



(TRANSLATION FOR REFERENCE ONLY)

March 25, 2022

To Our Shareholders:

Corporate Name: PROTO CORPORATION

Representative: Kenji Kamiya, President

Securities Code: 4298

(TSE and NSE 1st Section)

Contact: Takehito Suzuki, Executive Officer

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Notice of Change of Subsidiary (Acquisition) and Start of New Business

PROTO CORPORATION (the Company) resolved at its Board of Directors meeting held on March 25, 2022 to acquire shares of COSMIC RYUTSUU SANGYO LTD., INC. and COSMIC GC SYSTEM LTD., INC. The Company also resolved to start a new business. The details are as below.

1. Reason for acquisition of shares and commencement of business

The Company provides information services such as "Goo-net Pit," an auto body shop search site, centered on "Goo-net," a car information media boasting the largest number of registered used cars in Japan. In addition, the Company is promoting AI-based DX by making full use of various data acquired through media operations, providing the "Dataline SalesGuide" sales support tool for new car dealers, promoting DX in the mobility-related field, and working to expand its business domain.

On the other hand, COSMIC RYUTSUU SANGYO LTD., INC. and COSMIC GC SYSTEM LTD., INC. have been growing and developing their business by building solid relationships of trust with local customers through their stores located in terminal stations and large commercial facilities in the Tokyo metropolitan area as specialized stores selling gift certificates and gift vouchers.

Through this acquisition of shares, COSMIC RYUTSUU SANGYO LTD., INC. and COSMIC GC SYSTEM LTD., INC. which specialize in the sale of gift certificates and gift vouchers, will combine their expertise in the distribution business cultivated over many years with our expertise in online media and DX know-how. The Company believes that synergies can be maximized and has resolved to acquire the shares, make the company a subsidiary, and start a new business.

2. Overview of New Businesses

(1) Business

Sales of various types of money certificates, sales of various types of gift certificates

(2) Division in charge of this business

COSMIC RYUTSUU SANGYO LTD., INC. and COSMIC GC SYSTEM LTD., INC.

(3) Scheduled date of commencement of new business

April 1, 2022

(4) Amount and details of special expenditure for the start of the relevant business

Funds required for the acquisition of the shares are expected to be 1,500 million yen and advisory expenses are expected to be 72 million yen. It is assumed that the necessary funds will be executed with cash on hand.

3. Overview of Acquired Subsidiary

COSMIC RYUTSUU SANGYO LTD., INC.

(1)	Company name	COSMIC RYUTSUU SANGYO LTD., INC.		
(2)	Head office location	5-1 Sakaecho, Kanagawa-ku, Yokohama, Kanagawa 221-0052, Japan		
(3)	Name and title of representative	Takahiro Doi, Representative Director		
(4)	Business areas	Operation of stores and websites selling discount tickets, etc.		
(5)	Amount of capital	30 million yen		
(6)	Date of establishment	December, 1986		
(7)	Major shareholders and shareholding ratio	Adventure, Inc. 100.0%		
(8)	Relationship between the Company and COSMIC RYUTSUU SANGYO LTD., INC.	Capital Ties	Not applicable	
		Personal Relationships	Not applicable	
		Trade Relationships	Not applicable	
		Relevance to Concerned Parties	Not applicable	
(9)	Business performance and financial situation of COSMIC RYUTSUU SANGYO LTD., INC. over the last three years	(Millions of yen)		
		Year ended June 30, 2019	Year ended June 30, 2020	Year ended June 30, 2021
	Net assets	230	245	279
	Total assets	2,179	2,140	1,965
	Net assets per share (yen)	384,870.30	408,886.67	465,958.67
	Sales	23,200	21,818	23,780
	Operating income	192	11	33
	Ordinary income	188	22	41
	Net income	114	14	33
	Net income per share (yen)	191,431.78	24,669.07	56,466.45
	Dividends per share (yen)	—	—	—

COSMIC GC SYSTEM LTD., INC.

(1)	Company name	COSMIC GC SYSTEM LTD., INC.		
(2)	Head office location	5-1 Sakaecho, Kanagawa-ku, Yokohama, Kanagawa 221-0052, Japan		
(3)	Name and title of representative	Seiichiro Hirukawa, Representative Director		
(4)	Business areas	Operation of stores and websites selling gift certificates, etc.		
(5)	Amount of capital	10 million yen		
(6)	Date of establishment	January, 2001		
(7)	Major shareholders and shareholding ratio	Adventure, Inc. 100.0%		
(8)	Relationship between the Company and COSMIC GC SYSTEM LTD., INC.	Capital Ties	Not applicable	
		Personal Relationships	Not applicable	
		Trade Relationships	Not applicable	
		Relevance to Concerned Parties	Not applicable	
(9)	Business performance and financial situation of COSMIC GC SYSTEM LTD., INC. over the last three years (Millions of yen)			
		Year ended June 30, 2019	Year ended June 30, 2020	Year ended June 30, 2021
	Net assets	(7)	(9)	44
	Total assets	188	234	260
	Net assets per share (yen)	(37,785.20)	(47,237.74)	220,773.20
	Sales	6,853	6,670	14,077
	Operating income	(13)	(3)	72
	Ordinary income	(11)	(1)	74
	Net income	(11)	(1)	53
	Net income per share (yen)	(57,507.22)	(9,452.54)	268,010.94
	Dividends per share (yen)	—	—	—

4. Overview of Stock Acquisition Partner (As of June 30, 2021)

(1)	Company name	Adventure, Inc.	
(2)	Head office location	24F Yebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya Ward, Tokyo, 150-6024 Japan	
(3)	Name and title of representative	Shunichi Nakamura, Representative Director	
(4)	Business areas	Consumer Business (Operation of air ticket sales website "skyticket")	
(5)	Amount of capital (As of December 31,2021)	3,281 million yen	
(6)	Date of establishment	21 December, 2006	
(7)	Net assets	1,676 million yen	
(8)	Total assets	8,523 million yen	
(9)	Major shareholders and shareholding ratio (As of December 31,2021)	Shunichi Nakamura 61.13% NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB) 3.31% BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) 3.31%	
(10)	Relationship between the Company and Adventure, Inc.	Capital Ties	Not applicable
		Personal Relationships	Not applicable
		Trade Relationships	Not applicable
		Relevance to Concerned Parties	Not applicable

5. Number of shares acquired, value of acquisition, and status of stock ownership before and after acquisition
COSMIC RYUTSUU SANGYO LTD., INC.

(1)Number of shares held before transfer	0 shares (Number of voting rights: 0) (Ownership percentage: 0%)
(2) Number of shares acquired	600 shares (Number of voting rights: 600)
(3) Acquisition value	Common shares of COSMIC RYUTSUU SANGYO LTD., INC. 1,449 million yen Advisory and other expenses (estimate) 69 million yen Total (estimate) 1,519 million yen
(4) Number of shares held after transfer	600 shares (Number of voting rights: 600) (Ownership percentage: 100%)

*To ensure fairness and appropriateness, the acquisition price was determined through discussions with the counterparty of the share acquisition based on the results of calculations by a third-party institution.

COSMIC GC SYSTEM LTD., INC.

(1) Number of shares held before transfer	0 shares (Number of voting rights: 0) (Ownership percentage: 0%)
(2) Number of shares acquired	200 shares (Number of voting rights: 200)
(3) Acquisition value	Common shares of COSMIC GC SYSTEM LTD., INC. 50 million yen Advisory and other expenses (estimate) 2 million yen Total (estimate) 52 million yen
(4) Number of shares held after transfer	200 shares (Number of voting rights: 200) (Ownership percentage: 100%)

*To ensure fairness and appropriateness, the acquisition price was determined through discussions with the counterparty of the share acquisition based on the results of calculations by a third-party institution.

6. Time Schedule

Corporate resolution: March 25, 2022

Contract signed for purchasing shares: March 25, 2022

Transfer date: April 1, 2022 (scheduled)

7. Financial Outlook

The impact of this matter on the consolidated business results for the fiscal year ending March 31, 2022 will be minor, but the impact on the consolidated business results for the fiscal year ending March 31, 2023 and beyond is currently under scrutiny, and will be promptly disclosed if any matters arise that should be announced in the future.