

## PROTO CORPORATION (4298)

Consolidated Fiscal Year (Million Yen)		Sales	OP	RP	NP	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2012		30,582	5,846	6,002	3,275	156.6	42.5	1,078.9
FY03/2013		38,287	4,209	4,371	2,290	110.0	37.5	1,154.2
FY03/2014CoE		56,760	4,650	4,821	2,606	126.7	37.5	-
FY03/2013	YoY	25.2%	(28.0%)	(27.2%)	(30.1%)	-	-	-
FY03/2014CoE	YoY	48.2%	10.5%	10.3%	13.8%	-	-	-
Consolidated Q1 to Q3 (Million Yen)		Sales	OP	RP	NP	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q3 FY03/2013		28,619	4,186	4,317	2,410	-	-	-
Q1 to Q3 FY03/2014		41,520	3,621	3,878	2,025	-	-	-
Q1 to Q3 FY03/2013	YoY	26.1%	(8.6%)	(6.8%)	(6.8%)	-	-	-
Q1 to Q3 FY03/2014	YoY	45.1%	(13.5%)	(10.2%)	(16.0%)	-	-	-

Source: Company Data, WRJ Calculation

### 1.0 Executive Summary (17 February 2014)

#### Synergy to be Pursued

PROTO CORPORATION, providing used car dealers with advertising and peripheral services as the key earnings source, is to pursue synergy associated with recent mergers and acquisitions. At the moment, earnings are under pressure due partly to delayed pursuit of synergy associated with recent deals, but this could suggest that there are good chances for the Company to pursue synergy in the near future. Meanwhile, earnings of the existing earnings pillar or advertising and peripheral services for used car dealers are not growing at the moment as front-loaded investments are on the verge of enhancing sales. Thus, short-term corrections of earnings with the Company are likely to be one-off.


In Q1 to Q3 FY03/2014, sales came in at ¥41,520m (up 45.1% YoY) and operating profit ¥3,621m (down 13.5%). Net add-ons by a new consolidated subsidiary, running Internet store for imported tires, substantially contributed to increases of both sales and operating expenses, procurement expenses in particular, while the rest of operating expenses was also on the rise due partly to front-loaded investments. Although Company forecasts were exceeded in Q1 to Q2, the Q1 to Q3 results were roughly in line with Company forecasts due to unexpected corrections of earnings in Q3. Volumes of imported tires have been increasing from the same periods in the previous year but not as much as expected due mainly to delayed pursuit of synergy. In other words, the Company failed to promote sales of imported tires to existing customers, i.e., used car dealers, etc. as much as expected earlier. Meanwhile, sales of the mainstay advertising and peripheral services for car dealers just edged up, while expenses to enhance capacity for Goo Inspection to promote sales of used cars, being advertised by the Company for sales on behalf of used car dealers, were on the rise.

Midterm management plan calls for prospective ROE 15.0% in FY03/2016, going for steady recovery after having hit the bottom at 9.9% in FY03/2013. The market for used cars in Japan is unlikely to steadily grow in the future and thus the Company has been eager to allocate own resources to peripheral business domains, while having endeavored to further strengthen own position in the existing business domains. The Company argues that both of the management measures are on the verge of giving positive impacts to short-term earnings and this trend should accelerate, going forward.

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## 2.0 Company Profile

### The Market Leader of Advertising for Used Cars

<b>Company Name</b>	PROTO CORPORATION <a href="#">Company Website (Japanese only)</a> <a href="#">IR Information</a> <a href="#">Share Price</a>	
<b>Established</b>	1 June 1979	
<b>Listing</b>	12 September 2001, TOKYO STOCK EXCHANGE JASDAQ (Ticker: 4298)	
<b>Capital</b>	¥1,824m (as of the end of December 2013)	
<b>No. of Shares</b>	20,940,000 shares, including 494,730 treasury (as of the end of December 2013)	
<b>Main Features</b>	<ul style="list-style-type: none"> <li>● Leading the market for advertising for used cars in Japan</li> <li>● Offering packaged Goo Series media of Internet and magazines</li> <li>● Increasing exposure to peripheral services and operations through M&amp;As</li> </ul>	
<b>Businesses</b>	I . Automobile-related Business II . Lifestyle-related Business III . Real Estate Business IV . Other Business	
<b>Top Management</b>	President and COO : Tatsuzo Irikawa	
<b>Shareholders</b>	Mugen Corporation 32.5%, JPMCC Client Safekeeping Account 5.7%, Hiroichi Yokoyama 4.0% (as of the end of December 2013)	
<b>Headquarters</b>	Naka-ku, Nagoya JAPAN	
<b>No. of Employees</b>	Consolidated: 1,322, Unconsolidated :700 (as of the end of December 2013)	

Source: Company Data

## 3.0 Recent Trading & Prospects

### Q1 to Q3 FY03/2014 Results

In Q1 to Q3 FY03/2014, sales came in at ¥41,520m (up 45.1% YoY), operating profit ¥3,621m (down 13.5%), recurring profit ¥3,878m (down 10.2%) and net profit ¥2,025m (down 16.0%). Although the Company fell short of Company forecasts in Q3, the Q1 to Q3 results were roughly in line with Company forecasts as Q1 to Q2 results were better than expected. The key negative factor for the shortfall in Q3 was that a new consolidated subsidiary, running Internet store for imported tires (AUTOWAY Co., Ltd., 100% owned since 1 April 2013), suffered from worse-than-expected earnings.

Volumes of imported tires have been increasing from the same periods in the previous year, but fell short of expectations by some 10%. The Company failed to pursue synergy by means of promoting sales of imported tires to existing customers, i.e., used car dealers, etc. as quickly as expected.

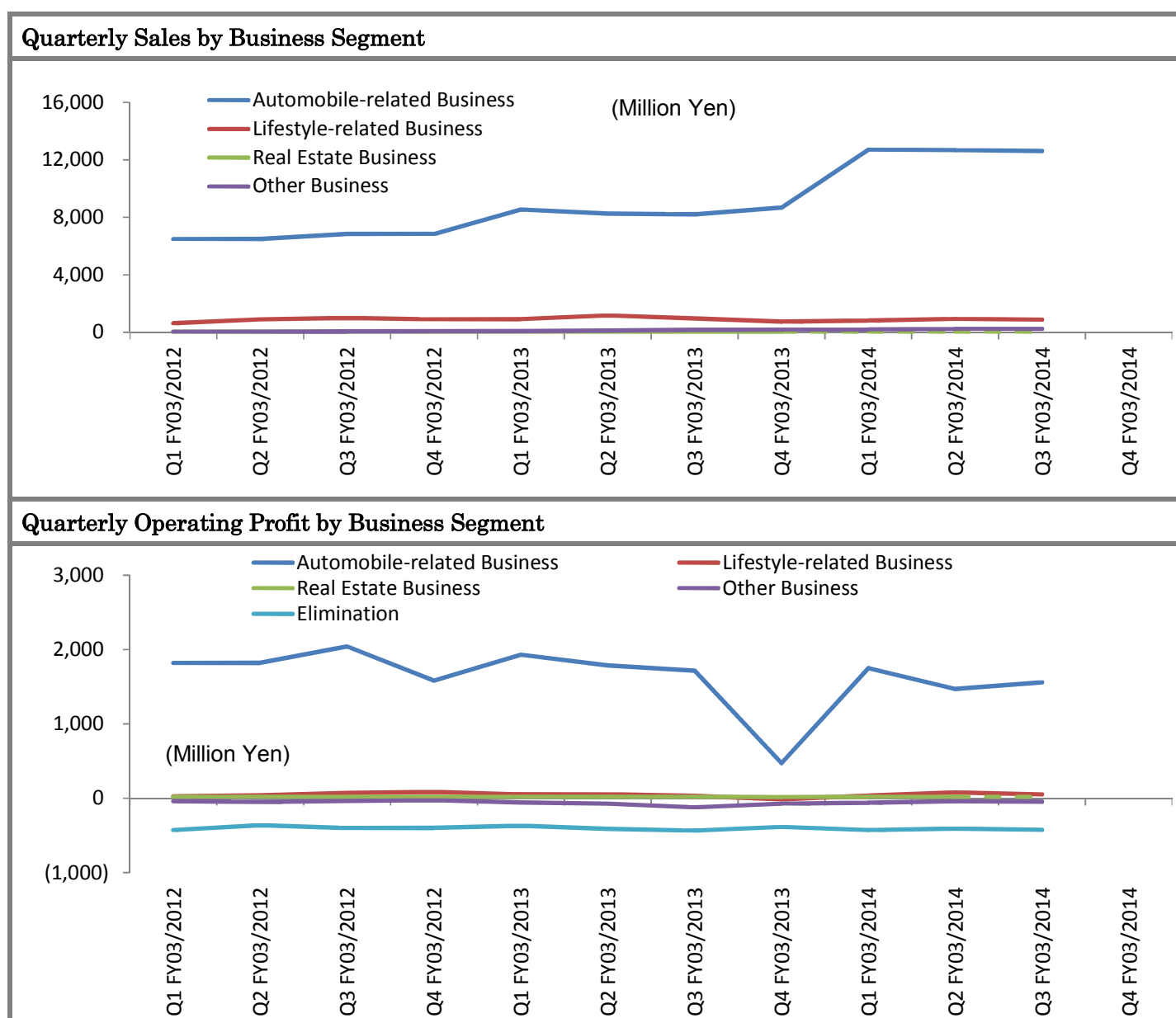
In terms of year-on-year changes as a whole, operating profit came down in spite of surging sales, as operating expenses rose more sharply than sales. Operating expenses came in at ¥37,899m (up 55.1%). The net add-ons of AUTOWAY Co., Ltd. substantially contributed to increases of both sales and operating expenses, procurement expenses in particular, while the rest of operating expenses as a whole were also on the rise. The Company saw net increases in sales ¥12,900m and net decreases in operating profit ¥564m, while net add-ons from AUTOWAY Co., Ltd. were ¥9,396m and ¥42m (¥292m before goodwill write-off ¥250m), respectively.

The Company argues some of the factors for increasing operating expenses related to front-loaded investments for future sales promotions and thus the recent increases in operating expenses should enhance sales in the near future. For example, the Company intentionally increased the number of headcounts for Goo Inspection to disclose detailed state of used cars to be advertised for sales on behalf of used car dealers through own Goo Series media comprising that of Internet and magazines. As this convinces quality of used cars for consumers to purchase prior to the purchases, the Company believes that additional adoptions of Goo Inspection on top of regular advertising should be a great driver for sales of used cars that are advertised for sales by the Company and thus sales with the Company eventually.

Overall sales and earnings with the Company hinge on those of Automobile-related Business by business segment in a respect that this business segment accounts for the bulk of consolidated figures, e.g., 91.6% of sales and 98.0% of operating profit (before elimination) in Q1 to Q3 results. Over the past five years, Automobile-related Business accounted for 95.9% to 101.8% of operating profit (before elimination) and thus business domains other than those related to automobiles have remained insignificant in terms of impacts to overall earnings with the Company so far.

In Automobile-related business, sales came in at ¥38,022m (up 52.0%) and operating profit ¥4,785m (down 12.0%). This business segment comprises Information Registration Fees and Information Service Fees, having booked sales ¥15,492m (up 1.0%) and sales ¥22,529m (up 133.0%), respectively, in Q1 to Q3 results. The former relates to advertising services (some 65% of sales of this sub-segment) and optional services (some 30%) such as intermediation of estimates, mainly for used car dealers.

As far as we can gather, this sub-segment has been accounting for the bulk of earnings with the Company to date. Meanwhile, the latter mainly relates to operations to run Internet store for imported tires by AUTOWAY Co., Ltd. (some 40% of sales in this sub-segment) and exports of used cars mainly by Kings Auto Co. Ltd., 100% owned since 1 April 2012 (some 30%).



Source: Company Data, WRJ Calculation

### Income Statement (Cumulative, Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	03/2013	03/2013	03/2013	03/2013	03/2014	03/2014	03/2014	03/2014		
<b>Sales</b>	<b>9,599</b>	<b>19,199</b>	<b>28,619</b>	<b>38,287</b>	<b>13,808</b>	<b>27,724</b>	<b>41,520</b>	-	-	<b>+12,900</b>
CoGS	5,007	10,100	15,130	20,636	8,459	17,176	25,644	-	-	+10,513
Gross Profit	4,591	9,098	13,489	17,650	5,349	10,547	15,875	-	-	+2,386
SG&A Expenses	3,006	6,130	9,302	13,440	4,022	8,090	12,254	-	-	+2,951
<b>Operating Profit</b>	<b>1,585</b>	<b>2,967</b>	<b>4,186</b>	<b>4,209</b>	<b>1,326</b>	<b>2,456</b>	<b>3,621</b>	-	-	<b>(564)</b>
Non Operating Balance	17	86	130	161	72	155	256	-	-	+125
<b>Recurring Profit</b>	<b>1,602</b>	<b>3,053</b>	<b>4,317</b>	<b>4,371</b>	<b>1,398</b>	<b>2,612</b>	<b>3,878</b>	-	-	<b>(438)</b>
Extraordinary Balance	(1)	(270)	(340)	(427)	-	(128)	(141)	-	-	+199
Pretax Profit	1,601	2,783	3,976	3,944	1,399	2,483	3,736	-	-	(239)
Tax Charges etc.	519	1,043	1,565	1,653	637	1,171	1,711	-	-	+145
Minorities' Interests	-	-	-	-	-	-	-	-	-	-
<b>Net Profit</b>	<b>1,082</b>	<b>1,740</b>	<b>2,410</b>	<b>2,290</b>	<b>761</b>	<b>1,312</b>	<b>2,025</b>	-	-	<b>(385)</b>
Sales YoY	+32.9%	+30.4%	+26.1%	+25.2%	+43.8%	+44.4%	+45.1%	-	-	-
Operating Profit YoY	+12.9%	+3.2%	(8.6%)	(28.0%)	(16.3%)	(17.2%)	(13.5%)	-	-	-
Recurring Profit YoY	+11.5%	+5.5%	(6.8%)	(27.2%)	(12.7%)	(14.5%)	(10.2%)	-	-	-
Net Profit YoY	+30.9%	+6.0%	(6.8%)	(30.1%)	(29.6%)	(24.6%)	(16.0%)	-	-	-
Gross Profit Margin	47.8%	47.4%	47.1%	46.1%	38.7%	38.0%	38.2%	-	-	(8.9%)
SG&A / Sales	31.3%	31.9%	32.5%	35.1%	29.1%	29.2%	29.5%	-	-	(3.0%)
Operating Profit Margin	16.5%	15.5%	14.6%	11.0%	9.6%	8.9%	8.7%	-	-	(5.9%)
Recurring Profit Margin	16.7%	15.9%	15.1%	11.4%	10.1%	9.4%	9.3%	-	-	(5.7%)
Net Profit Margin	11.3%	9.1%	8.4%	6.0%	5.5%	4.7%	4.9%	-	-	(3.5%)
Tax Charges etc. / Pretax Profit	32.4%	37.5%	39.4%	41.9%	45.6%	47.1%	45.8%	-	-	+6.4%

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	03/2013	03/2013	03/2013	03/2013	03/2014	03/2014	03/2014	03/2014		
<b>Sales</b>	<b>9,599</b>	<b>9,600</b>	<b>9,420</b>	<b>9,667</b>	<b>13,808</b>	<b>13,915</b>	<b>13,796</b>	-	-	<b>+4,376</b>
CoGS	5,007	5,093	5,029	5,505	8,459	8,717	8,468	-	-	+3,438
Gross Profit	4,591	4,507	4,390	4,161	5,349	5,198	5,328	-	-	+937
SG&A Expenses	3,006	3,124	3,171	4,138	4,022	4,068	4,163	-	-	+991
<b>Operating Profit</b>	<b>1,585</b>	<b>1,382</b>	<b>1,218</b>	<b>23</b>	<b>1,326</b>	<b>1,130</b>	<b>1,165</b>	-	-	<b>(53)</b>
Non Operating Balance	17	68	44	31	72	83	101	-	-	+56
<b>Recurring Profit</b>	<b>1,602</b>	<b>1,450</b>	<b>1,263</b>	<b>54</b>	<b>1,398</b>	<b>1,213</b>	<b>1,266</b>	-	-	<b>+2</b>
Extraordinary Balance	(1)	(268)	(70)	(86)	-	(129)	(13)	-	-	+57
Pretax Profit	1,601	1,182	1,192	(32)	1,399	1,084	1,252	-	-	+60
Tax Charges etc.	519	524	522	88	637	533	539	-	-	+17
Minorities' Interests	-	-	-	-	-	-	-	-	-	-
<b>Net Profit</b>	<b>1,082</b>	<b>657</b>	<b>670</b>	<b>(120)</b>	<b>761</b>	<b>551</b>	<b>712</b>	-	-	<b>+42</b>
Sales YoY	+32.9%	+28.0%	+18.1%	+22.7%	+43.8%	+45.0%	+46.5%	-	-	-
Operating Profit YoY	+12.9%	(6.1%)	(28.5%)	(98.1%)	(16.3%)	(18.3%)	(4.4%)	-	-	-
Recurring Profit YoY	+11.5%	(0.5%)	(27.4%)	(96.0%)	(12.7%)	(16.4%)	+0.2%	-	-	-
Net Profit YoY	+30.9%	(19.3%)	(29.1%)	-	(29.6%)	(16.3%)	+6.3%	-	-	-
Gross Profit Margin	47.8%	46.9%	46.6%	43.0%	38.7%	37.4%	38.6%	-	-	(8.0%)
SG&A / Sales	31.3%	32.5%	33.7%	42.8%	29.1%	29.2%	30.2%	-	-	(3.5%)
Operating Profit Margin	16.5%	14.4%	12.9%	0.2%	9.6%	8.1%	8.4%	-	-	(4.5%)
Recurring Profit Margin	16.7%	15.1%	13.4%	0.6%	10.1%	8.7%	9.2%	-	-	(4.2%)
Net Profit Margin	11.3%	6.9%	7.1%	(1.3%)	5.5%	4.0%	5.2%	-	-	(1.9%)
Tax Charges etc. / Pretax Profit	32.4%	44.3%	43.8%	-	45.6%	49.2%	43.1%	-	-	(0.7%)

Source: Company Data, WRJ Calculation

## Segmented Information (Cumulative)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	03/2013	03/2013	03/2013	03/2013	03/2014	03/2014	03/2014	03/2014		
Information Registration Fees	4,934	10,017	15,341	20,413	5,038	10,230	15,492	-	-	+151
Information Service Fees	3,604	6,778	9,668	13,273	7,685	15,173	22,529	-	-	+12,861
Automobile-related Business	8,538	16,795	25,010	33,687	12,723	25,404	38,022	-	-	+13,012
Lifestyle-related Business	925	2,101	3,082	3,837	828	1,771	2,667	-	-	(414)
Real Estate Business	42	83	124	163	41	84	128	-	-	+3
Other Business	91	219	402	597	215	464	701	-	-	+299
<b>Sales</b>	<b>9,599</b>	<b>19,199</b>	<b>28,619</b>	<b>38,287</b>	<b>13,808</b>	<b>27,724</b>	<b>41,520</b>	-	-	<b>+12,900</b>
Information Registration Fees	+3.7%	+4.5%	+4.0%	+2.9%	+2.1%	+2.1%	+1.0%	-	-	-
Information Service Fees	+107.6%	+98.4%	+89.5%	+93.1%	+113.2%	+123.8%	+133.0%	-	-	-
Automobile-related Business	+31.5%	+29.2%	+26.0%	+26.1%	+49.0%	+51.3%	+52.0%	-	-	-
Lifestyle-related Business	+44.6%	+35.7%	+20.4%	+10.6%	(10.6%)	(15.7%)	(13.4%)	-	-	-
Real Estate Business	+3.8%	+0.5%	(0.4%)	(1.8%)	(4.2%)	+1.4%	+2.8%	-	-	-
Other Business	+85.6%	+130.6%	+143.6%	+148.6%	+135.2%	+111.7%	+74.3%	-	-	-
<b>Sales (YoY)</b>	<b>+32.9%</b>	<b>+30.4%</b>	<b>+26.1%</b>	<b>+25.2%</b>	<b>+43.8%</b>	<b>+44.4%</b>	<b>+45.1%</b>	-	-	-
Information Registration Fees	51.4%	52.2%	53.6%	53.3%	36.5%	36.9%	37.3%	-	-	-
Information Service Fees	37.5%	35.3%	33.8%	34.7%	55.7%	54.7%	54.3%	-	-	-
Automobile-related Business	89.0%	87.5%	87.4%	88.0%	92.1%	91.6%	91.6%	-	-	-
Lifestyle-related Business	9.6%	10.9%	10.8%	10.0%	6.0%	6.4%	6.4%	-	-	-
Real Estate Business	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	-	-	-
Other Business	1.0%	1.1%	1.4%	1.6%	1.6%	1.7%	1.7%	-	-	-
<b>Sales (Composition)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-
Automobile-related Business	1,932	3,720	5,439	5,916	1,752	3,225	4,785	-	-	(654)
Lifestyle-related Business	52	110	143	131	37	119	172	-	-	+29
Real Estate Business	24	45	69	85	23	46	67	-	-	(1)
Other Business	(55)	(128)	(249)	(323)	(58)	(98)	(143)	-	-	+106
<b>Operating Profit (Before Elimination)</b>	<b>1,954</b>	<b>3,748</b>	<b>5,402</b>	<b>5,809</b>	<b>1,755</b>	<b>3,293</b>	<b>4,882</b>	-	-	<b>(519)</b>
Elimination	(369)	(780)	(1,215)	(1,599)	(428)	(836)	(1,260)	-	-	(44)
<b>Operating Profit</b>	<b>1,585</b>	<b>2,967</b>	<b>4,186</b>	<b>4,209</b>	<b>1,326</b>	<b>2,456</b>	<b>3,621</b>	-	-	<b>(564)</b>
Automobile-related Business	+6.2%	+2.1%	(4.4%)	(18.7%)	(9.3%)	(13.3%)	(12.0%)	-	-	-
Lifestyle-related Business	+89.7%	+63.4%	+0.9%	(42.7%)	(28.4%)	+7.7%	+20.5%	-	-	-
Real Estate Business	+15.6%	+13.7%	+12.7%	+2.2%	(2.8%)	+1.3%	(2.1%)	-	-	-
Other Business	-	-	-	-	-	-	-	-	-	-
<b>Operating Profit (YoY)</b>	<b>+12.9%</b>	<b>+3.2%</b>	<b>(8.6%)</b>	<b>(28.0%)</b>	<b>(16.3%)</b>	<b>(17.2%)</b>	<b>(13.5%)</b>	-	-	-
Automobile-related Business	98.9%	99.2%	100.7%	101.8%	99.8%	97.9%	98.0%	-	-	-
Lifestyle-related Business	2.7%	3.0%	2.7%	2.3%	2.1%	3.6%	3.5%	-	-	-
Real Estate Business	1.2%	1.2%	1.3%	1.5%	1.3%	1.4%	1.4%	-	-	-
Other Business	(2.8%)	(3.4%)	(4.6%)	(5.6%)	(3.3%)	(3.0%)	(2.9%)	-	-	-
<b>Operating Profit (Composition)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-
Automobile-related Business	22.6%	22.1%	21.7%	17.6%	13.8%	12.7%	12.6%	-	-	(9.2%)
Lifestyle-related Business	5.7%	5.3%	4.6%	3.4%	4.6%	6.7%	6.5%	-	-	+1.8%
Real Estate Business	56.4%	54.9%	55.4%	52.2%	57.2%	54.8%	52.8%	-	-	(2.6%)
Other Business	(60.3%)	(58.6%)	(61.9%)	(54.1%)	(27.0%)	(21.1%)	(20.4%)	-	-	+41.5%
Elimination	(3.8%)	(4.1%)	(4.2%)	(4.2%)	(3.1%)	(3.0%)	(3.0%)	-	-	+1.2%
<b>Operating Profit Margin</b>	<b>16.5%</b>	<b>15.5%</b>	<b>14.6%</b>	<b>11.0%</b>	<b>9.6%</b>	<b>8.9%</b>	<b>8.7%</b>	-	-	<b>(5.9%)</b>

Source: Company Data, WRJ Calculation

## Segmented Information (Quarterly)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	03/2013	03/2013	03/2013	03/2013	03/2014	03/2014	03/2014	03/2014		
Information Registration Fees	4,934	5,082	5,324	5,072	5,038	5,192	5,261	-	-	(62)
Information Service Fees	3,604	3,174	2,890	3,605	7,685	7,488	7,356	-	-	+4,466
Automobile-related Business	8,538	8,256	8,214	8,677	12,723	12,680	12,618	-	-	+4,403
Lifestyle-related Business	925	1,175	980	755	828	943	896	-	-	(84)
Real Estate Business	42	40	41	39	41	43	43	-	-	+2
Other Business	91	127	183	195	215	248	237	-	-	+54
<b>Sales</b>	<b>9,599</b>	<b>9,600</b>	<b>9,420</b>	<b>9,667</b>	<b>13,808</b>	<b>13,915</b>	<b>13,796</b>	-	-	<b>+4,376</b>
Information Registration Fees	+3.7%	+5.3%	+3.1%	(0.2%)	+2.1%	+2.2%	(1.2%)	-	-	-
Information Service Fees	+107.6%	+88.9%	+71.4%	+103.6%	+113.2%	+135.9%	+154.5%	-	-	-
Automobile-related Business	+31.5%	+26.9%	+19.9%	+26.6%	+49.0%	+53.6%	+53.6%	-	-	-
Lifestyle-related Business	+44.6%	+29.5%	(3.0%)	(17.1%)	(10.6%)	(19.8%)	(8.6%)	-	-	-
Real Estate Business	+3.8%	(2.9%)	(2.0%)	(6.1%)	(4.2%)	+7.4%	+5.5%	-	-	-
Other Business	+85.6%	+179.1%	+161.1%	+159.7%	+135.2%	+94.9%	+29.6%	-	-	-
<b>Sales (YoY)</b>	<b>+32.9%</b>	<b>+28.0%</b>	<b>+18.1%</b>	<b>+22.7%</b>	<b>+43.8%</b>	<b>+45.0%</b>	<b>+46.5%</b>	-	-	-
Information Registration Fees	51.4%	52.9%	56.5%	52.5%	36.5%	37.3%	38.1%	-	-	-
Information Service Fees	37.5%	33.1%	30.7%	37.3%	55.7%	53.8%	53.3%	-	-	-
Automobile-related Business	89.0%	86.0%	87.2%	89.8%	92.1%	91.1%	91.5%	-	-	-
Lifestyle-related Business	9.6%	12.2%	10.4%	7.8%	6.0%	6.8%	6.5%	-	-	-
Real Estate Business	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	-	-	-
Other Business	1.0%	1.3%	1.9%	2.0%	1.6%	1.8%	1.7%	-	-	-
<b>Sales (Composition)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-
Automobile-related Business	1,932	1,787	1,719	476	1,752	1,473	1,559	-	-	(159)
Lifestyle-related Business	52	58	32	(12)	37	81	52	-	-	+20
Real Estate Business	24	21	23	16	23	22	21	-	-	(2)
Other Business	(55)	(73)	(121)	(73)	(58)	(40)	(45)	-	-	+75
<b>Operating Profit (Before Elimination)</b>	<b>1,954</b>	<b>1,794</b>	<b>1,653</b>	<b>407</b>	<b>1,755</b>	<b>1,537</b>	<b>1,589</b>	-	-	<b>(64)</b>
Elimination	(369)	(411)	(435)	(383)	(428)	(407)	(424)	-	-	+11
<b>Operating Profit</b>	<b>1,585</b>	<b>1,382</b>	<b>1,218</b>	<b>23</b>	<b>1,326</b>	<b>1,130</b>	<b>1,165</b>	-	-	<b>(53)</b>
Automobile-related Business	+6.2%	(2.0%)	(16.0%)	(69.9%)	(9.3%)	(17.6%)	(9.3%)	-	-	-
Lifestyle-related Business	+89.7%	+45.2%	(56.5%)	-	(28.4%)	+40.2%	+64.5%	-	-	-
Real Estate Business	+15.6%	+11.6%	+10.8%	(26.7%)	(2.8%)	+5.9%	(8.5%)	-	-	-
Other Business	-	-	-	-	-	-	-	-	-	-
<b>Operating Profit (YoY)</b>	<b>+12.9%</b>	<b>(6.1%)</b>	<b>(28.5%)</b>	<b>(98.1%)</b>	<b>(16.3%)</b>	<b>(18.3%)</b>	<b>(4.4%)</b>	-	-	-
Automobile-related Business	98.9%	99.6%	103.9%	117.0%	99.8%	95.8%	98.1%	-	-	-
Lifestyle-related Business	2.7%	3.3%	1.9%	(3.0%)	2.1%	5.3%	3.3%	-	-	-
Real Estate Business	1.2%	1.2%	1.4%	4.0%	1.3%	1.5%	1.4%	-	-	-
Other Business	(2.8%)	(4.1%)	(7.3%)	(18.1%)	(3.3%)	(2.6%)	(2.8%)	-	-	-
<b>Operating Profit (Composition)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	-	-	-
Automobile-related Business	22.6%	21.7%	20.9%	5.5%	13.8%	11.6%	12.4%	-	-	(8.6%)
Lifestyle-related Business	5.7%	5.0%	3.3%	(1.6%)	4.6%	8.7%	5.9%	-	-	+2.6%
Real Estate Business	56.4%	53.3%	56.4%	41.9%	57.2%	52.5%	48.9%	-	-	(7.5%)
Other Business	(60.3%)	(57.3%)	(66.0%)	(37.8%)	(27.0%)	(16.1%)	(18.9%)	-	-	+47.0%
Elimination	(3.8%)	(4.3%)	(4.6%)	(4.0%)	(3.1%)	(2.9%)	(3.1%)	-	-	+1.5%
<b>Operating Profit Margin</b>	<b>16.5%</b>	<b>14.4%</b>	<b>12.9%</b>	<b>0.2%</b>	<b>9.6%</b>	<b>8.1%</b>	<b>8.4%</b>	-	-	<b>(4.5%)</b>

Source: Company Data, WRJ Calculation



## Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2013	Q2 03/2013	Q3 03/2013	Q4 03/2013	Q1 03/2014	Q2 03/2014	Q3 03/2014	Q4 03/2014		
Cash & Deposit	12,609	14,107	13,240	14,950	10,283	11,413	11,097	-	(2,143)	
Accounts Receivables	3,456	3,693	3,585	3,754	4,667	4,558	4,733	-	+1,147	
Inventory	728	723	389	688	4,981	5,706	5,310	-	+4,921	
Other	1,144	1,175	1,368	1,292	2,180	2,285	1,974	-	+606	
<b>Current Assets</b>	<b>17,938</b>	<b>19,699</b>	<b>18,582</b>	<b>20,686</b>	<b>22,113</b>	<b>23,964</b>	<b>23,115</b>	-	<b>+4,532</b>	
Tangible Assets	7,229	7,054	7,246	7,481	10,606	10,662	10,820	-	+3,574	
Intangible Assets	4,734	4,811	4,859	4,954	9,017	8,762	8,532	-	+3,672	
LT Investment Securities etc.	1,984	1,786	1,638	1,718	1,632	1,611	1,615	-	(22)	
<b>Fixed Assets</b>	<b>13,948</b>	<b>13,652</b>	<b>13,743</b>	<b>14,155</b>	<b>21,256</b>	<b>21,036</b>	<b>20,968</b>	-	<b>+7,224</b>	
<b>Total Assets</b>	<b>31,886</b>	<b>33,351</b>	<b>32,326</b>	<b>34,841</b>	<b>43,370</b>	<b>45,001</b>	<b>44,084</b>	-	<b>+11,757</b>	
Accounts Payable	932	993	961	941	860	754	732	-	(228)	
Short Term Debt	2,037	1,897	1,845	3,216	5,643	6,813	6,465	-	+4,619	
Corporate Bond (Less than 1 year)	64	49	35	42	30	10	10	-	(25)	
Other	4,552	5,562	4,479	4,376	5,605	6,334	6,047	-	+1,568	
<b>Current Liabilities</b>	<b>7,587</b>	<b>8,502</b>	<b>7,322</b>	<b>8,578</b>	<b>12,140</b>	<b>13,913</b>	<b>13,255</b>	-	<b>+5,933</b>	
Corporate Bond	42	32	32	-	-	-	-	-	(32)	
Long Term Debt	347	291	312	1,764	6,382	5,645	5,081	-	+4,769	
Other	679	687	719	749	795	793	781	-	+62	
<b>Fixed Liabilities</b>	<b>1,069</b>	<b>1,011</b>	<b>1,064</b>	<b>2,514</b>	<b>7,178</b>	<b>6,439</b>	<b>5,863</b>	-	<b>+4,799</b>	
<b>Total Liabilities</b>	<b>8,657</b>	<b>9,514</b>	<b>8,386</b>	<b>11,092</b>	<b>19,318</b>	<b>20,352</b>	<b>19,119</b>	-	<b>+10,733</b>	
<b>Shareholders' Equity</b>	<b>23,135</b>	<b>23,793</b>	<b>23,828</b>	<b>23,455</b>	<b>23,631</b>	<b>24,182</b>	<b>24,512</b>	-	<b>+683</b>	
Other	93	43	111	293	419	465	452	-	+340	
<b>Total Assets</b>	<b>23,229</b>	<b>23,837</b>	<b>23,940</b>	<b>23,748</b>	<b>24,051</b>	<b>24,648</b>	<b>24,964</b>	-	<b>+1,024</b>	
<b>Total Liabilities &amp; net Assets</b>	<b>31,886</b>	<b>33,351</b>	<b>32,326</b>	<b>34,841</b>	<b>43,370</b>	<b>45,001</b>	<b>44,084</b>	-	<b>+11,757</b>	
Equity Capital	23,229	23,837	23,940	23,748	24,051	24,648	24,964	-	+1,024	
Interest Bearing Debt	2,492	2,270	2,225	5,024	12,056	12,469	11,556	-	+9,331	
Net Debt	(10,117)	(11,837)	(11,014)	(9,926)	1,772	1,056	459	-	+11,474	
Equity Capital Ratio	72.9%	71.5%	74.1%	68.2%	55.5%	54.8%	56.6%	-	-	
Net-Debt-Equity Ratio	(43.7%)	(49.7%)	(46.2%)	(42.3%)	7.5%	4.4%	1.9%	-	-	
ROE	18.9%	15.0%	13.8%	9.9%	12.7%	10.9%	11.1%	-	(2.7%)	
ROA	21.2%	19.7%	18.9%	13.8%	14.3%	13.1%	13.1%	-	(5.8%)	
Days for Inventory Turnover	13.3	13.0	7.1	11.4	53.7	59.7	57.2	-	-	
Inventory Turnover	27.5	28.2	51.7	32.0	6.8	6.1	6.4	-	-	
Quick Ratio	212%	209%	230%	218%	123%	115%	119%	-	-	
Current Ratio	236%	232%	254%	241%	182%	172%	174%	-	-	

Source: Company Data, WRJ Calculation

## Cash Flow Statement (Cumulative, Quarterly)

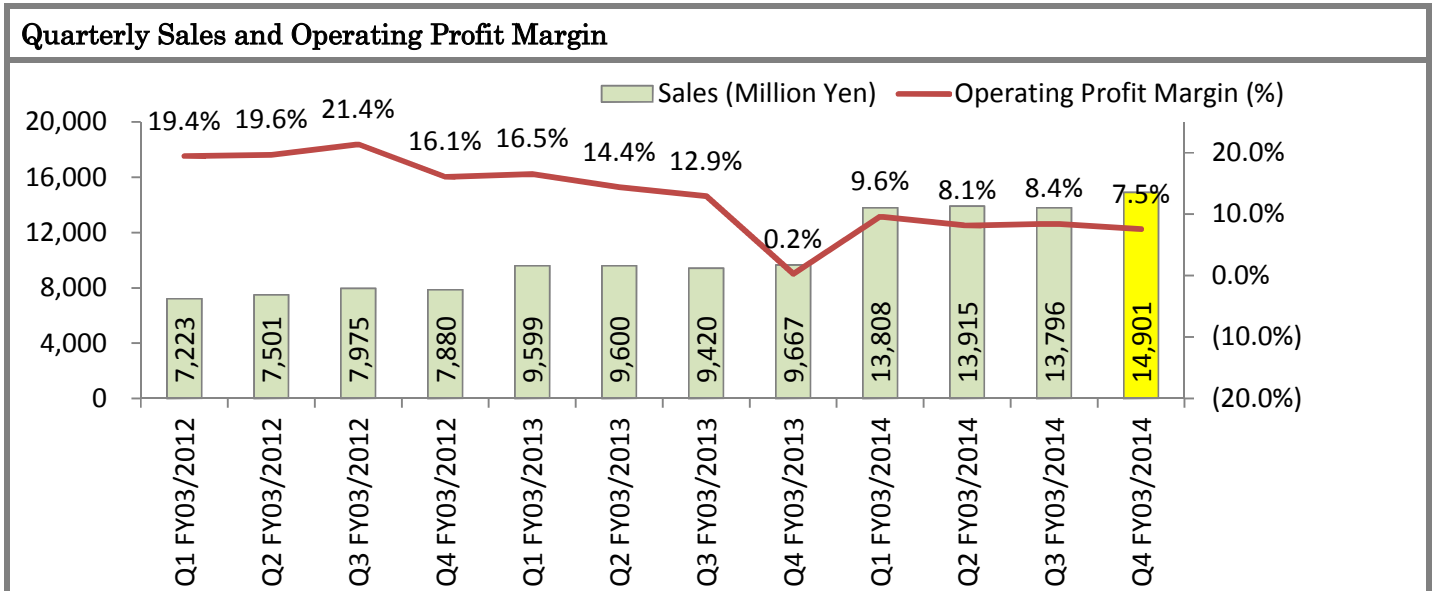
Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2013	Q1 to Q2 03/2013	Q1 to Q3 03/2013	Q1 to Q4 03/2013	Q1 03/2014	Q1 to Q2 03/2014	Q1 to Q3 03/2014	Q1 to Q4 03/2014		
Operating Cash Flow	1,142	2,970	3,207	2,917	(105)	939	2,519	-	(688)	
Investing Cash Flow	82	(91)	(603)	(1,203)	(4,538)	(4,900)	(5,281)	-	(4,678)	
<b>Operating CF + Investing CF</b>	<b>1,224</b>	<b>2,879</b>	<b>2,604</b>	<b>1,713</b>	<b>(4,643)</b>	<b>(3,961)</b>	<b>(2,761)</b>	-	<b>(5,366)</b>	
Financing Cash Flow	(442)	(678)	(1,346)	1,187	(290)	111	(1,370)	-	(24)	
<b>Cash Flow Statement</b>	<b>Cons.Act</b>	<b>Cons.Act</b>	<b>Cons.Act</b>	<b>Cons.Act</b>	<b>Cons.Act</b>	<b>Cons.Act</b>	<b>Cons.Act</b>	<b>Cons.Act</b>	<b>Cons.Act</b>	<b>YoY</b>
(Million Yen)	Q1 03/2013	Q1 to Q2 03/2013	Q1 to Q3 03/2013	Q1 to Q4 03/2013	Q1 03/2014	Q1 to Q2 03/2014	Q1 to Q3 03/2014	Q1 to Q4 03/2014	Net Chg.	
Operating Cash Flow	1,142	1,828	236	(290)	(105)	1,044	1,580	-	+1,343	
Investing Cash Flow	82	(174)	(511)	(600)	(4,538)	(362)	(380)	-	+130	
<b>Operating CF + Investing CF</b>	<b>1,224</b>	<b>1,654</b>	<b>(274)</b>	<b>(891)</b>	<b>(4,643)</b>	<b>682</b>	<b>1,200</b>	-	<b>+1,474</b>	
Financing Cash Flow	(442)	(235)	(667)	2,533	(290)	401	(1,482)	-	(814)	

Source: Company Data, WRJ Calculation



### FY03/2014 Company Forecasts

In FY03/2014, Company forecasts are going for prospective sales ¥56,760m (up 48.2% YoY), operating profit ¥4,650m (up 10.5%), recurring profit ¥4,821m (up 10.3%) and net profit ¥2,606m (up 13.8%). Meanwhile, dividend per share is planned at ¥37.5, implying payout ratio 29.6%. Initial Company forecasts have remained unchanged to date.



Source: Company Data, WRJ Calculation

As discussed earlier, earnings came down in Q1 to Q3, but earnings in Q4 are to see substantial increases from the same periods in the previous year. This is expected to be the key driver for full-year earnings to rise over the previous year. In Q4 FY03/2013, there was a concentration of full-fledged startup expenses for Goo Inspection, e.g., running TV advertising for Goo Inspection, etc., but this is not to reappear in FY03/2014.

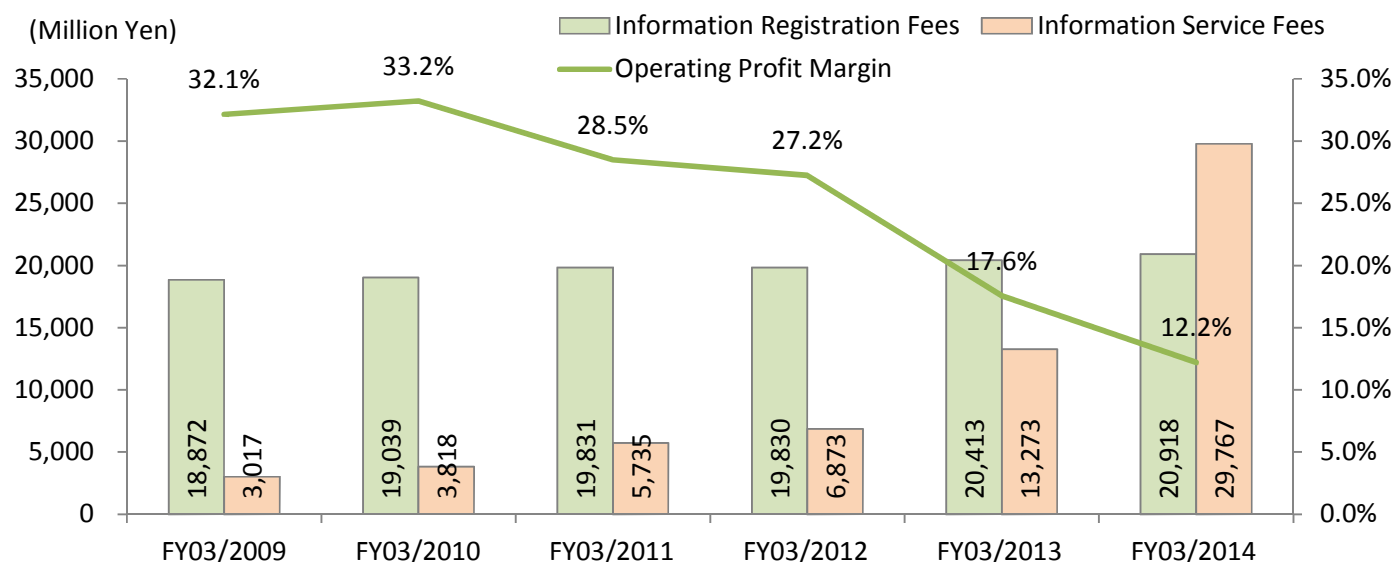
In regards to the mainstay Automobile-related Business, Company forecasts are going for sales ¥50,685m (up 50.5%) and operating profit ¥6,184m (up 4.5%), accounting for 89.3% of sales and 95.2% of operating profit (before elimination) with the Company. In regards to Information Registration Fees, a part of Automobile-related Business presumed to be the key earnings driver for this business segment and thus overall earnings with the Company, prospective sales are ¥20,918m (up 2.5%) versus ¥15,492m (up 1.0%) in Q1 to Q3 results. In order to meet full-year Company forecasts, sales of Information Registration Fees should be meaningfully enhanced in Q4 up to ¥5,426m and/or up 7.0% from the same periods in the previous year.

## Segmented Information

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2009	03/2010	03/2011	03/2012	03/2013	03/2014	Net Chg.
Information Registration Fees	18,872	19,039	19,831	19,830	20,413	20,918	+504
Information Service Fees	3,017	3,818	5,735	6,873	13,273	29,767	+16,493
Automobile-related Business	21,889	22,858	25,566	26,704	33,687	50,685	+16,997
Lifestyle-related Business	1,345	2,286	2,616	3,470	3,837	4,922	+1,084
Real Estate Business	194	205	181	166	163	139	(24)
Other Business	227	332	415	240	597	1,012	+414
<b>Sales</b>	<b>23,657</b>	<b>25,682</b>	<b>28,779</b>	<b>30,582</b>	<b>38,287</b>	<b>56,760</b>	<b>+18,472</b>
Information Registration Fees	+2.6%	+0.9%	+4.2%	(0.0%)	+2.9%	+2.5%	-
Information Service Fees	(4.1%)	+26.5%	+50.2%	+19.9%	+93.1%	+124.3%	-
Automobile-related Business	+1.6%	+4.4%	+11.8%	+4.5%	+26.1%	+50.5%	-
Lifestyle-related Business	+52.5%	+69.9%	+14.5%	+32.6%	+10.6%	+28.3%	-
Real Estate Business	+11.5%	+5.6%	(11.8%)	(8.1%)	(1.8%)	(15.2%)	-
Other Business	(21.8%)	+45.9%	+25.1%	(42.1%)	+148.6%	+69.3%	-
<b>Sales (YoY)</b>	<b>+3.3%</b>	<b>+8.6%</b>	<b>+12.1%</b>	<b>+6.3%</b>	<b>+25.2%</b>	<b>+48.2%</b>	<b>-</b>
Information Registration Fees	79.8%	74.1%	68.9%	64.8%	53.3%	36.9%	-
Information Service Fees	12.8%	14.9%	19.9%	22.5%	34.7%	52.4%	-
Automobile-related Business	92.5%	89.0%	88.8%	87.3%	88.0%	89.3%	-
Lifestyle-related Business	5.7%	8.9%	9.1%	11.3%	10.0%	8.7%	-
Real Estate Business	0.8%	0.8%	0.6%	0.5%	0.4%	0.2%	-
Other Business	1.0%	1.3%	1.4%	0.8%	1.6%	1.8%	-
<b>Sales (Composition)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>
Automobile-related Business	7,034	7,590	7,281	7,272	5,916	6,184	+267
Lifestyle-related Business	62	162	301	228	131	327	+195
Real Estate Business	70	105	104	83	85	78	(7)
Other Business	(80)	(35)	(91)	(149)	(323)	(95)	+228
<b>Operating Profit (Before Elimination)</b>	<b>7,086</b>	<b>7,824</b>	<b>7,596</b>	<b>7,436</b>	<b>5,809</b>	<b>6,494</b>	<b>+684</b>
Elimination	(1,701)	(1,725)	(1,484)	(1,589)	(1,599)	(1,844)	(244)
<b>Operating Profit</b>	<b>5,384</b>	<b>6,098</b>	<b>6,111</b>	<b>5,846</b>	<b>4,209</b>	<b>4,650</b>	<b>+440</b>
Automobile-related Business	+26.2%	+7.9%	(4.1%)	(0.1%)	(18.7%)	+4.5%	-
Lifestyle-related Business	-	+162.5%	+85.0%	(24.0%)	(42.7%)	+149.4%	-
Real Estate Business	(1.3%)	+50.1%	(1.0%)	(20.1%)	+2.2%	(8.8%)	-
Other Business	-	-	-	-	-	-	-
<b>Operating Profit (YoY)</b>	<b>+42.8%</b>	<b>+13.3%</b>	<b>+0.2%</b>	<b>(4.3%)</b>	<b>(28.0%)</b>	<b>+10.5%</b>	<b>-</b>
Automobile-related Business	99.3%	97.0%	95.9%	97.8%	101.8%	95.2%	-
Lifestyle-related Business	0.9%	2.1%	4.0%	3.1%	2.3%	5.0%	-
Real Estate Business	1.0%	1.4%	1.4%	1.1%	1.5%	1.2%	-
Other Business	(1.1%)	(0.5%)	(1.2%)	(2.0%)	(5.6%)	(1.5%)	-
<b>Operating Profit (Composition)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-</b>
Automobile-related Business	32.1%	33.2%	28.5%	27.2%	17.6%	12.2%	(5.4%)
Lifestyle-related Business	4.6%	7.1%	11.5%	6.6%	3.4%	6.6%	+3.2%
Real Estate Business	36.2%	51.4%	57.7%	50.2%	52.2%	56.1%	+3.9%
Other Business	(35.3%)	(10.7%)	(22.0%)	(62.0%)	(54.1%)	(9.4%)	+44.7%
Elimination	(7.2%)	(6.7%)	(5.2%)	(5.2%)	(4.2%)	(3.2%)	+0.9%
<b>Operating Profit Margin</b>	<b>22.8%</b>	<b>23.7%</b>	<b>21.2%</b>	<b>19.1%</b>	<b>11.0%</b>	<b>8.2%</b>	<b>(2.8%)</b>

Source: Company Data, WRJ Calculation

## Automobile-related Business



Source: Company Data, WRJ Calculation

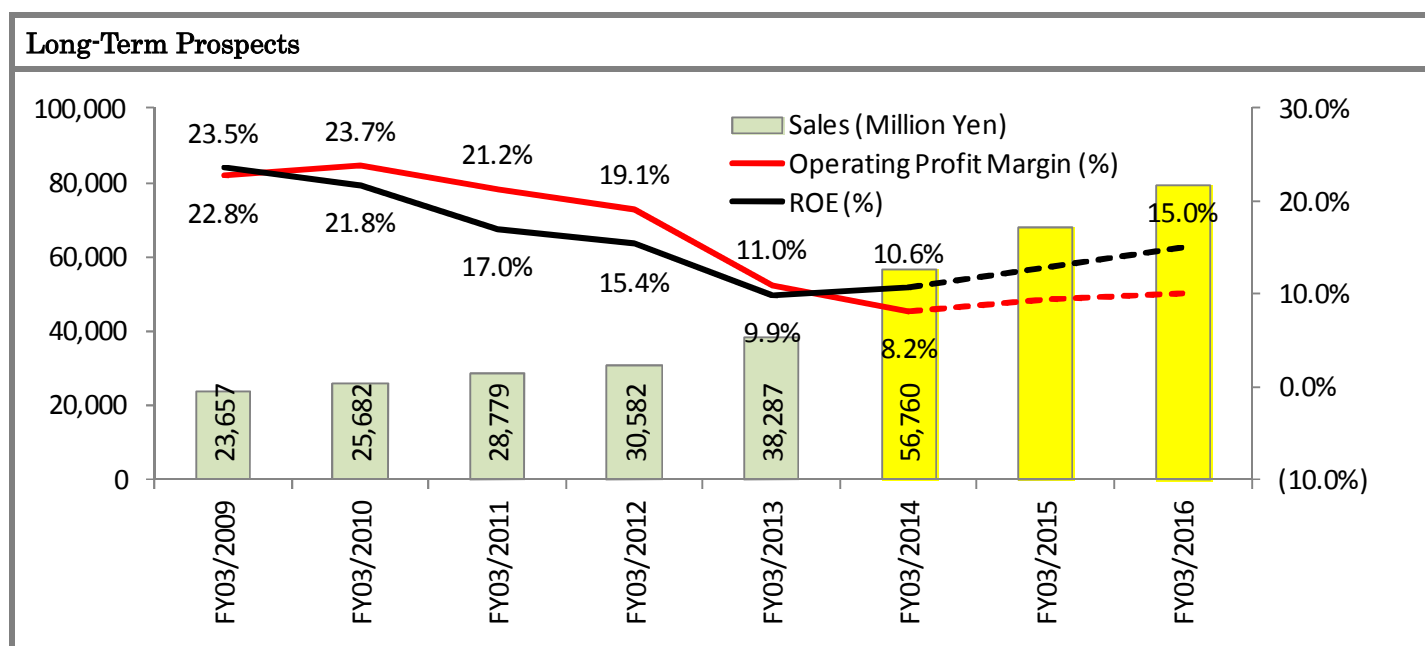
## Income Statement

Income Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2009	03/2010	03/2011	03/2012	03/2013	03/2014	net Chg.
<b>Sales</b>	<b>23,657</b>	<b>25,682</b>	<b>28,779</b>	<b>30,582</b>	<b>38,287</b>	<b>56,760</b>	<b>+18,472</b>
CoGS	9,064	10,273	11,712	13,283	20,636	35,104	+14,467
Gross Profit	14,592	15,409	17,067	17,298	17,650	21,656	+4,005
SG&A Expenses	9,208	9,310	10,955	11,451	13,440	17,006	+3,565
<b>Operating Profit</b>	<b>5,384</b>	<b>6,098</b>	<b>6,111</b>	<b>5,846</b>	<b>4,209</b>	<b>4,650</b>	<b>+440</b>
Non Operating Balance	15	67	264	155	161	171	+9
<b>Recurring Profit</b>	<b>5,400</b>	<b>6,165</b>	<b>6,375</b>	<b>6,002</b>	<b>4,371</b>	<b>4,821</b>	<b>+449</b>
Extraordinary Balance	(264)	(167)	(721)	(335)	(427)	-	-
Pretax Profit	5,135	5,998	5,654	5,666	3,944	-	-
Tax Charges etc.	1,998	2,457	2,452	2,390	1,653	-	-
Minorities' Interests	(49)	11	4	-	-	-	-
<b>Net Profit</b>	<b>3,187</b>	<b>3,529</b>	<b>3,197</b>	<b>3,275</b>	<b>2,290</b>	<b>2,606</b>	<b>+315</b>
Sales YoY	+3.3%	+8.6%	+12.1%	+6.3%	+25.2%	+48.2%	-
Operating Profit YoY	+42.8%	+13.3%	+0.2%	(4.3%)	(28.0%)	+10.5%	-
Recurring Profit YoY	+40.7%	+14.2%	+3.4%	(5.9%)	(27.2%)	+10.3%	-
Net Profit YoY	+73.4%	+10.7%	(9.4%)	+2.4%	(30.1%)	+13.8%	-
Gross Profit Margin	61.7%	60.0%	59.3%	56.6%	46.1%	38.2%	(7.9%)
SG&A / Sales	38.9%	36.3%	38.1%	37.4%	35.1%	30.0%	(5.1%)
Operating Profit Margin	22.8%	23.7%	21.2%	19.1%	11.0%	8.2%	(2.8%)
Recurring Profit Margin	22.8%	24.0%	22.2%	19.6%	11.4%	8.5%	(2.9%)
Net Profit Margin	13.5%	13.7%	11.1%	10.7%	6.0%	4.6%	(1.4%)
Tax Charges etc. / Pretax Profit	38.9%	41.0%	43.4%	42.2%	41.9%	-	-

Source: Company Data, WRJ Calculation

## Long-Term Prospects

Midterm management plan (FY03/2014 to FY03/2016) calls for prospective ROE 15.0% in FY03/2016 versus 9.9% in FY03/2013. Meanwhile, prospective sales are expected to be buoyant and profit margin to edge up, resulting in more than 10% growth pa for operating profit during the same periods.



Source: Company Data, WRJ Calculation

In FY03/2014, the Company goes for further deterioration in operating profit margin but surging sales are to increase earnings, e.g., net profit to rise to ¥2,606m (up 13.8%) and thus ROE to rise to 10.6% from 9.9% in the previous year. Going forward, the Company has good chances to pursue synergy associated recent deals as discussed earlier, enhancing sales and thus earnings. Meanwhile, the existing earnings pillar of adverting and peripheral services are also likely to see increases in sales and earnings, going forward, after front-loaded investments associated with Goo Inspection to eventually beef up sales of the services. On top of this, recent deals may contribute to sales of advertising services for used car dealers, etc.

For example, AUTOWAY Co., Ltd., a new consolidated subsidiary, running Internet store for imported tires, holds own Internet media to be capable of appealing to car users while so does the Company's own Internet media too, suggesting good opportunities for mutually sending visitors between the two Internet media for the benefits of both. Meanwhile, the Company is to appeal to own customers, i.e., used car dealers to procure new tires from AUTOWAY Co., Ltd. to replace existing old ones equipped with their used cars held as inventory for the sake of value improvement. The Company argues those are the two main issues in pursuing synergy associated with AUTOWAY Co., Ltd.

## 4.0 Business Model

### Advertising for Used Cars

The Company is involved with advertising for used cars and peripheral services as the key earnings pillar. Over the past five years, Automobile-related Business accounted for 95.9% to 101.8% of operating profit before elimination with the Company, while Information and Registration Fees, effectively referring to sales associated with advertising for used cars and peripheral services, is estimated to have accounted for bulk of earnings in this business segment. The Company runs advertising on its own Goo Series media including that of Internet and magazines and collect compensations in the form of registration & listing fees.

The number of collective customers for advertising for used cars based on Goo Series media rose 6.8% YoY to 37,590 in Q1 to Q3 FY03/2014, while the average transaction amount per customer came down 3.4% due to increasing exposure to small-sized customers. The number of used cars to have gone through Goo Inspection rose 30.4% to 228,259 during the same periods. According to the Company, 32.8% of used car dealers exclusively rely on Goo Series media and 19.7% on both Goo Series media and Car Sensor media run by Recruit Marketing Partners Co. Ltd. Meanwhile, 24.1% of used car dealers exclusively rely on Car Sensor media.

### Business Process of Advertising for Used Cars and Peripheral Services

#### Magazine Business

##### Information registration fees (1)

Charging system: Ad fee per page

\*Basic ad fee (package of information magazines, PCs, and mobile devices)

##### Information service fees

Sale of information magazine  
Mobile device charging



Example: Goo Tokyo Metropolitan Version

Ad fee per page: about 78,000 yen (If a one-page ad is inserted twice a month, the basic ad fee is about 150,000 yen.)

\*Average purchase price: 230,000 yen (result for FY March 2013)



MOTOR GATE		
Sales and Inventory Management	Analysis & Significant Reports	CRM
Registration of new cars Management of cars in stock Inquiry Goo and Goo-net advertising control	Access analysis, Sales analysis & report Production of POP Production of quotations Change of ownership report, etc.	Customer management Business negotiation Inspection information Insurance information User's automobile management

MOTOR GATE: Background system for Goo and Goo-net (Dealer Management System)

#### IT Business (1)

##### Information registration fees (2)

Fee for Internet option products, such as Goo-net (MOTOR GATE)

Apart from Automobile-related Business, the Company is involved with Lifestyle-related Business, Real Estate Business and Other Business by business segment, having accounted for 6.4%, 0.3% and 1.7%, respectively, out of overall sales with the Company in Q1 to Q3 FY03/2014. Collective impacts to overall earnings with the Company have been insignificant to date, as suggested by aforementioned dominant exposure to Automobile-related Business for the Company in terms of earnings.

Out of all those non-automobile business domains, Lifestyle-related Business is the largest in terms of sales and the Company argues this business segment is the most promising candidate for a new earnings pillar second to Automobile-related Business, being involved with buoyant operations associated with medical & nursing care, comprising nursing home searching, recruitment advertising for nursing home, nursing care equipment rentals, etc.

## **Disclaimer**

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Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

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