The following is an English version of the official Japanese announcement, which has been given to the Tokyo Stock Exchange and the media in Tokyo, Japan.

December 17, 2019

For Immediate Release

SPARX Group Co., Ltd.
President and Group CEO Shuhei Abe
(TSE1: 8739)

Mirai Creation Fund II (two) Invests in Farmnote Holdings, a Provider of IoT Solutions for Dairy and Livestock Farms

—Accelerating the Development of Deep Learning, Edge AI, and Autonomous AI—

TOKYO—December 17, 2019—SPARX Group Co., Ltd. (SPARX; TSE1: 8739) today announced that its Mirai Creation Fund II (two) —established in July 2018—has executed aninvestment (the amount is not disclosed) in Farmnote Holdings Inc. (Farmnote HD), a firm that provides IoT solutions for dairy and livestock farms. Farmnote HD intends to use this round of fundraising to expand its products and services functionality through AI development, bolster its operational structure, advance R&D, and launch new businesses.

Portfolio Company Outline

Since its founding, Farmnote HD, through its subsidiary Farmnote Inc., has offered and upgraded Farmnote, a cloud-based cattle management system, while it developed and launched Farmnote Color, a wearable device for cattle that realizes an “Internet of Animals (*1).” As a result, the firm has grown its user base to 4,000 producers across Japan, with agreements for 380,000 animals (cf., the total number of livestock in Japan is roughly 3.8 million; source: the Ministry of Agriculture, Forestry and Fisheries's 2019 Statistical Survey of Livestock).

(*1) The technology proposed by Farmnote, which is to offer optimal livestock management by using sensors that connect animals with economic value to the Internet and to monitor the state of these animals through AI that requires no human interaction.

Mirai Creation Fund I and Mirai Creation Fund II Summaries

The Mirai Creation Fund I began operations in November 2015 with financing of JPY 13.5 billion from three companies: Toyota Motor Corporation, Sumitomo Mitsui Banking Corporation, and SPARX, the Fund's general partner. Ultimately, the Fund received contributions from 20 companies, including the above three. Casting intelligent technologies, robotics, and hydrogen-economy technologies as core technologies of the future, Fund I has invested in approximately 50 companies and projects—from the US, the UK, Israel, Singapore, and Japan—that possess innovative technologies in these fields. In H2 2018, SPARX began managing the Mirai Creation Fund II, which targets the three existing Mirai Creation fields along with the two additional areas of electrification and new materials. As of November 30, 2019, the combined AUM for Fund I and Fund II were JPY 109.3 billion.

Mirai Creation Fund investment track record: https://mirai.sparx.co.jp/investment/

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