

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.



July 31, 2023

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

## Notice Regarding a Treasury Stock Disposal by a Third-Party Allotment in Conjunction with Continuing the Stock-Granting ESOP Trust

SPARX Group Co., Ltd (the “Company”) hereby announces that disposal of treasury stock through a third-party allotment (hereinafter, “treasury stock disposal”) is approved at the Board of Directors meeting held today.

### 1. Overview of Disposal

(1) Date of disposal	August 22, 2023
(2) Classification and Number of shares for disposal	800,000 common stock
(3) Disposal Price	1,488 yen per share
(4) Total disposal amount	1,190,400,000 yen
(5) Disposal recipient	The Master Trust Bank of Japan, Ltd. (Stock-Granting ESOP Trust Account)
(6) Other	Disposal of Treasury Stock is conditional on the registration coming into effect as per the Financial Instruments and Exchange Act.

### 2. Purpose and Reason for Disposal

The Company at its Board of Directors meeting held today resolved to continue keeping a stock-granting ESOP trust (hereinafter, “ESOP Trust”) as an incentive plan for employees of five subsidiaries of the Company (SPARX Asset Management Co., Ltd., SPARX Green Energy & Technology Co., Ltd., SPARX Asset Trust & Management Co., Ltd., SPARX AI & Technologies Investment Co., Ltd. and SPARX Innovation for Future Co., Ltd.) (hereinafter, “Group Employees”) in order to enhance medium- to long-term corporate value of the Company by giving Group Employees further motivation toward improving corporate performance and increasing the share price of the Company.

In conjunction with extending the ESOP trust period, the Company is disposing of its treasury stock through an allotment to stock-granting ESOP trust accounts at The Master Trust Bank of Japan, Ltd., a co-trustee of the ESOP Trust Agreement (the “Trust Agreement”; the trust established under the Trust Agreement is the “Trust”) between the Group and Mitsubishi UFJ Trust and Banking Corporation.

The number of disposed shares equals the number of shares expected to be delivered to Group Employees during the trust period per the Share Distribution Regulations. This allotment will result in a dilution of 1.91% (rounded to the second decimal place; it represents 1.98% of the 404,380 existing voting rights as of March 31, 2023) of the 41,915,480 shares issued and outstanding as of March 31, 2023.

Since the shares allotted through this treasury stock disposal will be distributed to the Group’s employees per the Share Distribution Regulations, and since these shares are not intended for temporary release to the stock market, the impact on the stock market should be minimal. Moreover, the disposal volume and resulting dilution ratio are reasonable.

#### 【Overview of Trust Agreement】

Type of Trust	Money Trust other than a specified individual managed money trust (third party beneficiary trust)
Purpose of trust	Granting of incentives to Group Employees
Trustor	The Company

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Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Group Employees who meet the beneficiary requirements
Trust administrator	A third-party professional trust administrator that has no conflict of interest with the Company (certified public accountant)
Date of trust agreement	August 18, 2017 (schedule to change trust agreement on July 31, 2023)
Trust term	From August 18, 2017 to August 31, 2029 (scheduled)
Strat of the Plan	August 18, 2017
Exercise of voting rights	The trustees will exercise the voting rights of the Company stock in accordance with the instructions of the trust administrator, which reflects the will of candidate beneficiaries.

### 3. Basis for and calculations of the specific disposal price

The Group has set the disposal price at JPY 1,488—the Group’s closing share price on the Tokyo Stock Exchange (the “TSE”) on the business day (July 28, 2023) immediately preceding the date the Board of Directors decided to dispose of this treasury stock—to eliminate arbitrariness in light of the recent share price trends. It chose the closing share price from July 28, 2023, because it represents the market value of the Group’s shares immediately preceding the Board of Directors’ decision and serves as a highly objective and reasonable basis for calculating the disposal price.

Moreover, this disposal price represents the product of multiplying JPY 1,505 (rounded down to the nearest yen; the same applies below), the average closing price of the Group’s shares on the TSE over the month immediately preceding the date of the Board of Directors’ decision (June 30, 2023–July 28, 2023), by 98.87% (discount rate 1.13%); JPY 1,488, the same average over the immediately preceding three months (May 1, 2023–July 28, 2023), by 100.00% (discount rate 0.00%); and JPY 1,523, the same average over the immediately preceding six months (January 31, 2023–July 28, 2023), by 97.70% (discount rate 2.30%). Therefore, the Company has determined that the disposal price is not particularly favorable.

All of the Group’s directors who are members of the Audit and Supervisory Committee (all five of whom are outside directors) have expressed the opinion that the above disposal price is reasonable, not particularly favorable, and lawful.

### 4. Procedures within Scope of Corporate Behavior

As this matter will have a dilutive effect of less than 25% on shares and does not involve a change in the controlling shareholder, it is not necessary to follow procedures for the receipt of the opinion of an entity who has a specific degree of independence from management regarding third-party allotment, as provided by Rule 432 of the Tokyo Stock Exchange’s Securities Listing Regulations.

- For inquiries related to this release, contact:  
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No further entry