



[Translation]

August 12, 2020

Company Name: Prospect Co., Ltd.
Representative: Chairman and Representative
Director Nobuyoshi Fujisawa
(Security Code: 3528 TSE 2nd Section)
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**Notice regarding sale of parent company Stock
Acquisition Rights held by subsidiaries**

Prospect Co., Ltd. (the "Company") informs of the following approved sale of the Company's 3rd Stock Acquisition Rights (hereinafter referred to as "SARs") owned by Prospect Asset Management, Inc. (hereinafter referred to as "PAMI"), a wholly owned subsidiary of the Company.

Note

1. Reason for the sale

Pursuant to Article 135 of the Companies Act (prohibition of acquisition of parent company shares), the subsidiary PAMI cannot acquire the parent company shares (the Company's shares) by exercising the SARs. Therefore, the SARs were sold. The sale price was agreed upon after discussions with the buyer based on the valuation provided by an independent third party.

2. Content of the sale

1) Regarding the sale to NLHD Co., Ltd.

a) Summary of the sale

Sale date	August 12, 2020
Stock acquisition rights to be sold	The Company's 3rd Stock Acquisition Right
Number of SARs to be sold	650 units (1 unit gives the right to acquire 109,756 shares)
Sale price	10,976 yen per unit (0.1 yen per share)
Number of potential shares related to SARs to be sold	71,341,400 shares
Total sale price	7,134,400 yen
Exercise price	49.2 yen per share
Total exercise price	3,509,996,880 yen
Exercise date	December 20, 2020



b) Overview of the buyer

Name	NLHD Co., Ltd.	
Location	4-5-48 Minamiazabu, Minato-ku, Tokyo	
Name and title of representative	Representative Director, Nobuyoshi Fujisawa	
Business content	Investment business	
Relationship with Company	Capital ties	Together with joint holders, hold 14.40% of the Company's shares.
	Personnel relationship	Nobuyoshi Fujisawa, who serves as Chairman and Representative Director of the Company, serves as Representative Director.
	Business relationship	No applicable matter.
	Status of related party	The largest shareholder (joint holding) of the Company.
Other	The Company has confirmed that the buyer has no relationship with antisocial forces.	

2) Regarding the sale to Shinwa Industry Co., Ltd.

a) Summary of the sale

Sale date	August 12, 2020
Stock acquisition rights to be sold	The Company's 3rd Stock Acquisition Right
Number of SARs to be sold	63 units (1 unit gives the right to acquire 109,756 shares)
Sale price	10,976 yen per unit (0.1 yen per share)
Number of potential shares related to SARs to be sold	6,914,628 shares
Total sale price	691,488 yen
Exercise price	49.2 yen per share
Total exercise price	340,199,697
Exercise date	December 20, 2020

b) Overview of the buyer

Name	Shinwa Industry Co., Ltd.	
Location	2-32-203 Tamatsukuri Motomachi, Tennoji Ward, Osaka City, Osaka Prefecture	
Name and title of representative	Representative Director: Hiroshi Nishimura	
Business content	Development and sales of renewable energy	
Relationship with the Company	Capital ties	Together with joint holders, hold 4.81% of the Company's shares.
	Personnel relationship	Hiroshi Nishimura, who is a



		director of the Company, is the representative director.
	Business relationship	A joint venture and a vendor in the Company's solar power generation business.
	Status of related party	Hiroshi Nishimura, who is a director of the Company, is the representative director.
Other	The Company has confirmed that the buyer has no relationship with antisocial forces.	

3. Outlook

An extraordinary loss of 134 million yen is expected from the sale of the SARs in the second quarter of the fiscal year ending March 2021. The details will be disclosed along with the consolidated results for the second quarter.

End