



May 15, 2019

Company Name: Prospect Co., Ltd.
Representative: President and CEO Masato Tabata
(Security Code: 3528 TSE 2nd Section)
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Notice Concerning Decrease in the Amount of Capital Reserve and Profit Reserve and Appropriation of Surplus

The Company adopted a resolution at the Board of Director's Meeting held on May 15, 2019 to refer to the 118th Annual General Meeting of Shareholders to be held on June 27, 2019 a proposal to decrease the amount of capital reserve and profit reserve and appropriation of surplus and we hereby notify you as follows.

Note

1. Purpose of Decrease in the Amount of Capital Reserve and Profit Reserve and Appropriation of Surplus

The Company determined to decrease the amount of capital reserve and profit reserve and make appropriation of surplus for the purpose of supplementing a deficit of retained earnings brought forward, early realization of the resumption system of dividends and securing flexibility of capital policy in the future.

2. Matters Concerning Decrease in the Amount of Capital Reserve and Profit Reserve

Under the Companies Act, Article 448, paragraph 1, part of the amount of capital reserve and the entire amount of profit reserve will be decreased and the amount will be transferred to other capital surplus and retained earnings brought forward.

(1) Items and amount of reserves to be decreased

Capital reserve: ¥7,562,779,594 out of ¥10,945,323,164

Profit reserve: ¥83,651,561

(2) Items and amount of surplus to be increased

Other capital surplus: ¥7,562,779,594

Retained earnings brought forward: ¥83,651,561

3. Matters Concerning Appropriation of Surplus

Under the Companies Act, Article 452, deficit of retained earnings brought forward will be supplemented by transferring the entire amount of other capital surplus after the increase to retained earnings brought forward on condition of effectuation of a decrease in part of capital reserve and the entire amount of profit reserve and an increase in other capital surplus and retained earnings brought forward.

(1) Item and amount of surplus to be decreased

Other capital surplus: ¥8,237,883,268

(2) Item and amount of surplus to be increased

Retained earnings brought forward: ¥8,237,883,268

4. Results of Paragraph 2. Above

Each item will be as follows:

Capital reserve: ¥3,382,543,570

Other capital surplus: ¥0

Profit reserve: ¥0

Retained earnings brought forward: ¥0

5. Effective Date of Decrease in Capital Reserve and Appropriation of Surplus

(1) Date of Resolution of the Board of Director's Meeting: May 15, 2019

(2) Date of Resolution of the General Meeting of Shareholders: June 27, 2019 (Scheduled)

(3) Effective Date: June 27, 2019 (Scheduled)

6. Future Prospect

As this matter involves a transfer within the account item in "Net Assets," the amount of net assets of the Company will not be changed and it will not affect the business results of the Company.

The above content is on condition that the proposals are approved at the 118th Annual General Meeting of Shareholders to be held on June 27, 2019.

End