

[Translation]

May 21, 2020

Company Name: Prospect Co., Ltd.

Representative: President and CEO Masato Tabata

(Security Code: 3528 TSE 2nd Section)

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**Notice Regarding Petition by the Company's Audit and Supervisory Committee Members
for Provisional Disposition to Prohibit Holding an
Extraordinary General Meeting of Shareholders**

Regarding the Extraordinary General Meeting of Shareholders (hereinafter "EGM") being convened by Shinwa Industry Co., Ltd. and Hiroshi Nishimura, who are the Company's largest shareholders (hereinafter the "Shareholders"), scheduled to be held on June 1, 2020, due to the fact that the convocation procedures conducted by the Shareholders for this EMG are in violation of laws and regulations and extremely unfair and may cause significant damage to the Company, on May 20, 2020, the Audit and Supervisory Committee filed a petition with the Tokyo District Court (hereinafter the "Petition") for provisional disposition to prohibit the holding of a general meeting of shareholders.

Note

1. Date of filing the Petition

May 20, 2020

2. Overview of the party filing the Petition

1-30-8 Sendagaya, Shibuya-Ku, Tokyo

Prospect Co., Ltd.

Audit and Supervisory Committee Akio Tsukishima

3. Content of this Petition

(1) Court of filing this Petition

Tokyo District Court

(2) Subject of this Petition

- 1) Petition for provisional disposition order prohibiting the holding of an EGM
- 2) Petition for provisional disposition order prohibiting resolution of proposal regarding election of Hiroshi Nishimura, Proposal No.2 (Appointment of 6 directors (excluding directors who are Audit and Supervisory Committee members)) at the EGM

(3) Reason for this Petition

The EGM was convened and to be held by the Shareholders, however the convocation procedures conducted by the Shareholder contains the below noted defects. This Petition was filed on the grounds that the convocation procedures conducted by the Shareholders for the **EGM is in violation of laws and regulations and extremely unfair, and that it may cause significant damage to the Company.**

- 1) In the Shareholder's Reference Documents for the EGM, **despite the fact that Hiroshi Nishimura has special interest with the Company, the documents falsely state that he has no special interest**
- 2) In the Shareholder's Reference Documents for the EGM, **although the Shareholders have not obtained approval from a candidate for director who is a member of the Audit and Supervisory Committee, Takujiro Hamada, this fact was not mentioned, creating a false impression that he would accept appointment as a director of the Company if elected**

An outline is as follows.

a) There is special interest between Hiroshi Nishimura and the Company

Hiroshi Nishimura is the Representative Director of Shinwa Industry Co., Ltd. (hereinafter "Shinwa Industry"), with which the Company has entered into a business alliance basic agreement (hereinafter "The Business Alliance Basic Agreement") regarding large-scale solar power plants. Since the conclusion of The Business Alliance Basic Agreement, the Company has been conducting business in collaboration with Shinwa Industry Co., Ltd., and several projects are still ongoing.

In this way, **Hiroshi Nishimura and the Company have an important business relationship and special interests.** However, in the Reference Documents for the EGM, **the Shareholders falsely state that "Shinwa Industry Co., Ltd., whose representative director is Hiroshi Nishimura...has...no direct business relationship with the Company.**

As mentioned above, as there is an important business relationship between Shinwa Industry Co., Ltd., where Hiroshi Nishimura is the representative director, and the Company, **should Hiroshi Nishimura become a director of the Company, there is a risk that priority would be put on Shinwa Industry profits over those of the Company.** In addition, **should Hiroshi Nishimura become a director of the Company, it may hinder the Company from collaborating with other partners and encourage preferential usage of Shinwa Industry Co., Ltd., which could hinder our business expansion and development in the future.**

As mentioned above, as the Reference Documents for the EGM conceal these important facts, it is believed that this will have a significant impact on the decisions of shareholders exercising their voting rights, and, in turn, the success or failure of the EGM's resolutions and, as such, the Company considers the convocation procedures conducted by the Shareholders to be in violation of laws and regulations and extremely unfair.

- b) Approval had not been obtained from Takujiro Hamada, a candidate for director who is an Audit and Supervisory Committee member, to assume the position

As announced in “Notice Concerning Receipt of Decline Notification from a Candidate for Director at the Extraordinary General Meeting of Shareholders” dated May 15, 2020, the Company received written notice (hereinafter the “Notice”) on the same date from Takujiro Hamada (hereinafter “Hamada”), who was nominated as a candidate for director, who is a member of the Audit and Supervisory Committee, in Proposal No.3 for the EGM (matter of appointing 6 directors who are Audit and Supervisory Committee members), that he has not agreed to be a candidate and has no intention of assuming the position.

The circumstances of receiving the Notice are as follows. Hamada is a prominent intellectual (former member of the House of Representatives and member of the House of Councilors, and currently a lawyer) and a person involved with the Company had a close prior relationship with him. As such, on May 14, 2020, the Company visited Hamada, who is a candidate for director named in proposals to the EGM, and informed him that the Company's board of directors is opposed to all EGM agenda items and that such opposition would be announced the following day. As a result, we learned that Hamada did not know that he was a candidate for director who is a member of the Audit and Supervisory Committee of the Company and, the following day, the 15th, the Company received the Notice from him.

This **Notice clearly states that he has “not consented to be a candidate for director who is an Audit and Supervisory Committee Member”** of the Company, meaning that the Shareholders did not have approval from Hamada to make him a director candidate. In this regard, in the case of the proposal concerning the election of directors who are Audit and Supervisory Committee members, if approval has not been obtained from the candidate it is legally required to state such fact in the Reference Documents for the EGM. In other words, **the Shareholders have created a false impression that the Shareholders have obtained approval from Hamada and that if elected he would assume the position of director of the Company.**

We have no choice but to judge that **the Shareholders are attempting to take control of the Company in a way that significantly impairs corporate governance by putting forward a prominent intellectual as a candidate for director, who is a member of the**

Audit and Supervisory Committee, and obtaining approval of each of the agenda items of the EGM.

As mentioned above, the Reference Documents for the EGM will have a significant impact on the decisions of shareholders exercising their voting rights and, in turn, the success or failure of the EGM's resolutions and, as such, the Company considers the convocation procedures conducted by the Shareholders to be in violation of laws and regulations and extremely unfair.

As announced in today's "Notice Regarding Partial Withdrawal of Shareholder Proposal for the Extraordinary General Meeting of Shareholders," although the Company has been informed by the Shareholders that Hamada's nomination for election in Proposal No.3 of the EGM (matter of appointing 6 directors who are Audit and Supervisory Committee members) has been withdrawn, this does not change the Company's consideration of the convocation procedures conducted by the Shareholders being in violation of laws and regulations and extremely unfair.

4. Future outlook

The Company's Audit and Supervisory Committee seriously advocates the legitimacy of the procedures related to this Petition.

End