



November 14, 2018

Company Name: Prospect Company Limited
Representative: President and CEO Curtis Freeze
(Security Code: 3528 TSE 2nd Section)
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Notice on the Delay of Submission of Second Quarter Earnings Report of Fiscal Year Ending March 31, 2019 and Designation of Securities Under Supervision (Confirmation)

Prospect Co., Ltd. (the “Company”), hereby, announces the delay of submission of second quarter earnings report of fiscal year ending March 31, 2019, within November 14, 2018, the period specified in Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act.

1. Background of the submission delay

The Company has identified an error in the amount of tax expense in relation to an overseas project which was recorded back to fiscal year ending March 31, 2017.

The effect on the previous fiscal years is currently under investigation. Based on simple simulation, the additional amount of tax expense in the fiscal years ending March 31, 2017 and 2018 is estimated between 300 million to 500 million yen in total, which is considered a material difference by the Company and the Company’s independent auditor Hibiscus. The Company plans to revise previous financial statements and securities reports in cooperation and consultation with the independent auditor. The Company will receive tax accounting advice and the revised tax expense amount from third-party experts with expertise in international accounting and taxation, departments within the Company, as well as the independent auditor. In addition, the Company will establish an internal investigation committee or hire third-party experts to investigate the cause, to ensure the accuracy of the revision, to investigate other overseas projects, as well as to develop appropriate policies to prevent future occurrences. For the above reasons, it is expected to take a reasonable amount of time to carry out the investigation and the additional audit procedures required by the independent auditors. Therefore, until finalizing the revision of the consolidated financial statements of previous fiscal years, the Company decided to delay the submission of the quarterly report by the

deadline (November 14, 2018).

2. About designation of Securities Under Supervision (Confirmation)

According to the Rule 605, Paragraph 1, Item 13, Sub-item a of the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange, companies that fail to submit the second quarter earnings report by the deadline (November 14, 2018) set forth in the Financial Instruments and Exchange Act will be assigned as Securities Under Supervision (Confirmation). Based on the above, the common shares of the Company are expected to be assigned as Securities Under Supervision (Confirmation) by the Tokyo Stock Exchange on November 14, 2018 in order to bring to the attention of investors.

Based on Tokyo Stock Exchange's delisting criteria, if the Company does not submit the second quarter earnings report of the fiscal year ending March 31, 2019 with the review report within one month (December 14, 2018) after the statutory deadline, it will be assigned as Securities to be Delisted, then delisted.

3. Future outlook

The Company is currently revising the previous financial statements and securities reports in cooperation and consultation with the independent auditor in order to submit by December 14, 2018.

At the moment, the timing of submission of the second quarter earnings report of the fiscal year ending March 31, 2019 is undecided, but the Company will promptly disclose any related details.

The Company expresses its sincerest apologies to its shareholders, investors and all other stakeholders for any concern or inconvenience caused.

- End of Release -