

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.



February 1, 2024

For Immediate Release

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

SPARX Group Establishes the SPARX Green Battery Energy Storage System Fund

TOKYO—February 1, 2024—SPARX Group Co., Ltd. (SPARX; TSE Prime: 8739) today announced it established the SPARX Green Battery Energy Storage System Fund to invest in energy storage facility projects as a new initiative to help realize carbon neutrality in Japan.

Battery Energy Storage System, also called grid battery storage, are directly connected to the power grid to provide power regulation and supply to the market. Grid battery storage is taking off worldwide, driven by projects in Europe, the US, and China. In Japan, battery energy storage system is essential to control power output fluctuations and stabilize power supply. That would enable the widespread use of renewable energy as it has significant output fluctuations depending on the weather and time of day. Power systems currently balance supply and demand by suppressing renewable energy output and relying on thermal power plant generation. However, increasing grid power storage would allow these systems to maximize their renewable energy utilization, facilitating carbon neutrality.

The SPARX Green Battery Energy Storage System Fund will invest in developing energy storage plants in Japan and aim to conduct stable operations by utilizing new systems in markets for balancing electricity supply and demand, auctions for decarbonized power supply in capacity markets, and wholesale power markets. As the Fund's general partner (GP), SPARX entered into an agreement in January with limited partners (LP) from the banking, life insurance, and leasing industries for a total capital contribution of JPY 26.3 billion. A SPARX subsidiary, SPARX Asset Management Co., Ltd., will be the fund manager.

Another subsidiary, SPARX Green Energy & Technology Co., Ltd. (SGET), has a track record in renewable energy business development and operation, with 727 MW of electricity generated from 349 solar and wind power plants nationwide. SGET will add battery energy storage systems to its business portfolio to achieve a carbon-neutral society by developing and operating projects rooted in their local communities.

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Fund Overview

Fund name	SPARX Green Battery Energy Storage System Investment Limited Partnership "SPARX Green Battery Energy Storage System Fund"
Investments	Equity interests in domestic battery energy storage projects and other investment securities
Investors	General partner: SPARX Group Co., Ltd. Limited partners: Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., JOYO BANK, Ltd., Asahi Mutual Life Insurance Company, RICOH LEASING COMPANY, LTD., and more Fund manager: SPARX Asset Management Co., Ltd.
Fund size	JPY 26.3 billion (as of January 19, 2024)
Fund term	25 years

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