



(TRANSLATION FOR REFERENCE ONLY)

September 13, 2022

To Our Shareholders

Corporate Name: PROTO CORPORATION

Representative: Kenji Kamiya, President

Securities Code: 4298

(TSE Prime, NSE Premier)

Contact: Takehito Suzuki, Executive Officer

Tel: +81-52-934-2000

Notice Regarding Intra-Group Reorganization (Share Exchange between Wholly Owned Subsidiaries)

PROTO CORPORATION (“the Company”) hereby announce that our Board of Directors has resolved at a meeting on September 13, 2022 to implement an intra-group reorganization (share exchange among wholly owned subsidiaries). Since this reorganization is an intra-group reorganization among wholly owned subsidiaries of the Company, some disclosure items and details are omitted.

1. Outline of the Reorganization

COSMIC RYUTSUU SANGYO CO., LTD. will become the wholly owning parent company in the share exchange and COSMIC GIFT CARD SYSTEM CO., LTD. Both companies are wholly owned subsidiaries of the Company.

2. Purpose of the Reorganization

In light of diversifying user needs and the future market environment, we are striving for further growth in our existing businesses and establishing businesses in new fields by utilizing the know-how of our existing businesses in our medium-term management plan (for the fiscal years ending March 31, 2023 through March 31, 2025).

Under these circumstances, COSMIC RYUTSUU SANGYO CO., LTD. and COSMIC GIFT CARD SYSTEM CO., LTD. became wholly owned subsidiaries of the Company in April 2022. In addition, the main sales partner of COSMIC GIFT CARD SYSTEM CO., LTD. is COSMIC RYUTSUU SANGYO CO., LTD. Therefore, the two companies will conduct the share exchange with the aim of achieving efficient business operations through the unification of both companies.

3. Summary of the Reorganization

(1) Schedule of Share Exchange

Board of Directors approving the share exchange agreement (both companies)	October 3, 2022 (plan)
Execution of share exchange agreement (both companies)	October 3, 2022 (plan)
General meeting of shareholders to approve the conclusion of the share exchange agreement (COSMIC GIFT CARD SYSTEM CO., LTD.)	October 20, 2022 (plan)
Scheduled date of share exchange (effective date)	November 1, 2022 (plan)

Note) COSMIC RYUTSUU SANGYO CO., LTD. which will become the wholly owning parent company, plans to conduct a share exchange without obtaining approval at a general meeting of shareholders through a simplified share exchange procedure. This is in accordance with Article 796, Paragraph 2 of the Companies Act.

(2) Cash, etc. to be delivered upon the share exchange

This is an exchange of shares without consideration, and no money or other assets will be delivered upon the share exchange.

(3) Overview of the Companies Involved

	Wholly owning parent company in share exchange	Wholly owning subsidiary company in share exchange
① Company name	COSMIC RYUTSUU SANGYO CO., LTD.	COSMIC GIFT CARD SYSTEM CO., LTD.
② Head office location	5-1 Sakaecho, Kanagawa-ku, Yokohama, Kanagawa 221-0052, Japan	5-1 Sakaecho, Kanagawa-ku, Yokohama, Kanagawa 221-0052, Japan
③ Name and title of representative	Takahiro Doi, Representative Director	Seiichiro Hirukawa, Representative Director
④ Business areas	Operation of stores and websites selling discount tickets, etc.	Operation of stores and websites selling gift certificates, etc.
⑤ Amount of capital	30 million yen	10 million yen
⑥ Date of establishment	December, 1986	January 2001
⑦ Number of shares issued and outstanding	600 shares	200 shares
⑧ Accounting period	End of March	End of March
⑨ Major shareholders and shareholding ratio	PROTO CORPORATION : 100%	PROTO CORPORATION : 100%
⑩ Financial position and operating results for the most recent fiscal year	(Millions of yen)	
Net assets	424	70
Total assets	2,423	266
Net assets per share (yen)	707,825.79	353,481.13
Net Sales	26,924	13,083
Operating income	225	37
Ordinary income	230	40
Net income	145	26
Net income per share (yen)	241,978.78	132,707.94

4. Future Outlook

Since this reorganization is a share exchange between wholly owned subsidiaries of the Company, there will be no impact on consolidated financial results.