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.

October 31, 2024
SPARX Group Co., Ltd.
President and Group CEO Shuhei Abe
(Code: 8739, TSE Prime Market)

Notification Regarding a New Project Launch

TOKYO (October 31, 2024) — SPARX Group Co., Ltd. (“SPARX”) hereby announces that SPARX and its consolidated subsidiary, SPARX AI & Technologies Investment Co., Ltd. ("SATI"), approved at their respective Board of Directors meeting held on October 31, 2024 to launch a luxury villa development project in the Niseko area of Hokkaido, Japan.

■ Purpose, Background, and Overview of the New Project

SPARX Group has a track record of promoting infrastructure investment in Japan, focusing on renewable energy. Infrastructure investment in offshore wind power, hydrogen, battery energy storage system, and submarine DC power grids in Hokkaido should accelerate since it has the most significant potential for renewable energy in Japan. Hokkaido also has the potential to advance AI demonstrations and implementations, making effective use of its vast land, backed by its concentration of data centers and semiconductor industry sites.

The island is also blessed with abundant tourism resources. The Niseko area—with one of Japan's most well-known mountains, Mt. Yotei, at its heart—is particularly popular among Japanese and international high society for its high-quality powder snow. The Hokkaido Shinkansen bullet train extension, new expressways opening, and developments for foreign-affiliated luxury hotels promise to make Hokkaido home to one of the world's leading snow resorts.

Against this backdrop, SATI will develop luxury villas in Hokkaido's Niseko area, an extraordinary place with magnificent views of Mt. Yotei and natural beauty year-round, targeting affluent travelers from Japan and abroad.

With this project as a foothold, SPARX will develop various investment products that maximize Hokkaido's potential value due to its numerous existing investment opportunities. The Group aims to expand its assets under management and establish new investment areas by attracting more investments from around the globe.

It also expects this project to contribute to building a decarbonized society that helps attract development to Niseko from Japan and abroad, protect its bountiful food resources, promote

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exchanges of diverse populations, and work with the government, local businesses, and community members to create a town that aims for sustainable development.

■ Timing of the New Project Launch

The design of villas is scheduled to be completed in FY3/2025, with construction starting the following fiscal year, in April 2025, with completion scheduled for autumn 2026.

■ Total Extraordinary Expenditures Budgeted for the New Project

The Group expects the expenditures for the project to total JPY 5.8 billion (including consumption taxes).

■ Outlook

As stated above, the construction is scheduled to be completed in autumn 2026, meaning the impact on performance for FY3/2025 should be negligible. SPARX will promptly disclose any related matters as they arise.

■ Contact Information

SPARX Group Co., Ltd., Finance & Management Control Dept.
TEL : 81-3-6711-9100 / FAX : 81-3-6711-9101

No further entry