

FY2022

**1st Quarter Earnings Presentation
(Apr. 2022 – June. 2022)**

July 29th, 2022



SPARX Group Co., Ltd.

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

Purpose

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

Vision

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

Mission

Bring ever-better investments to the world

FY2022 Q1 Performance

About This Earnings Presentation

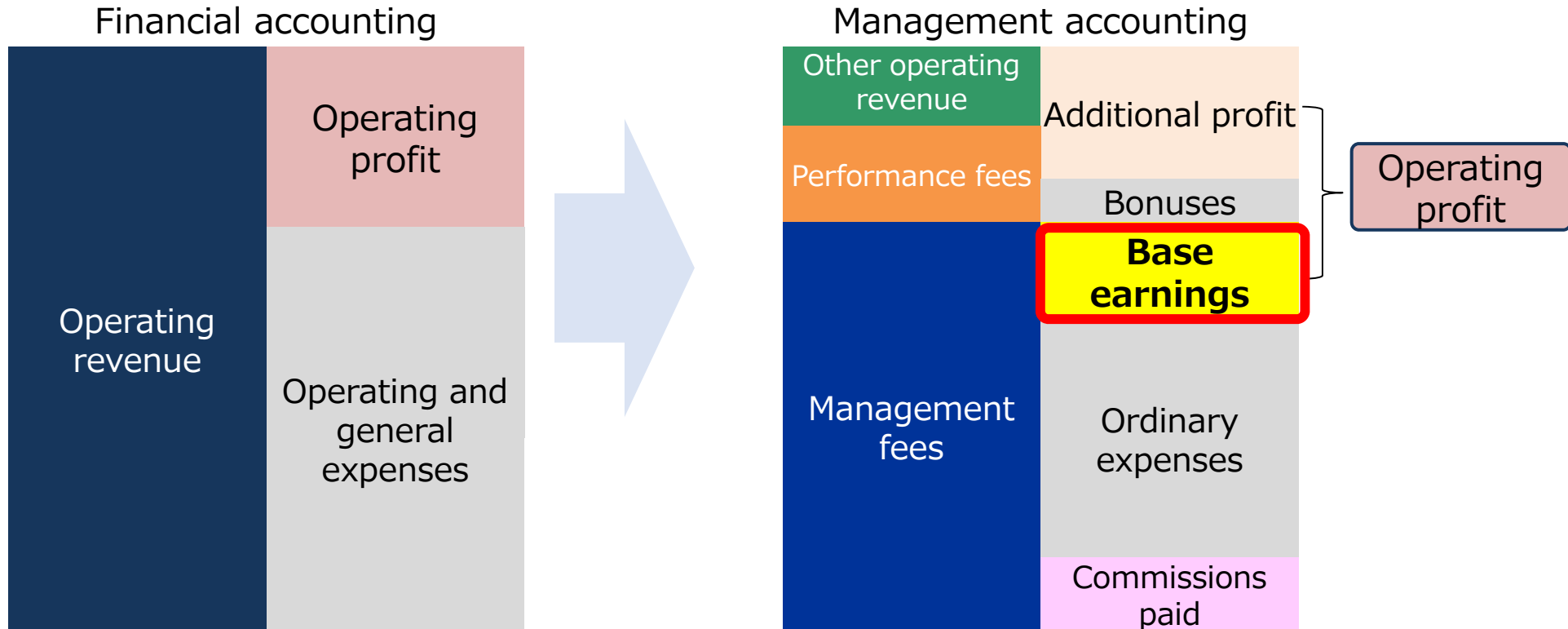


This earnings presentation provides management accounting details not included in the consolidated statement. Note that, as shown in the following diagram, SPARX categorizes (1) management fees, (2) performance fees, and (3) other operating revenue, while (1) ordinary expenses, (2) commissions paid, 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 increased by 1.5% due to the contribution of management fee related to Mirai Creation Fund III although performance fees has decreased.
- Operating profit has increased by 2.2% due to reasons stated above, despite an increase in ordinary expense.
- Net profit has slightly increased by 0.6% due to the absence of a gain from the partial sales of investment securities which recorded in the same period of the previous fiscal year.
- Base Earning has increased by 11.7% due to recording management fees earned related to Mirai Creation Fund III.

(Unit:Millions of yen)	FY2021	FY2022	YoY change
	Q1	Q1	
Operating revenue	3,311	3,362	+1.5%
Operating profit	1,469	1,502	+2.2%
Net profit	1,063	1,070	+0.6%
Base earnings	1,443	1,613	+11.8%

(Note) See pages 4, 6, 36, and 41 for more on base earnings.

Consolidated Earnings Summary (2) Performance



		FY2021		FY2022	
		Q1	Full Year	Q1	YoY change
Average AUM	(Billions of yen)	1,530.6	1,571.9	1,506.5	-1.6%
Management fee rate	(%)	0.68%	0.69%	0.76%	+0.07
(After deducting commissions)					
Management fees	(Millions of yen)	2,620	10,920	2,850	+8.8%
(After deducting commissions)					
- Ordinary expenses	(Millions of yen)	1,177	4,762	1,236	+5.1%
Base earnings	(Millions of yen)	1,443	6,157	1,613	+11.8%
Performance fees	(Millions of yen)	252	1,208	55	-78.2%
Percentage of AUM eligible to earn performance fees	(%)	33.2%	36.7%	39.2%	+6.0
Other operating revenue	(Millions of yen)	59	258	55	-7.5%
- Bonuses	(Millions of yen)	283	1,143	218	-23.2%
(including ESOP Expense)					
Operating profit	(Millions of yen)	1,469	6,464	1,502	+2.2%
Profit attributable to owners of parent	(Millions of yen)	1,063	4,070	1,070	+0.6%
Return on equity (ROE)	(%)	18.7%	17.1%	18.1%	-0.7

(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 inflows related to Mirai Creation Fund III, AUM decreased by 5.2% from last fiscal year-end due to decline in the market and etc.

(Unit:Billions of yen)	AUM			Average AUM (3 months)		
	As of March, 2022	As of June, 2022	Change (%)	FY2021 Q1	FY2022 Q1	YoY change (%)
Japanese Equity	1,021.0	941.6	-7.8%	1,026.1	959.5	-6.5%
OneAsia	105.0	89.5	-14.8%	134.6	99.4	-26.1%
Real Assets	257.8	251.1	-2.6%	253.7	255.9	+0.9%
Private Equity(Mirai Creation, etc.)	173.1	193.7	+11.9%	116.0	191.6	+65.1%
Total	1,557.1	1,476.0	-5.2%	1,530.6	1,506.5	-1.6%

	As of March, 2021	As of March, 2022	As of June, 2022	YoY change
TOPIX	1,943	1,946	1,870	-3.7%
NIKKEI 225 (JPY)	28,791	27,821	26,393	-8.3%
KOSPI	3,296	2,757	2,332	-29.2%

*See our "Notice of Month-End Assets Under Management" for details on SPARX's AUM as of June 30, 2022.

<https://ssl4.eir-parts.net/doc/8739/tdnet/2155030/00.pdf>

Business Progress Report and Future Plans

Japanese Equity

Strengthen face to face marketing overseas with an eye toward post-COVID era.

OneAsia

Executed seed money investment to strengthen sales of publicly offered investment trusts in South Korea.

Real Assets

Considering secondary project while approaching proactively on projects other than solar power.

Private Equity

AUM for Mirai Creation Fund III as of June-end was 66.5 billion yen. It is targeted to have a size of 100 billion yen and marketing activities are currently underway. For Space Frontier fund, full investment has come in sight.

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)

**JPY941.6
billion**

Japanese
Equity

OneAsia

**JPY89.5
billion**

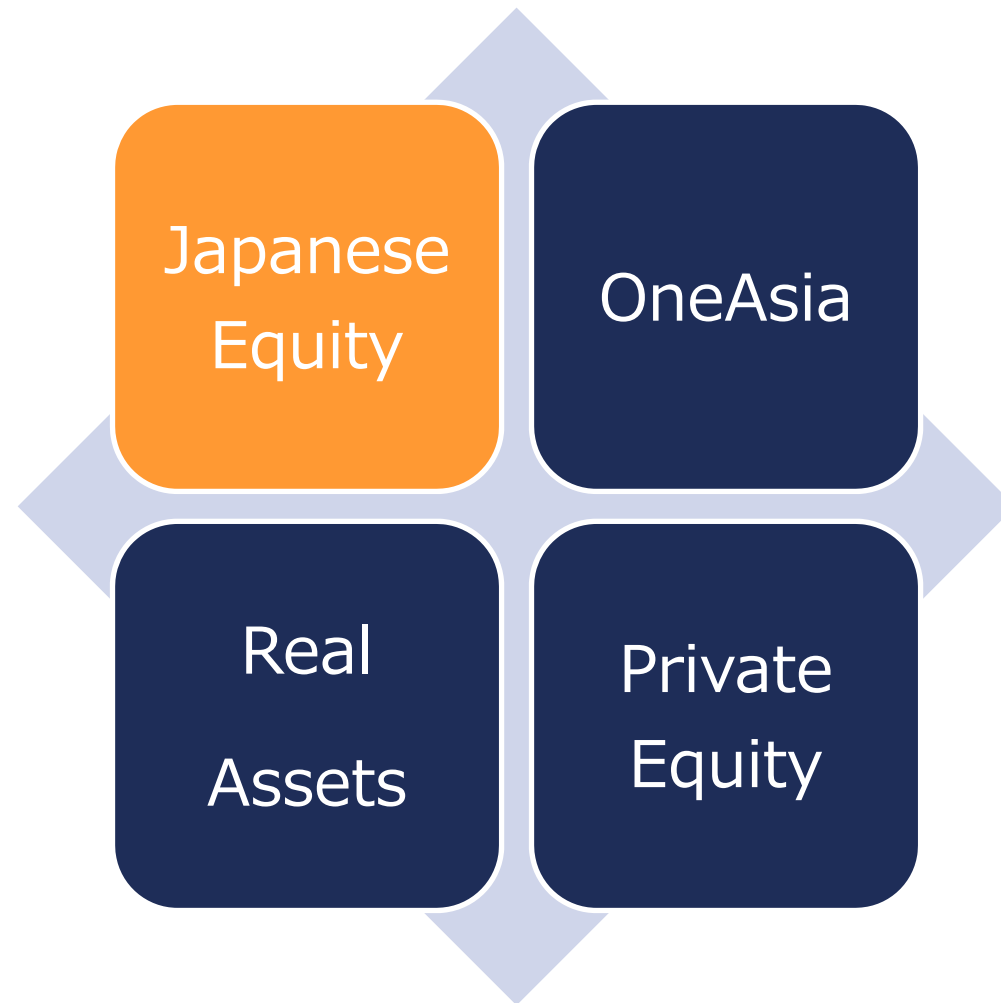
**JPY251.1
billion**

Real
Assets

Private
Equity

**JPY193.7
billion**

(1) Japanese Equity Investment Strategy (AUM of JPY 941.6 billion as of June 30, 2022)



Investment Trusts 10-Year/ Japanese Equity Core Fund category: The First Prize

SPARX New Global Blue Chip Japanese Equity Fund
 (“Gensentoshi”)



won this award for two consecutive years

(Reference) <https://ssl4.eir-parts.net/doc/8739/tdnet/2109506/00.pdf>

The R&I Fund Award is presented to provide reference information based on the past data R&I believes to be reliable (however, its accuracy and completeness are not guaranteed by R&I) and is not intended to recommend the purchase, sale or holding of particular products or guarantee their future performance. The Award is not the Credit Rating Business, but one of the Other Lines of Business (businesses excluding Credit Rating Business and also excluding the Ancillary Businesses) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities. Intellectual property rights including copyright and all other rights in this Award are the sole property of R&I, and any unauthorized copying, reproduction and so forth are prohibited.

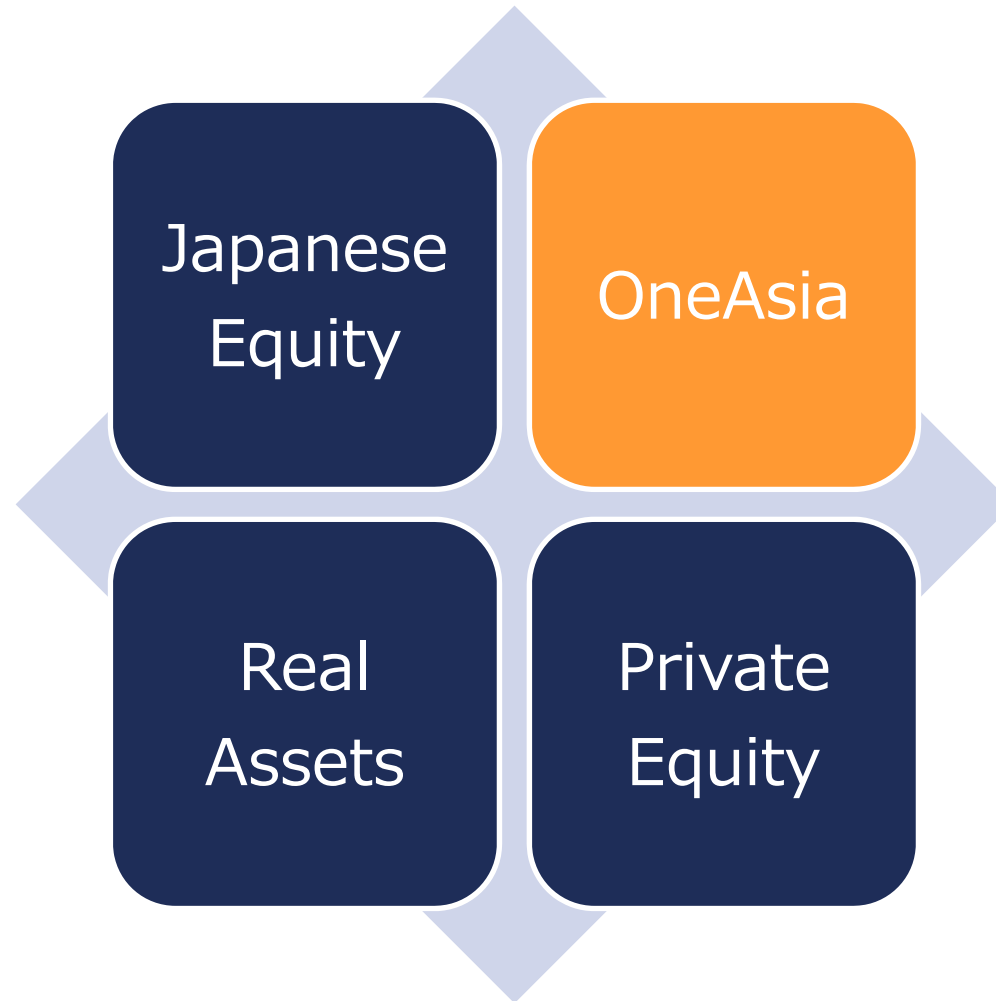
Japanese Equity Investment Strategy: Status of AUM



- Market value of each strategy has decreased compared to previous fiscal year mainly due to the impact of the stock market.
- Although cash inflows from domestic individual and institutional investors are contributing, fund from overseas institutional investors have continued to out-flow.

(Units : Billions of yen)	AUM			
	Mar. 2022	Jun. 2022	Change	Change (%)
Japanese Equity Long-Short Strategy	102.3	97.6	-4.7	-4.6%
Japanese Equity Focus All Cap Strategy	590.6	529.8	-60.8	-10.3%
Japanese Equity Mid & Small Cap Strategy	182.7	178.2	-4.5	-2.5%
Japanese Equity Market Neutral Strategy	25.1	24.0	-1.0	-4.3%
Japanese Equity Sustainable Strategy	117.9	109.8	-8.1	-6.9%
Other	2.2	2.1	-0.1	-4.7%
Total	1,021.0	941.6	-79.3	-7.8%

(2) OneAsia Equity Investment Strategy (AUM of JPY 89.5 billion as of June 30, 2022)



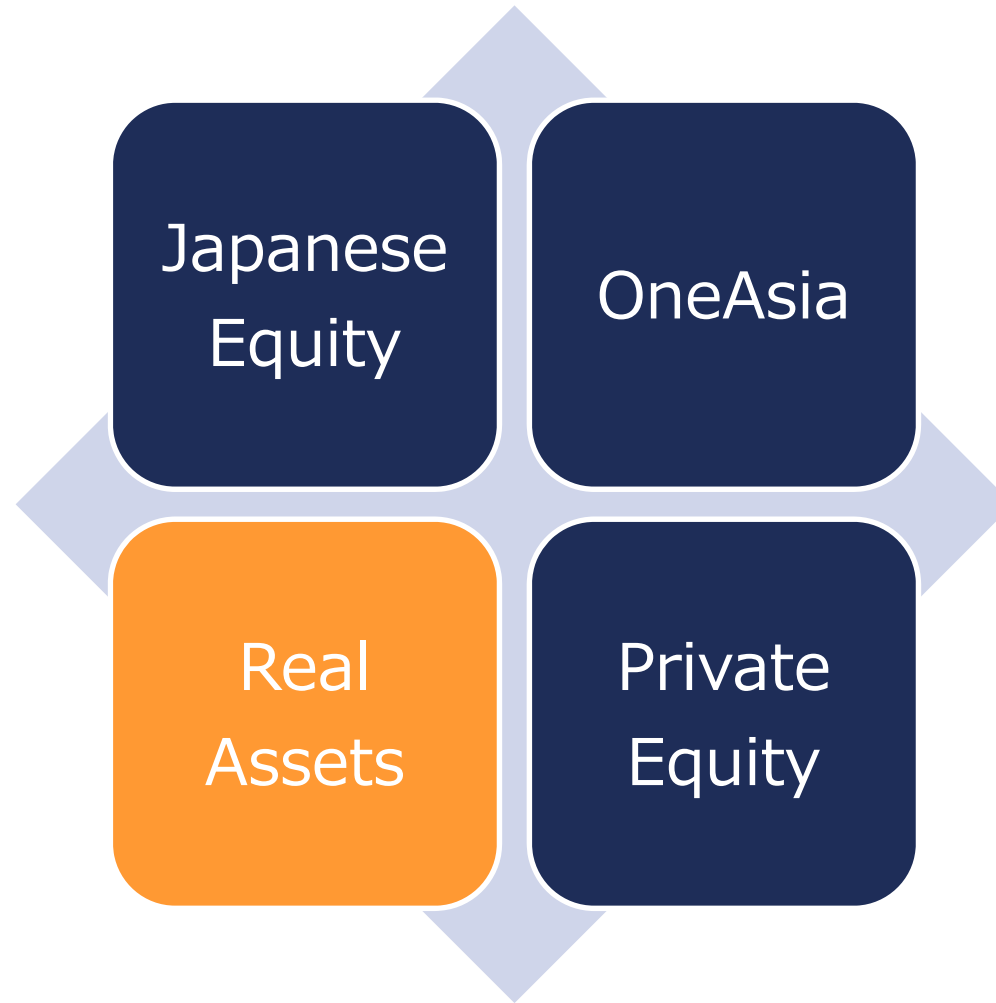
OneAsia Equity Investment Strategy: Status of AUM



In South Korea, market value has decreased compared to previous fiscal year mainly due to the impact of the stock market.

(Units : Billions of yen)	AUM			
	Mar. 2022	Jun. 2022	Change	Change (%)
South Korea	96.3	80.8	-15.4	-16.0%
Pan-Asia	8.7	8.6	-0.0	-1.1%
Total	105.0	89.5	-15.5	-14.8%

(3) Real Asset Investment Strategy (AUM of JPY251.1 billion as of June 30, 2022)



The above AUM includes AUM related to the real estate investment strategy of approximately 5.4 billion yen.

Assets under management

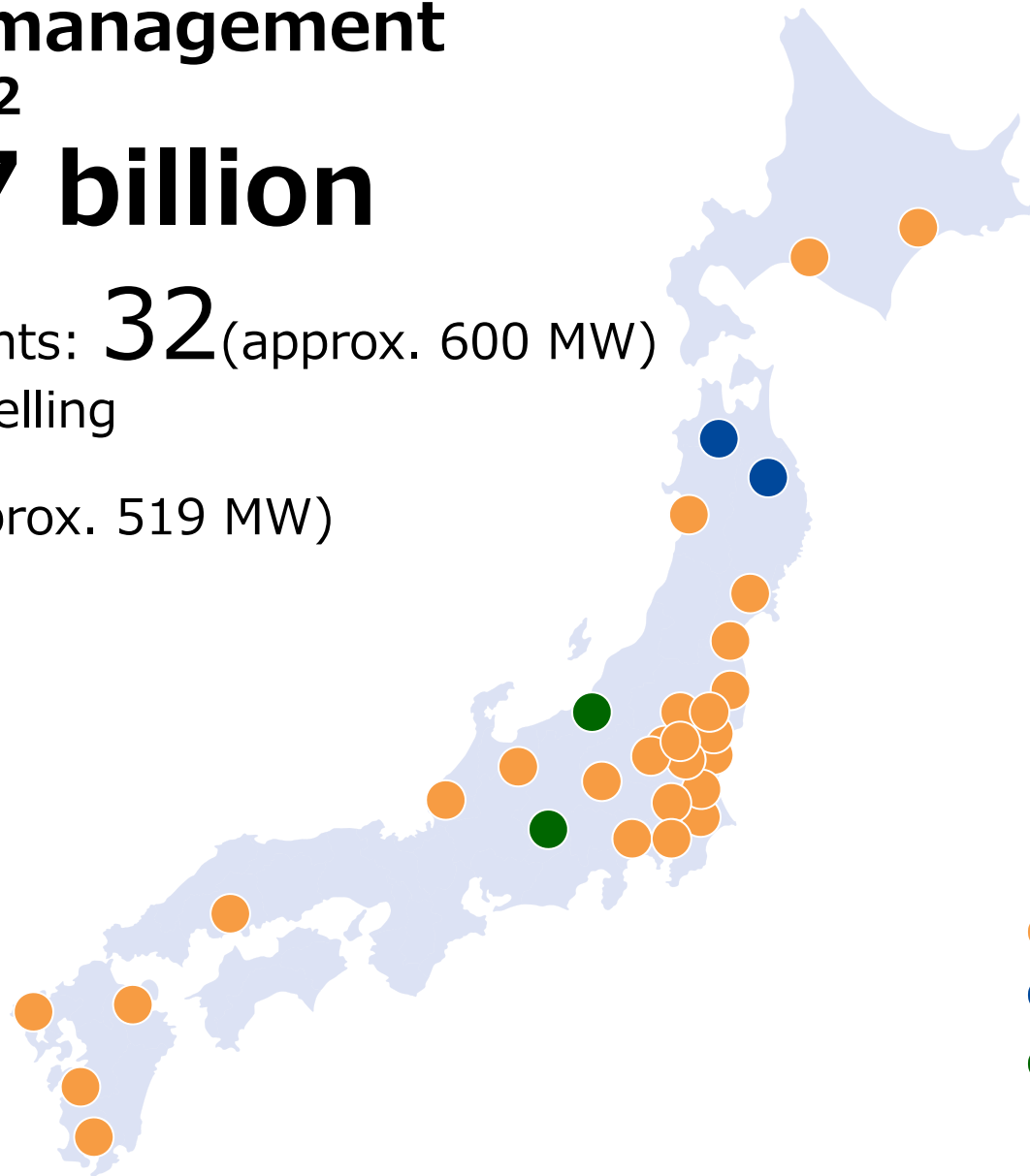
As of June 30, 2022

JPY 245.7 billion

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

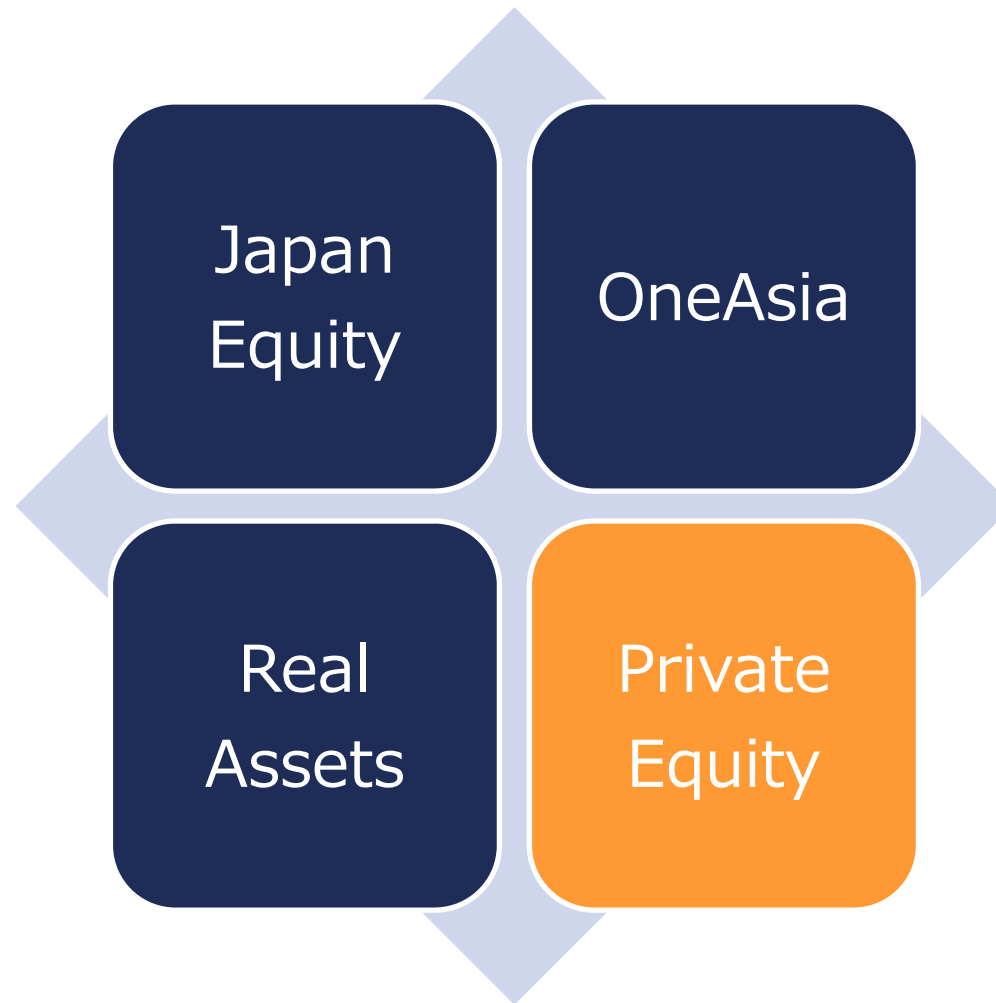
Number of stations selling

electricity: **29** (approx. 519 MW)



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

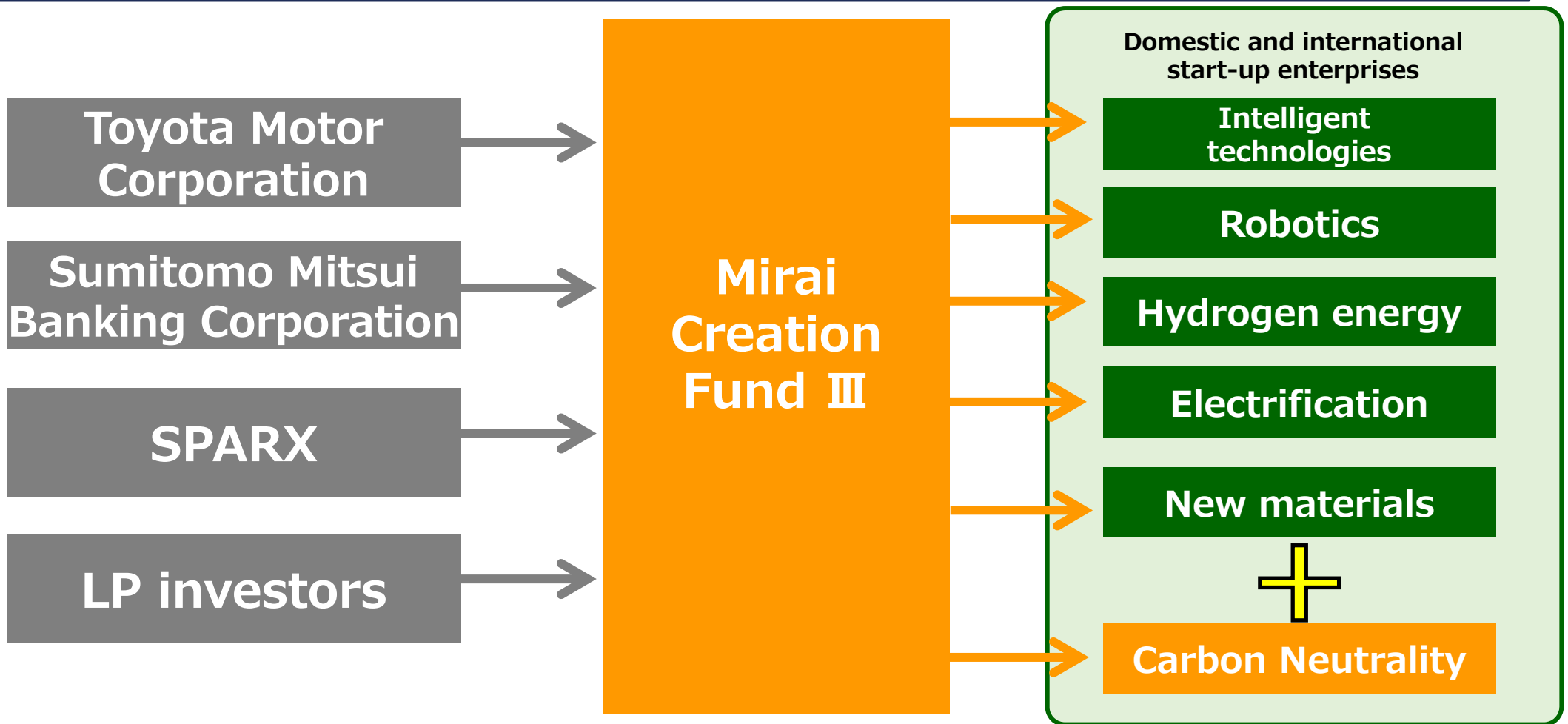
(4) Private Equity Investment Strategy (AUM of JPY193.7 billion as of June 30, 2022)



(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.

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 66.5 billion yen as of June-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.

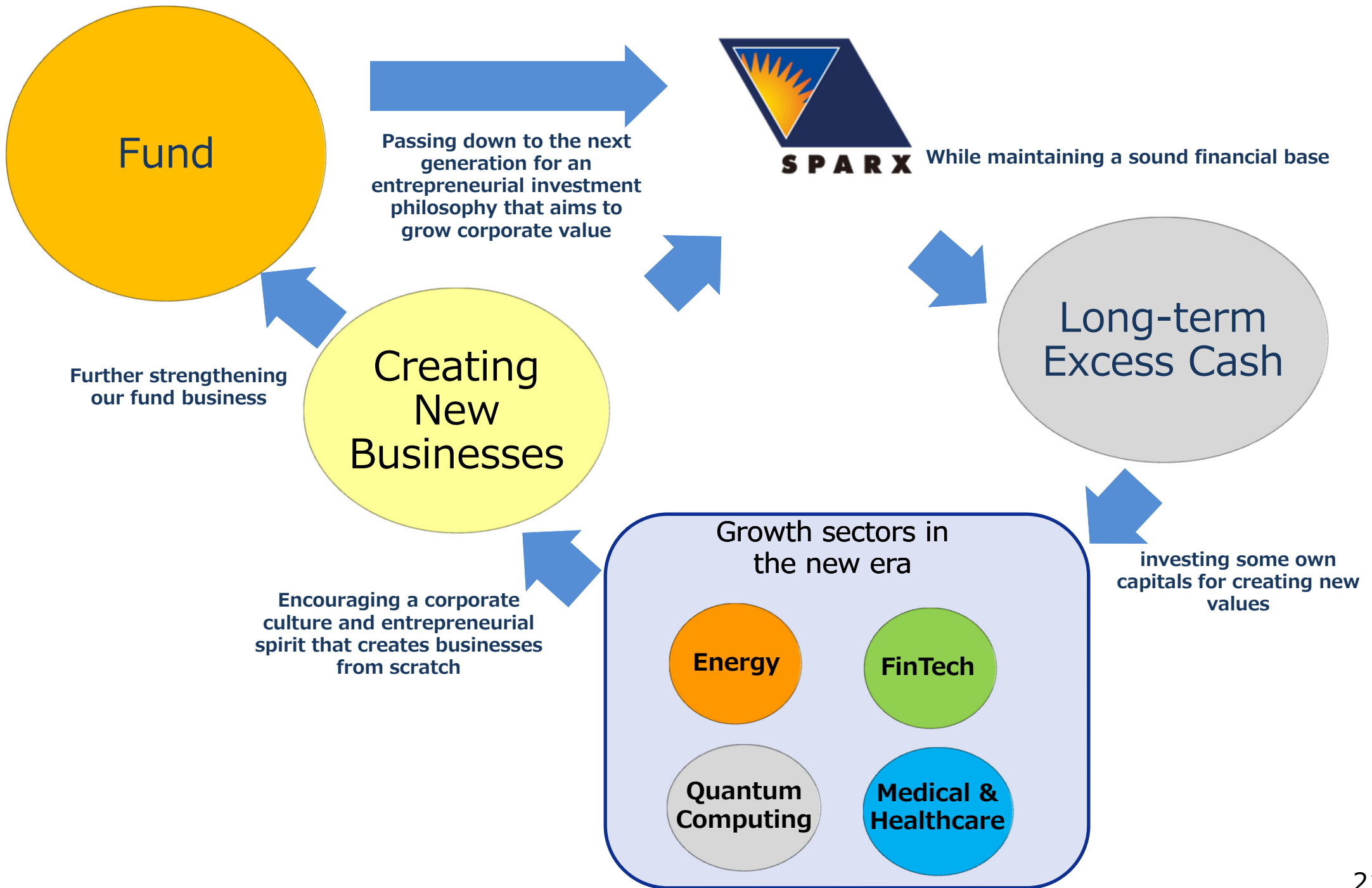
Going forward, we will continue to see more portfolio companies newly listed or acquired by major corporations

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 FY2023 on.

Reference to particular securities and their issues are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell securities.

Aiming to Create Business in Growth Sectors in the New Era



Other

Purpose

Young adult individual investors in their 20s to 40s are the potential investors and its investor base cannot be ignored in the future



Start taking interests on medium-to long-term asset-building with **relatively low-risk** financial products such as **corporate bonds**.



Increase awareness of SPARX and **strengthen the relationship** with those purchased investors

This will lead to an **increase in AUM**, as well as an **increase in our corporate value**

Future

Digital Bonds = possible for “smaller-units” investments



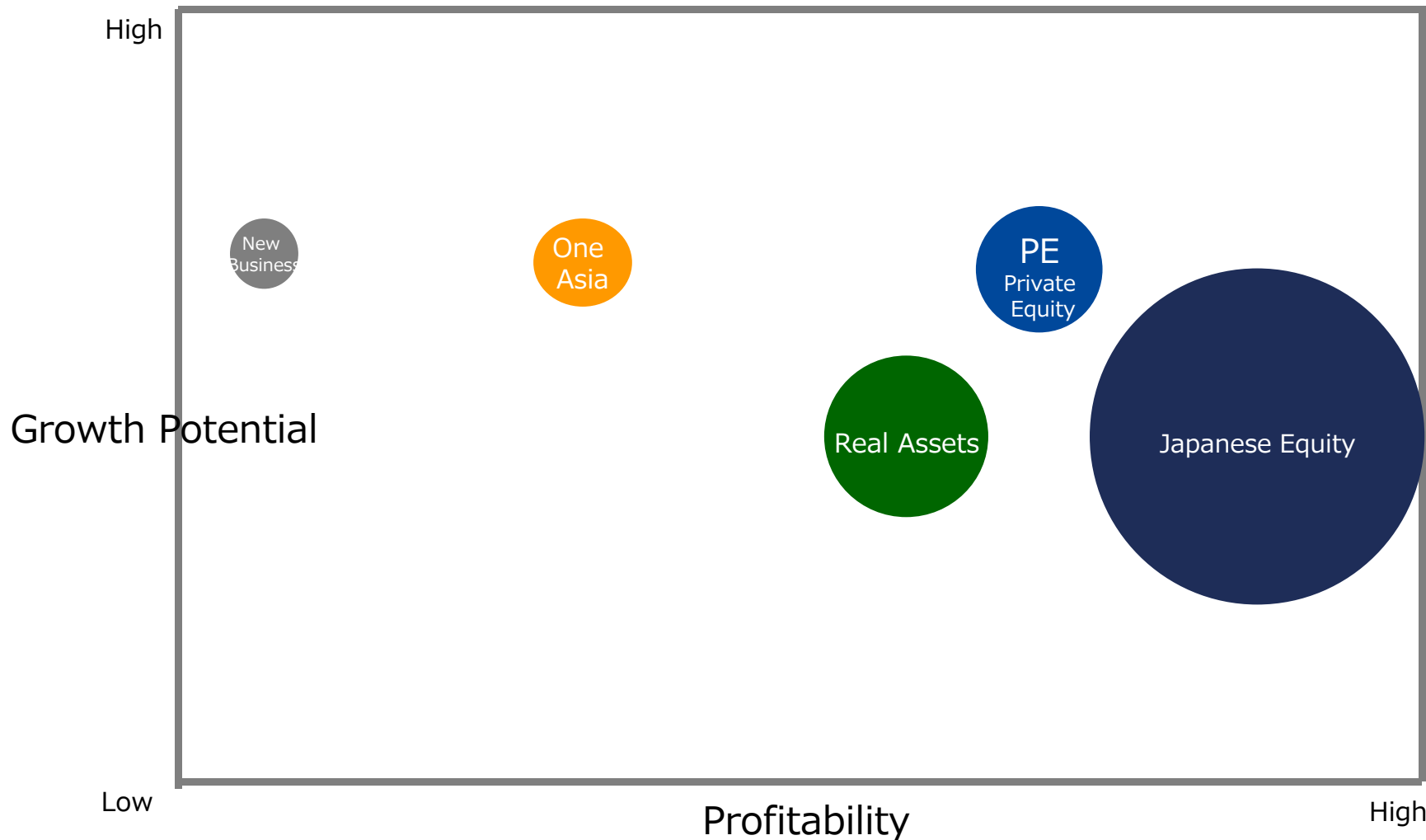
Extend possible product offerings to **individual investors** that previously could only be offered to institutional investors, such as renewable energy and private-equity funds

Current status of alleged lawsuit brought against our subsidiary in the US



Name of Court, Date of Filing	<p>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).</p>
Summary of Allegations and Demand	<p>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 (Reference) "Notice of an Alleged Lawsuit Brought Against Our Subsidiary in the U.S." https://ssl4.eir-parts.net/doc/8739/tdnet/2062253/00.pdf</p>
Current Status and Progress	<p>After a preliminary review by it, SAM could find no information in its files related to the purported transaction alleged in the complaint. Through counsel, SAM has informed the Plaintiff to that effect, and since the start of this case, SAM has been in discussions with the Plaintiff to dismiss the complaint. To give the parties time to continue those discussions, the Plaintiff has extended SAM's time to respond to the complaint several times. According to the Plaintiff's counsel, the Plaintiff is seeking information from other sources so that it can satisfy itself that the complaint should be dismissed. We are doing our best to resolve this issue as early as possible.</p>
Forecast	<p>As noted above, 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. We therefore currently believe that the Lawsuit has no merit and we intend to defend ourselves vigorously. While 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, we have no reason at this time to believe it would be material.</p>

About Business Portfolio

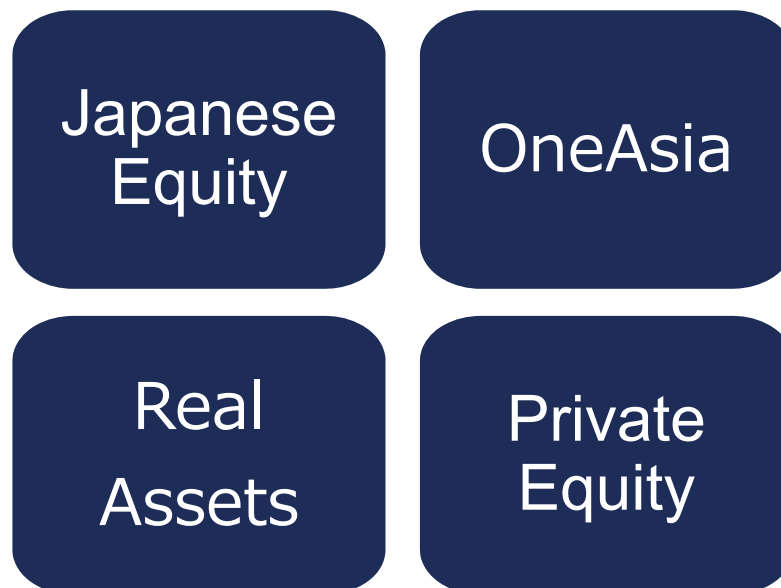


Develop business areas that has high growth potential in the future, and allocate management resources to increase profitability while increasing the pie chart (AUM).

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 >

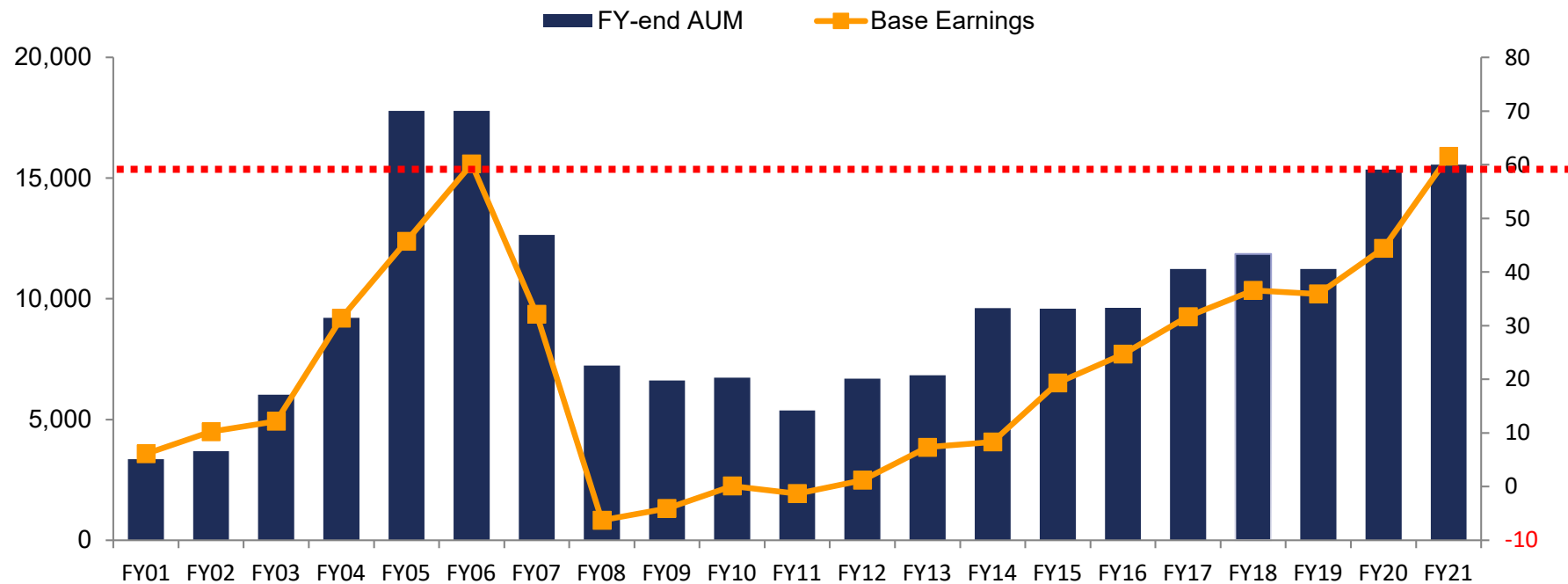
Energy (including hydrogen)	Healthcare	FinTech	Quantum Computing
<ul style="list-style-type: none"> try out some small but groundbreaking proof of concept projects that have to do with new ways of using hydrogen, and expanding new areas of energy. 	<ul style="list-style-type: none"> Utilizing the knowledge 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)

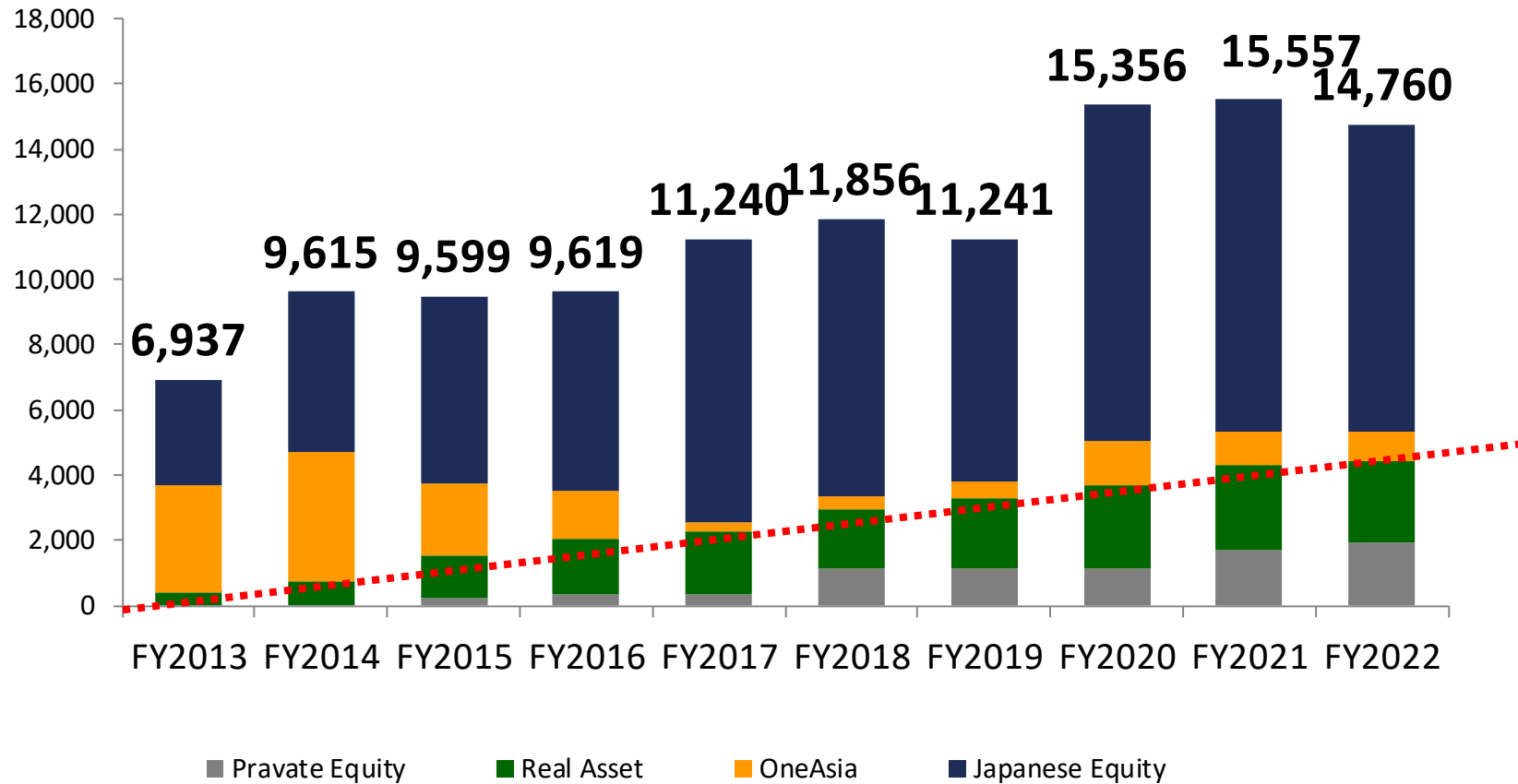


Base Earnings have surpassed our previous record high set in March 2007

<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:



■ Materiality

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■ Sustainability Policy

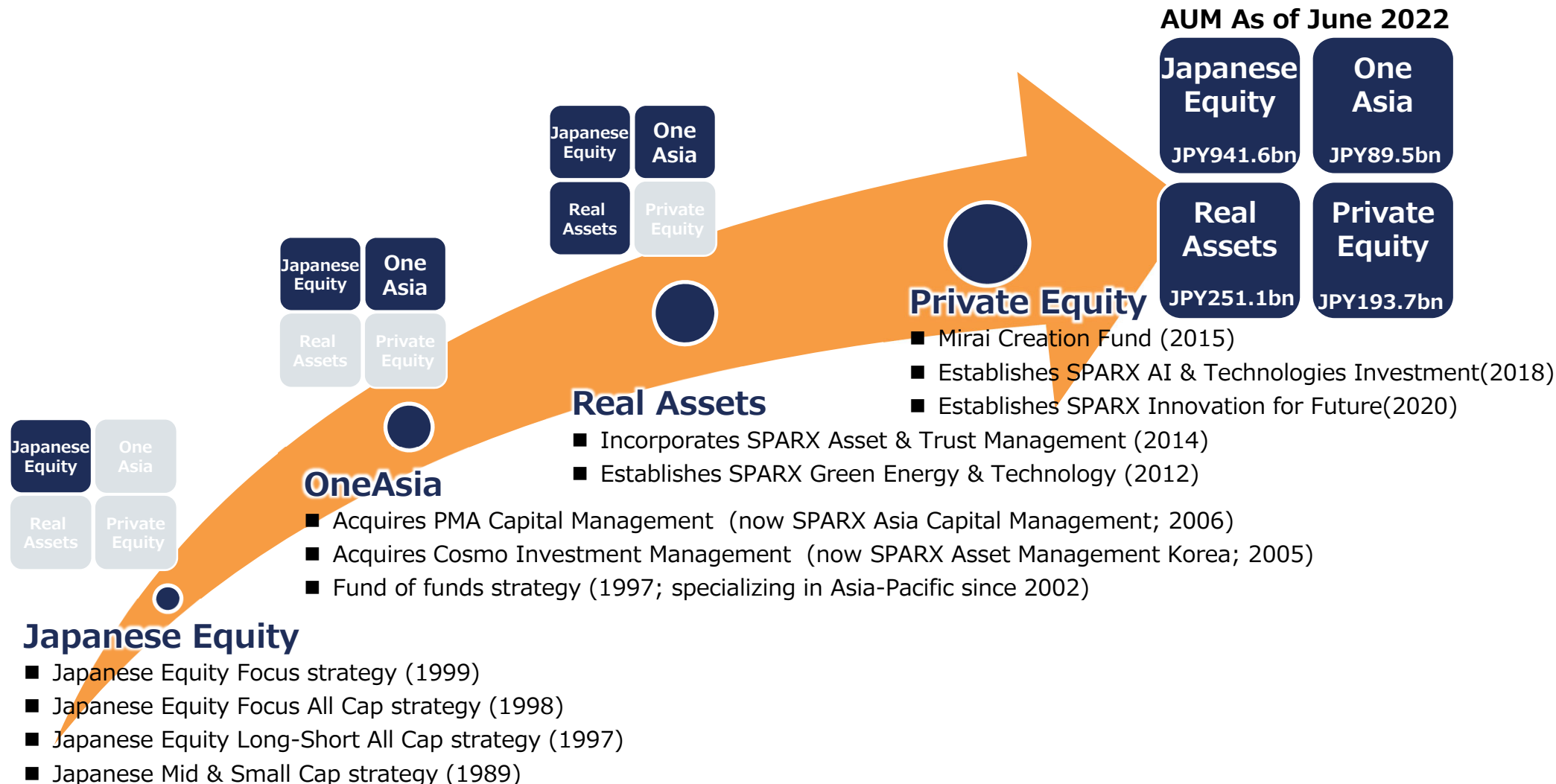
https://ssl4.eir-parts.net/doc/8739/ir_material/187250/00.pdf

■ Commitment to TCFD Recommendations (March 31, 2022)

https://ssl4.eir-parts.net/doc/8739/ir_material/187254/00.pdf

[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 June 30, 2022)
Employees	175 (as of June 30, 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

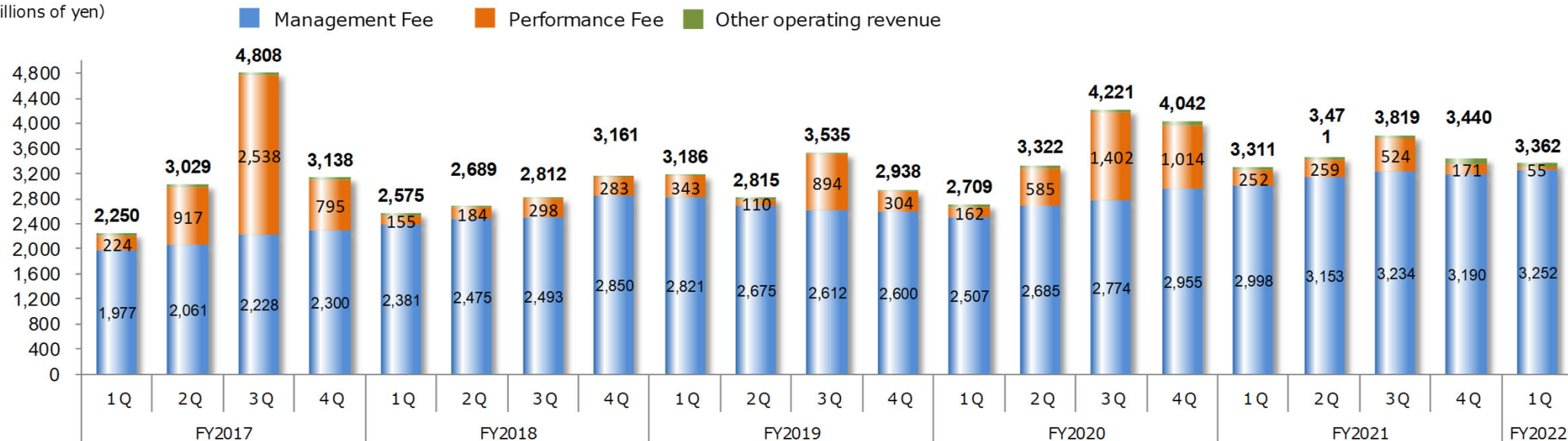
- Asset under management (AUM)
- Management fee rate
- Percentage of AUM eligible to earn performance fees
- Base Earnings = management fees (after deducting commissions) - ordinary expenses

Quarterly Trends in Operating Revenue



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

(Millions of yen)



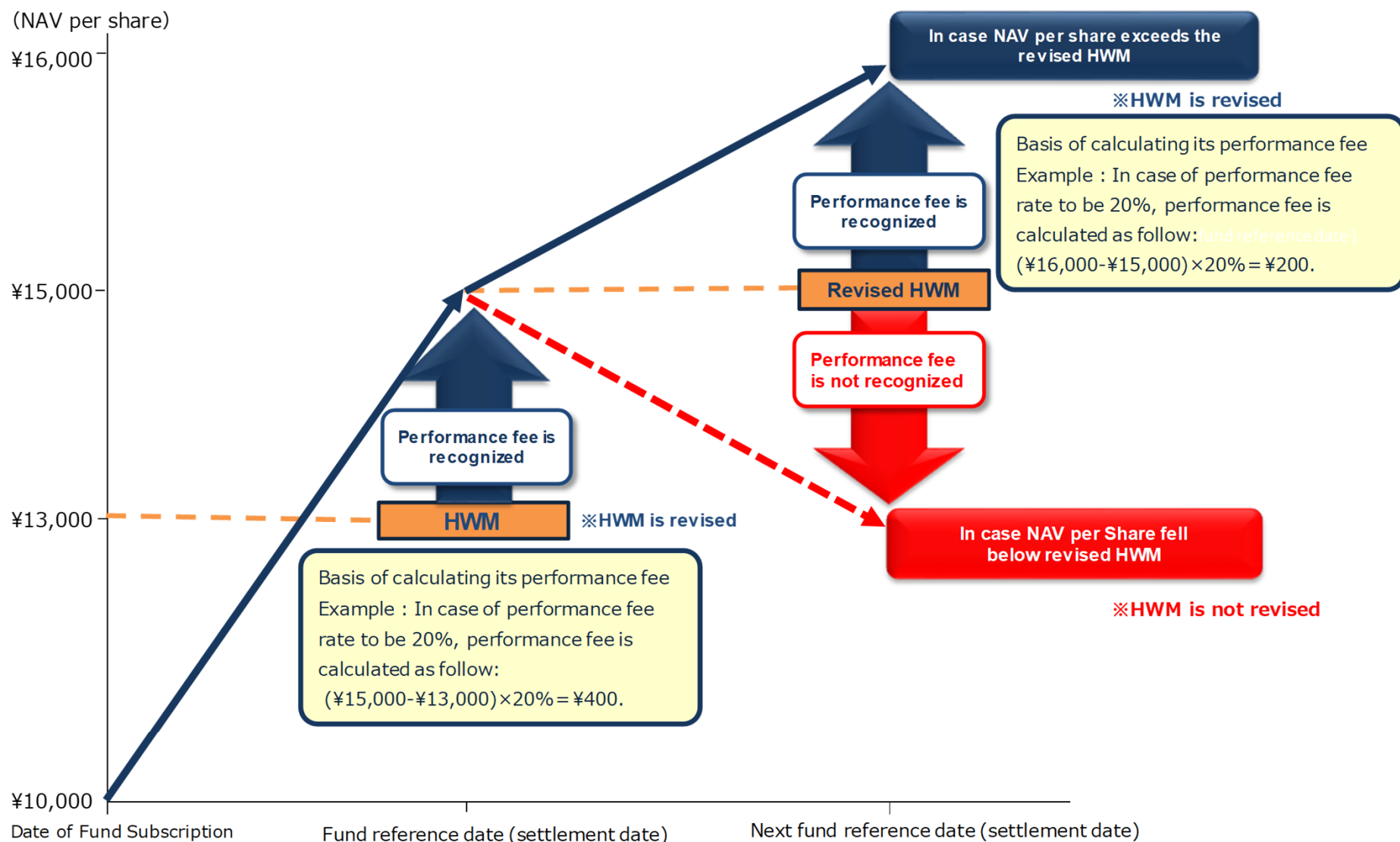
(Millions of yen)	FY2017				FY2018				FY2019				FY2020				FY2021				FY2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Management Fees	1,977	2,061	2,228	2,300	2,381	2,475	2,493	2,850	2,821	2,675	2,612	2,600	2,507	2,685	2,774	2,955	2,998	3,153	3,234	3,190	3,252
Performance Fees	224	917	2,538	795	155	184	298	283	343	110	894	304	162	585	1,402	1,014	252	259	524	171	55
Other operating revenue	48	50	41	42	38	28	20	27	22	29	28	33	39	51	43	72	59	59	60	78	55
Operating Revenue	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	3,362

(Reference)

Average AUM (Billions of yen) (3months average)	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	1,582.5	1,636.1	1,538.1	1,506.5
Management fee rate (3months average) (After deducting commissions)	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%	0.76%
Percentage of AUM eligible to earn performance fees	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%	39.2%
NIKKEI stock average (Record date)	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	26,393

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



- Personnel expenses decreased due to a decrease in ESOP related fees, despite an increase in personnel-related expenses due to an increase in headcount.
- Ordinary expenses has increased due to increase in travel, business, and advertising expenses.

(Units: Millions of yen)	FY2021		FY2022	
	Q1	Full Year	Q1	YoY change
Commissions paid	380	1,672	405	+6.5%
Personnel exp.	809	3,216	752	-7.1%
Travel exp.	9	60	26	+177.5%
Property rent	66	260	59	-10.1%
Entrusted business expenses	247	1,058	286	+15.6%
Depreciation on fixed assets	59	195	44	-24.9%
Advertising exp.	24	162	42	+71.4%
Research exp.	83	333	87	+4.5%
Other expenses	159	618	155	-2.7%
Total: Operating and general administrative expenses	1,841	7,578	1,860	+1.0%
Ordinary expenses	1,177	4,762	1,236	+5.1%

(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.

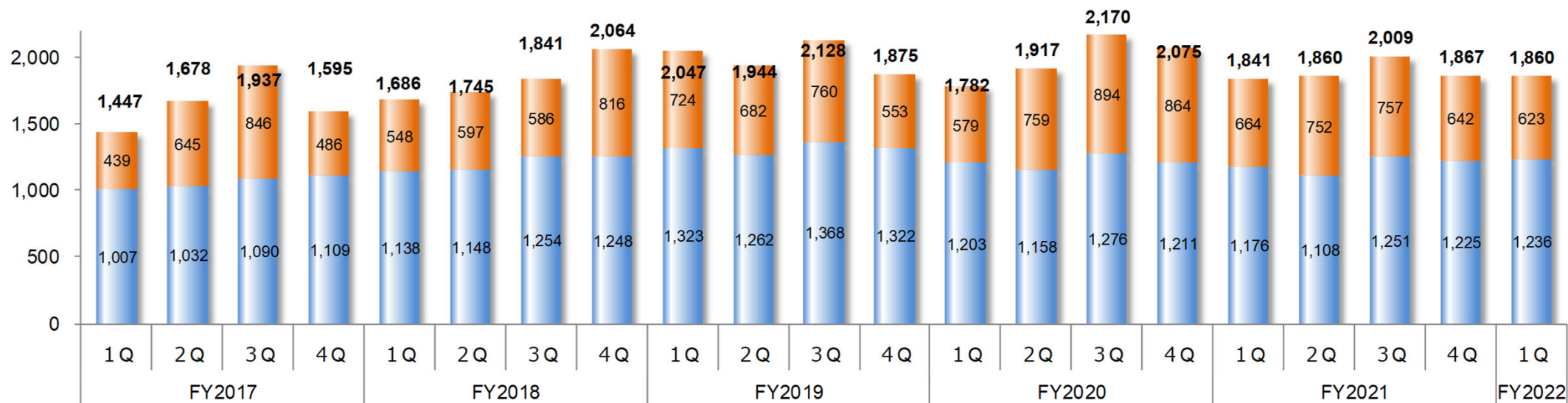
Quarterly Operating and General Administrative Expenses



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

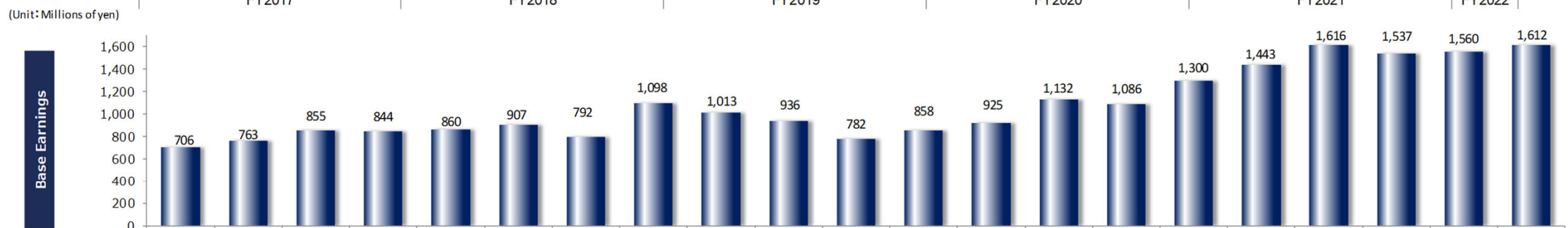
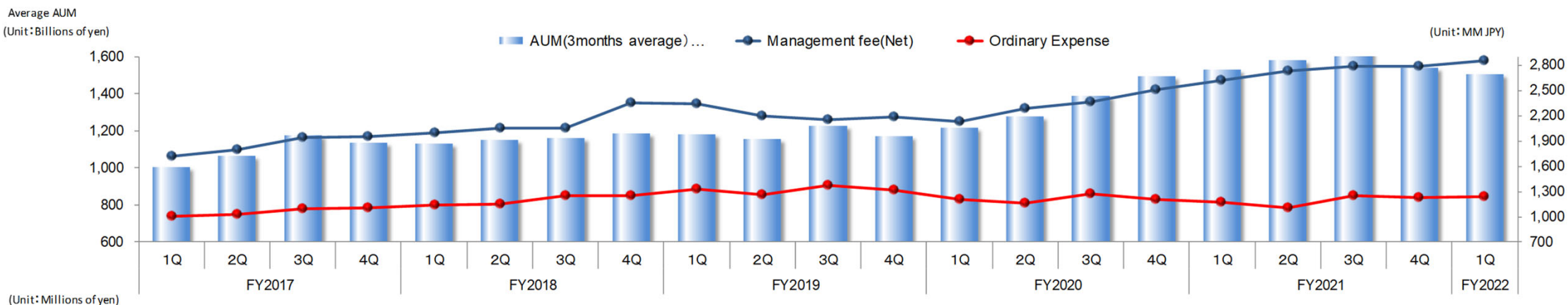


(Units : Millions of yen)	FY2017				FY2018				FY2019				FY2020				FY2021				FY2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Ordinary expenses	1,007	1,032	1,090	1,109	1,138	1,148	1,254	1,248	1,323	1,262	1,368	1,322	1,203	1,158	1,276	1,211	1,176	1,108	1,251	1,225	1,236
Commissions paid & Bonuses	439	645	846	486	548	597	586	816	724	682	760	553	579	759	894	864	664	752	757	642	623
Operating and general administrative expenses	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	1,860

Quarterly Base Earnings



Base earnings remained solid due to increased in management fees



(Unit : MM JPY)	FY2017				FY2018				FY2019				FY2020				FY2021				FY2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
AUM(3months average) (Unit: Billions of yen)	####	####	####	####	####	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	1,506.5
Management fee(Net)	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	2,849
Ordinary Expense	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	1,236
Base Earnings	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	1,612

(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 June 2022 Consolidated Balance Sheet (1)



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.

(Units: Millions of yen)

Cash and Cash Equivalent 17,379	Interest-Bearing Debt 10,000
Receivables etc. 4,314	Other Liabilities 4,370
Tangible&intangible Assets 768	Net Assets 23,027
Investment Securities 12,300	
Other Assets 2,636	
Total Assets 37,397	Liabilities & Net Assets 37,397

Equity Ratio

61.6%

Mostly seed money to funds that the Company manages

As of Jun. 2022 Consolidated Balance Sheet (2)



(Units: Millions of yen)	Mar. 2022	Jun. 2022	YoY change
Current assets	22,723	23,117	+394
Cash and cash equivalents	19,199	17,379	-1,820
Receivables	2,985	4,314	+1,328
Fixed assets	14,418	14,279	-138
Investment securities	12,155	12,300	+144
Total assets	37,141	37,397	+255
Short-term loans payable	2,000	2,000	-
Current portion of Corporate Bonds	-	1,000	+1,000
Long-term loans payable	7,000	7,000	-
Payables	2,249	1,532	-716
Provision for bonuses, ESOP	633	804	+170
Total liabilities	12,816	14,369	+1,552
Common stock	8,587	8,587	-
Add'l paid-in-capital	2,555	2,555	-
Retained earnings	14,787	13,435	-1,352
Treasury stock	-3,685	-3,628	+57
Total Shareholder's Equity	22,244	20,949	-1,295
Valuation difference on AFS securities	889	724	-165
Foreign currency translation adjustment	1,188	1,352	+163
Total net assets	24,324	23,027	-1,296

Decreased due to the payment of dividends and bonuses, etc.

Increased due to an increase in management fee receivable and an increase in income tax receivable, etc.

Increased due to the issuance of digital bonds

Decreased mainly due to payment of bonuses

Payment of dividend : ▲JPY 2,422MM
Profit attributable to owners of parent FY2022Q1 : +JPY 1,070MM

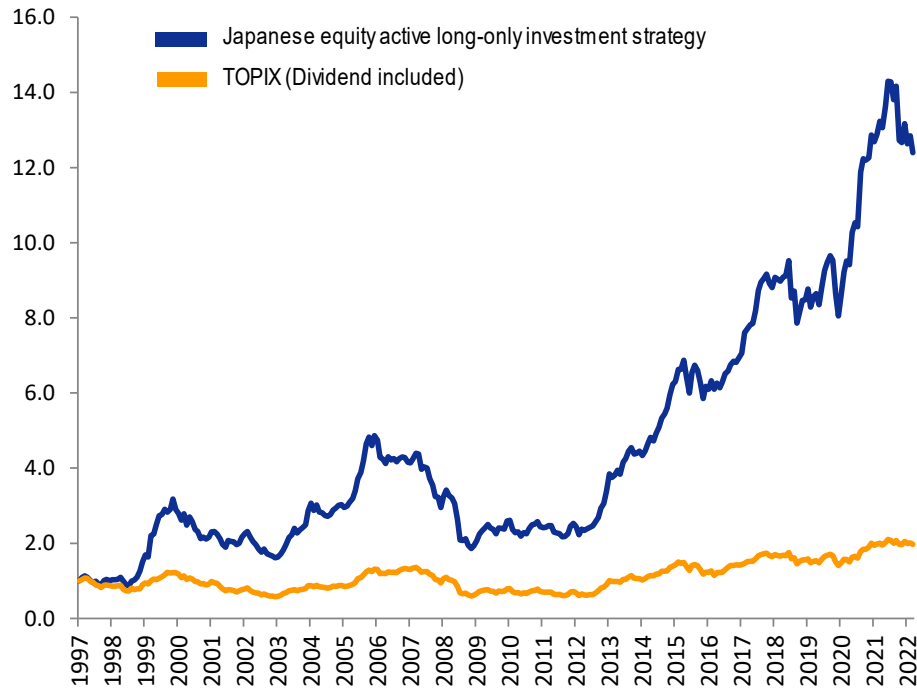
(Note1) Figures above are truncated.

(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



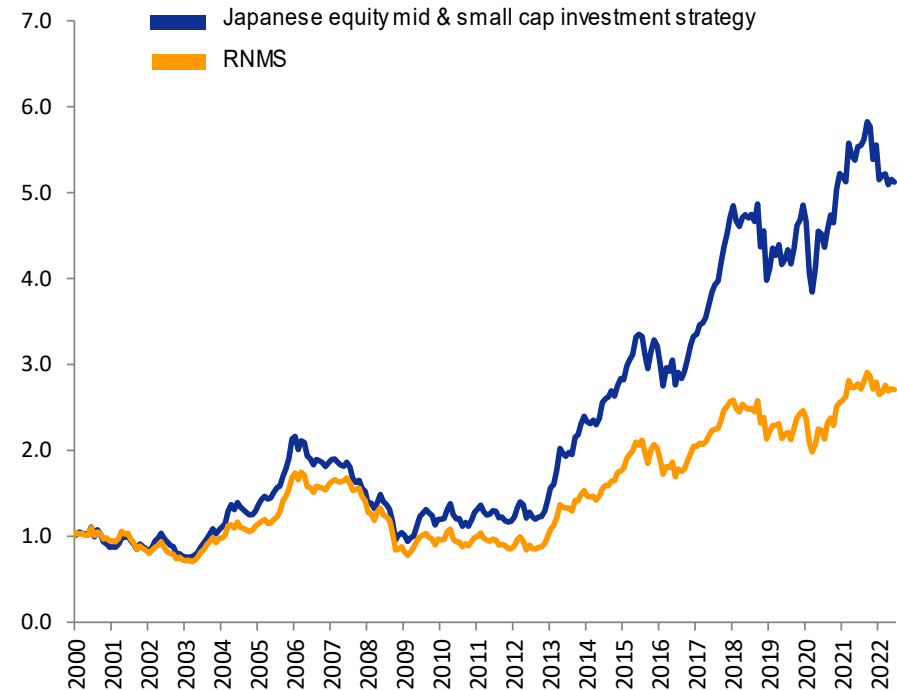
(Annualized Return)

Japanese equity active long-only investment strategy	10.52%	Reference Index	TOPIX (Dividend included)
Reference Index	2.73%	Measurement Period	1997/5 ~2022/6
Excess Return	7.79%	Volatility of Composite Return (Annualized)	20.02%

※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	7.53%	Reference Index	Russell/Nomura Mid-Small Cap Index
Reference Index	4.53%	Measurement Period	2000/1 ~2022/6
Excess Return	3.01%	Volatility of Composite Return (Annualized)	17.55%

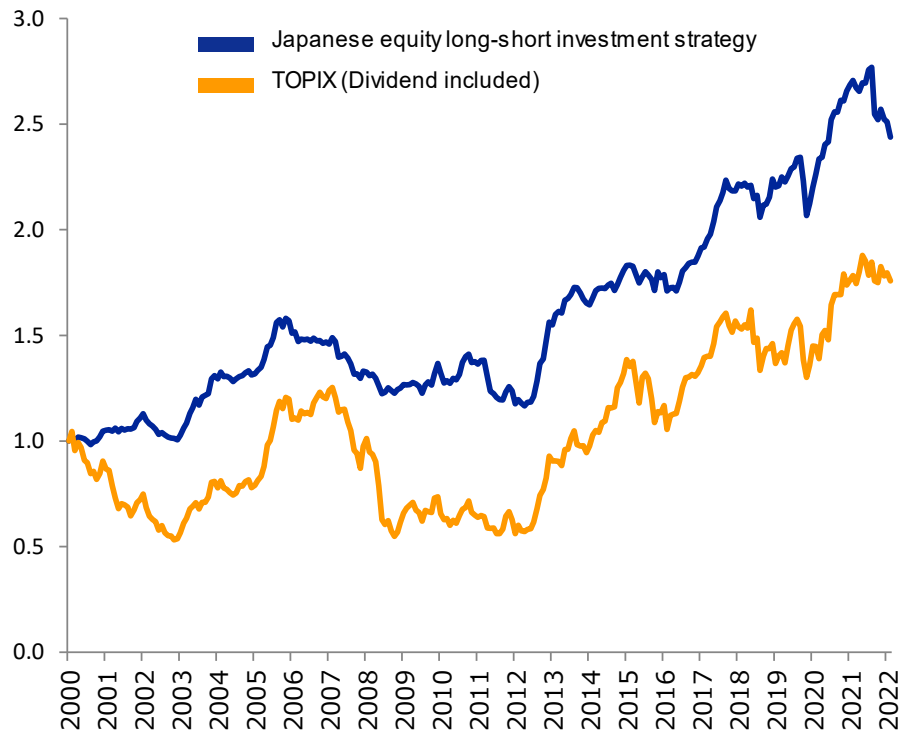
※Performance is in Japanese Yen and is shown gross of fees.

Source: SPARX Group (as of June 30, 2022)

Primary Investment Strategies: Composite Returns Since Valuation Began ②



Japanese Equity Long-Short investment strategy



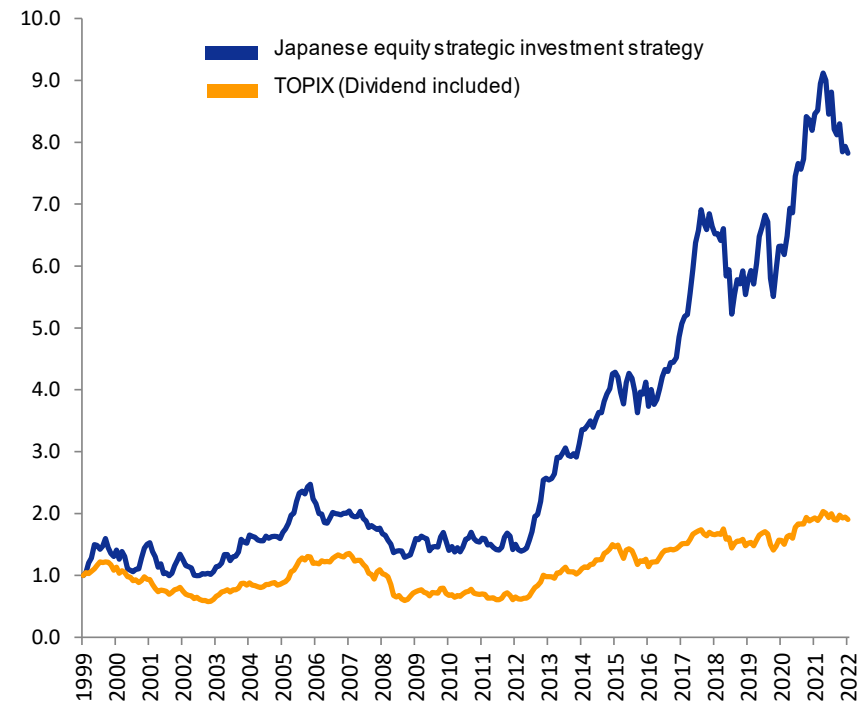
(Annualized Return)

Japanese equity long-short investment strategy	4.12%	Reference Index	TOPIX (Dividend included)
Reference Index	2.59%	Measurement Period	2000/6 ~2022/6
Excess Return	1.53%	Volatility of Composite Return (Annualized)	7.59%

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

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

Japanese Equity Strategic investment strategy



(Annualized Return)

Japanese equity strategic investment strategy	9.35%	Reference Index	TOPIX (Dividend included)
Reference Index	2.84%	Measurement Period	1999/7 ~2022/6
Excess Return	6.52%	Volatility of Composite Return (Annualized)	19.70%

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

Source: SPARX Group (as of June 30, 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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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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