

[Translation]

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Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2020

- **Expecting a return to growth in sales and profits from then next fiscal year, due to the exclusion of large impairment losses on securities held by a consolidated subsidiary.**
- **The consolidated subsidiary is in the process of liquidation, unrealized losses are treated as extraordinary losses on unconsolidated basis.**

The Company has announced the financial results for the second quarter of the fiscal year ending March 31, 2020 (from April 1, 2019 to September 30, 2019).

■ Consolidated performance overview

(million yen, %)	Consolidated Cumulative 2Q of the Fiscal Year Ended March 31, 2019	Consolidated Cumulative 2Q of the Fiscal Year Ended March 31, 2020	Year on Year change
Sales	3,380	1,833	-45.8%
Operating profit	-1,907	-1,383	—
Ordinary profit	-1,483	-477	—
Net profit attributable to owners of the parent	-1,569	-536	—

Net income per share -¥ 1.21 (previous year: -¥ 3.55)

Average number of shares during the period (consolidated) 444,310,857 shares

Net sales of the Company for the second quarter of the fiscal year ending March 31, 2020 were ¥ 1,833 million (¥ 3,380 million in the same period of the previous year), and operating loss was ¥ 1,383 million (¥ 1,970 million loss in the same period of the previous year). Ordinary loss was ¥ 477 million (¥ 1,483 million loss in the same period of the previous year), and net loss attributable to parent company shareholders was ¥ 536 million (¥ 1,569 million loss in the same quarter of the previous year).

Please refer to the financial results for the second quarter of the fiscal year ending March 31, 2020 announced today for an overview of segment performance.

The Group is currently implementing the following measures to return to a growth path.

1) Strengthening governance system

- Company with Audit & Supervisory Board → Shifted governance structure to company with Audit & Supervisory Committee (Audit & Supervisory Committee members have voting rights at the

Board of Directors)

- Appointment of two directors who are Certified Public Accountants

As a result, governance is improved in terms of actual operations, including a strengthening of the oversight function of the Audit and Supervisory Committee (activating discussions at the Board of Directors, exchanging opinions with non-board member accounting auditors).

2) Withdrawing from unprofitable business

Withdrawing from asset management business (Japanese stocks management)

- Withdrawing from the asset management operations (Fukushima Bank, Daito Bank, Shaklee Global Group, etc.), which have been a major factor in the deficits of the previous fiscal year and the first and second quarters of current fiscal year, and is in progress of disposing risky assets.

(The Company has participated for Shaklee Global Group's tender offer for its treasury shares and the sale of all shares held by the Company has been confirmed.)

- Re-investing cash from disposing securities into new business activities.

3) Progress of renewable energy business

- In the solar power generation business, the Narita Kozaki Project (19.2MWh) is scheduled to be completed during current the fiscal year and electricity sales are expected to double from next fiscal year
- In the biomass-related business, the wood pellet manufacturing business is progressing as a joint project with a Russian (Khabarovsk region) forestry company (RFP Group). In addition, the Company is pursuing further global-scale synergies in the biomass power generation business in collaboration with leading overseas operators. From the next fiscal year, sales of wood pellets (to Japan) will be started at a joint venture with RFP and profit will be recorded.

Based on the above, the Company is currently formulating a medium-term management plan starting from the next fiscal year (fiscal year ending March 2021) as the first year. The outline will be announced during the current fiscal year.

(Note) The above forecasts are based on information available as of the date of this announcement. Actual results may differ from forecasts due to various factors such as future economic conditions.

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