

To Our Shareholders:

Corporate Name: PROTO CORPORATION
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Notice of Transfer of Noncurrent Assets and Recording of Extraordinary Gain

PROTO CORPORATION (“the Company”) announced today that the transfer of noncurrent assets was resolved at a meeting of the Board of Directors held today. Details are as follows:

1. Reasons for the transfer

The Company set “improve profitability” and “improve capital efficiency” as the mid-term management goal, and aims to realize the consolidated ROE of 12% by the fiscal year ending March 2022. Transfer of the concerned noncurrent assets was decided in order to further improve financial structure toward realizing the mid-term management goal.

2. Detail of the transferred assets

	Name	Detail of Assets	Name and Location of the Assets	Current Status
1	PROTO CORPORATION	Land 261.09m ² Building 1,320.42m ²	TOKYO Head-Office 22-2, Hongo 2-chome, Bunkyo-ku, Tokyo	Head Office
2	PROTO CORPORATION	Leasehold right 157.16m ² Building 847.66m ²	IT Head-Office 15-15, Hongo 2-chome, Bunkyo-ku, Tokyo	Head Office
3	PROTO CORPORATION	Land 340.49m ² Building 1,309.18m ²	PROTO Hongo No.2 Building 6-6, Hongo 2-chome, Bunkyo-ku, Tokyo	Business Real-Estate
4	PROTO CORPORATION	Land 109.31m ² Building 41.79m ²	Hongo Multistory Parking 305-17, Hongo 2-chome, Bunkyo-ku, Tokyo	Parking
5	PROTO-RIOS INC. (Subsidiary)	Land 296.09m ² Building 1,541.04m ²	Head Office 27, Kawara-machi 1-chome, Chuo-ku, Osaka	Head Office

(Note) The total value of the transfer price of the above assets 1 to 5 is approximately 3,823 million yen, the total book value is approximately 1,916 million yen and this matter Gain on transfer ahead of selling expenses is approximately 1,809 million yen.

3. Overview of the transferee

The transferee is three domestic business companies. However, due to the transferee’s request, no detail is disclosed. Also, there are no capital relationships, personal relationships, business relationships between the transferee and the Company, and the transferee is not a related party of the Company.

4. Schedule

	PROTO CORPORATION	PROTO-RIOS INC.
Resolution at the Board of Directors meeting	June 26, 2019	June 26, 2019
Conclusion of the transfer agreement	June 27, 2019	June 27, 2019
Date of the transfer (tentative)	September 27, 2019	September 30, 2019

5. Future outlook

Due to the transfer of noncurrent assets mentioned above, approximately 1,809 million yen of gain on sales of noncurrent assets is scheduled to be recorded as extraordinary gain in the consolidated operating results for the second quarter of the fiscal year ending March 31, 2020. And due to the transfer of noncurrent assets mentioned above, approximately 1,386 million yen of gain on sales of noncurrent assets is scheduled to be recorded as extraordinary gain in the non-consolidated operating results for the second quarter of the fiscal year ending March 31, 2020.

Furthermore, this matter has not been factored into the forecast of consolidated operating results for the year ending March 31, 2020, announced on May 14, 2019. Forecast of consolidated operating results for the year ending March 31, 2020, with the impact factored in is currently under close examination. The Company will announce the forecast as soon as it becomes clear.