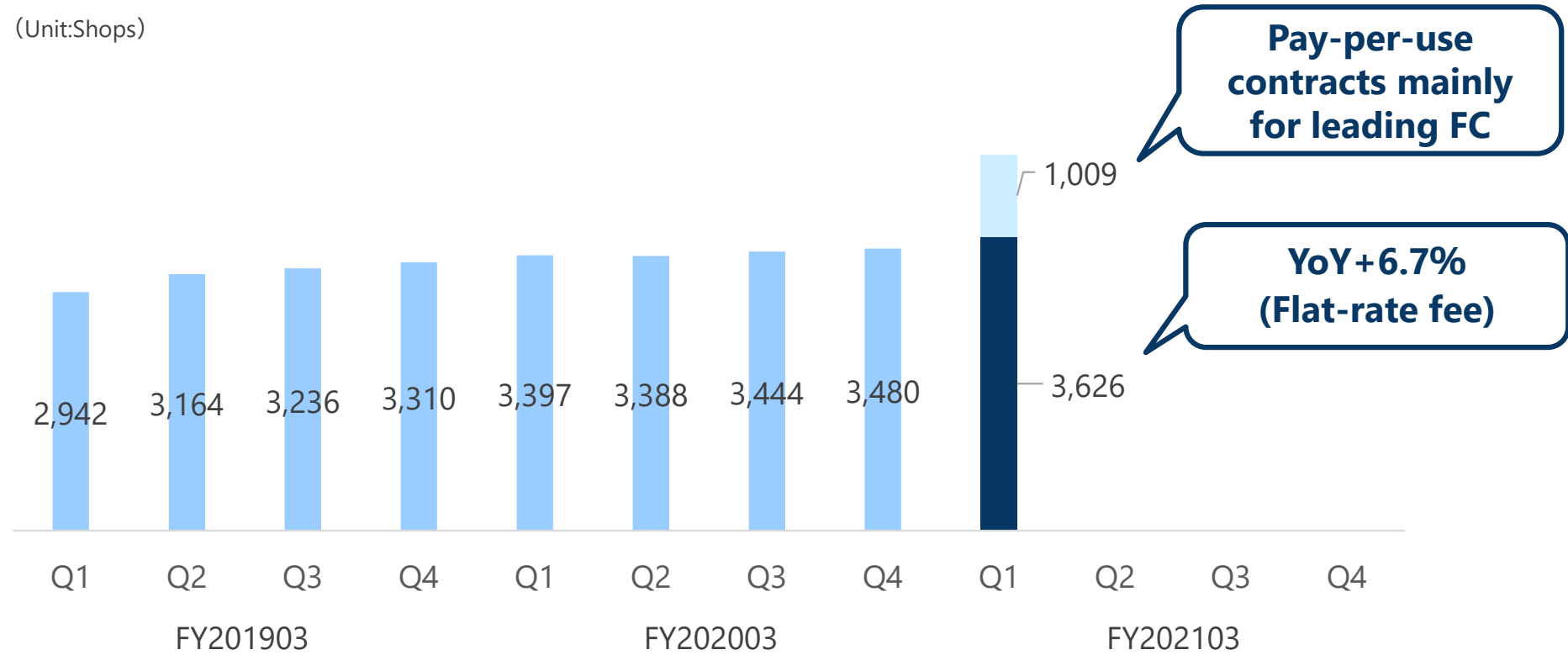


(Unit: Dealers)



Ad-related (maintenance field)

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

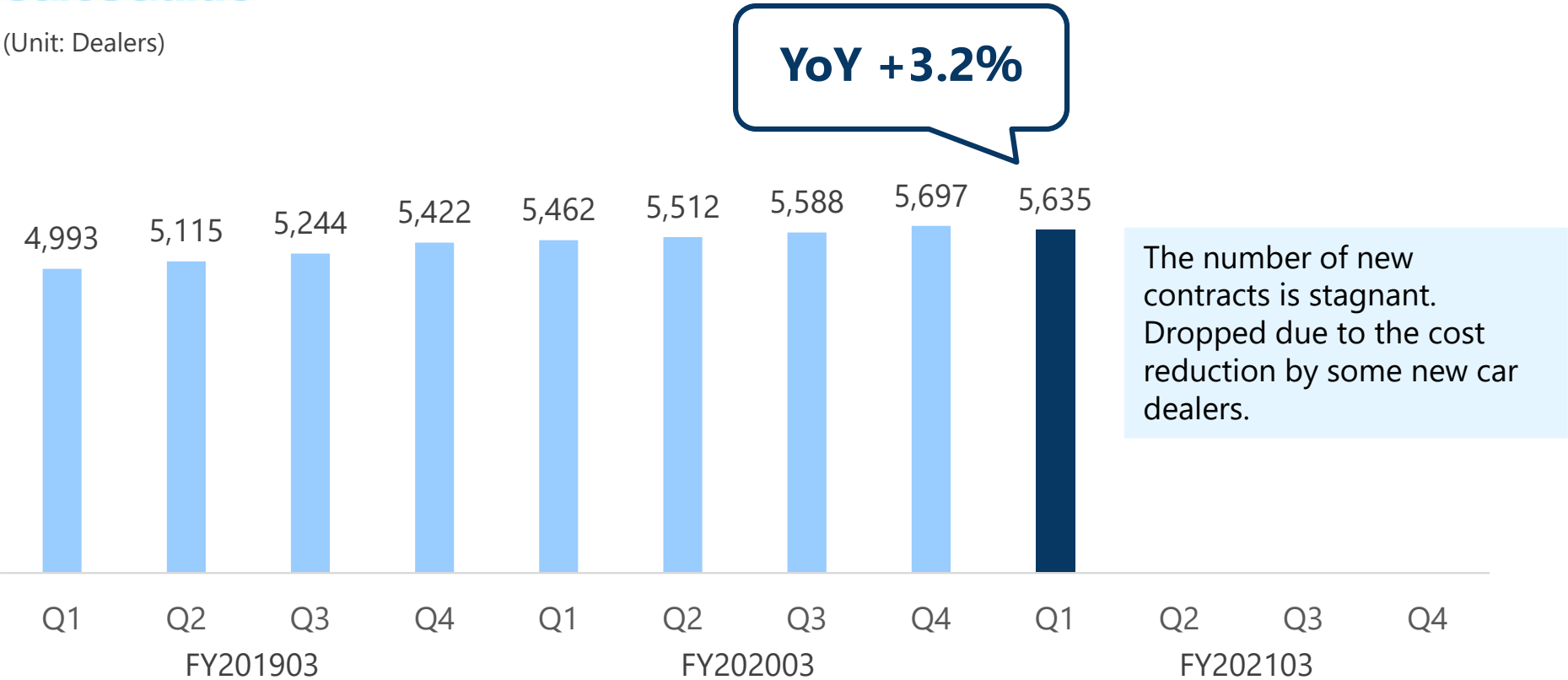


Information and services (new car field)

No. of dealers that have adopted DataLine SalesGuide



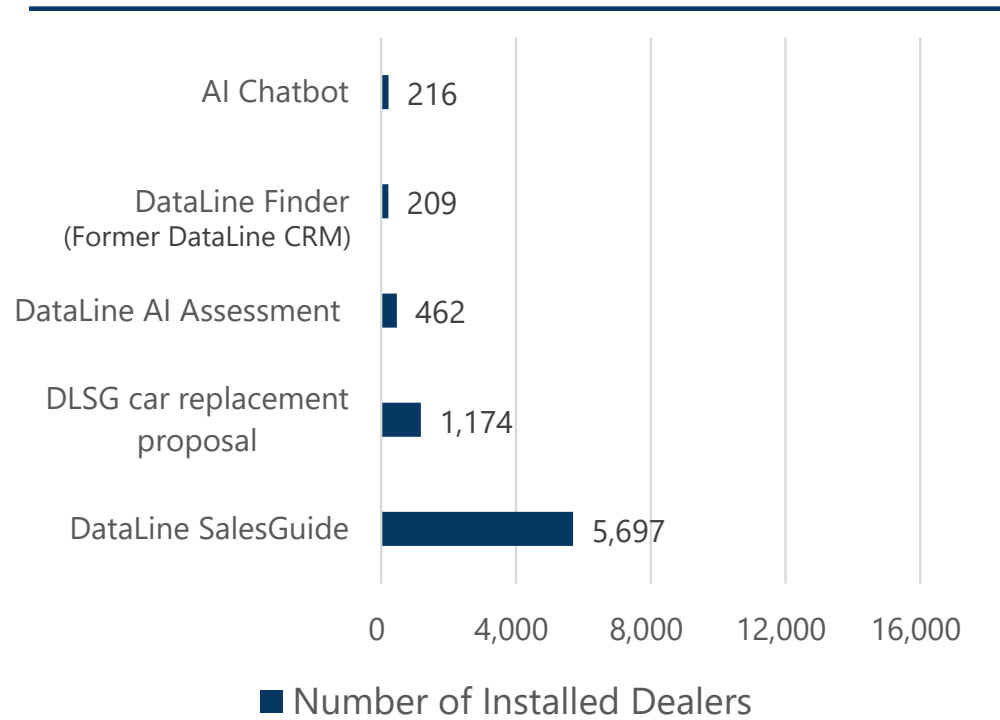
(Unit: Dealers)



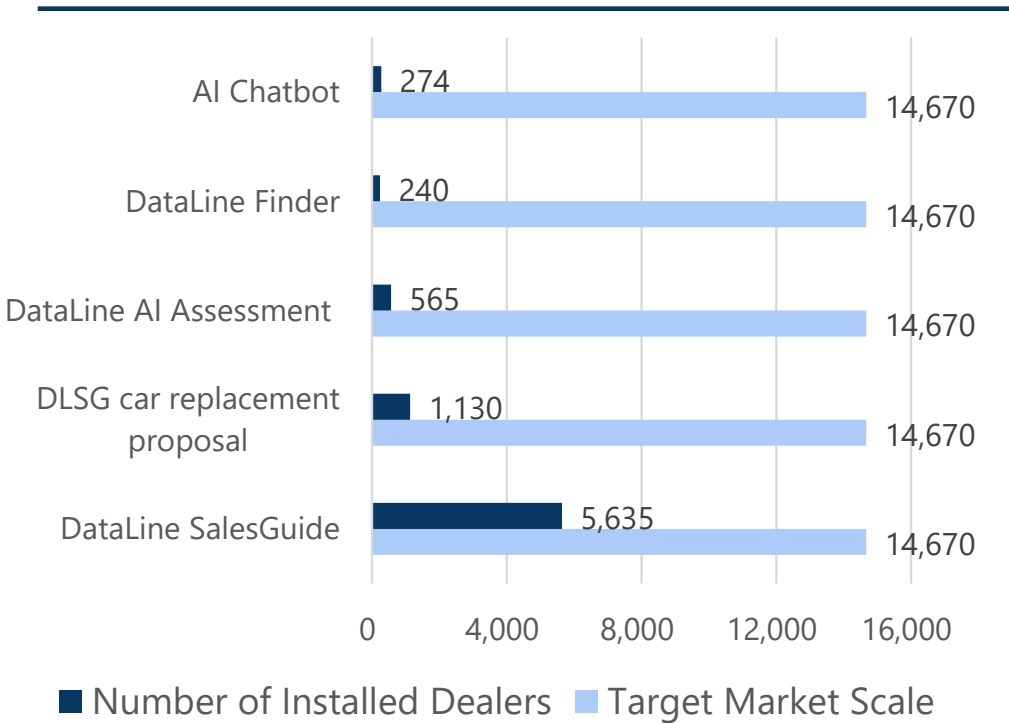
Information and services (new car field)

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)



June 2020 (Results)



FY March 2021: Consolidated Earnings Forecast

FY March 2021: Consolidated Earnings Forecast

**Operating income is estimated to rise,
thanks to the growth of the platform business.**

Y/y growth rate of
consolidated sales

+1%

Up 872 million yen

Y/y growth rate of
consolidated operating income

+2%

Up 88 million yen

FY March 2021: Consolidated Earnings Forecast

| 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," MOTORGATE 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” (from those 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.

Our company's activities

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

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

The medium-term 3-Year Business Plan “unchanged.”

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.

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

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

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).

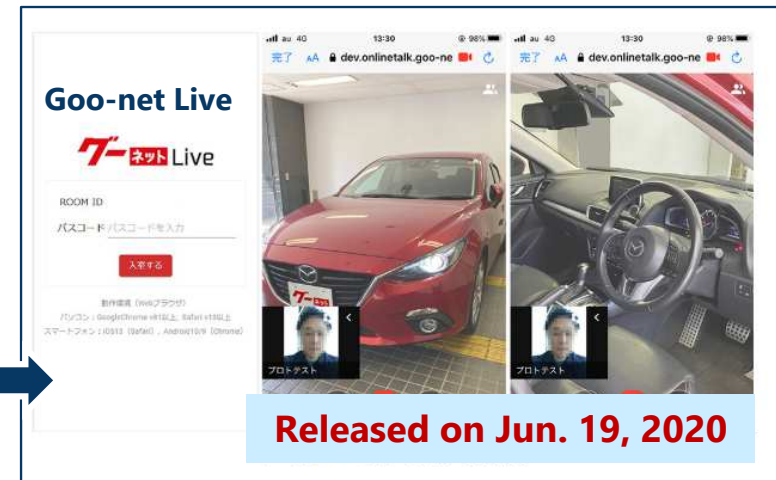
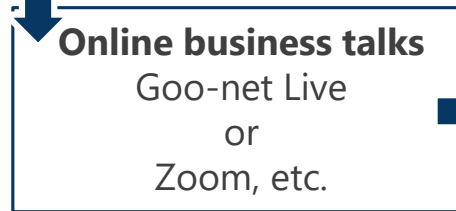
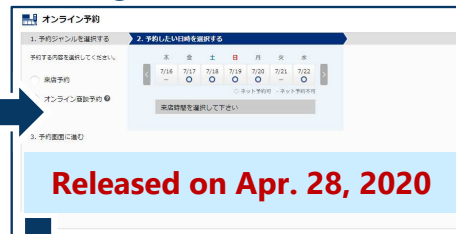
Jul. 2020: Released "MOTORGATE AI," an AI-based analysis tool for increasing contract rates (used cars).

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

Used car field: Booking of online business talks, Goo-net Live

Non-contact business talk tool released (Promotion of DX in the automobile industry)

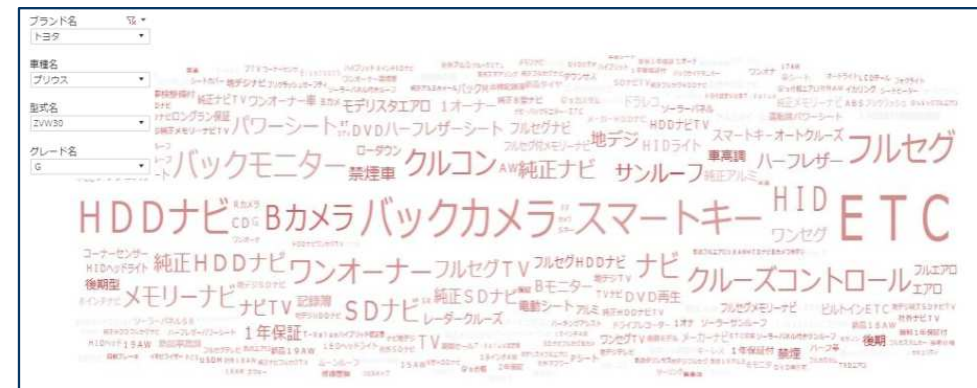
Booking of Online business talks



- Provided a non-contact business talk tool for supporting marketing activities amid the COVID-19 pandemic.
- Provided it as an optional function of MOTORGATE Calendar.
- Monthly charge model (optional function of MOTORGATE)

Used car field: MOTORGATE AI

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



To learn the access data to images in Goo-net, and automatically produce the descriptions of car models and number of recommend images, etc. to increase access

Released on Jul. 2, 2020

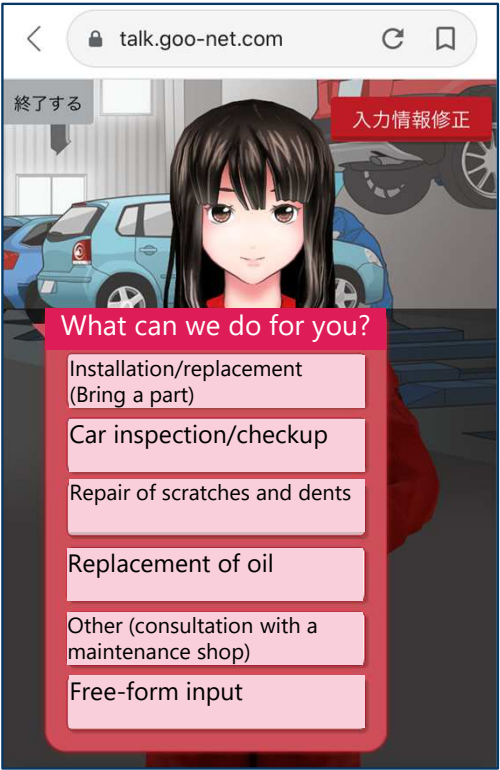
- To reduce the time of registration of used car data by about 50%
- Pay-per-use model (Optional function of MOTORGATE)
(To be monetized in Oct. 2020)

Maintenance field: Incorporated AI chatbots into “smart booking”

To increase the users of “smart booking” of Goo-net Pit by improving UX and UI



Released on Jul. 15, 2020



For supporting marketing in the automobile maintenance field amid the COVID-19 pandemic, we will offer charge-free services for affiliated shops of Goo-net Pit until Sep. 2020 (unit price: 1,500 per customer introduced)

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 July 31, 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)

Q1/FY March 2021: Operating Results

| [unit: million yen] | Q1/FY March 2020 | | Q1/FY March 2021 | | YoY | |
|---------------------------|------------------|-------------|------------------|-------------|---------|--------|
| | Results(a) | Sales ratio | Results(b) | Sales ratio | (b)-(a) | % |
| Net Sales | 14,698 | 100.0% | 13,518 | 100.0% | (1,179) | (8.0%) |
| Gross Profit | 5,951 | 40.5% | 5,962 | 44.1% | 11 | +0.2% |
| EBITDA | 1,760 | 12.0% | 1,829 | 13.5% | 69 | +4.0% |
| Operating Income | 1,448 | 9.9% | 1,502 | 11.1% | 54 | +3.7% |
| Ordinary Income | 1,436 | 9.8% | 1,554 | 11.5% | 117 | +8.2% |
| Net Income | 1,035 | 7.0% | 1,017 | 7.5% | (18) | (1.8%) |
| Net Income per Share(Yen) | 25.82 | - | 25.34 | - | (0.48) | (1.8%) |

| [unit: million yen] | Q1/FY March 2020 | | Q1/FY March 2021 | | YoY | |
|---------------------|------------------|-------------|------------------|-------------|---------|--------|
| | Results(a) | Sales ratio | Results(b) | Sales ratio | (b)-(a) | % |
| SG&A Expenses | 4,502 | 30.6% | 4,459 | 33.0% | (42) | (0.9%) |
| Employment Cost | 1,917 | 13.0% | 1,902 | 14.1% | (15) | (0.8%) |
| Advertising Cost | 945 | 6.4% | 964 | 7.1% | 18 | +2.0% |
| Other Expenses | 1,638 | 11.1% | 1,593 | 11.8% | (45) | (2.8%) |

Q1/FY March 2021: Operating Results by Segment

| Net Sales [unit: million yen] | Q1/FY March 2020 | | Q1/FY March 2021 | | YoY | |
|----------------------------------|------------------|-------------|------------------|-------------|---------|---------|
| | Results(a) | Sales ratio | Results(b) | Sales ratio | (b)-(a) | % |
| Automobile-related | 13,219 | 89.9% | 11,935 | 88.3% | (1,284) | (9.7%) |
| Ad-related | 5,161 | 35.1% | 5,163 | 38.2% | 2 | +0.1% |
| Information and services | 1,259 | 8.6% | 1,253 | 9.3% | (6) | (0.5%) |
| Sales of goods | 6,798 | 46.3% | 5,518 | 40.8% | (1,280) | (18.8%) |
| Lifestyle-related | 1,044 | 7.1% | 981 | 7.3% | (63) | (6.1%) |
| Real Estate | 46 | 0.3% | 37 | 0.3% | (8) | (18.6%) |
| Other Business | 388 | 2.6% | 564 | 4.2% | 176 | +45.4% |
| Total | 14,698 | 100.0% | 13,518 | 100.0% | (1,179) | (8.0%) |

| Operating Income [unit: million yen] | Q1/FY March 2020 | | Q1/FY March 2021 | | YoY | |
|---|------------------|---------------|------------------|---------------|---------|---------|
| | Results(a) | Profit Margin | Results(b) | Profit Margin | (b)-(a) | % |
| Automobile-related | 1,793 | 13.6% | 1,786 | 15.0% | (7) | (0.4%) |
| Lifestyle-related | 51 | 4.9% | 81 | 8.3% | 30 | +58.4% |
| Real Estate | 47 | 102.3% | 33 | 88.3% | (14) | (29.7%) |
| Other Business | 14 | 3.7% | 22 | 3.9% | 7 | +54.9% |
| Management Division | (457) | - | (420) | - | 37 | - |
| Total | 1,448 | 9.9% | 1,502 | 11.1% | 54 | +3.7% |

Q1/FY March 2021: Consolidated Balance Sheet

| [unit: million yen] | As of March 31, 2020 | | As of June 30, 2020 | | increase and decrease | |
|-------------------------|----------------------|--------|---------------------|--------|-----------------------|--------|
| | Results(a) | Ratio | Results(b) | Ratio | (b)-(a) | % |
| Current Assets | 28,231 | 63.1% | 28,163 | 63.2% | (68) | 99.8% |
| Non-Current Assets | 16,494 | 36.9% | 16,372 | 36.8% | (121) | 99.3% |
| Current Liabilities | 11,268 | 25.2% | 10,658 | 23.9% | (610) | 94.6% |
| Non-Current Liabilities | 1,524 | 3.4% | 1,356 | 3.0% | (167) | 89.0% |
| Net Assets | 31,932 | 71.4% | 32,520 | 73.0% | 588 | 101.8% |
| Total Assets | 44,726 | 100.0% | 44,535 | 100.0% | (190) | 99.6% |

| [unit: million yen] | As of March 31, 2020 | | As of June 30, 2020 | | increase and decrease | |
|---------------------------|----------------------|-------|---------------------|-------|-----------------------|-------|
| | Results(a) | Ratio | Results(b) | Ratio | (b)-(a) | % |
| Cash and cash equivalents | 18,057 | 40.4% | 17,519 | 39.3% | (537) | 97.0% |
| Interest-bearing debt | 3,757 | 8.4% | 3,628 | 8.1% | (129) | 96.6% |
| Net cash | 14,299 | 32.0% | 13,891 | 31.2% | (408) | 97.1% |

Q1/FY March 2021: Consolidated Statements of Cash Flows

| [unit: million yen] | Q1/FY March 2020 | Q1/FY March 2021 | YoY |
|--|------------------|------------------|---------|
| | Results(a) | Results(b) | (b)-(a) |
| Cash Flows from Operating Activities | 1,180 | 251 | (929) |
| Cash Flows from Investing Activities | (1,154) | (112) | 1,042 |
| Cash Flows from Financing Activities | (979) | (673) | 306 |
| Cash and Cash Equivalents at End of Term | 14,402 | 16,799 | 2,397 |

| [unit: million yen] | Q1/FY March 2020 | Q1/FY March 2021 | YoY |
|--|------------------|------------------|---------|
| | Results(a) | Results(b) | (b)-(a) |
| Investment Amount (Tangible/intangible fixed assets*) | 435 | 105 | (330) |
| Depreciation (Tangible/intangible fixed assets) | 204 | 219 | 14 |
| Amortization of Goodwill | 107 | 107 | 0 |

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 |

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

Goo-net GooBike Goo-net Pit

MOTOR GATE   

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 MOTORGATE

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.

Clients

(Used car dealers)

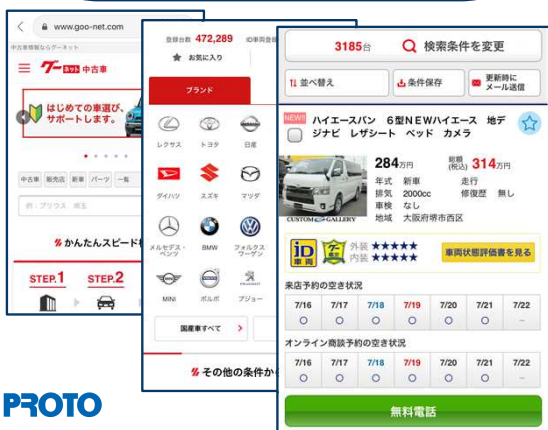
- Used car info registration (inventory registration)
- To deal with users' inquiries
- **Charging system:**
Ad posting fee
(MOTOR GATE charges)

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

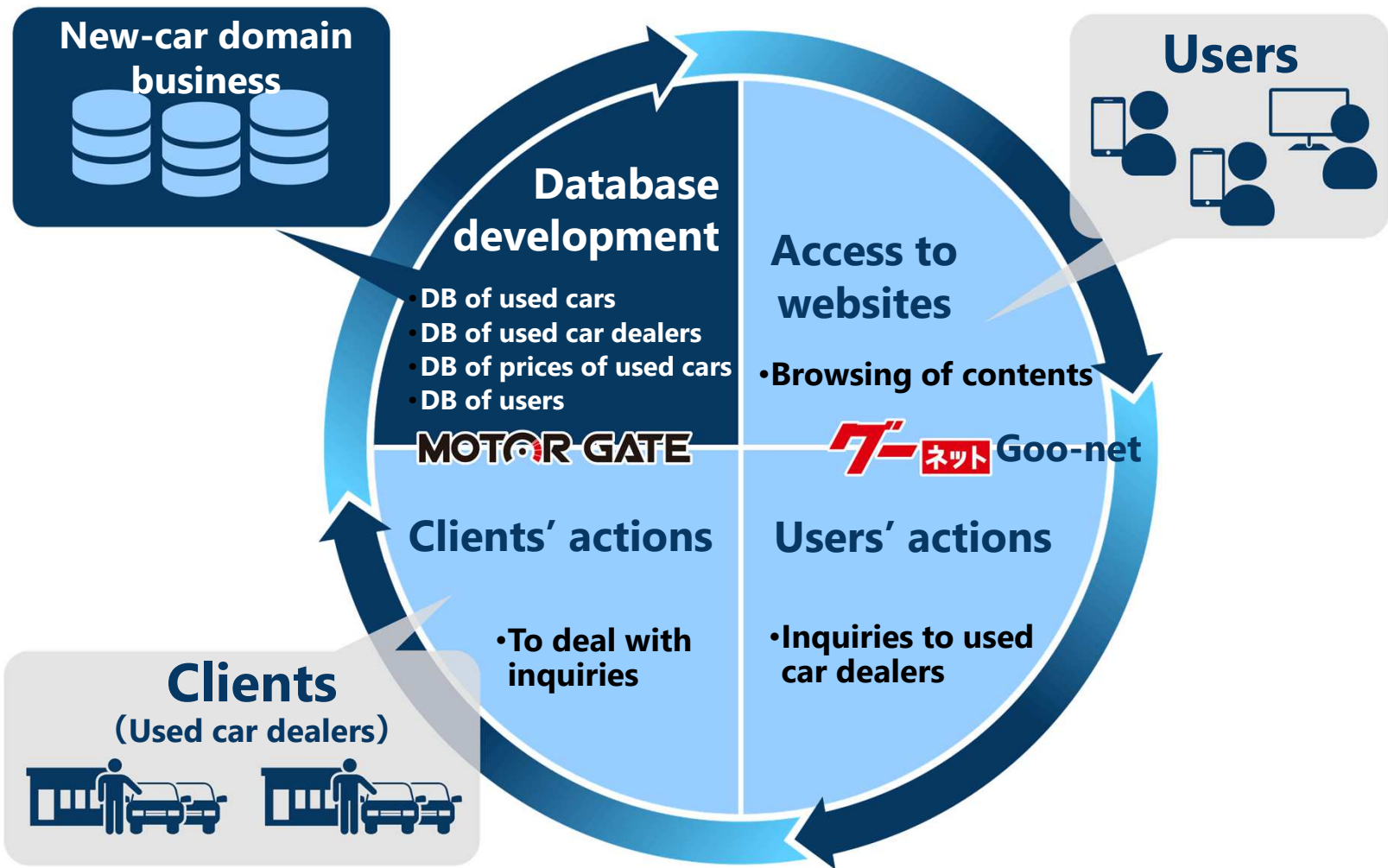
Subsidiary for inspection



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



Used car field: Business cycle of Goo-net and MOTORGATE



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.

Goo-net
7-ネット

No. of used cars listed
461,061


With vehicle condition information
180,923

あんしん、まる見え。
iD 車両





No evaluation report on vehicle status

Goo-inspected Cars



Certified Pre-Owned Cars



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: 41,214 (as of July 27,2020)

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

DataLine AI appraisal
• 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)

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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