The following is an English translation of the official Japanese announcement, which has been given to the JASDAQ and to the media in Tokyo, Japan.

February 28, 2017

Company: SPARX Group Co., Ltd.
(JASDAQ Standard Code: 8739)

Announcement of a Change of Issuer Rating

Issuer Rating Upgraded to "BBB"

TOKYO (February 28, 2017) - SPARX Group Co., Ltd. is pleased to announce that we today received a notice from Rating and Investment Information, Inc. (R&I), a rating agency, that R&I has upgraded our Issuer Rating from "BBB-" to "BBB."

For Rating Symbols and Definitions, please refer to the R&I's website described below.

■Overview of the change

Title	Before the change	After the change
Issuer Rating	BBB-	BBB
Rating Outlook	Positive	Stable

（Reference）

R&I's rationale for upgrade of Issuer Rating (excerption)

During the period of stock market decline through 2012, the balance of assets under management (AUM) fell sharply, resulting in the contraction of the earnings base. Subsequently, however, capital inflows into major funds have continued despite the uncertain economic environment. The AUM balance rebounded to approximately 1 trillion yen. The Group collects capital by expanding the Japanese equity focus all cap strategy with Nomura Securities Co., Ltd. added to its distributors and by providing new opportunities for investment, such as in real assets including renewable energy generating facilities and in Mirai Creation Fund, a fund set up with Toyota Motor Corp. and other partners, thereby strengthening the earnings base.

While fixed expenses somewhat increased due in part to the relocation of the head office, expanding AUM in Japan boosted net management fee revenues, leading to a rise in profitability. The management fee rate also recovered to over 65 bps. SPARX adheres to a conservative financial management policy, and as evidenced by low debt and a net cash position, its debt-equity structure is sound. With a focus placed on real asset investment, seed money is increasing, but R&I expects the amount to be kept below a certain level relative to shareholders' equity.

Based on these considerations, R&I has upgraded the Issuer Rating to BBB. The Rating Outlook is Stable. R&I will keep an eye on whether SPARX is able to maintain strong investment performance and accelerate capital inflows into major funds by taking advantage of its original strengths such as a

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long-short investment strategy and to collect new capital by reinforcing investment in Asian equities through full utilization of infrastructure in South Korea and Hong Kong.

HP of Rating and Investment Information, Inc.;
http://www.r-i.co.jp/eng/

■ For inquiry

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No further entry