



[Translation]

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Company Name: Prospect Co., Ltd.

Representative: Chairman and Representative  
Director Nobuyoshi Fujisawa

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

Contact: Chief of General Affairs Jiro Taketani

(TEL: +81-03-3470-8411)

**Notice regarding non-operating income (dividend income) and  
non-operating expenses (investment loss by equity method) and  
extraordinary loss (loss on valuation of investment)**

Prospect Co., Ltd. (the “Company”) recorded the following non-operating income (dividend income), non-operating expenses (investment loss by equity method) and extraordinary loss (loss on valuation of investment) during the first quarter of the fiscal year ending March 2021.

Note

1. Details of non-operating income (dividend income)

In the first quarter of the current consolidated fiscal year, the Company recorded a dividend of 84 million yen under non-operating income. This is mainly due to the receipt of surplus dividend from listed securities transferred from consolidated subsidiary The Prospect Japan Fund Limited (liquidated and dissolved in the previous consolidated fiscal year) on September 26, 2019

Some of the listed securities were sold during the first quarter of the current consolidated fiscal year.

2. Details of non-operating expenses (investment loss by equity method)

In the first quarter of the current consolidated fiscal year, the Company recorded an investment loss by equity method of 297 million yen under non-operating expense. This was recorded based on the business results of the Company’s equity-method affiliate established in Russia, and the main cause is fluctuations in foreign exchange rates.



### 3. Details of extraordinary loss (loss on valuation of investment)

For some investments in the solar power generation business, the uncertainty of the initially expected earnings increased, and the recoverability of such investments' book value was considered low. As a result, the Company recorded a loss of 487 million yen on valuation of investment.

### 4. Impact on consolidated business results

The above dividend income, investment loss by equity method, and loss on valuation of investment were recorded as non-operating income, non-operating expenses and extraordinary loss in the first quarter consolidated financial results for the fiscal year ending March 2021 announced today. Regarding the business forecast for the fiscal year ending March 2021, it is difficult to properly forecast the rapid economic changes caused by the coronavirus pandemic. The Company will promptly provide guidance once the trajectory of the economy and consumer behaviors can be better understood.

End