

FY2021 Full Year Earnings Presentation (Apr. 2021 – Mar. 2022)

May 6th, 2022



SPARX Group Co., Ltd.

<https://www.sparxgroup.com/>

Mission

**To make the world wealthier,
healthier, and happier**

Vision

**To be the most trusted and respected
investment company in the world.**

FY2021 Performance

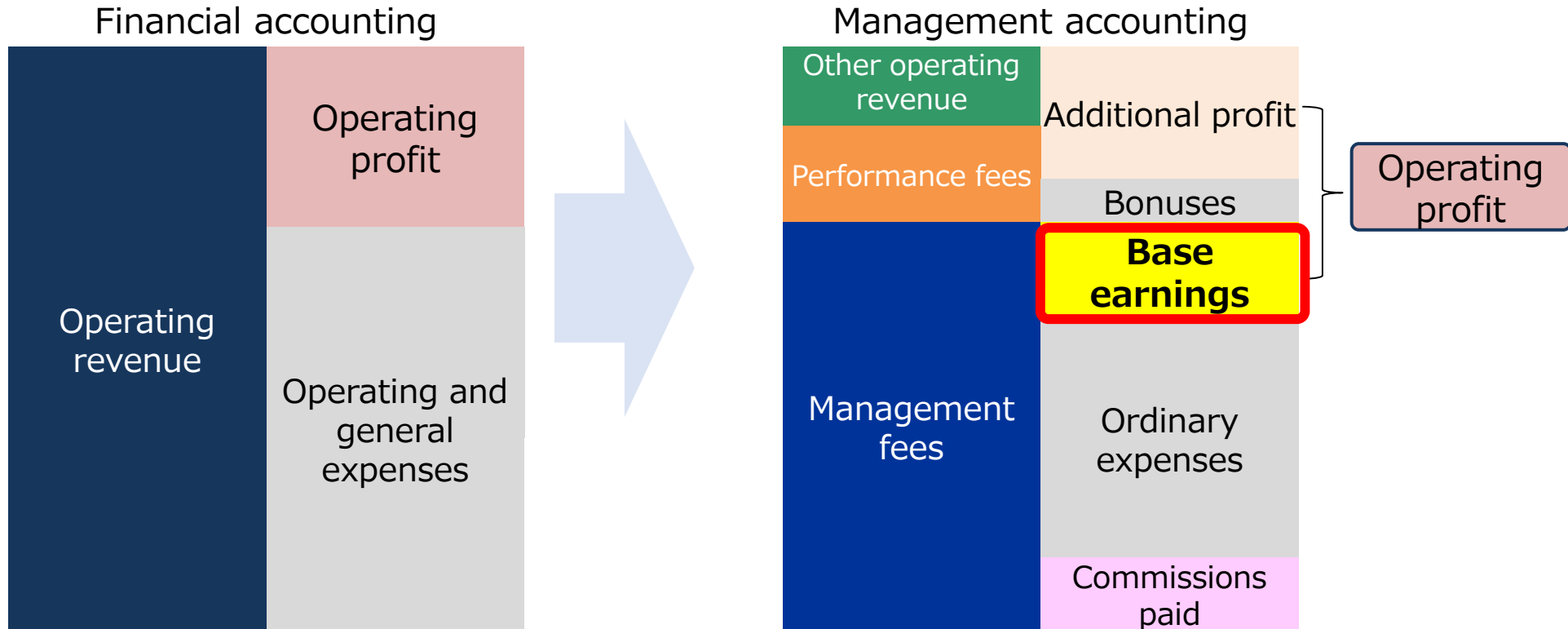
About This Earnings Presentation

This earnings presentation provides management accounting details not included in the consolidated statement. Note that, as shown in the following diagram, SPARX categorizes (1) management fees, (2) performance fees, and (3) other operating revenue, while (1) ordinary expenses, (2) commissions paid, and (3) bonuses are included in operating and general expenses.

SPARX Group has set **base earnings** as its overriding administrative index. Base earnings demonstrate whether a business has the earning capacity needed for a sustainable, stable foundation. We use the following formula to calculate base earnings:

$$\text{Base earnings} = (\text{Management fees} - \text{Commissions paid}) - \text{Ordinary expenses}$$
$$= \text{Management fees (after deducting commissions)} - \text{Ordinary expenses}$$

In financial accounting, operating profit includes one-time or additional performance fees, but these fees fluctuate considerably, according to trends in the stock market or business progress in real asset investments. Therefore, **base earnings indicate genuine earning capacity.**



Consolidated Earnings Summary (1) Performance



- Operating revenue slightly decreased due to decrease in performance fees although management fee has increased.
- Operating profit has increased by 1.8% due to reasons stated above as well as decrease in ordinary expense.
- Net income has increased by 17.4% due to the recognition of a gain from the partial sales of investment securities while we have recognized the loss on valuation of investment securities.
- Base Earning has significantly increased due to recording higher management fees earned as a result of increase in our AUM.

(Unit:Millions of yen)	FY2020	FY2021	YoY change
	Full Year	Full Year	
Operating revenue	14,295	14,043	-1.8%
Operating profit	6,349	6,464	+1.8%
Net income	3,468	4,070	+17.4%
Base earnings	4,444	6,157	+38.5%

(Note) See pages 4, 6, 32, and 37 for more on base earnings.

Consolidated Earnings Summary (2) Performance



		FY2020	FY2021	
		Full Year	Full Year	YoY change
Average AUM	(Billions of yen)	1,343.8	1,571.9	+17.0%
Management fee rate	(%)	0.69%	0.69%	+0.00
(After deducting commissions)				
Management fees	(Millions of yen)	9,293	10,920	+17.5%
(After deducting commissions)				
- Ordinary expenses	(Millions of yen)	4,848	4,762	-1.8%
Base earnings	(Millions of yen)	4,444	6,157	+38.5%
Performance fees	(Millions of yen)	3,166	1,208	-61.8%
Percentage of AUM eligible to earn performance fees	(%)	32.5%	36.7%	+4.2
Other operating revenue	(Millions of yen)	206	258	+25.1%
- Bonuses	(Millions of yen)	1,406	1,143	-18.7%
(including ESOP Expense)				
Operating profit	(Millions of yen)	6,349	6,464	+1.8%
Profit attributable to owners of parent	(Millions of yen)	3,468	4,070	+17.4%
Return on equity (ROE)	(%)	16.1%	17.1%	+1.0

(Note 1) Management fees include administrative fees for the power stations related to our Japanese Renewable Energy Investment Strategy. This note applies throughout this presentation.

(Note 2) Performance fees include one-time fees received as compensation for real estate purchases/sales related to our Japanese real estate investment strategy, as well as one-time fees (acquisition fees) received as compensation for formulating power station plans related to our Japanese Renewable Energy Investment Strategy. This note applies throughout this presentation.

(Note 3) Percentage of AUM eligible to earn performance fees show the ratio of AUM with performance fee to the total AUM at the end of the specified period.

Consolidated Earnings Summary (3) AUM



Despite the impact of the decline in the market, AUM increased by 1.3% from last fiscal year-end due to the inflows of new funds including Mirai Creation Fund III.

(Unit: Billions of yen)	AUM			Average AUM (12 months)		
	As of March, 2021	As of March, 2022	Change (%)	FY2020	FY2021	YoY change (%)
Japanese Equity	1,030.2	1,021.0	-0.9%	912.3	1,063.5	+16.6%
OneAsia	134.3	105.0	-21.8%	83.2	119.5	+43.6%
Real Assets	255.3	256.4	+0.4%	231.0	254.3	+10.1%
Private Equity(Mirai Creation, etc.)	115.7	173.1	+49.6%	117.1	134.3	+14.7%
Total	1,535.7	1,555.7	+1.3%	1,343.8	1,571.9	+17.0%

	As of March, 2021	As of March, 2022	YoY change
TOPIX	1,954	1,946	-0.4%
NIKKEI 225 (JPY)	29,178	27,821	-4.7%
KOSPI	3,061	2,757	-9.9%

*See our "Notice of Month-End Assets Under Management" for details on SPARX's AUM as of March 31, 2022.

<https://ssl4.eir-parts.net/doc/8739/tdnet/2104349/00.pdf>

Business Progress Report and Future Plans

Japanese Equity

AUM for Japanese equity remained at 1 trillion yen while market environment is challenging.

OneAsia

Gain from the partial sale of our investment securities which we have seeded under this strategy contributed in this quarter as well.

Real Assets

We are working aggressively on projects other than solar power. In this quarter, we have invested in power plants that were already in operation.

Private Equity

AUM for Mirai Creation Fund III as of March-end was 51.5 billion yen. It is targeted to have a size of 100 billion yen and marketing activities are currently underway.

Four Pillars of Growth: Combining High Profitability and Stability



High
profitability

Fund performance generates significant income
(performance fees)

Stability

Ongoing long-term contracts generate stable income
(Real Assets, Private Equity)

**JPY1,021.0
billion**

Japanese
Equity

OneAsia

**JPY105.0
billion**

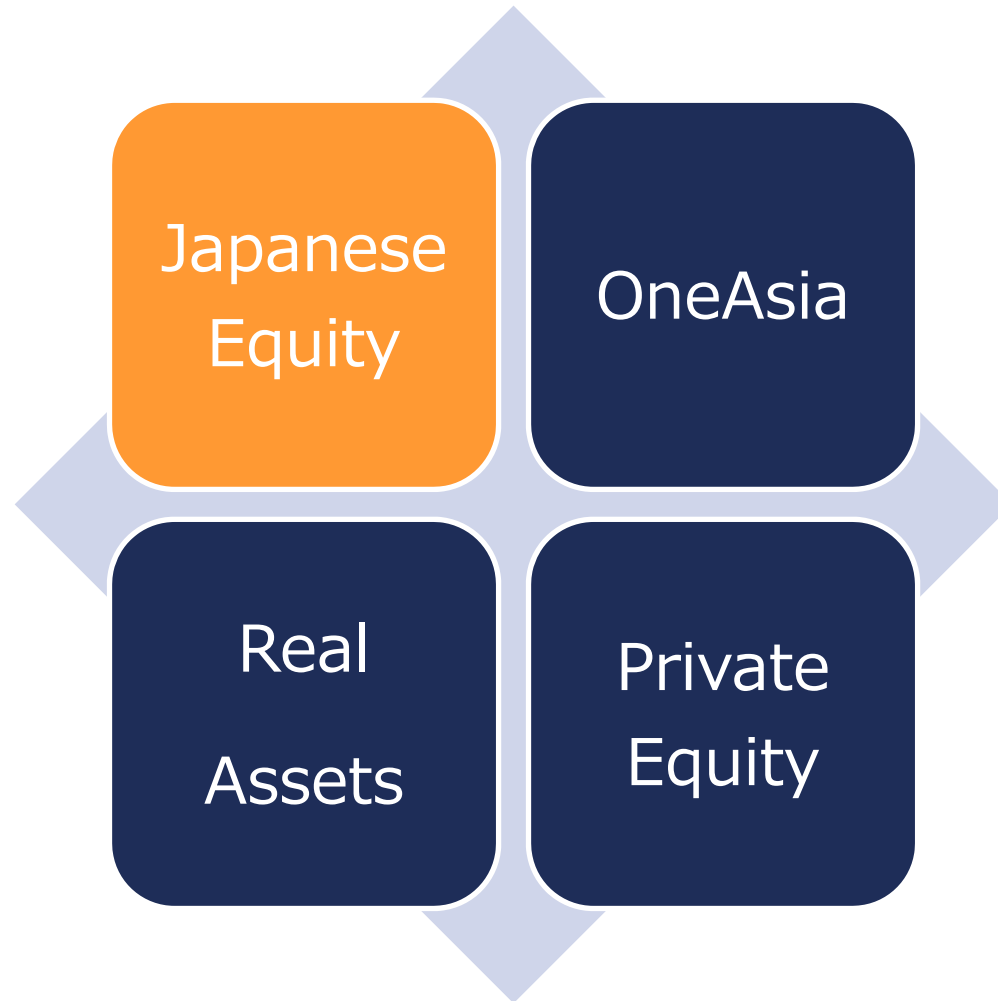
**JPY256.4
billion**

Real
Assets

Private
Equity

**JPY173.1
billion**

(1) Japanese Equity Investment Strategy (AUM of JPY 1,021.0 billion as of March 31, 2022)



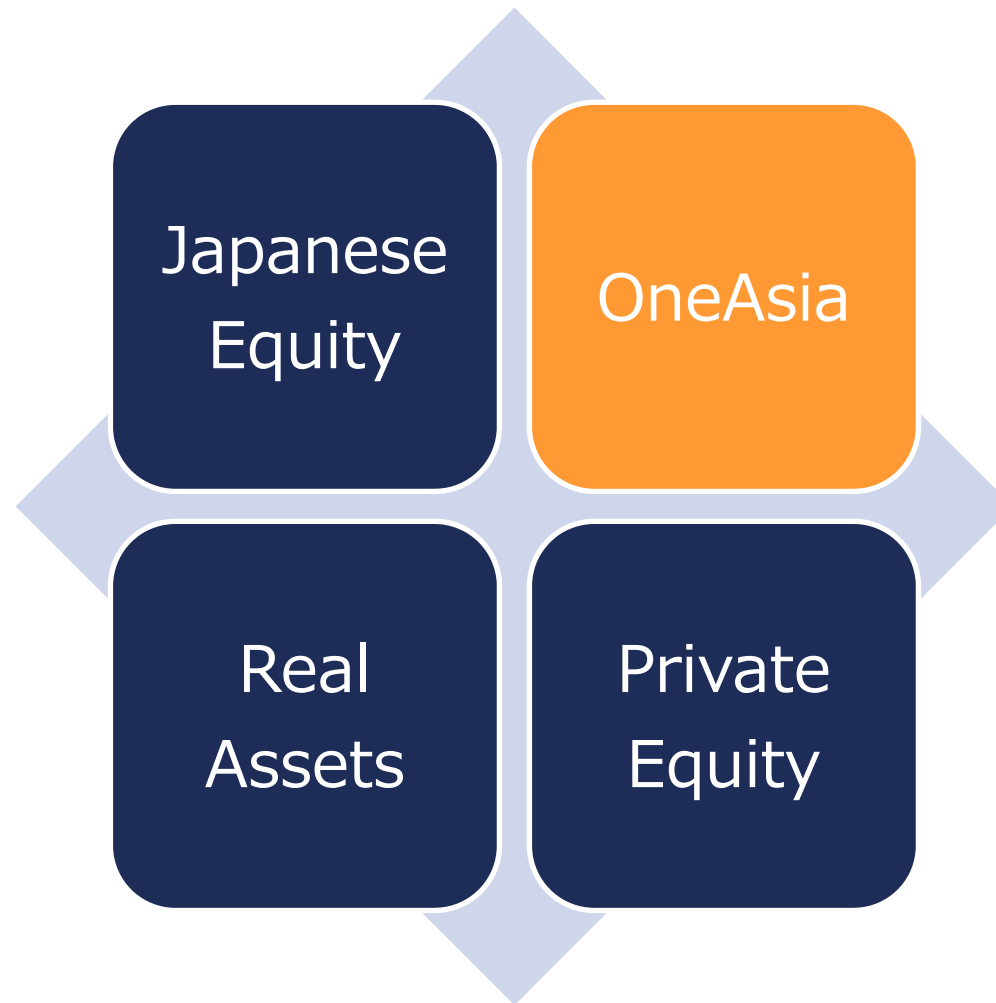
Japanese Equity Investment Strategy: Status of AUM



- AUM for Japanese equity long-short investment strategy increased significantly from the end of the previous fiscal year due to subscriptions for the newly established funds.
- AUM of Japanese equity sustainable investment strategy mainly consisted of ESG investment increased from the end of the previous fiscal year due to its favorable performance and cash inflows.

(Units : Billions of yen)	AUM			
	Mar. 2021	Mar. 2022	Change	Change (%)
Japanese Equity Long-Short Strategy	78.4	102.3	+23.8	+30.5%
Japanese Equity Focus All Cap Strategy	611.2	590.6	-20.6	-3.4%
Japanese Equity Mid & Small Cap Strategy	193.0	182.7	-10.3	-5.3%
Japanese Equity Market Neutral Strategy	38.1	25.1	-12.9	-34.1%
Japanese Equity Sustainable Strategy	106.9	117.9	+11.0	+10.3%
Other	2.5	2.2	-0.2	-8.2%
Total	1,030.2	1,021.0	-9.2	-0.9%

(2) OneAsia Equity Investment Strategy (AUM of JPY 105.0 billion as of March 31, 2022)



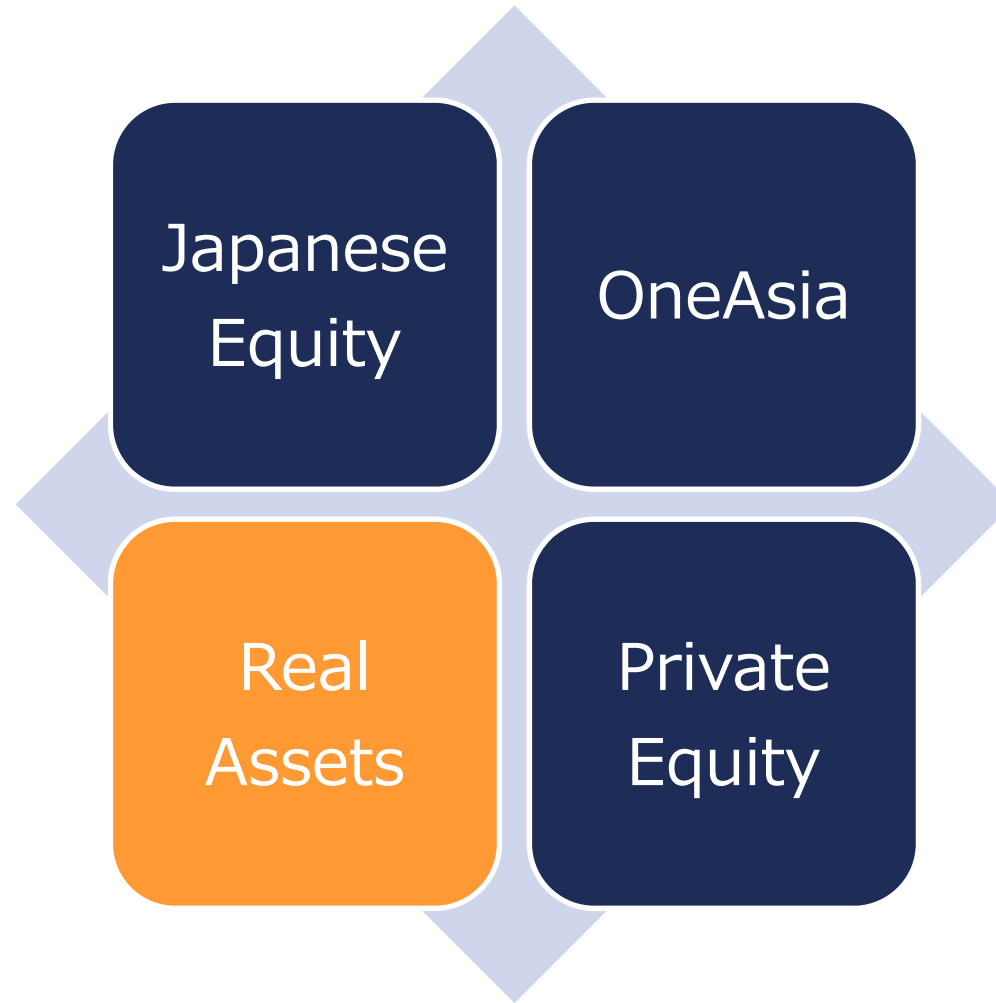
OneAsia Equity Investment Strategy Status of AUM



AUM decreased from the previous fiscal year-end due to the impact of unfavorable market trend and the capital outflows in both South Korea and Pan-Asia regions.

(Units : Billions of yen)	AUM			
	Mar. 2021	Mar. 2022	Change	Change (%)
South Korea	120.8	96.3	-24.4	-20.3%
Pan-Asia	13.5	8.7	-4.8	-35.6%
Total	134.3	105.0	-29.2	-21.8%

(3) Real Asset Investment Strategy (AUM of JPY256.4 billion as of March 31, 2022)



The above AUM includes AUM related to the real estate investment strategy of approximately 12.6 billion yen.

Assets under management

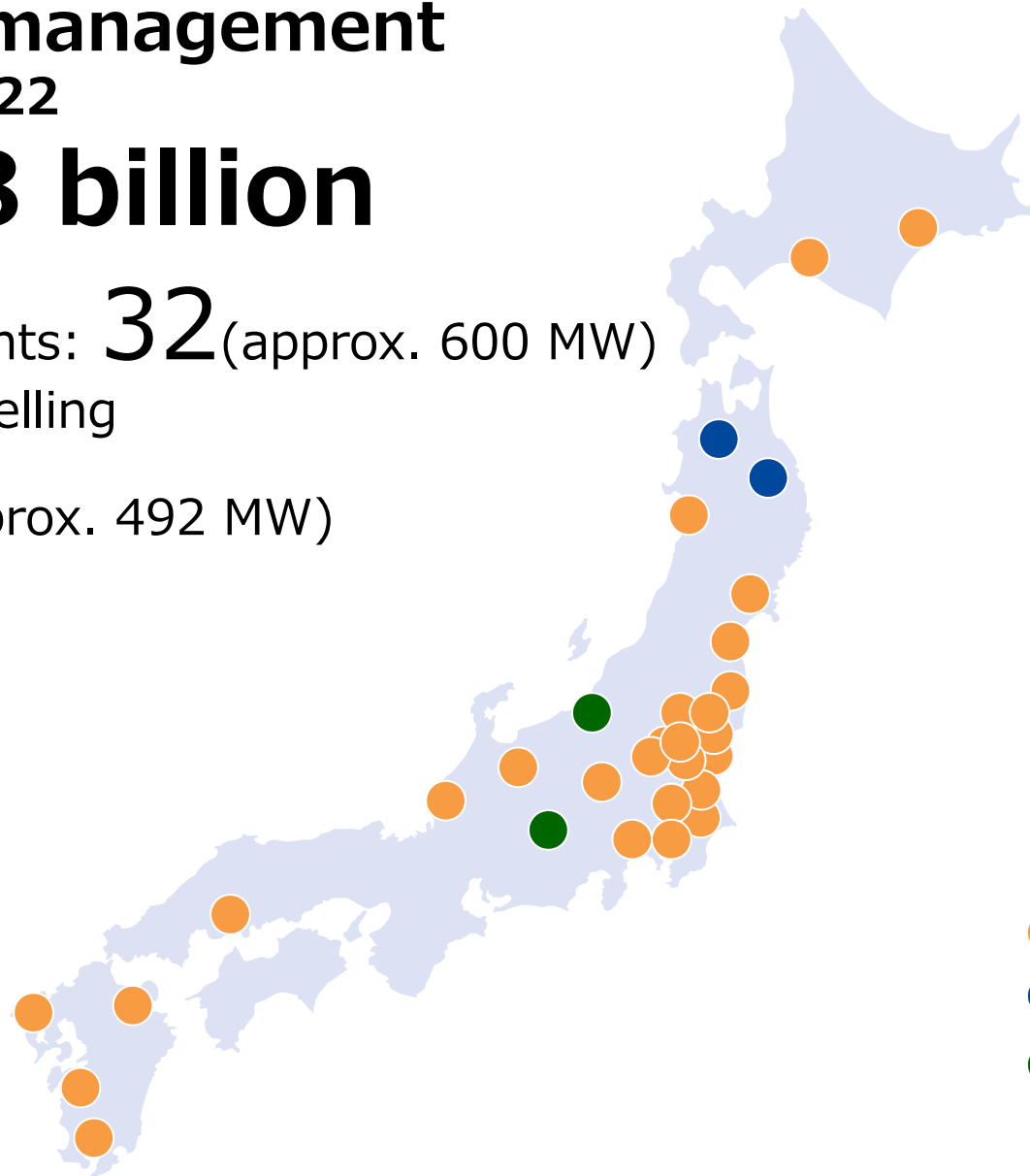
As of March 31, 2022

JPY 243.8 billion

Number of Investments: **32** (approx. 600 MW)

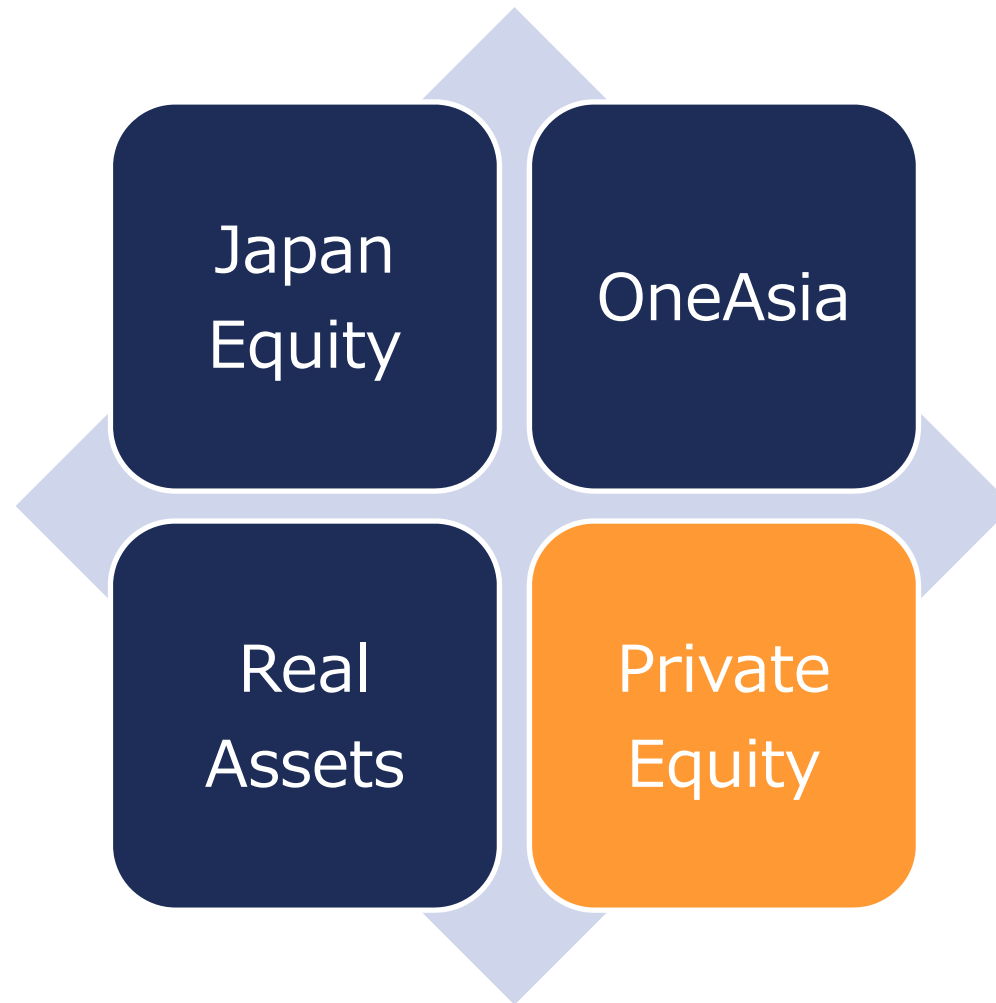
Number of stations selling

electricity: **28** (approx. 492 MW)



- Solar power generation
- Wind power generation
- Biomass power generation

(4) Private Equity Investment Strategy (AUM of JPY173.1 billion as of March 31, 2022)



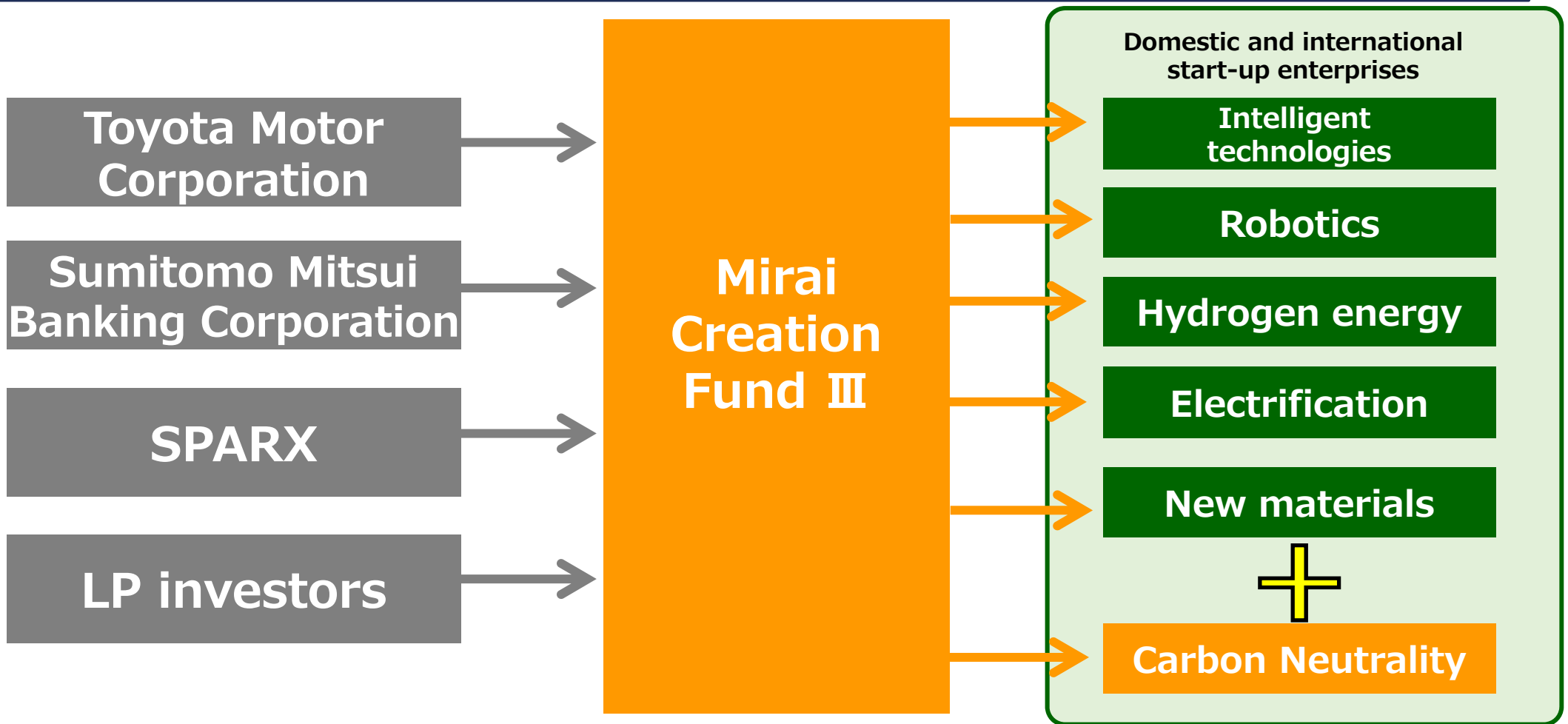
(Note) Regarding Mirai Creation Fund I, as five years have passed since its establishment, the balance for compensation calculation target has changed from the commitment amount to the balance of investment securities held since November 2020, so AUM of the Fund is decreasing.

Private Equity Investment Strategy (1)



Established “Mirai Creation Fund III”

TOYOTA and SMBC participated again as initial investors just like the previous fund II. This Fund III has added the new investment area, and the investment activities started in October 2021. AUM is 51.5 billion yen as of Match-end 2022.



Mirai Creation Fund Portfolio status

Examples of past IPOs and exits

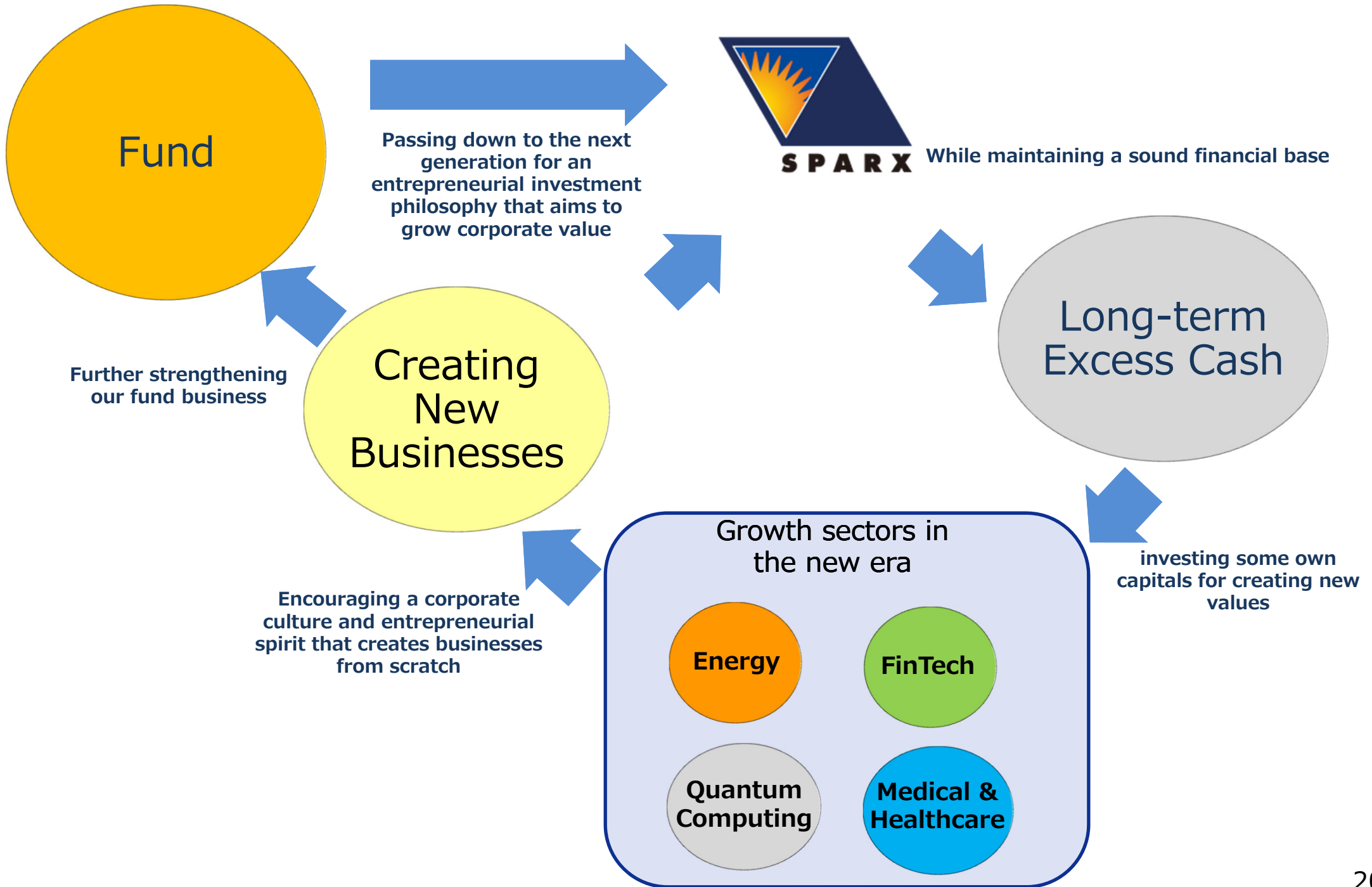
- Soracom, Inc. (acquired by a major corporation in August 2017)
- PKSHA Technology, Inc. (listed in September 2017)
- Autonomous Control Systems Laboratory (listed in December 2018)
- Sansan, Inc. (listed in June 2019)
- Giftee, Inc. (listed in September 2019)
- Free, K.K. (listed in December 2019)
- Medley, Inc.(listed in December 2019)
- Fichta Inc.(listed in June 2020)
- Neural Pocket Inc.(listed in August 2020)
- WealthNavi Inc.(listed in December 2020)
- Joby Aviation, Inc.(listed in August 2021)
- Japan Data Science Consortium Co., Ltd. (listed in December 2021)
- Finatext Holdings Ltd.(listed in December 2021)
.etc.

Going forward, we will continue to see more portfolio companies newly listed or acquired by major corporations

In the future, a mechanism that allows a performance fee to be recorded if the investment principal can be distributed to LP investors in excess of a certain percentage.

(Note) We expect Mirai Creation Fund I to begin earning performance fees from FY2022 on.

Aiming to Create Business in Growth Sectors in the New Era

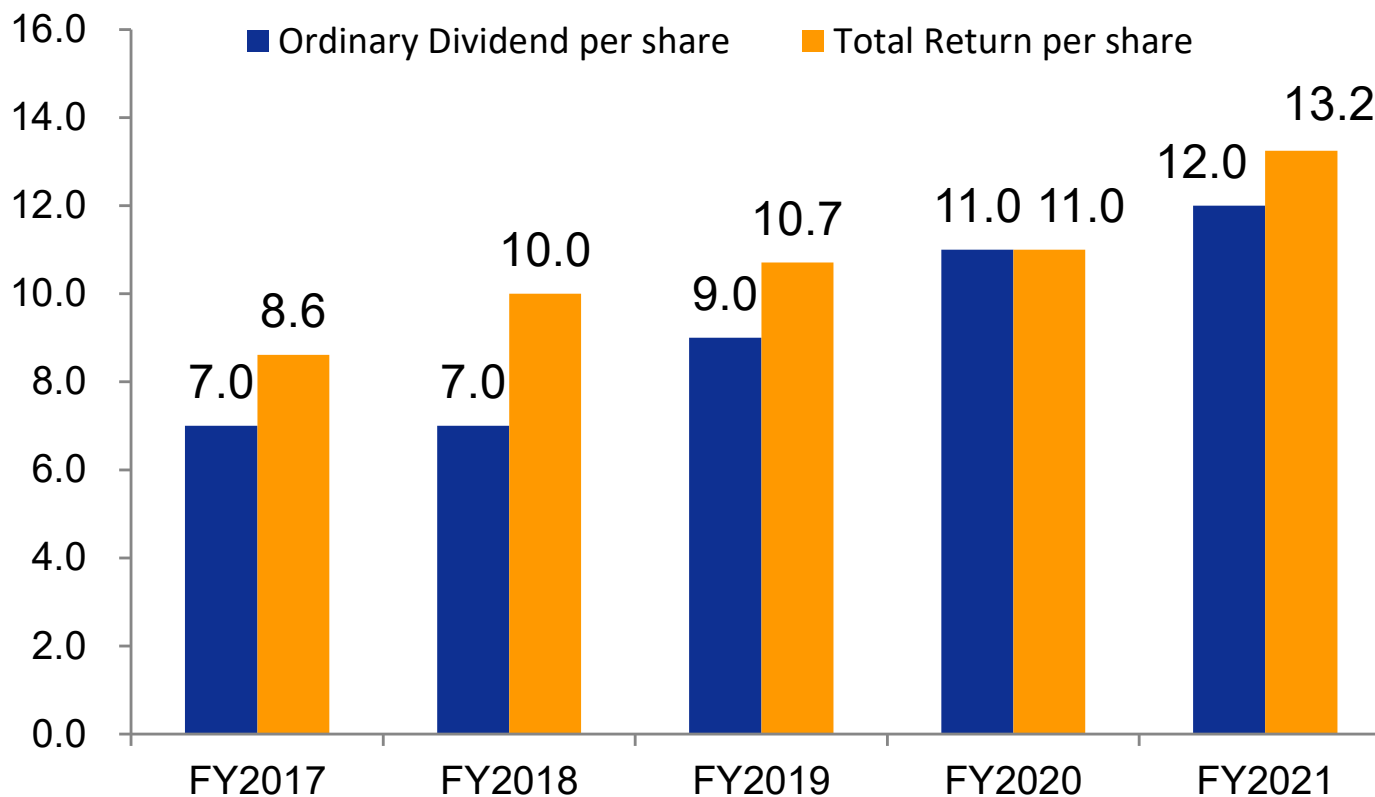


Other

Return to Shareholders – Dividend



A year-end expected ordinary dividend to be 12 yen per share which is an increase by 1 yen from 11 yen of the previous fiscal year's ordinary dividend considering the financial condition remains stable, steadily increase in the Base Earnings, and so on.



Ordinary Dividend Payout Ratio (ordinary dividend) on Base Earnings
 Total Profit Return Ratio on Base Earnings

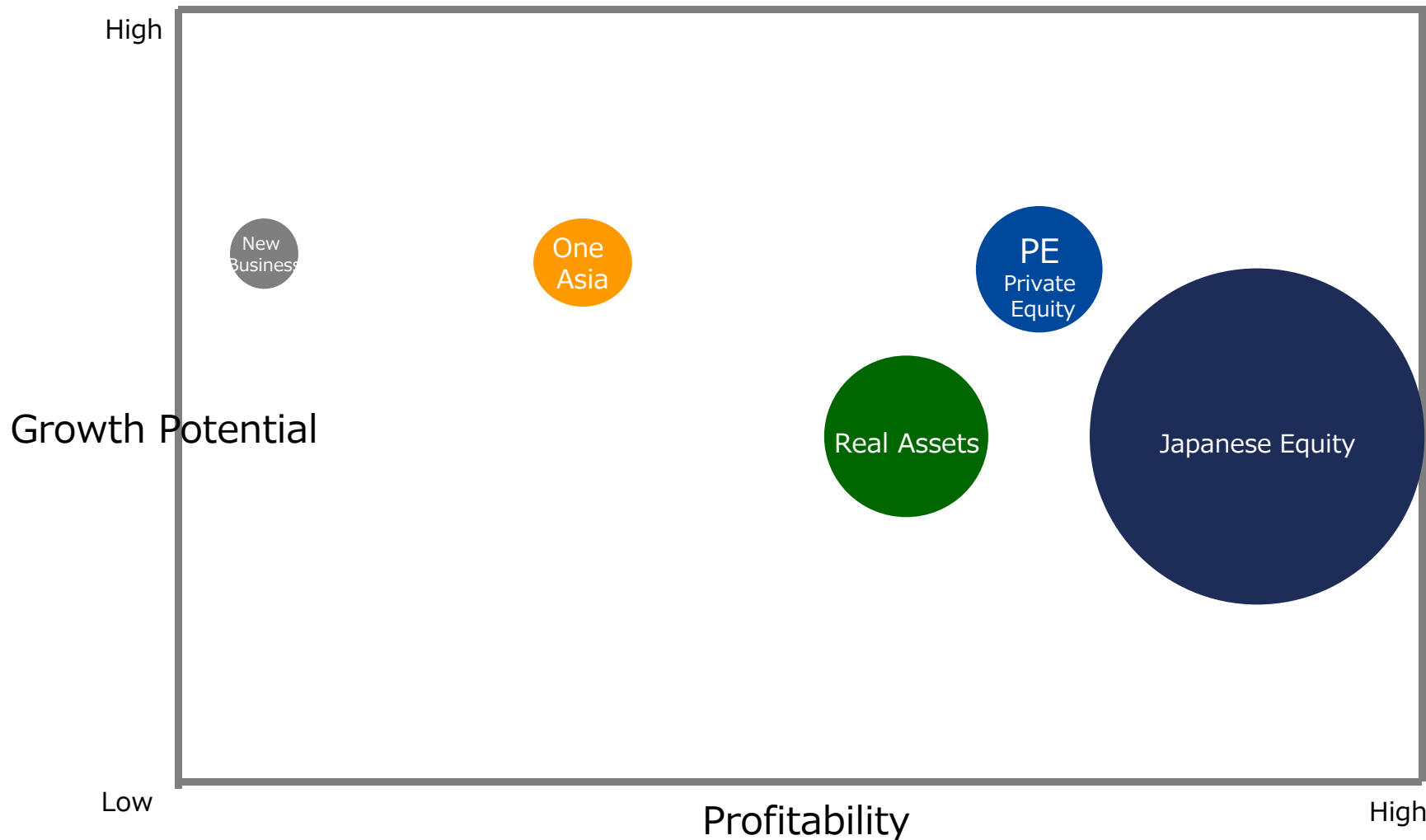
Ordinary Dividend Payout Ratio (ordinary dividend) on Base Earnings	45.1%	39.1%	50.8%	50.2%	39.3%
Total Profit Return Ratio on Base Earnings	55.5%	55.8%	60.5%	50.2%	43.4%

(Note 1) Dividend will be officially decided and implemented upon the resolution of the 33rd Ordinary General Meeting of Shareholders to be held in June 2022.

(Note 2) Ordinary Dividend Payout Ratio (ordinary dividend) on Base Earnings = Total amount of ordinary dividends ÷ Base Earnings

(Note 3) Total Profit Return Ratio on Base Earnings = (Total amount of dividends (including commemorative dividend+ share buy-back) ÷ Base Earnings

About Business Portfolio

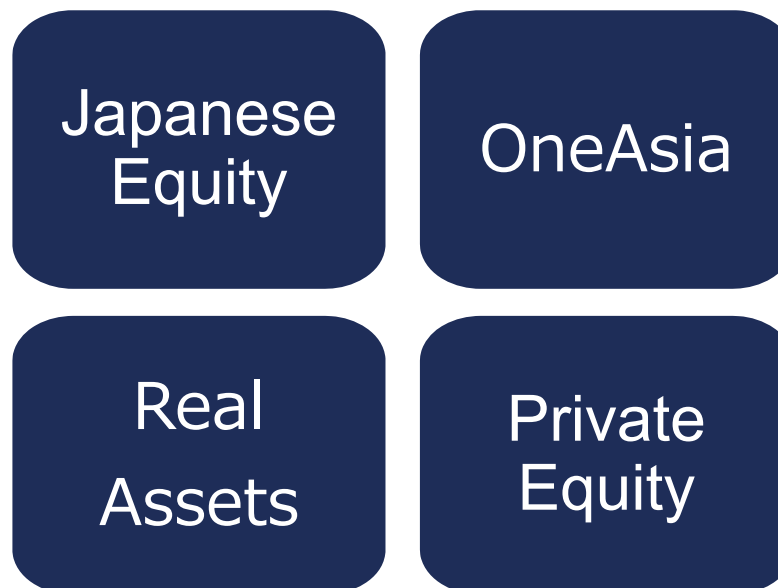


Develop business areas that has high growth potential in the future, and allocate management resources to increase profitability while increasing the pie chart (AUM).

Improve ROE

(Note) The size of pie chart shows the image of balance in AUM.

< Four Pillars >



Aiming to increase the AUM for these four pillars to 3 trillion yen by March 2026



< New Areas >

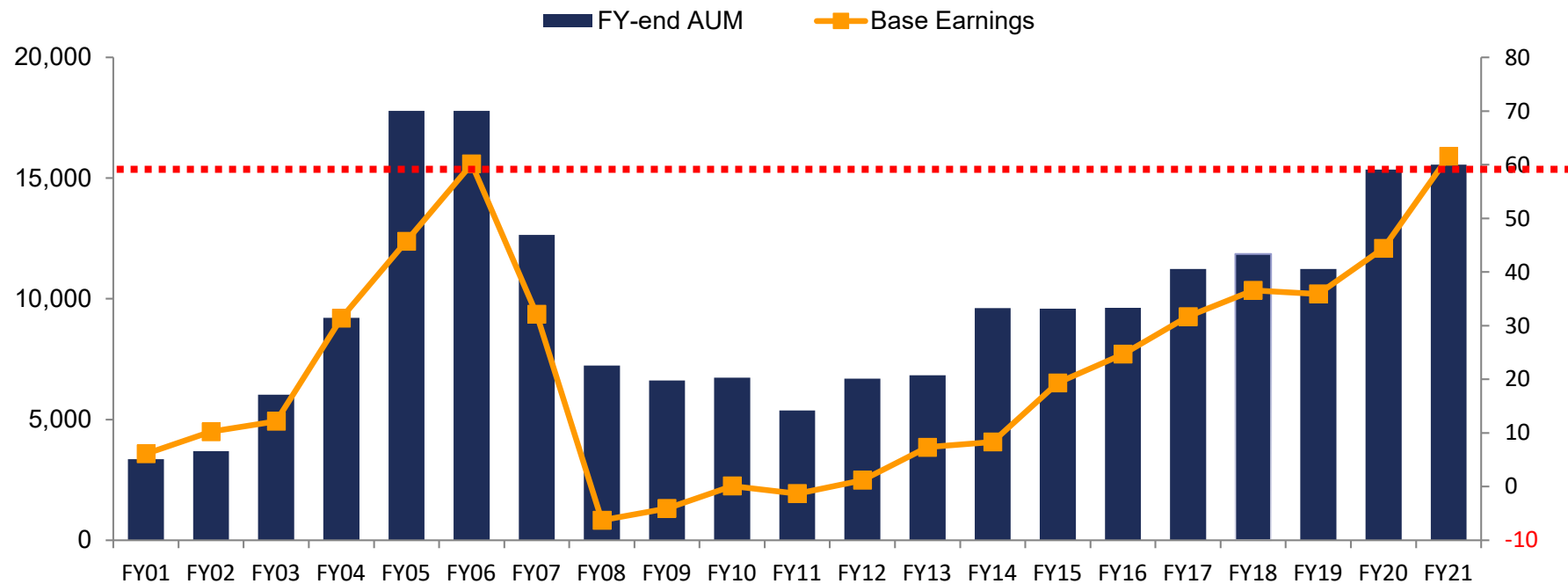
Energy (including hydrogen)	Healthcare	FinTech	Quantum Computing
<ul style="list-style-type: none"> try out some small but groundbreaking proof of concept projects that have to do with new ways of using hydrogen, and expanding new areas of energy. 	<ul style="list-style-type: none"> Utilizing the knowledge which has accumulated through its investments to the further development in medical and healthcare. 	<ul style="list-style-type: none"> Bring together finance and information technology. We will accumulate small discoveries and support projects that will eventually be leverage to form specific business units. 	<ul style="list-style-type: none"> Aiming to build a concrete business with Sigma-I that utilizes quantum annealing for the first time in Japan.

<Reference> Changes in AUM and Base Earnings since its Listing



AUM at fiscal year-end
(100MM JPY)

Base Earnings
(100MM JPY)

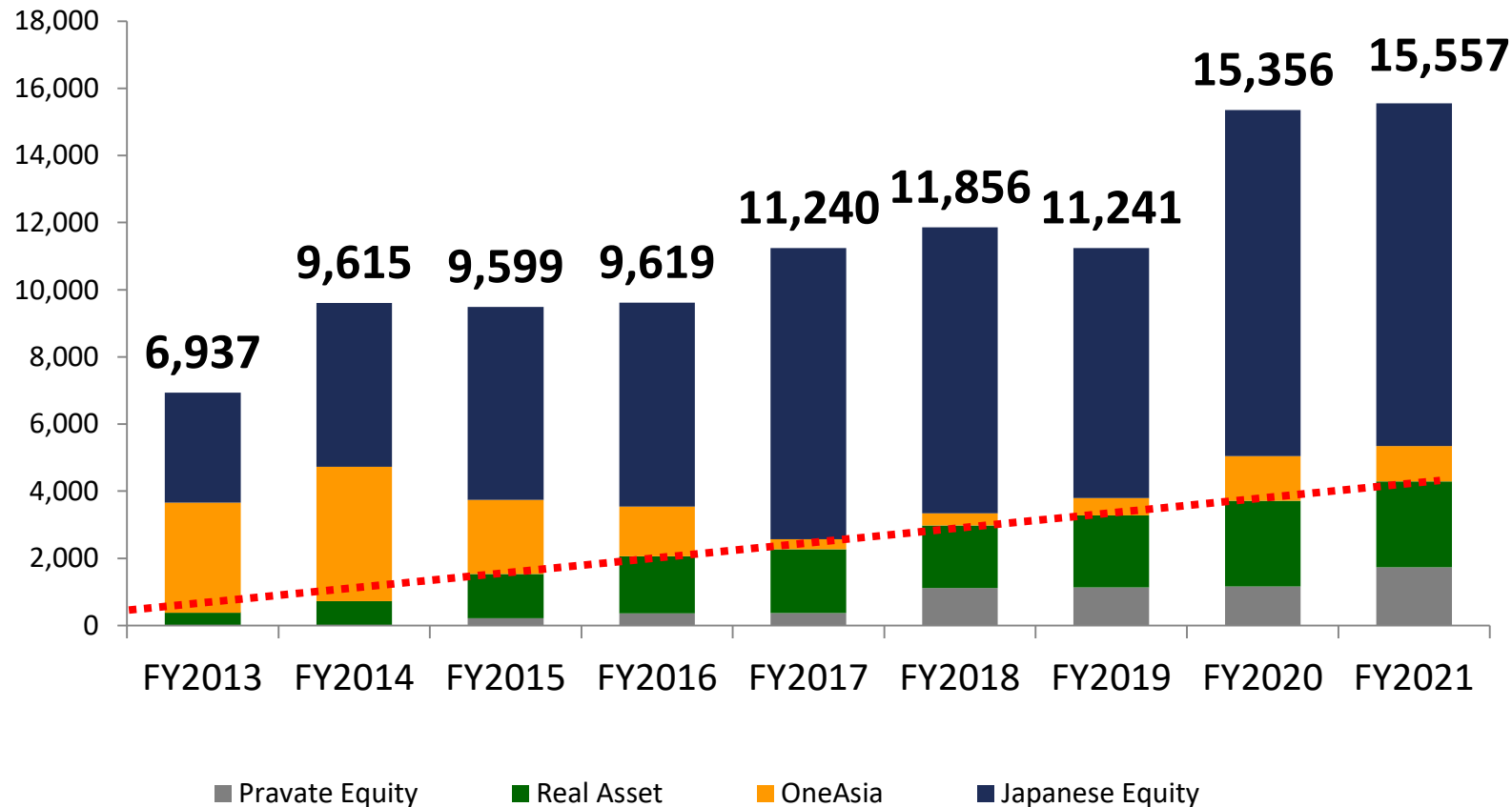


Base Earnings have been recovered to the same level as the record-high back in March 2007

<Reference> Trends in AUM for the Four Pillars



FY-end AUM
(100MM JPY)



AUM for Private Equity and Real Asset has been steadily increasing every year

<Reference> Our Initiatives for ESG



In relation to ESG	Our Group's Activities
E : Environment	<ul style="list-style-type: none"> ■ Investing, developing and managing operation of renewable energy power plants ■ Investing in ESG related stocks ■ Investing in the area of carbon neutral ■ Announcement of endorsement of TCFD recommendations, etc.
S : Social	<ul style="list-style-type: none"> ■ Support for disaster recovery ■ Donations to the areas/countries which were affected by COVID-19 ■ Investing in the healthcare area ■ Implementing working style reformations ■ Keeping employees health ■ Social return through activities such as Energy Summit, etc.
G : Governance	<ul style="list-style-type: none"> ■ Transition to institute an Audit and Supervisory Committee ■ Thorough Compliance ■ Strengthen BCP policies ■ Customer-oriented business operations, etc.

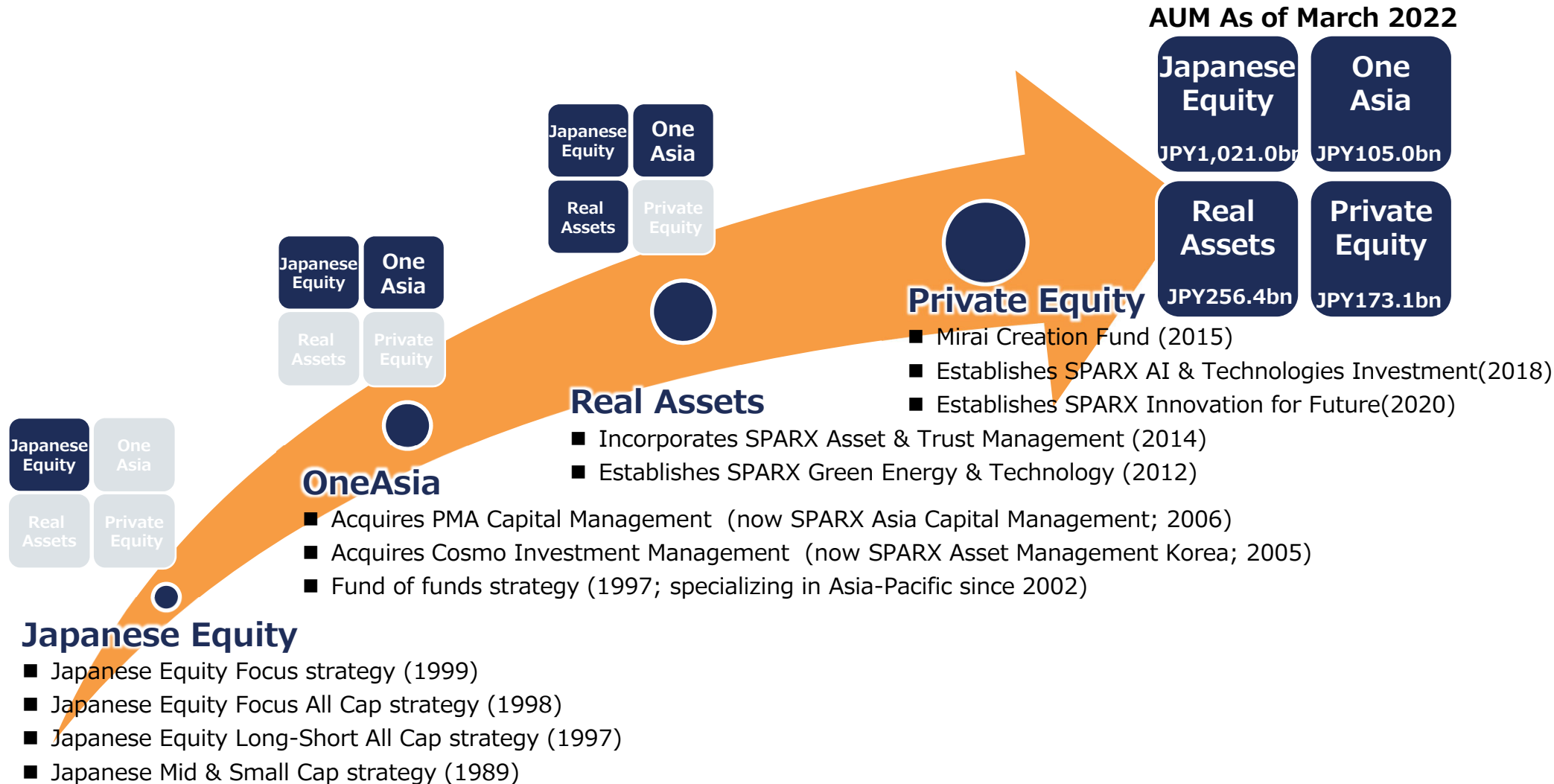
Signatory of:



[Reference] Hybrid Business Model



A hybrid model that combines our traditional strategy of investing in highly profitable listed stocks with the stable strategy of financing real assets/Private Equity



Market swings have a significant impact

Diversified strategy leads to increased stability



In April 2022, the legal age of adulthood was reduced to 18 and the life plans of Japanese people have become more diverse. As a result, asset formation/asset building learning has been added to the home-economics class at high school in Japan.

In response to this change, we, as an independent investment company, strongly felt in need of providing junior high and high school students an understanding of broad financial literacy and investment that will be useful for their future lives and their career selection. Benesse felt the same way as we did and as a result, the collaboration was made.

CEO Abe and CIO Fujimura have been supervising seminar・lectures and column/articles

What is the Buffett Club?

Through studying and discussing the investment philosophies of noted investor Warren Buffett and other capitalists, SPARX employees learn the value of wanting to make clients wealthier, healthier, and happier as a part of “the most trusted and respected investment company in the world.”

We have regularly held these study groups since our founding as a way to convey SPARX's investment philosophy to the next generation.



We have produced a new video that highlights the company's history—including the reason for its name—as well as its investment philosophy, corporate mission, performance, and its present and future endeavors, in just five minutes.

- SPARX Group Showcase Video/English Narration

<https://www.sparx.jp/tv/fan/2881.html>

We distribute videos and send information via Facebook so that you can better understand the activities of SPARX. The official SPARX YouTube was fully renewed in December last year, and we are working to convey the new appeal of our company. Thank you for visiting us.

- SPARX TV

<https://www.sparx.jp/tv/>

- Official Facebook

<https://www.facebook.com/SPARXGroup/>

- Official YouTube

<https://www.youtube.com/user/8739SPARX>

Company	SPARX Group Co., Ltd.
Representative	President & CEO Shuhei Abe
Address	1-2-70 Konan, Minato, Tokyo, Japan
Founded	July 1, 1989
Capitalization	JPY8,587 million (as of March 31, 2022)
Employees	173 (as of March 31, 2022)
Exchange	Tokyo Stock Exchange Prime Market
Ticker	8739



President and Group CEO Shuhei Abe

- 1954: Born in Sapporo.
- 1978: Graduated from Sophia University, Faculty of Economics.
- 1980: Received an MBA from Babson College. After returning to Japan, hired by Nomura Research Institute, Ltd. Worked as a corporate research analyst evaluating individual companies listed on Japanese stock markets.
- 1982: Seconded to New York's Nomura Securities International, Inc., and worked in sales of Japanese stocks to US institutional investors.
- 1985: Founded Abe Capital Research in New York. Provided portfolio management and advice on Japanese stocks to European and American investors through the Quantum Fund and other funds, while managing the assets of individual property owners in Europe and the US.
- 1989: After returning to Japan, established SPARX Asset Management (now SPARX Group Co., Ltd.) and appointed as president & representative director (current post).
- 2005: Completed the AMP at Harvard Business School.
- 2011: Appointed to the Subcommittee to Study Costs and Other Issues of the Japanese government's Energy and Environment Council.
- 2012: Appointed to the Japanese government's Supply-Demand Verification Subcommittee.
- 2012: Appointed to the Risk Advisory Committee for the Japan Bank for International Cooperation (JBIC).

Supplementary Materials

Business that receives fees at a fixed rate of AUM

Revenue Structure

- Management Fees = AUM × management fee rate
- Performance Fees = AUM × percentage of AUM eligible to earn performance fees × performance fee rate

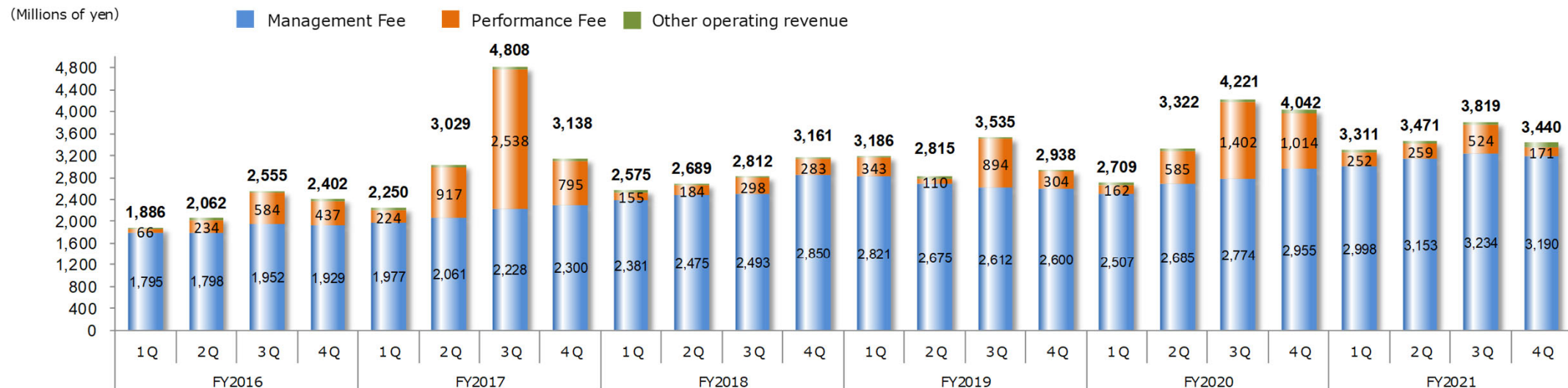
Important Management Indicators

- Asset under management (AUM)
- Management fee rate
- Percentage of AUM eligible to earn performance fees
- Base Earnings = management fees (after deducting commissions) - ordinary expenses

Quarterly Trends in Operating Revenue



Management fee rate remains at the high level while management fee balance also remained strong



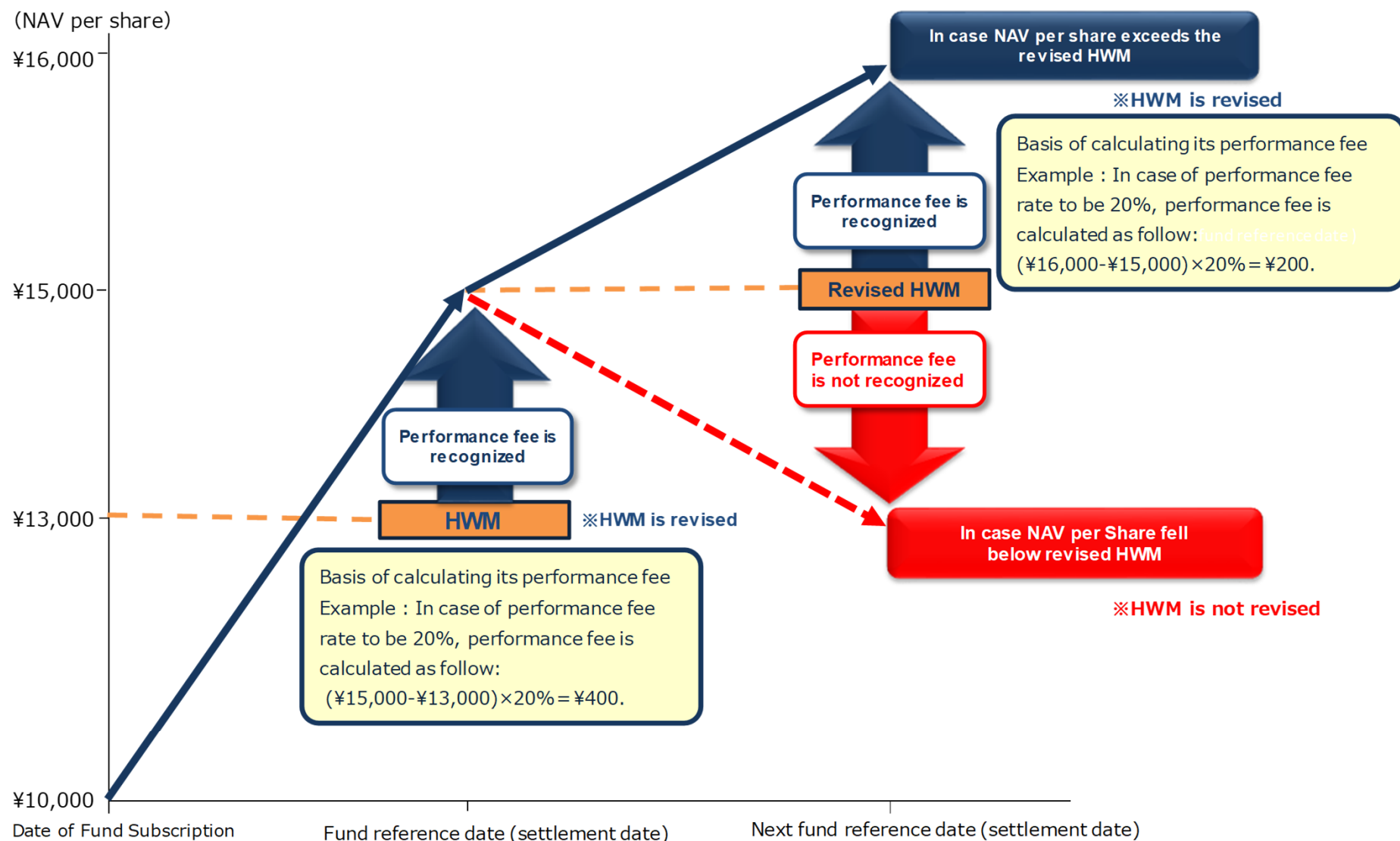
(Millions of yen)	FY2016				FY2017				FY2018				FY2019				FY2020				FY2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Management Fees	1,795	1,798	1,952	1,929	1,977	2,061	2,228	2,300	2,381	2,475	2,493	2,850	2,821	2,675	2,612	2,600	2,507	2,685	2,774	2,955	2,998	3,153	3,234	3,190
Performance Fees	66	234	584	437	224	917	2,538	795	155	184	298	283	343	110	894	304	162	585	1,402	1,014	252	259	524	171
Other operating revenue	24	28	18	35	48	50	41	42	38	28	20	27	22	29	28	33	39	51	43	72	59	59	60	78
Operating Revenue	1,886	2,062	2,555	2,402	2,250	3,029	4,808	3,138	2,575	2,689	2,812	3,161	3,186	2,815	3,535	2,938	2,709	3,322	4,221	4,042	3,311	3,471	3,819	3,440

(Reference)

Average AUM (Billions of yen) (3months average)	923.3	927.0	970.3	963.1	1,001.8	1,062.7	1,177.3	1,133.9	1,131.0	1,151.0	1,159.8	1,186.9	1,180.1	1,153.6	1,229.0	1,173.4	1,215.7	1,278.3	1,388.4	1,492.9	1,530.6	15,825	16,361	15,381
Management fee rate (3months average) (After deducting commissions)	0.67%	0.67%	0.70%	0.70%	0.68%	0.68%	0.66%	0.69%	0.71%	0.71%	0.71%	0.79%	0.79%	0.76%	0.70%	0.74%	0.70%	0.72%	0.68%	0.67%	0.68%	0.69%	0.68%	0.72%
Percentage of AUM eligible to earn performance fees	39.8%	41.8%	39.2%	36.4%	35.0%	34.2%	32.1%	25.4%	27.2%	25.4%	30.1%	30.2%	31.0%	31.0%	29.9%	33.5%	33.5%	34.1%	31.1%	32.5%	33.2%	32.4%	32.1%	36.7%
NIKKEI stock average (Record date)	15,575	16,449	19,114	18,909	20,033	20,356	22,764	21,454	22,304	24,120	20,014	21,205	21,275	21,755	23,656	18,917	22,288	23,185	27,444	29,178	28,791	29,452	28,791	27,821

Structure of Performance Fees (Related to Equity Investment Fund)

Performance Fees are recognized for NAV per share exceeding HWM as of record date for fund



(Note 1)The structure described above is only informational purpose on performance fee structure. It is not intended to explain exactly how the performance fee is calculated based on fund's NAV.

(Note 2)Above uses performance fee rate of 20% for informational purpose only. In addition, "HWM" an abbreviation of High-Water Mark.

(Note 3)In case performance fee recognized on record date for fund, "HWM" is revised.

Breakdown of Operating and General Administrative Expenses



- Overall personnel expenses decreased due to a decrease in ESOP related fees, which partially offset by higher personnel-related expenses due to an increase in headcount.
- Depreciation on fixed assets and other expenses related to office has decreased.

(Units: Millions of yen)	FY2020	FY2021	
	Full Year	Full Year	YoY change
Commissions paid	1,690	1,672	-1.1%
Personnel exp.	3,403	3,216	-5.5%
Travel exp.	32	60	+88.8%
Property rent	291	260	-10.7%
Entrusted business expenses	1,119	1,058	-5.4%
Depreciation on fixed assets	282	195	-30.8%
Advertising exp.	116	162	+40.1%
Research exp.	320	333	+4.2%
Other expenses	690	618	-10.5%
Total: Operating and general administrative expenses	7,946	7,578	-4.6%
Ordinary expenses	4,848	4,762	-1.8%

(Note1) The figures above, excluding "YoY change" are truncated. "YoY change" is rounded to the nearest tenth of a percent.

(Note2) The "Personnel expenses" data includes payments for legal welfare, bonus and temporary staff, etc. other than salary.

(Note3) The "Ordinary expenses" is calculated by deducting (1) Commissions paid, (2) Bonuses (including allowance for bonuses, legal welfare expenses related to bonuses, and ESOP expense) and (3) Severances package for key members, from total operating and general administrative expenses; hereinafter the same applies in this document.

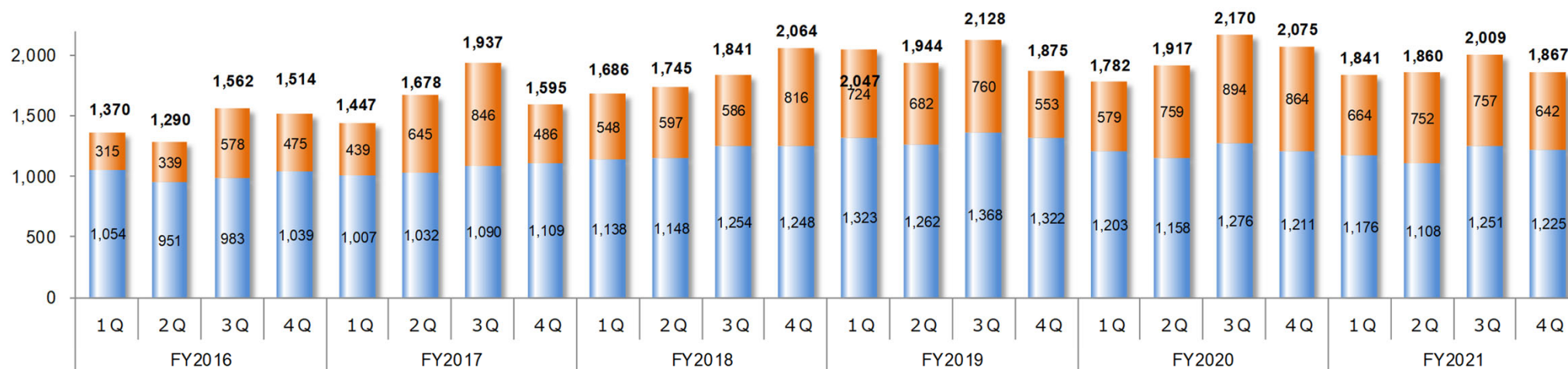
Quarterly Operating and General Administrative Expenses



Although the recent ordinary expenses have decreased, mainly due to decrease of office related expenses because of COVID-19, Cost-control taken continuously and cautiously, considering the increase of ordinary expenses, in the midst of business expansion

(Units: Millions of yen)

■ Ordinary expense ■ Commissions paid & Bonus

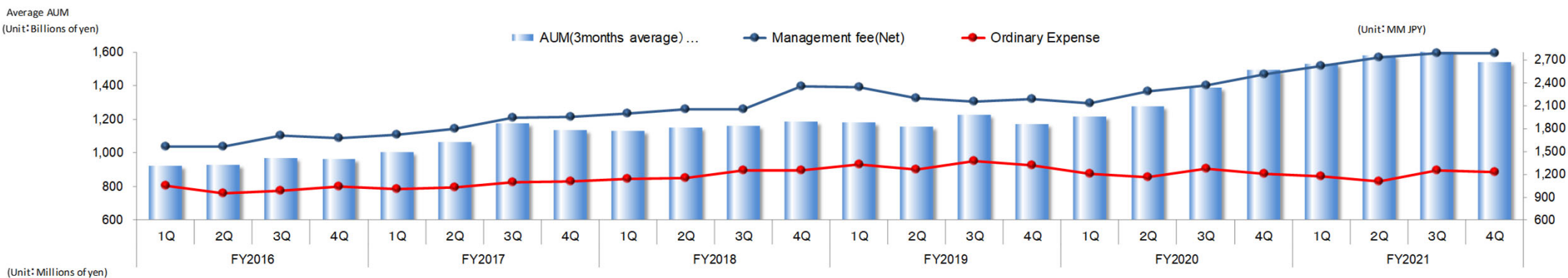


(Units : Millions of yen)	FY2016				FY2017				FY2018				FY2019				FY2020				FY2021			
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q
Ordinary expenses	1,054	951	983	1,039	1,007	1,032	1,090	1,109	1,138	1,148	1,254	1,248	1,323	1,262	1,368	1,322	1,203	1,158	1,276	1,211	1,176	1,108	1,251	1,225
Commissions paid & Bonuses	315	339	578	475	439	645	846	486	548	597	586	816	724	682	760	553	579	759	894	864	664	752	757	642
Operating and general administrative expenses	1,370	1,290	1,562	1,514	1,447	1,678	1,937	1,595	1,686	1,745	1,841	2,064	2,047	1,944	2,128	1,875	1,782	1,917	2,170	2,075	1,841	1,860	2,009	1,867

Quarterly Base Earnings



Base earnings remained solid due to increased management fee and decreased our expenses.



(Unit : MM JPY)	FY2016				FY2017				FY2018				FY2019				FY2020				FY2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
AUM(3months average) (Unit: Billions of yen)	923.3	927.0	970.3	963.1	###	1,062.7	1,177.3	1,133.9	1,131.0	1,151.0	1,159.8	1,186.9	1,180.1	1,153.6	1,229.0	1,173.4	1,215.7	1,278.3	1,388.4	1,492.9	1,530.6	1,582.5	1,636.1	1,538.1
Management fee(Net)	1,557	1,563	1,701	1,675	1,713	1,795	1,945	1,953	1,998	2,056	2,047	2,347	2,336	2,198	2,150	2,180	2,128	2,290	2,362	2,511	2,620	2,725	2,789	2,785
Ordinary Expense	1,054	951	983	1,039	1,007	1,032	1,090	1,109	1,138	1,148	1,254	1,248	1,323	1,262	1,368	1,322	1,203	1,158	1,276	1,211	1,176	1,108	1,251	1,225
Base Earnings	502	612	717	636	706	763	855	844	860	907	792	1,098	1,013	936	782	858	925	1,132	1,086	1,300	1,443	1,616	1,537	1,560

(Note) As preliminary figures, the 「Management fee (Net)」 is calculated by multiplying the management fee rate (after the deduction of commission paid) and the average AUM for the period.

As of March 2022 Consolidated Balance Sheet (1)



(Units: Millions of yen)

The industry the Company belongs to is significantly influenced by economic and market conditions. Thus, the balance is maintained conservatively. The amount is kept as three years' worth of ordinary expenses level which calculated by "Cash and Cash Equivalent" minus "Interest-Bearing Debt" plus highly liquidity "Investment Securities" with consideration of potential value decline.

Mostly seed money to funds that the Company manages

Cash and Cash Equivalent 19,199	Interest-Bearing Debt 9,000
Receivables etc. 2,985	Other Liabilities 3,817
Tangible&intangible Assets 798	Net Assets 24,324
Investment Securities 12,155	
Other Assets 2,004	
Total Assets 37,141	Liabilities & Net Assets 37,141

Equity Ratio

65.5%

As of Mar. 2022 Consolidated Balance Sheet (2)



(Units: Millions of yen)	Mar. 2021	Mar. 2022	YoY change
Current assets	23,541	22,723	-817
Cash and cash equivalents	19,935	19,199	-735
Receivables	3,161	2,985	-175
Fixed assets	14,445	14,418	-27
Investment securities	11,948	12,155	+207
Total assets	37,986	37,141	-845
Short-term loans payable	2,000	2,000	-
Current portion of long-term loans payable	5,000	-	-5,000
Long-term loans payable	2,000	7,000	+5,000
Payables	4,011	2,249	-1,762
Provision for bonuses, ESOP	701	633	-68
Total liabilities	14,710	12,816	-1,893
Common stock	8,587	8,587	-
Add'l paid-in-capital	2,555	2,555	-
Retained earnings	13,116	14,787	+1,671
Treasury stock	-3,549	-3,685	-135
Total Shareholder's Equity	20,709	22,244	+1,535
Valuation difference on AFS securities	1,516	889	-626
Foreign currency translation adjustment	1,048	1,188	+140
Total net assets	23,276	24,324	+1,048

Decreased due to the investment in seed money, payment of dividends and bonuses, etc.

Increased mainly due to the investment in seed money

Refinancing of loan

Decreased mainly due to payment of bonuses and taxes

Payment of dividend : ▲JPY 2,231MM
 Profit attributable to owners of parent FY2021 : +JPY 4,070MM
 Cumulative effect of adopting the new revenue recognition standard:
 ▲JPY168MM

Decrease in unrealized gains from the sales of seed money investment

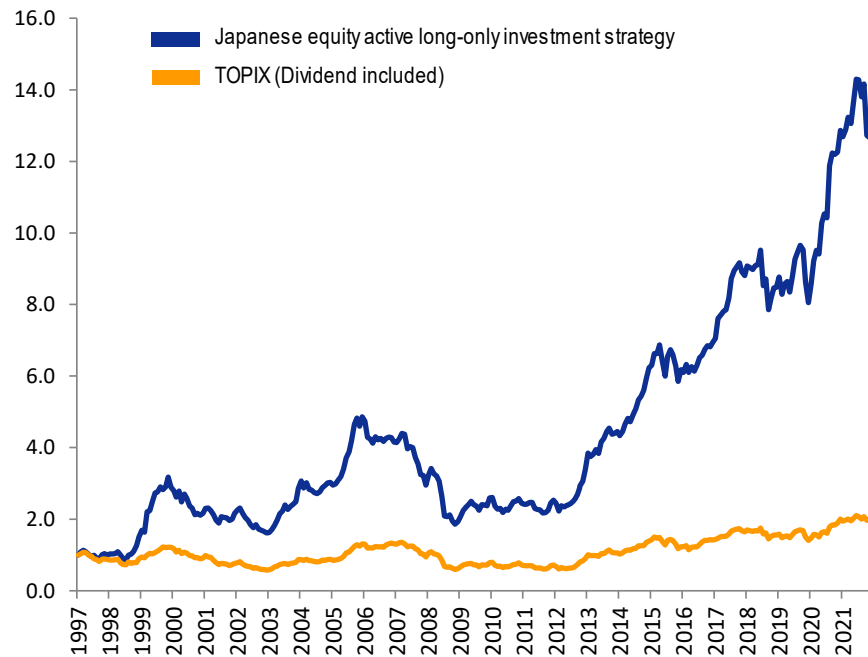
(Note1) Figures above are truncated.

(Note2) Investment securities include the seed money of the Company funds.

Primary Investment Strategies: Composite Returns Since Valuation Began ①



Japanese Equity Active Long-Only investment strategy



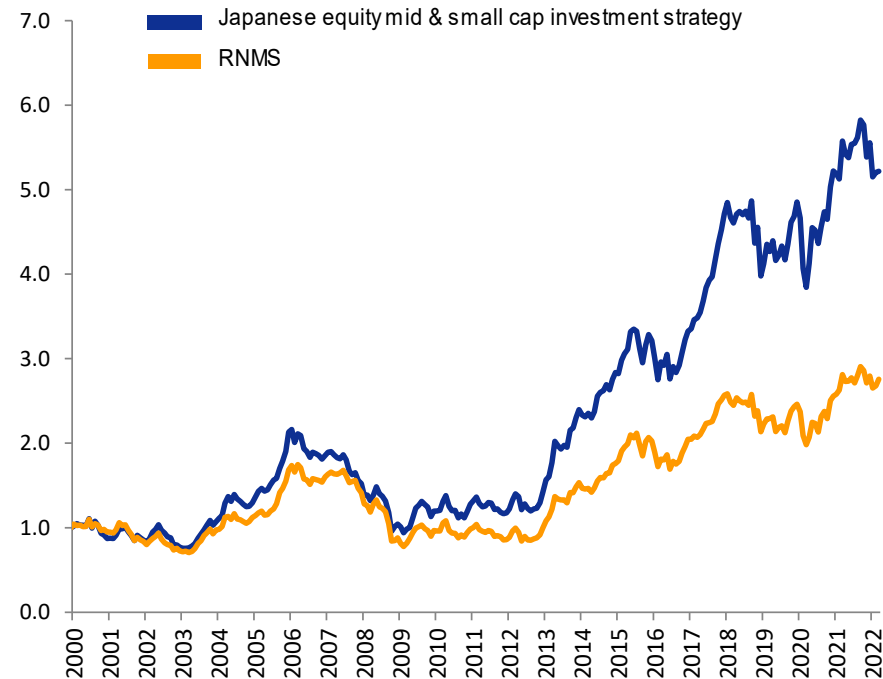
(Annualized Return)

Japanese equity active long-only investment strategy	10.90%	Reference Index	TOPIX (Dividend included)
Reference Index	2.91%	Measurement Period	1997/5 ~2022/3
Excess Return	7.99%	Volatility of Composite Return (Annualized)	20.08%

※Performance is in Japanese Yen and is shown gross of fees.

Be sure to read the additional materials appended to the end of this presentation.

Japanese Equity Mid & Small Cap investment strategy



(Annualized Return)

Japanese equity mid & small cap investment strategy	7.71%	Reference Index	Russell/Nomura Mid-Small Cap Index
Reference Index	4.66%	Measurement Period	2000/1 ~2022/3
Excess Return	3.05%	Volatility of Composite Return (Annualized)	17.64%

※Performance is in Japanese Yen and is shown gross of fees.

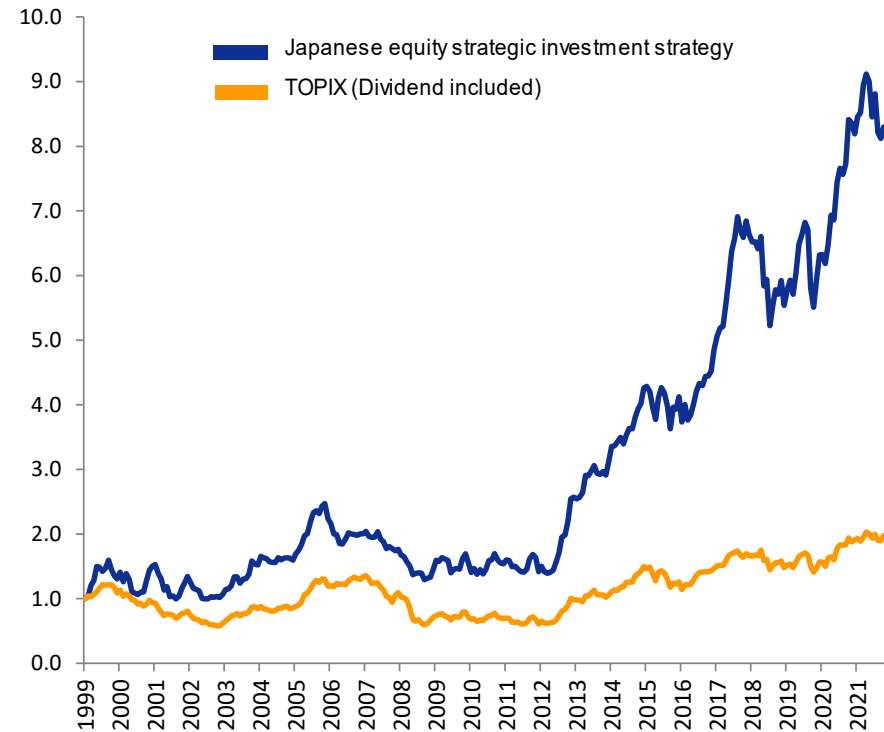
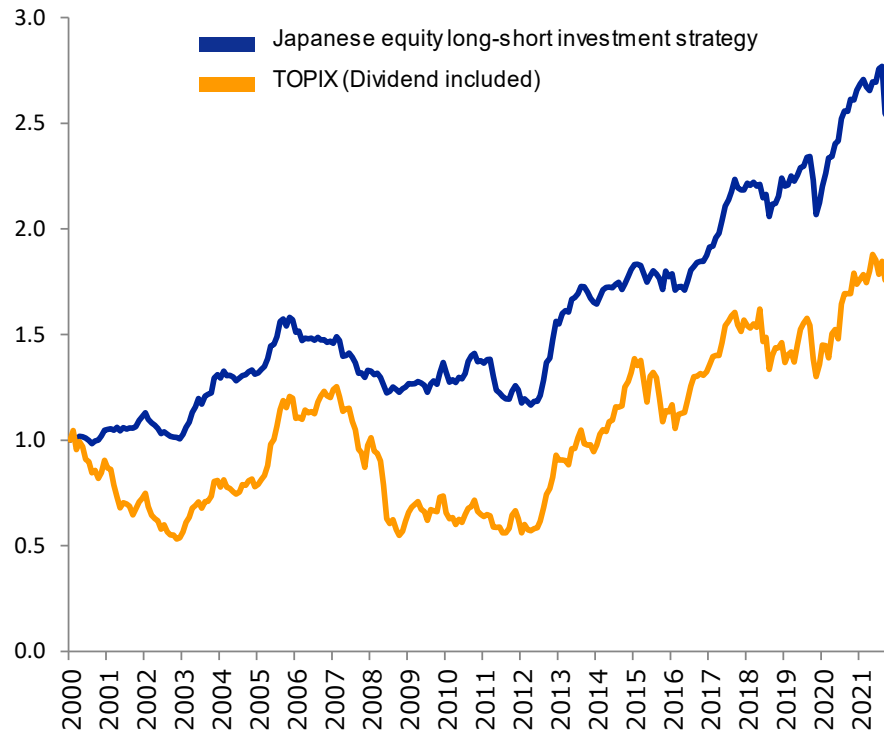
Source: SPARX Group (as of March 31, 2022)

Primary Investment Strategies: Composite Returns Since Valuation Began ②



Japanese Equity Long-Short investment strategy

Japanese Equity Strategic investment strategy



(Annualized Return)

Japanese equity long-short investment strategy	4.42%	Reference Index	TOPIX (Dividend included)
Reference Index	2.79%	Measurement Period	2000/6 ~2022/3
Excess Return	1.63%	Volatility of Composite Return (Annualized)	7.58%

(Annualized Return)

Japanese equity strategic investment strategy	9.75%	Reference Index	TOPIX (Dividend included)
Reference Index	3.04%	Measurement Period	1999/7 ~2022/3
Excess Return	6.71%	Volatility of Composite Return (Annualized)	19.76%

※Performance is in Japanese Yen and is shown net of fees.

※Performance is in Japanese Yen and is shown gross of fees.

Be sure to read the additional materials appended to the end of this presentation.

Source: SPARX Group (as of March 31, 2022)



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Composite details

A detailed account of all composite lists and other content from the firm is available upon request.

Contact: Global Business Development Division, SPARX Asset Management Co., Ltd. (Tel. +81-3-6711-9200)

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This report includes statements related to investment trusts that SPARX Asset Management manages. Note the following points:

Notes on Investment Trusts

The following statements are presented in compliance with Article 37 of the Financial Instruments and Exchange Act. Note that their content may differ from the costs or risks that apply to the individual investment trusts that clients actually purchase. The costs and fees associated with the funds differ according to the marketing companies and the individual investment trust, so these statements express the maximum amounts for all fees that SPARX Asset Management collects for the investment trusts it manages. In the event that a party wishes to purchase a specific investment trust, we ask that the party makes his/her ultimate investment decision at his/her own discretion after reviewing the investment trust’s prospectus, which is available immediately upon request.

About Risks Related to Investment Trusts

Investment trusts invest mainly in stocks, public bonds, and real estate investment securities of fluctuating value (assets in foreign currencies also include exchange risks), so their net asset values (NAV) will fluctuate. Therefore, the investment trusts do not guarantee returns on invested capital, and they may incur losses due to declines in NAVs, primarily attributable to transaction price and currency fluctuations in relevant markets, resulting in balances dropping below originally invested amounts. These management-caused losses wholly belong to all beneficiaries.

Specialized funds differ from diversified general investment trusts in that they manage a narrower scope of stocks. Thus, they are much more likely to experience NAV fluctuations, regardless of market trends.

Long-short strategy funds operate from a short position, meaning that when shorted stocks see share price growth, fund NAVs will fall. Moreover, situations in which both long and short positions incur losses significantly raise the possibility of loss to investors, compared to that for normal equity investment trusts.

These risks include only a portion of the risks related to investment trusts, and the details and nature of the risks differ according to the type of assets targeted, investment restrictions, transaction exchange, and countries targeted for each investment trust.

About Costs Related to Investment Trusts (Publicly Offered Investment Trusts)

The maximum expenses (fees) for SPARX's investment trusts (publicly offered investment trusts) are as follows:

- Direct costs

Fees at time of purchase: Up to 3.85% (after tax)

Liquidation fees: None

Investment trust asset reserves: Up to 0.5%

- Indirect costs during investment in investment trusts

Trust commission: Up to 2.057% annually (after tax)

Performance commission (*): Some investment trusts may require performance commissions.

*The amount of performance commissions varies per the NAV level, so it is not possible to indicate a maximum amount in advance.

Other costs and fees: Auditing costs; sales commissions generated by composite marketable securities (including funds) transactions, which include costs for creating prospectuses or investment reports; costs required for futures or options transactions; and custodial costs for assets in foreign currencies. When composite marketable securities are funds, they may charge for other expenses, including fiduciary trust company and custodial firm fees. These fees vary per management conditions, so it is not possible to indicate their maximum amounts in advance.

The total cost of fees differs according to the period of ownership, so these fees cannot be shown.

They also differ according to investment trust, so contact your dealer for more details.

Asset Management Company

SPARX Asset Management Co., Ltd.

Financial Services Provider Registration Number: Director of Kanto Local Finance Bureau, No. 346

Memberships: The Investment Trusts Association, Japan; Japan Investment Advisers Association; Japan Securities Dealers Association; and Type II Financial Instruments Firms Association

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