



(TRANSLATION FOR REFERENCE ONLY)

December 3, 2019

To Our Shareholders:

Corporate Name: PROTO CORPORATION

Representative: Kenji Kamiya, President

Securities Code: 4298

(TSE and NSE 1st Section)

Contact: Akito Ode, Executive Officer

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**(Progress of the disclosed item) Regarding the arrest of the president
and others of a subsidiary (not prosecuted)**

As stated in “Regarding the arrest of the president and others of a subsidiary” dated November 13, 2019, three people, i.e., a president and representative director, a managing director, and an employee of our company’s subsidiary, AUTOWAY Co., Ltd. (hereinafter referred to as “AUTOWAY”), were arrested for alleged violation of the Unfair Competition Prevention Act by the Aichi Prefectural Police on November 13, 2019.

We hereby inform you that prosecutors decided not to prosecute the three of them and AUTOWAY on December 3, 2019. We deeply apologize for causing concern and trouble to all the related people.

Further, our corporate group is making efforts to establish a system to conduct appropriate management judgement while considering compliance, strengthen our group’s governance and reinforce the oversight function within the group, but we will also enhance risk management in order to regain trust.

The location of the problem and the future response of our corporate group is under scrutiny and will be disclosed separately as soon as they are determined.