

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 21, 2021

For Immediate Release

SPARX Group Co., Ltd.
President and Group CEO Shuhei Abe
(Code: 8739, TSE First Section)

Notice of an Alleged Lawsuit Brought Against Our Subsidiary in the U.S.

We hereby announce that a lawsuit (the "Lawsuit") has been brought against SPARX Asset Management Co., Ltd. ("SAM"), our subsidiary, in the United States, as described below.

■ Name of Court and Date of Filing

United States District Court for the Northern District of California

Filed on December 7, 2021 (local time)

A summons and complaint were served on December 16, 2021 (local time) on SAM's process agent in the State of California, which fact was known to SAM on December 21, 2021 (Japan time).

■ Particulars of the Plaintiff

Name: Verdi Law Group, P.C.

(alleged to be a Professional Corporation established in the State of California, U.S.A.)

Address: 178 S. Victory Blvd. Suite 105, Burbank, California 91502, United States of America

Representative: Alfred J. Verdi, Chief Executive Officer

■ Current Knowledge and Belief as to the Plaintiff's Allegations

While our investigation into this matter is ongoing, we currently have no knowledge about any of the allegations or the parties and their alleged involvement, and we are unaware of any facts suggesting involvement in the conduct alleged by SAM's and our group's officers or employees, and therefore, we believe at this time that the Plaintiff's allegations against SAM have no merit.

■ Summary of Allegations and Demand

Although the allegations against SAM are not clear, we currently understand that the Plaintiff demands payments of €1,422,000,000.00 in total from the Defendants, alleging as follows:

	Plaintiff's allegations	SAM's responses
(i)	SAM created Defendant SPC so as to avoid disclosure regarding the investment transaction as required under the rules of the Tokyo Stock Exchange.	SAM is currently unaware of any such SPC as alleged by the Plaintiff.
(ii)	Plaintiff negotiated and structured a certain deal with Defendant A (individual) as per instructions of Defendant B (individual) based on an exclusive structured finance buy/sell program offered by Defendant B, which deal was memorized in a certain agreement signed by Defendant A as an authorized agent for SAM (and as officer and director of Defendant SPC).	SAM is currently unaware of such a deal, such an agreement, the Plaintiff, Defendants A and B, or of any dealings with Defendant A or B.
(iii)	Defendant Bank issued a Stand-By Letter of Credit based on such certain agreement, and a bank account at Defendant Bank in the name of SAM was designated for payment	SAM is currently unaware of any dealings with Defendant Bank to issue such a Stand-By Letter of Credit or to open a bank account in

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	obligations in connection with such certain agreement.	SAM's name in connection with such Stand-By Letter of Credit.
(iv)	Despite delivery of the Stand-By Letter of Credit to the receiving bank, there were no payments made to the Plaintiff.	SAM is currently unaware of the Stand-By Letter of Credit alleged in the complaint or any payment obligations arising in connection with such Stand-By Letter of Credit.
(v)	As the result of (iv) above, there arose the payment obligations of the Defendants (including SAM) in the amount of € 1,422,000,000.00 (consisting of (a) €4,500,000.00 and (b) €35,437,500.00 per week for a period of forty consecutive weeks through the term of the agreement (i.e., April 2022)), of which €925,875,000.00 was due and payable at the time of filing of the complaint.	As stated above, SAM has no knowledge about any of the allegations asserted by the Plaintiff and we are unaware of any facts suggesting involvement in the conduct alleged by SAM's and our group's officers or employees, and therefore we believe that the Plaintiff's claims against SAM have no merit.

■ Forecast

As noted above, our investigation into the facts alleged in the Lawsuit is continuing, but based on the information known to us at this time, we are not aware of any of the facts or circumstances alleged in the Lawsuit or of any connection between SAM and the Plaintiff, the individual defendants or the Defendant SPC. We therefore currently believe that the Lawsuit has no merit and we intend to defend ourselves vigorously. Nevertheless, because our investigation is still ongoing and because the Lawsuit has only just been filed, we do not have the ability to determine the potential future impact, if any, of the Lawsuit or a possible counterclaim or of the costs and expenses associated therewith (including legal fees) on SAM or our future consolidated financial results, although we have no reason at this time to believe it would be material. We will provide future updates as necessary.

No further entry

■ Contact Information

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