

[Translation]

February 28, 2020

Company Name: Prospect Co., Ltd.

Representative: President and CEO Masato Tabata

(Security Code: 3528 TSE 2nd Section)

**Notice regarding biomass power generation business:
wood pellet manufacturing plant**

Prospect Co., Ltd. (the “Company”) is pleased to announce that the main facilities of the pellet manufacturing plant in Russia, which started construction in May 2018, have been completed.

Note

This project is being carried out in Amursk, Khabarovsk region, Russia, located adjacent to two wood processing plants owned and operated by JV partner RFP Group (a group of technologically-integrated companies from wood harvesting to wood processing). High quality lumber residue (sawdust), which is a raw material for wood pellets, is available for long term at a flat rate, and production can be transported directly to the warm water port of Vladivostok by rail.

The production plant testing and product inspections will be conducted by a third-party organization in the near future.



Boiler plant



Storage



Inside the production plant

The Company has positioned the partnership with the RFP Group as a long-term, strategic partnership to export wood pellet fuel to Japan. The production of wood pellets in the first stage is 90,000 tons per year. After the production goes on track, it will be expanded to 135,000 tons. The Company aims to increase production to 500,000 tons eventually, together with the construction of the second factory.

In addition, the Company is working on finalizing the details of the offtake contract for wood pellets, and plans to conclude the contract during the current term. Details will be announced as soon as the contract is concluded.

※Inquiries regarding this matter

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