



[Translation]

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Notice Concerning Transition to a Company with an Audit and Supervisory Committee

Prospect Co., Ltd. (the “Company”) hereby notifies that a resolution was passed at the Board of Director’s Meeting held today to adopt a policy to transition from the current “company with a board of corporate auditors” to “company with an audit and supervisory committee” on the condition that the same shall be approved by the Company’s 118th Annual Shareholders Meeting to be held in June this year as follows.

Note

1. Background and Purpose of the Transition

The Company recognizes that strengthening of corporate governance is an important management issue in the wake of the financial statement correction made last December and other issues that have arisen. As a result, the Company has established an expert committee for strengthening governance as an advisory body to fundamentally solve issues and is making efforts to develop measures to strengthen the supervisory and audit functions of the Board of Directors, with the aim of establishing a fair and highly transparent corporate infrastructure for sound business practices.

Now, with the aim of strengthening corporate governance and improving corporate value by further strengthening the supervisory function of the Board of Directors, such as by granting voting rights at the Board of Director’s Meeting to directors who are audit and supervisory committee members, we will transition to a “company with an audit and supervisory committee.”

2. Timing of Transition

The Company plans to transition to a company with an audit and supervisory committee by obtaining approval for making any necessary amendments to the Articles of Incorporation at the Company’s 118th Annual Shareholders Meeting to be held in June this year.

3. Other

Details of the amendment to the Articles of Incorporation and the Company’s new



management system, etc., including Directors after transition to a company with an audit and supervisory committee will be announced as soon as a decision is made.

End