



(TRANSLATION FOR REFERENCE ONLY)

January 31, 2019

To Our Shareholders:

Corporate Name: PROTO CORPORATION  
Representative: Kenji Kamiya, President  
Securities Code: 4298 (TSE JASDAQ)  
Contact: Akito Ode, Executive Officer  
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## **Notice Regarding the Absorption-Type Merger of a Consolidated Subsidiary (Simplified, Short-Form Merger)**

PROTO CORPORATION (“the Company”) hereby announces that, at a meeting of its Board of Directors held on January 31, 2019, a decision was reached to merge with the wholly owned subsidiary of the Company, Bike Bros. Inc. (“Bike Bros”), effective on April 1, 2019, in accordance with the following conditions.

Because this merger is a simplified and short-form merger with a wholly owned subsidiary of the Company, some details are omitted from the following disclosure.

### 1. Purpose of the Merger

Bike Bros. Inc. has offered services with extensive expertise in the motorcycle field, including the publication of magazines specializing in motorcycles, development and operation of websites exclusively covering motorcycles, and a mail order service for motorcycle parts and supplies. Amid a significantly changing business environment, however, Bike Bros’ business performance has been sluggish, and the Company has judged that it would be difficult to boost revenue. Therefore, the Company has decided to withdraw from unprofitable businesses, excluding the businesses that are expected to produce synergy with the Company’s GooBike business (development and operation of websites exclusively covering motorcycles), and merge with Bike Bros.

Through this merger, the Company will strive for a further revenue increase by integrating business resources, and realizing streamlined management of the Corporate Group and cost reduction.

### 2. Summary of the Merger

#### (1) Schedule

Meeting of the Board of Directors to authorize the merger	January 31, 2019
Conclusion of the merger agreement	January 31, 2019
Merger (entry into force)	April 1, 2019 (plan)

This corporate merger is a simplified merger, as defined in Article 796-2 of the Corporation Law, and Bike Bros meets the requirements for a short-form merger laid out in Article 784-1 of the Corporation Law. Either company, therefore, will not hold general meetings of shareholders for obtaining approval of the merger agreement.

#### (2) Method

An absorption-type merger, with the Company as the successor company and Bike Bros being dissolved.

#### (3) Reallocation

There will be no reallocation of shares or any other assets as a result of this merger.

- (4) Handling of subscription rights and corporate bonds with subscription rights of the merged company  
Not applicable.

3. Overview of the Companies Involved in the Merger (as at March 31, 2018)

	Successor Company	Absorbed Company
(1) Name	PROTO CORPORATION	Bike Bros. Inc.
(2) Location	23-14, Aoi 1-chome, Naka-ku, Nagoya, Japan	2-20-7, Kanda Misaki-cho, Chiyoda- ku, Tokyo, Japan
(3) Representative director	Kenji Kamiya, President	Jun Watanabe, President
(4) Businesses	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.	Publication of motorbike magazines, development and operation of an online store specialized in motorbikes, and mail-order services for motorbike parts and goods.
(5) Capital	¥1,824 million	¥386 million
(6) Date established	June 1, 1979	December 20, 1999
(7) Shares issued	20,940,000	7,450
(8) Accounting period	March 31	March 31
(9) Major shareholders and their ownership percentages (As of September 2018)	<ul style="list-style-type: none"> <li>•Mugen Corporation: 33.93%</li> <li>•JPLLC CLIENT SAFEKEEPING ACCOUNT: 6.59%</li> <li>•The Master Trust Bank of Japan, Ltd. (Trust Account ): 4.93%</li> <li>•BNYM NON-TREATY DTT: 3.44%</li> <li>•JP MORGAN CHASE BANK 385632: 2.83%</li> </ul>	•PROTO CORPORATION: 100.0%
(10) Financial status and performance in the preceding fiscal year		
	Year ended March 31, 2018 (Consolidated)	Year ended March 31, 2018 (Non-consolidated)
Net assets	¥25,977 million	¥243 million
Total assets	¥44,417 million	¥523 million
Net assets per share	¥1,293.62	¥32,661.77
Net sales	¥62,111 million	1,960 million
Operating income	¥3,674 million	¥(42) million
Ordinary income	¥3,735 million	¥(39) million
Net income	¥519 million	¥(39) million
Net income per share	¥25.89	¥(5,358.01)

4. Overview of the Company after the Merger

There will be no change in the Company's name, location, representative director, businesses, capital, or accounting period after the merger.

5. Forecasts

This merger will have only a marginal impact on the consolidated results of the Company for the current and subsequent fiscal years.