Prospect Co., Ltd.

[Translation]

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Company Name: Prospect Co., Ltd.
Representative: President and CEO Masato Tabata
(Security Code: 3528 TSE 2nd Section)
Contact: Chief of General Affairs Jiro Taketani
(TEL: +81-03-3470-8411)

Notice regarding the difference between the full-year results of the fiscal year ending March 2019 and the full-year results of the previous fiscal year

The differences between the full-year results for the fiscal year ending March 2019 (hereinafter referred to as the "current term") and the full-year results for the fiscal year ending March 2018 (hereinafter referred to as the "previous term") are announced as follows. As Prospect Co., Ltd. (the "Company") does not disclose its business forecast for the fiscal year ending March 2019, it will explain the difference from the previous term's business results.

Note

1. Difference between results for the current and the previous term

(1) The difference between the consolidated results of the current and the previous term

	Sales	Operating profit	Ordinary profit	Net profit attributable to owners of the parent	Net profit per share
The previous term (A)	(million yen) 11,688	(million yen) △1,543	(million yen) △1,098	(million yen) 1,483	(yen, sen) 4.46
The current term (B)	4,937	△8,041	△8,167	△9,833	△22.18
Amount of change (B-A)	△6,751	△6,497	△7,069	△11,317	―
Rate of change (%)	△57.8	―	―	―	―

(2) The difference between the non-consolidated results of the current and the previous term

	Sales	Operating profit	Ordinary profit	Net profit	Net profit per share
The previous term (A)	(million yen) 5,103	(million yen) △1,123	(million yen) △299	(million yen) △335	(yen, sen) △1.01
The current term (B)	3,985	△751	△1,522	△8,190	△18.47
Amount of change (B-A)	△1,118	371	△1,222	△7,854	—
Rate of change (%)	△21.9	—	—	—	—

2. Reason for the difference

In terms of consolidated performance, net sales decreased in the current term compared with the previous term due to valuation loss on market value of securities held by a subsidiary of the asset management business being recorded as net sales. As a result, an operating loss exceeding the previous term was recorded, and a loss on ordinary income was also recorded due to an increase in allowance for doubtful accounts related to investment in overseas projects. In addition, the Company recorded extraordinary losses on fixed assets related to the asset management business due to declined profitability, and valuation loss of stock acquisition rights issued by the Company, and owned by the subsidiary. As a result, a significant loss was recorded in the net profit attributable to owners of the parent company.

For non-consolidated results, although SG&A expenses and advisory fees for specialists related to the renewable energy business were reduced, the Company recorded loss in allowance for doubtful accounts related to some overseas projects and a decrease in the net assets of subsidiaries. As a result of recording valuation loss on affiliated companies and recording impairment losses on tangible fixed assets such as land owned by the Company, the Company recorded significant larger losses in ordinary profit and net profit comparing to the previous term.

End