

[Translation]

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Company Name: Prospect Co., Ltd.

Representative: President and CEO Masato Tabata

(Security Code: 3528 TSE 2<sup>nd</sup> Section)

**THE COMPANY'S EQUITY SUBSIDIARY (RFP WOOD PELLETS, LLC), ENTERS INTO  
LONG-TERM OFFTAKE CONTRACT WITH ENGIE ENERGY MANAGEMENT SCRL**

RFP Wood Pellets (herein "RFP WP"), an equity subsidiary of Prospect Co. Ltd., has entered into a long-term offtake contract with Engie Energy Management SCRL (herein "ENGIE EM") to supply industrial wood pellets. This contract is the first transaction to contribute to the long-term and stable supply of biomass fuel from Russian Far East to Japan. RFP WP and ENGIE are opening up a new supply channel in the Japanese biomass fuel market.

Note

1. Contract Details

At this time, RFP WP has entered into a long-term offtake contract to supply industrial wood pellets to ENGIE EM, a group company of ENGIE S.A., a leading world group that provides low-carbon energy and services with operations in approximately 70 countries (turnover in 2019: €60.1 billion).

RFP WP will supply 90,000 metric tons per annum (MTPA) of industrial wood pellets on a fixed price CIF basis (Term: at least 12 years from Q3 of fiscal year 2021). Supply under this contract is intended for use in Japanese power generation.

RFP WP:

RFP Wood Pellets (RFPWP) is a joint venture between Prospect Co. Ltd and Russia Forest Products Group. The Company's equity position is 49%. RFP Wood Pellets is headquartered in Khabarovsk, Russia. The pellet facility is located in Amursk, Russia.

2. About this Project

The Company considers this project to be extremely important for the future supply of fuel for biomass power generation in Japan. Demand for industrial wood pellets is expected to drastically increase due to efforts to protect the environment and combat global warming by eliminating coal usage and reducing CO2 emissions. We continue to actively promote plans to realize sustainability (Sustainable Society) not only in Japan but also worldwide.

### 3. Future outlook

The impact of this development on the business results for the current consolidated fiscal year is expected to be minor.

From the next term onward, the sales of RFP WP under this agreement will not be disclosed due to confidentiality obligations of the contract parties. The Company expects profit from our equity position to be more than 30% of the average consolidated ordinary income for the last five years. In the future, we will promptly release information on any impacts that should be disclosed.

※Inquiries regarding this matter

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