



(TRANSLATION FOR REFERENCE ONLY)

December 19, 2018

To Our Shareholders:

Corporate Name: PROTO CORPORATION  
Representative: Kenji Kamiya, President  
Securities Code: 4298 (TSE JASDAQ)  
Contact: Akito Ode, Executive Officer  
Tel: +81-52-934-2000

## Notice Regarding Company Split (Simple Absorption-Type Company Split)

PROTO CORPORATION (“the Company”) would like to announce that during a board of directors meeting held on December 19, 2018, it decided to undertake a simple absorption-type company split of a part of its business (hereinafter referred to as “company split”), and has concluded an absorption-type company split agreement with MarketEnterprise Co., Ltd., which will succeed the Company to this business.

Please note that because this company split is expected to result in a change in the Company’s total assets that is less than 10% of the Company’s net assets as of the last day of the most recent fiscal year, and a less than 3% change in the Company’s revenue from the most recent fiscal year, the Company has omitted some items in this disclosure.

### 1. Purpose of the company split

Since October 2009, the Company has been operating “Oikura,” a website for comprehensive information on recycling, in the lifestyle-related information segment, but the Company has decided to concentrate managerial resources onto the automobile-related information segment and enhance measures for mid or long-term sustainable growth. For this reason, this company split will be carried out and MarketEnterprise Co., Ltd., which operates the reuse business based on the Internet, will take over the above-mentioned business.

### 2. Summary of the company split

#### (1) Schedule

Date of board of directors resolution	December 19, 2018
Date of conclusion of the company split Agreement	December 19, 2018
Implementation date (effective date)	February 1, 2019 (Scheduled)

\*As the company split to be conducted by the Company corresponds to a simple absorption-type split as defined in Article 784, Paragraph 2 of the Companies Act, it will be implemented without the approval and resolution of the General Meeting of Shareholders.

#### (2) Company split method

Absorption-type company split, where the Company is the splitting company, and MarketEnterprise Co., Ltd. is the succeeding company.

(3) Allotment in this company split

As compensation for this company split, The Company expects to receive 75 million yen in monies from MarketEnterprise Co., Ltd.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights accompanying the company split

There are no applicable items.

(5) Changes to capital due to the company split

There are no changes in capital.

(6) Rights and obligations to be succeeded by the succeeding company

MarketEnterprise Co., Ltd. will succeed to assets, liabilities and the accompanying rights and obligations held by the Company relating to the business subject to the company split as of the effective date of the split, excluding those which are otherwise noted in the company split agreement.

The assumption of liabilities by MarketEnterprise Co., Ltd. will be undertaken without recourse to the Company.

(7) Prospect of fulfillment of obligations

The Company as well as MarketEnterprise Co., Ltd. are judged to be capable of fulfilling the obligations to be borne after the effective date of the company split.

3. Allotment in this company split and calculation approach

In calculating the amount of monies to be delivered to the Company for this company split, The Company and MarketEnterprise Co., Ltd. have reached a decision based on discussion and negotiation, with consideration for a third-party assessment organization's assessment of the value of the business, using methods ensuring fairness and independence.

4. Overview of the parties of the company split

Splitting company (the Company)

(1) Company name	PROTO CORPORATION	
(2) Address	23-14, Aoi 1-chome, Naka-ku, Nagoya 460-0006, Japan	
(3) Name and title of representative	Kenji Kamiya, President	
(4) Description of business	Provision of information services on new cars, used cars, parts, and accessories: other automobile-related information: information for lessons at cultural schools and hobbies: and lifestyle-related information services.	
(5) Stated capital	1,824,620 thousand yen	
(6) Established	June 1, 1979	
(7) Number of shares issued	20,940,000 shares	
(8) Fiscal year-end	March 31	
(9) Shareholding percentage of major shareholders (as of the end of September 2018)	Mugen Corporation	33.93%
	JPLLC CLIENT SAFEKEEPING ACCOUNT	6.59%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	4.93%

(10) Financial position and operating results as of the previous fiscal year	
Fiscal year-end	Fiscal year ended March 31, 2018 (consolidated)
Net assets	25,977 million yen
Total assets	44,417 million yen
Shareholders' equity per share	1,293.62 yen
Revenue	62,111 million yen
Operating income	3,674 million yen
Ordinary income	3,735 million yen
Profit attributable to owners of the parent	519 million yen
Net income per share	25.89 yen

Succeeding company (MarketEnterprise Co., Ltd.)

(1) Company name	MarketEnterprise Co., Ltd.	
(2) Address	3-14, Kamezawa 3-chome, Sumida-ku, Tokyo, 130-0014, Japan	
(3) Name and title of representative	Yasushi Kobayashi, President	
(4) Description of business	Our company does business online as a second-hand shop all over Japan.	
(5) Stated capital	305 million yen	
(6) Established	July 7, 2006	
(7) Number of shares issued	5,098,600 shares	
(8) Fiscal year-end	June 30	
(9) Shareholding percentage of major shareholders (as of the end of June 2018)	WWG KK	31.38%
	Yasushi Kobayashi	26.28%
	Tomoyuki Kamo	11.77%
(10) Financial position and operating results as of the previous fiscal year		
Fiscal year-end	Fiscal year ended June 30, 2018 (consolidated)	
Net assets	976 million yen	
Total assets	1,829 million yen	
Shareholders' equity per share	185.47 yen	
Revenue	6,333 million yen	
Operating income	96 million yen	
Ordinary income	94 million yen	
Profit attributable to owners of the parent	31 million yen	
Net income per share	6.28 yen	

5. Overview of the business department to be split

(1) Business description of the department to be split

Planning and operation of the recycling comprehensive information site "Oikura"

(2) Operating results for the department to be split (Fiscal year ended March 31, 2018)

	Operating results of the business (a)	Operating results of the Company (consolidated) (b)	Ratio (a/b)
Revenue	166 million yen	62,111 million yen	0.27%

(3) Assets and liability items and monetary amount to be split (As of September 30, 2018)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	15 million yen	Current liabilities	18 million yen
Non-current assets	6 million yen	Non-current liabilities	- million yen
Total	21 million yen	Total	18 million yen

\* The amounts of assets and liabilities to be split are based on the balance sheets as of September 30, 2018. The actual amounts of assets and liabilities to be split will be determined by adjusting the above amounts to reflect changes to the assets and liabilities up to the effective date of the company split.

6. Status of the listed company and the succeeding company in the absorption-type company split after the company split

No changes are expected in the company names, addresses, names and titles of representatives, description of businesses, stated capital, or fiscal year-end for either the Company or MarketEnterprise Co., Ltd. as a result of this company split.

7. Future outlook

This company split is scheduled to take place on February 1, 2019. As a result of this company split, The Company expects to have an approximately 71 million yen gain on transfer from business divestitures during the fourth quarter of the fiscal year ending March 31, 2019. The impact of this company split on operating results for the fiscal year ending March 31, 2020 onward is expected to be minimal.