Consolidated Financial Results for the 3rd Qtr of the FY2017 (Apr. 2017 – Dec. 2017)

February 7th, 2018

SPARX Group Co., Ltd.
http://www.sparxgroup.com/

SPARX VISION Statement

Mission

To make the world
“Wealthier, Healthier and Happier”.

Vision

To Be the Most Trusted and Respected Investment Company in the World

Financial Results for the 3rd Qtr of the FY2017

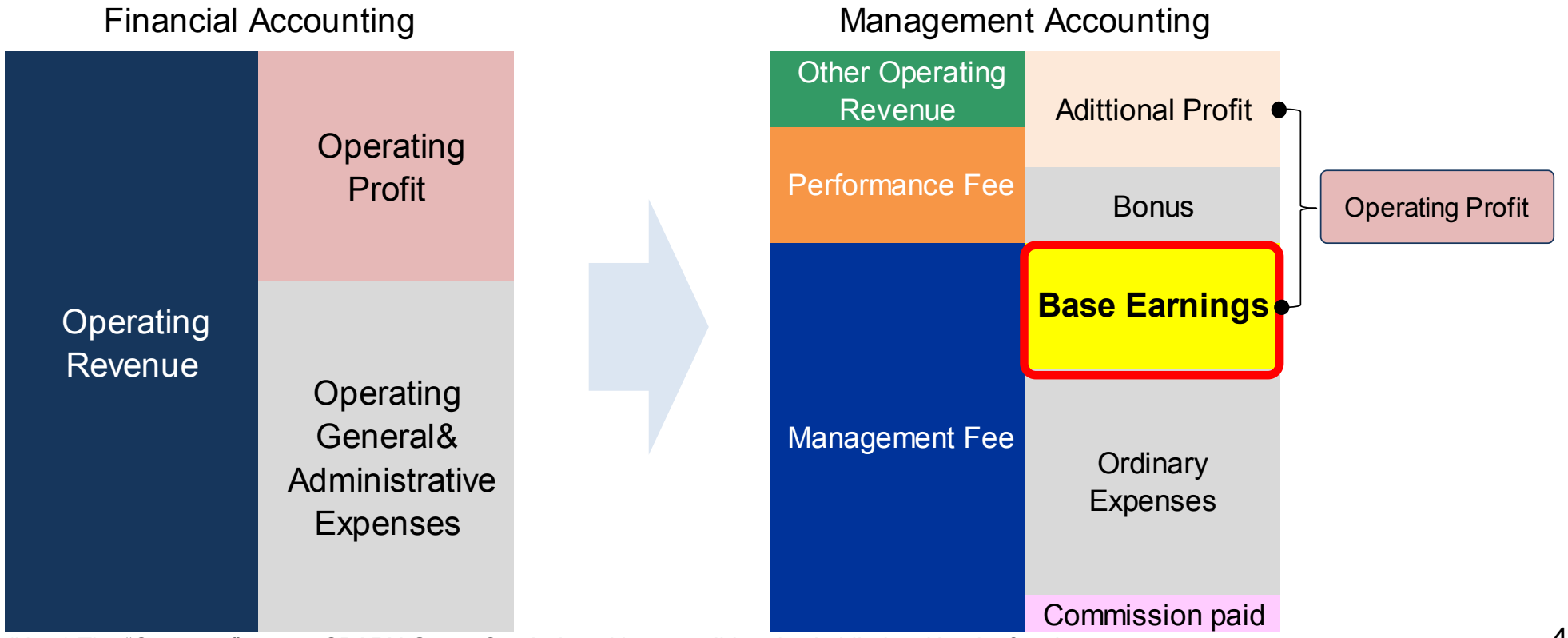
An Attention to Consolidated Financial Results of SPARX Group Co., Ltd.

The Company identifies "**Base Earnings**" as the most important financial indicator. "Base Earnings" indicates the sustained and stable fundamental profitability of the Company.

Base Earnings = (Management Fee – commission paid) – Ordinary expenses

= Management Fee (After the deduction of commission paid) – Ordinary Expenses

The operating profit for financial accounting purposes includes one-off/ additional performance fees that can be affected by trends of the equity market and progress of real assets investment business, for this reason **we recommend you to pay attention to "Base Earnings" for understanding the earning strength.**



(Note) The "Company" means SPARX Group Co., Ltd. and its consolidated subsidiaries. Hereinafter the same.

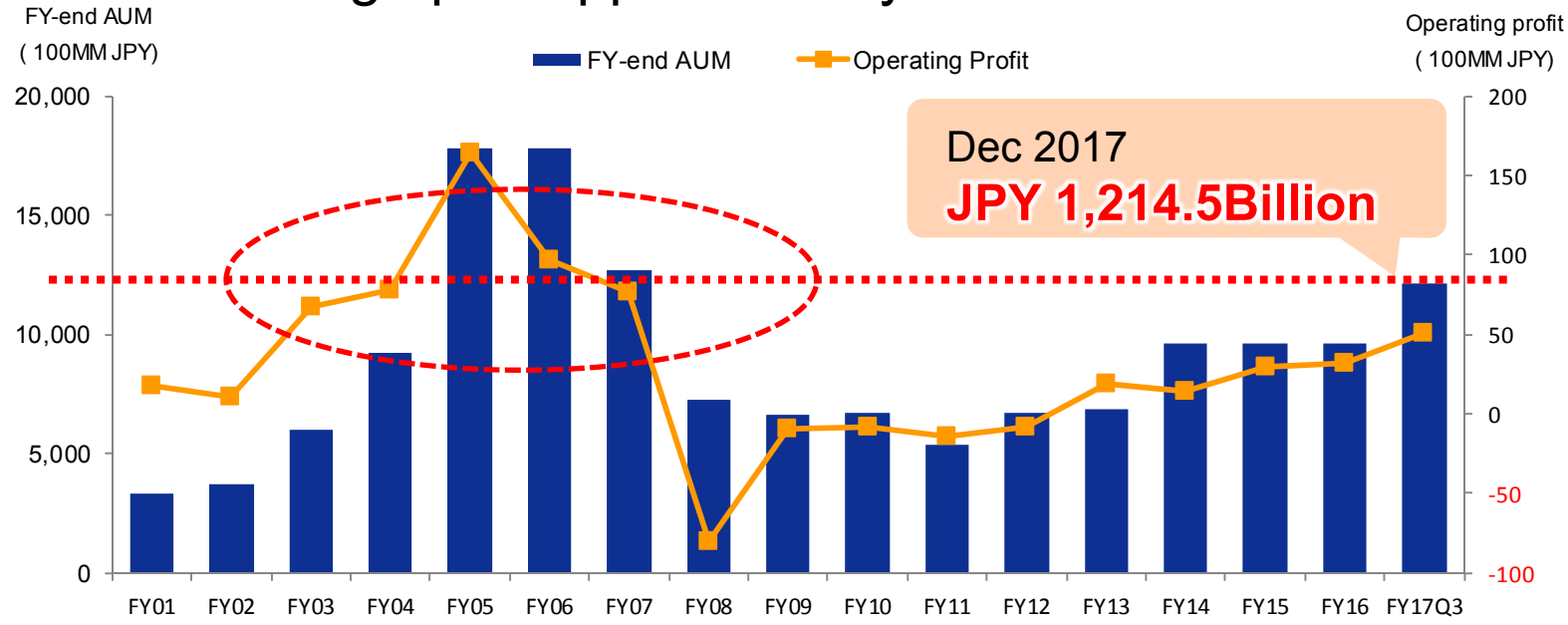
Overview 3rd Qrt (9 months)

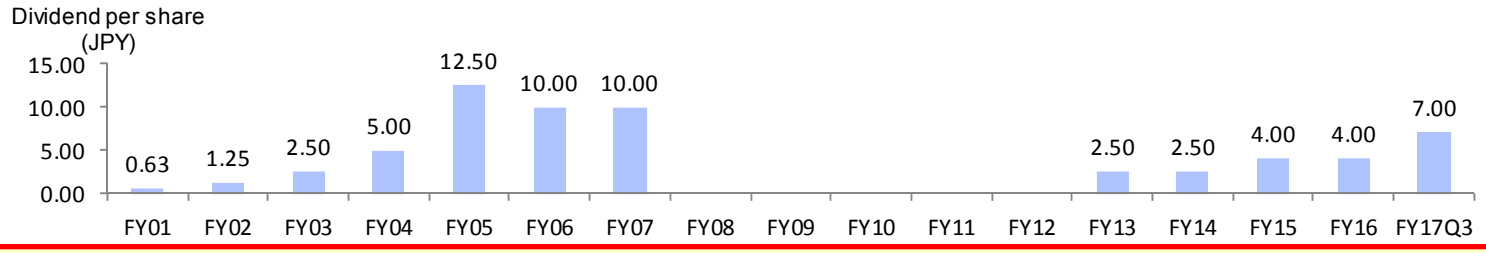
1. The Road to “Full Revival” is 70% Complete

2. The Hybrid Model’s Efficiency

The Road to "Full Revival"(Note) is 70% Complete!

Indexes such as AUM, operating profit level and dividend per share are reaching up to approximately 70% of "Full Revival"



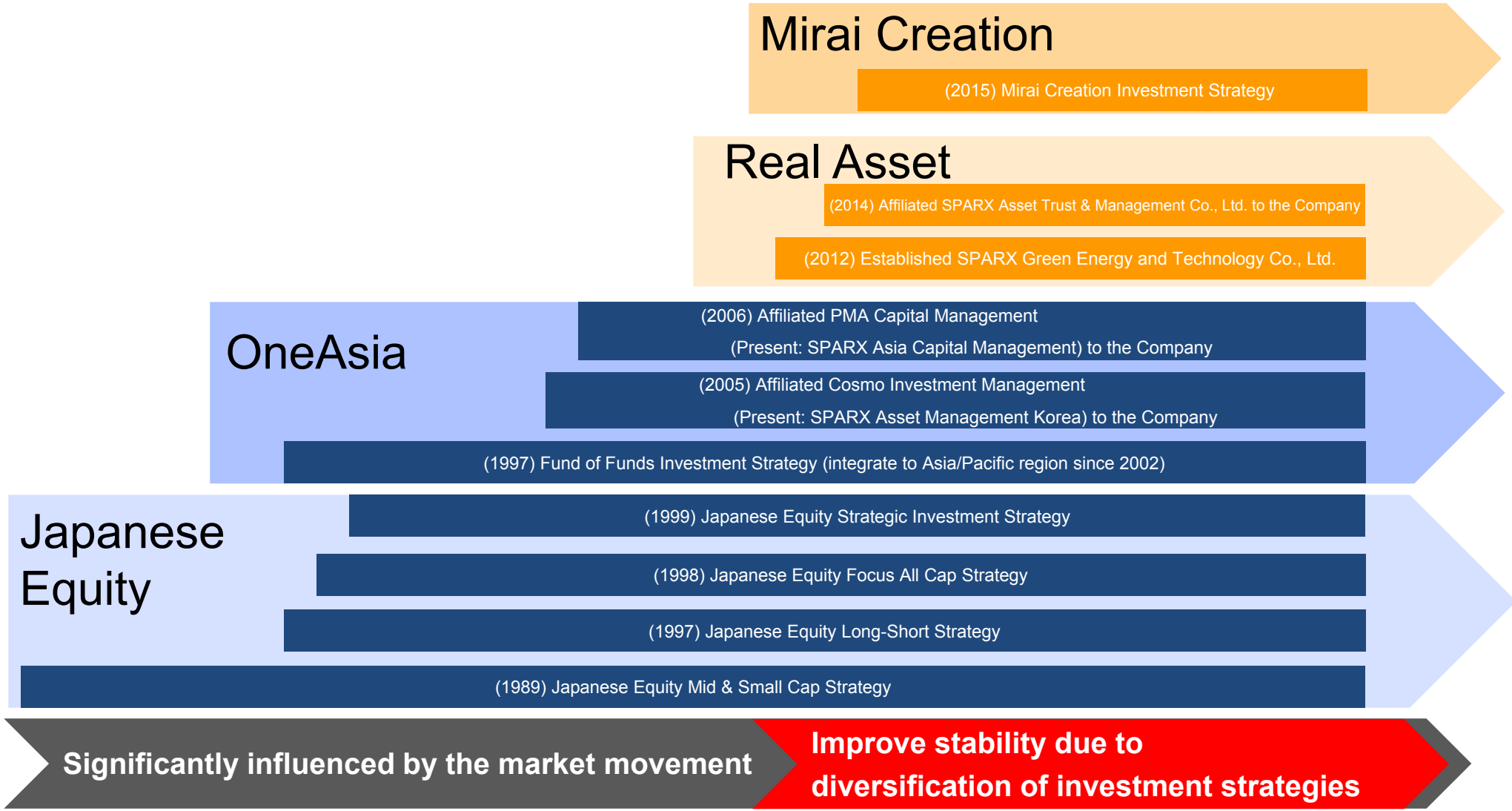


Aiming AUM JPY 2 trillion
by utilizing hybrid investment strategies of "high profitability" and "stability"

(Note) "Full Revival" Capable of recording a steady operating profit of JPY8-10billion, which is the level before the global financial crisis of 2008.

Hybrid Model of Investment Strategies

Hybrid model is composed of the conventional high profitable Japanese equity investment strategies and stabilized investment strategies, “Real Asset” and “Mirai Creation”.



Hybrid Model of the Company's Revenue

- Under our "hybrid model", performance fees can be earned from some funds, in addition to management fees.
- Recording performance fees leads directly to an increase in operating revenue accordingly.

		FY2016	FY2017	
		Apr2016-Dec2016	Apr2017-Dec2017	YoY change (%)
Management fees	(MM JPY)	5,546	6,267	+13.0%
Performance fees	(MM JPY)	885	3,680	+315.7%
Other operating revenue	(MM JPY)	71	139	+94.7%
Total operating revenue	(MM JPY)	6,504	10,088	+55.1%
Operating profit	(MM JPY)	2,281	5,026	+120.3%

■ **Revenue Structure**

Management Fees = AUM × rate of management fees

Performance Fees = AUM × percentage of AUM eligible to earn performance fees × rate of performance fees

※ The formulas above simply explain revenue structure, not exact calculation actually used.

FY 2017 Overview (1) Performance

Each result improved significantly due to increased performance fees resulting from favorable performance and rising of the Japanese equity market

(Unit:MM JPY)	FY2016	FY2017	YoY change
	Apr2016-Dec2016	Apr2017-Dec2017	
Operating revenue	**6,504**	**10,088**	**+55.1%**
Operating profit	**2,281**	**5,026**	**+120.3%**
Net income	**1,662**	**3,663**	**+120.4%**
Base earnings	**1,832**	**2,324**	**+26.8%**

(Note1) Please refer slide 8,10 and 33-37 for details of management fees and performance fees.
(Note2) Please refer slide 4, 10, 33 and 39 for details of base earnings.

FY 2017 Overview (2) Performance

		FY2016		FY2017	
		Apr2016-Dec2016	Full Year	Apr2017-Dec2017	YoY change
Average AUM	(100MM JPY)	9,402	9,459	10,804	+14.9%
Management fee rate (After the deduction of commission paid)	(%)	0.68%	0.69%	0.67%	▲0.01
Management fee (After the deduction of commission paid)	(MM JPY)	4,822	6,498	5,454	+13.1%
▲ Ordinary expenses	(MM JPY)	2,989	4,028	3,129	+4.7%
Base earnings	(MM JPY)	1,832	2,469	2,324	+26.8%
Performance fee	(MM JPY)	885	1,322	3,680	+315.7%
Percentage of AUM eligible to earn peformance fee	(%)	39.2%	36.4%	32.1%	▲7.1
Other operating revenue	(MM JPY)	71	107	139	+94.7%
▲ Bonus (including ESOP Expense)	(MM JPY)	467	688	1,109	+137.3%
Operating profit	(MM JPY)	2,281	3,169	5,026	+120.3%
Profit attributable to owners of parent	(MM JPY)	1,662	2,346	3,663	+120.4%
ROE	(%)	15.2%	15.7%	28.3%	+13.1

(Note1) Management Fee includes fees from power plants related to Japanese Renewable Energy Investment Strategy. Hereinafter the same.
(Note2) Performance Fee includes one-off administrative fees the Company received from funds for real estate sales and purchases related to Japanese Real Estate Investment Strategy and one-off acquisition fees for setting up of power plant schemes related to Japanese Renewable Energy Investment Strategy. Hereinafter the same.

FY 2017 Overview (3) AUM

Highly profitable Japanese AUM recovered 1 trillion JPY.

(Unit:100MM JPY)	AUM			Average AUM (Nine months)		
	As of March, 2017	As of December, 2017	Change (%)	FY2016	FY2017	YoY change (%)
Japan	8,139	10,780	+32.5%	7,428	9,351	+25.9%
Korea	1,343	1,261	▲6.1%	1,771	1,355	▲23.5%
Asia	143	102	▲28.4%	202	97	▲51.9%
Total	9,627	12,145	+26.2%	9,402	10,804	+14.9%

	As of September, 2016	As of March, 2017	As of December, 2017	YoY change
TOPIX	1,518	1,512	1,817	+19.7%
NIKKEI stock average (JPY)	19,114	18,909	22,764	+19.1%
KOSPI	2,026	2,160	2,467	+21.8%

※ Please refer “SPARX Group Announces Assets Under Management for December 2017” for further information.
http://v4.eir-parts.net/v4Contents/View.aspx?cat=tdnet&sid=1543987

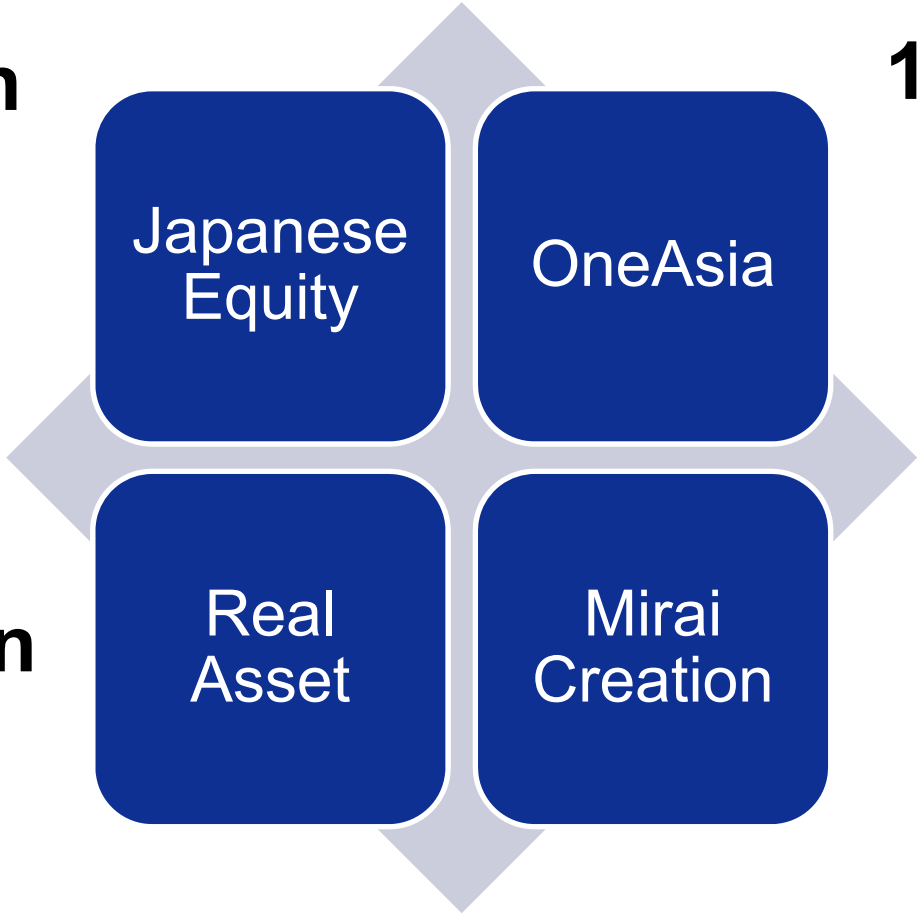
Progress of the Businesses and Future Plans

4 Main Investments for Growth Realization:
Hybrid of High Profitability and Stability

High Profitability : a large scale of profit (performance fees) can be generated depending on fund performance.

850.9 billion yen

136.4 billion yen

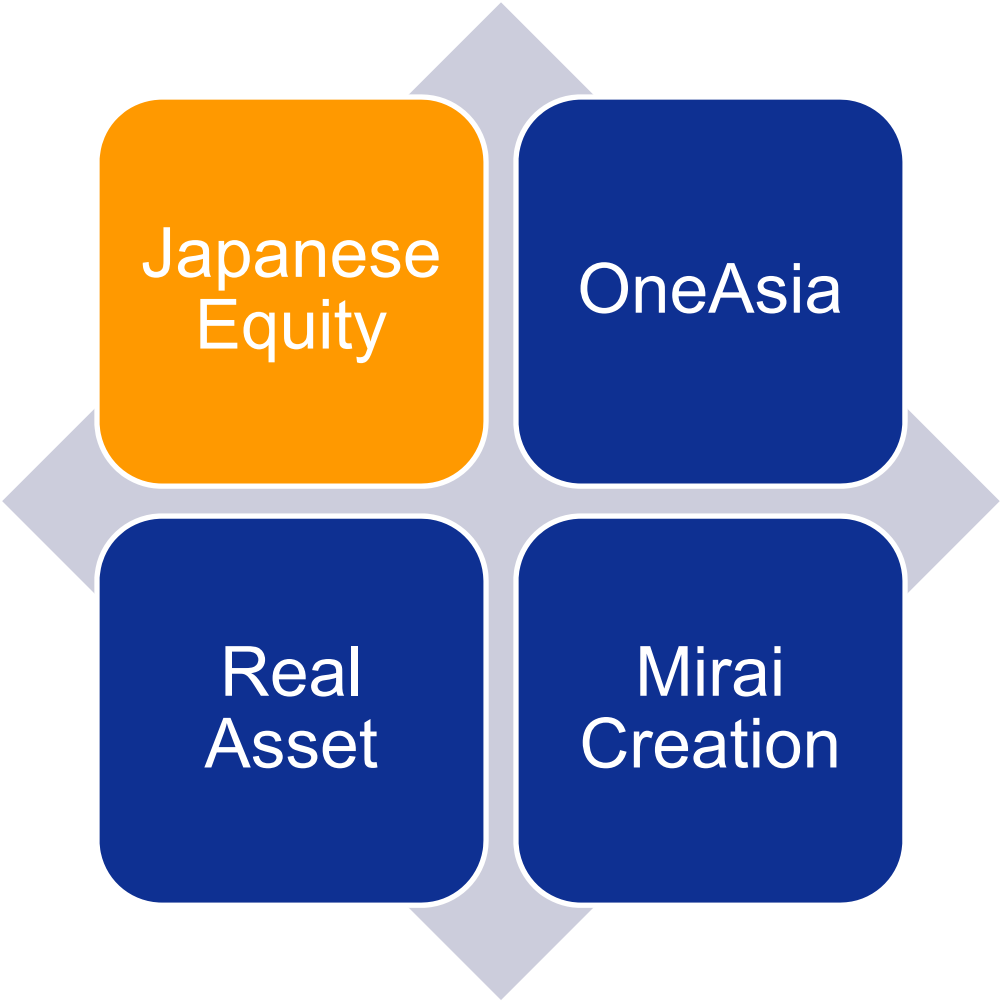


190.4 billion yen

36.7 billion yen

Stability : a stable revenue will be expected due to long term contracts without redemptions.

① Japanese Equity Investment Strategy
(AUM as at the end of December 2017 : JPY 850.9 billion)



Japanese Equity Investment Strategy : AUM by Strategies

AUM increased due to favorable performance of funds and rising of equity market addition to the increase in cash inflow from overseas.

(Unit : 100million JPY)	AUM			
	Mar. 2017	Dec. 2017	Change	Change (%)
Japanese Equity Long-Short Strategy	179	232	+52	29.4%
Japanese Equity Focus All Cap Strategy	2,946	4,175	+1,229	41.7%
Japanese Equity Mid & Small Cap Strategy	1,815	2,743	+928	51.1%
Japanese Equity Clean Tech. Strategy	1,030	1,182	+151	14.7%
Value Creation/Engagement Strategy	56	118	+61	108.4%
Others	39	57	+18	46.0%
Total	6,068	8,509	+2,440	40.2%

Press Release January 31, 2018

Received Morningstar Award “Fund of the Year 2017”



Best Fund of the Year 2017

Alternative Fund Division

SPARX JAPANESE EQUITY LONG SHORT FUND

(“Best Alpha”)

Won Four Consecutive Years!

(Reference) http://v4.eir-parts.net/v4Contents/View.aspx?cat=tdnet&sid=1549199

References to any specific securities do not constitute an offer to buy or sell securities. Those awarded funds based upon the past performance cannot guarantee their future performance. Data or statements are obtained from sources Morningstar Japan K.K believed to be reliable but are not guaranteed as to accuracy or completeness.

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Taking every factor into consideration, Morningstar Japan K.K. has selected funds for Morningstar Award “Fund of the Year 2017” in each divisions from open-end mutual fund based upon its unique quantitative and qualitative analysis. Awarded funds in the Alternative Fund Division have been selected from 126 funds at the end of December 2017.

Press Release November 7, 2017

Received “AsiaHedge Awards 2017”

Japan category (1 year) for the first time!

AsiaHedge Awards 2017

Japan Category (1 Year)

SPARX Japan Long-Short Fund



(Reference) http://v4.eir-parts.net/v4Contents/View.aspx?cat=tdnet&sid=1528539

The AsiaHedge Awards, now in their 16th year, aim to recognize the best risk-adjusted performers in the Asia-Pacific hedge fund industry, with awards being based on a combination of Sharpe ratios and absolute returns.

Press Release January 19, 2018

Shareholder Proposal to TEIKOKU SEN-I(Note) through the Fund of Value Creation/Engagement Strategy

Proposal1 Increasing the Year-end Dividend Amount

TEIKOKU SEN-I will increase its cash dividend from JPY 30 to JPY 90 per share for the fiscal year ended December 2017

↓

Its inefficient capital allocation will be improved

Proposal2 Partial Modification of the Articles of Incorporation

TEIKOKU SEN-I will shorten the term of office for board members from "up to two years from appointment" to "up to one year from appointment."

↓

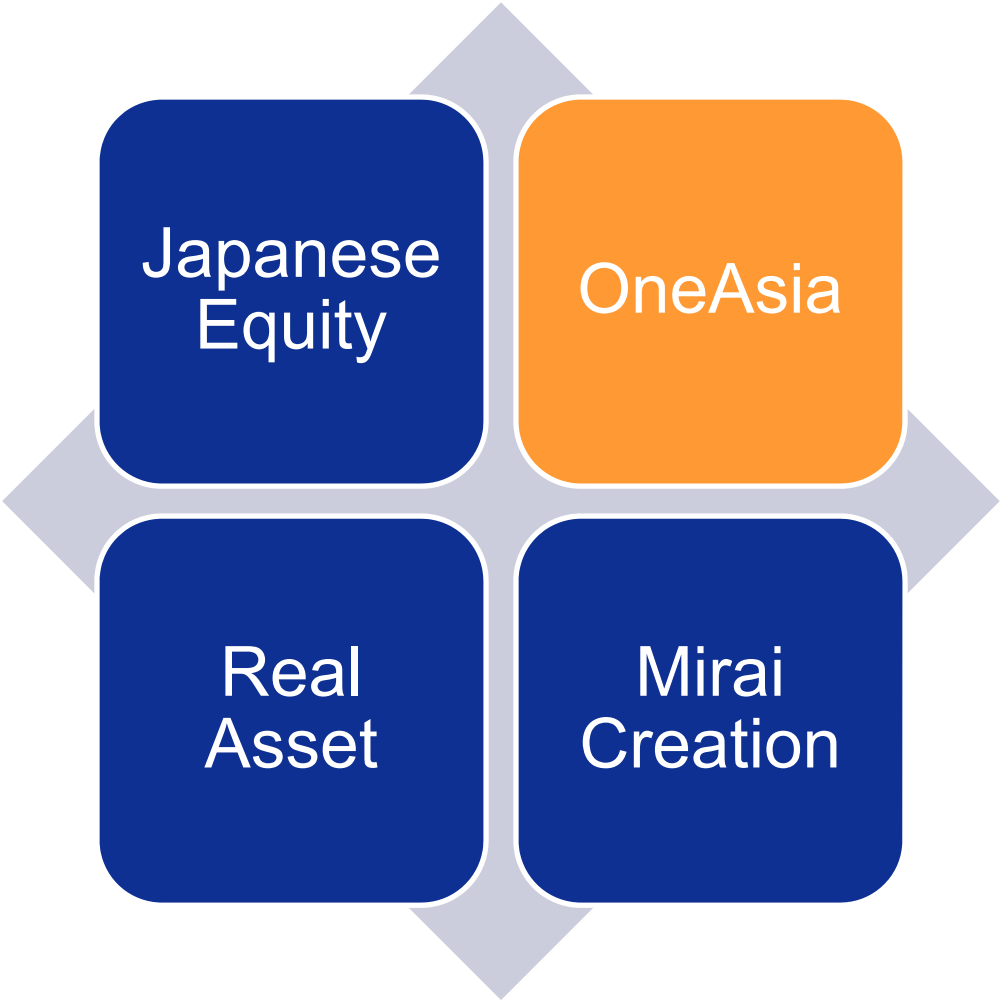
By increasing opportunities for approval by shareholders, the company can establish a structure for handling management issues

Aiming to increase the value of TEIKOKI SEN-I by resolving the unreasonable internal reserves.

(Reference) http://v4.eir-parts.net/v4Contents/View.aspx?cat=tdnet&sid=1545555

(Note) TEIKOKU SEN-I is the abbreviation for TEIKOKU SEN-I Co., Ltd.

②OneAsia Investment Strategy
（AUM at the end of December 2017: JPY 136.4 billion）



OneAsia Investment Strategy

New Fund was launched

Subscription of an Asian version of highly esteemed Japanese Equity・Gensentoshi Fund (Highly Selective Investment Fund) was executed as a public placement fund in May 2017.

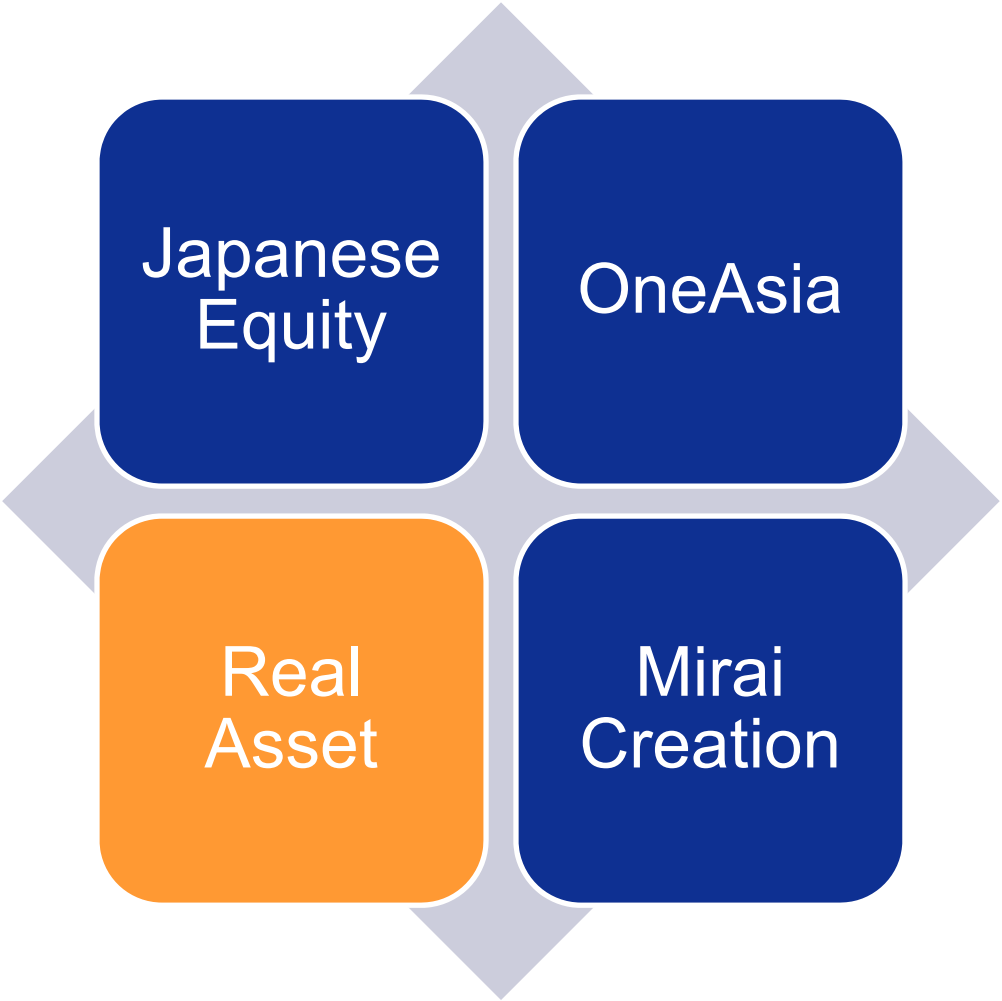
Aiming to expand AUM by approaching individual investors through wider range of channels from both online security companies and face-to-face retailers.

Large Redemption by a Korean Institutional Investor in January 2018

Korean AUM decreased due to large redemption by a Korean Institutional Investor. However, influence of the redemption is limited for consolidated results because of its very low management fee rate.

Seeking to increase AUM with alternative investments such as higher value-added products by utilizing the know-how of investments in the Japanese equities.

③ Real Asset Investment Strategy
（AUM at the end of December 2017: JPY 190.4 billion）



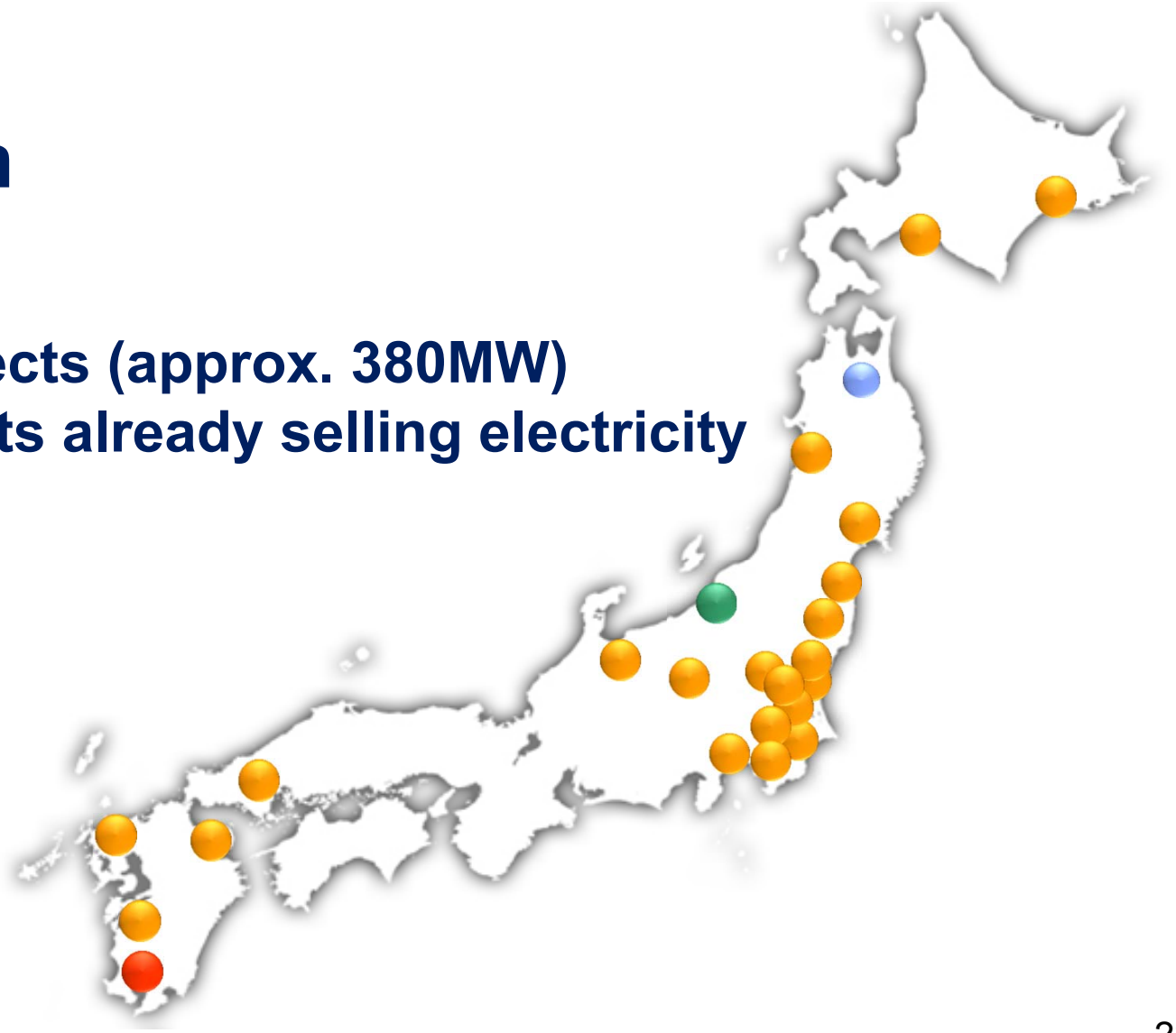
Investment in Renewable Energy Generating Facilities (1)

■ AUM

December end, 2017

JPY 157.2 billion

■ **Invested in 25 projects (approx. 380MW)**
Including 17 projects already selling electricity (approx. 161MW)



- Solar Power Station
- Wind Power Station
- Geothermal Power Station
- Biomass Power Station

Investment in Renewable Energy Generating Facilities (2)

Brown Feld Investment Fund has been running since November 2017

The Company has been utilizing its know-how, intelligence and knowledge for "green field investment" scheme, targeting on the phase of development and opening of renewable power generation facilities. In addition, the Company aims to set up "brown field investment" scheme. With little correlation to asset classes such as stocks and bonds, the fund is highly evaluated as it has stable cash flow over the long term.

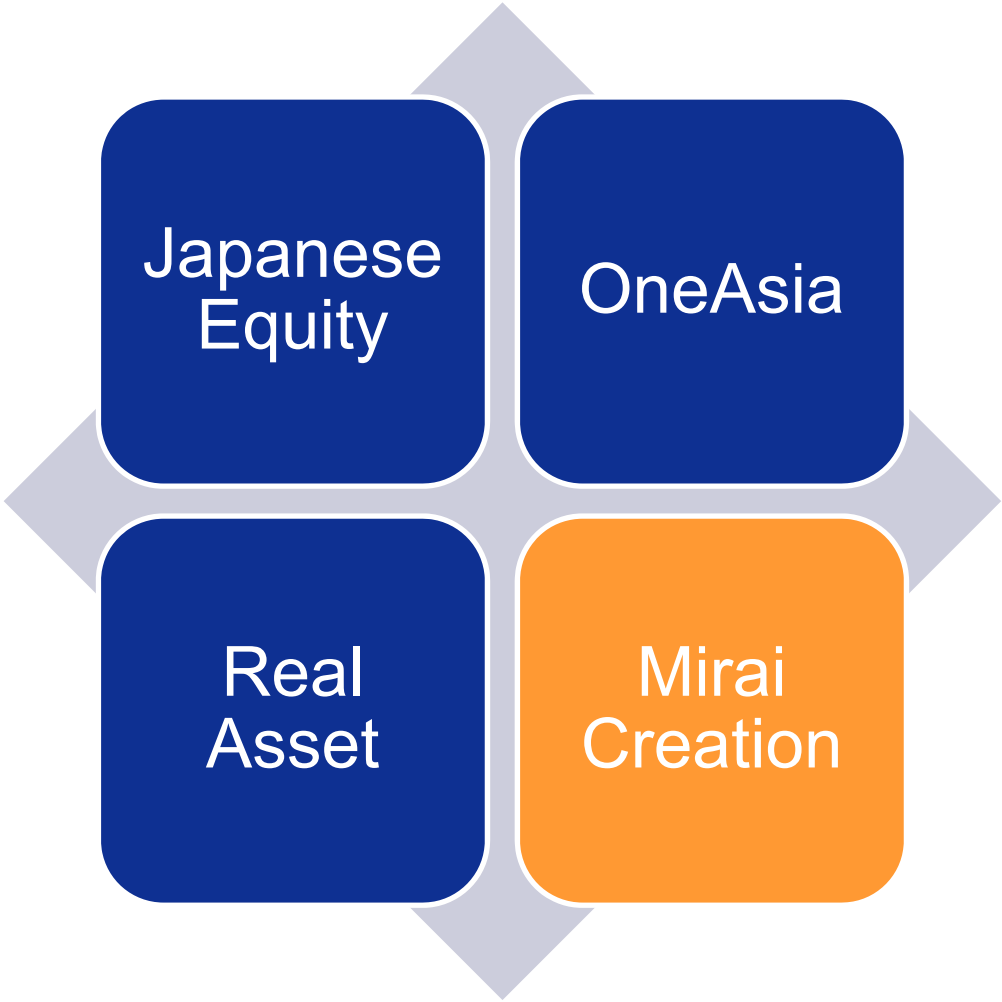
Main Investors

- Taiyo Life Insurance Company
- The Tochigi Bank, Ltd.
- Sumitomo Mitsui Banking Corporation
- Sumitomo Mitsui Finance and Leasing Co., Ltd
- RICOH LEASING COMPANY,LTD. etc.

First Closing JPY 20 billion → **Aiming to expand it up to JPY 50 billion**

(Reference) http://v4.eir-parts.net/v4Contents/View.aspx?cat=tdnet&sid=1535846

④ Mirai Creation Investment Strategy
（AUM at the end of December 2017: JPY 36.7 billion）



Mirai Creation Investment Strategy (1)

A multitude of investment projects.
Steadily increasing its investment records.

At the end of March 2017

AUM: JPY 36.5 BN

26 Projects

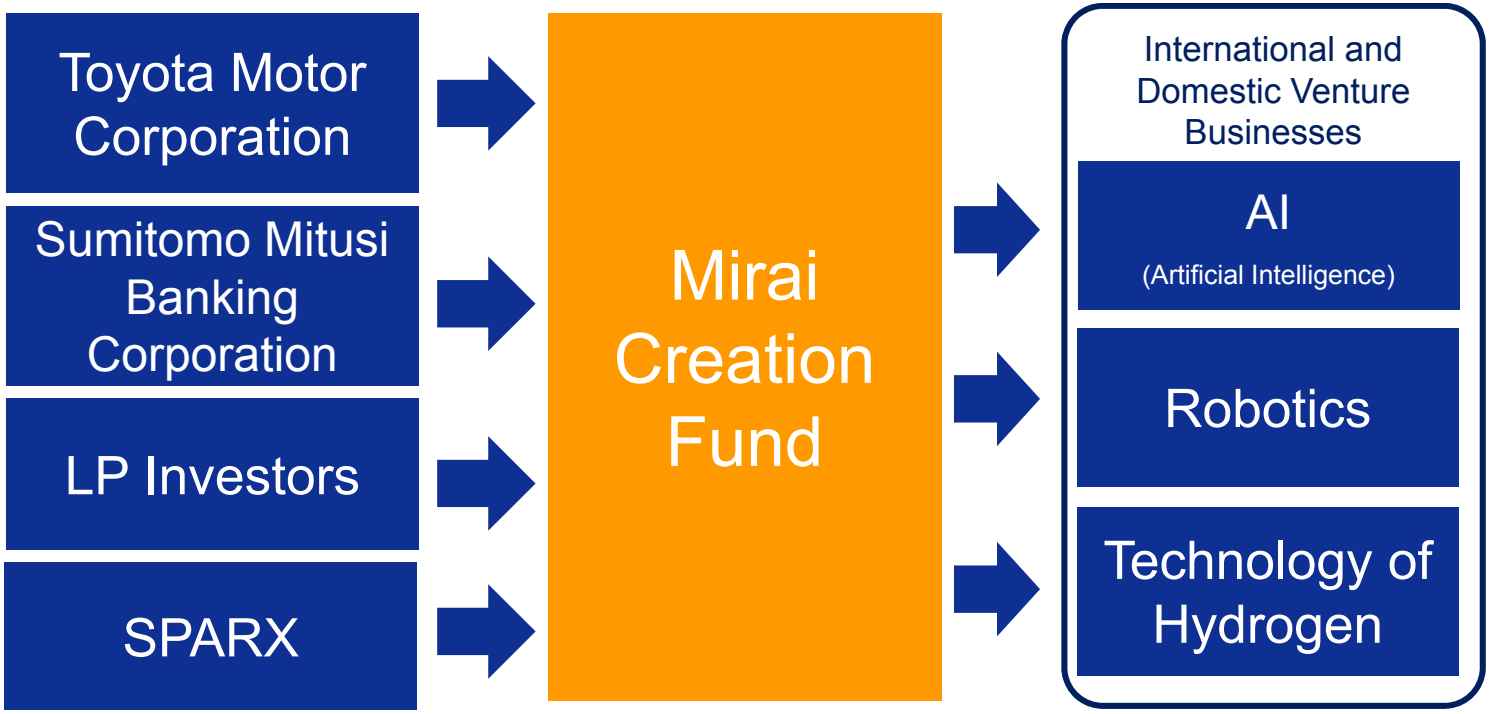
Executed Amount : JPY 11.8BN

At the end of December 2017

AUM: JPY 36.7BN

42 Projects

Executed Amount : JPY 20.3BN



Mirai Creation Strategy (2)

Established a representative office in the US

October 2017, the US representative office was established in San Francisco, California

PURPOSES

① Engaging in discovery of investment targets and selection of potential suitors in the US for Mirai Creation Fund.
② Enhancing a network with investees in the US for Mirai Creation Fund.
③ Enhancing a personal network in the local venture business industry.
④ Gathering information in an attempt to expand new businesses in the US.



Whole building the office located in



Office

(Reference) http://v4.eir-parts.net/v4Contents/View.aspx?cat=tdnet&sid=1537642

Mirai Creation Strategy (3)

Portfolio Companies

PKSHA Technology Inc.

- A venture specializes in AI, develops algorithms by utilizing its machine learning and licensing
- Listed on TSE Mothers since September 22nd, 2017

SORACOM, INC.

- A leading company in IoT field, provides communication platform "SORACOM"
- Acquired by KDDI CORPORATION in August 2017

More of its portfolio companies being newly listed on markets or being acquired by large firms are expected.

Establish a structure that performance fees will be recorded after sharing its profit with LP investors.

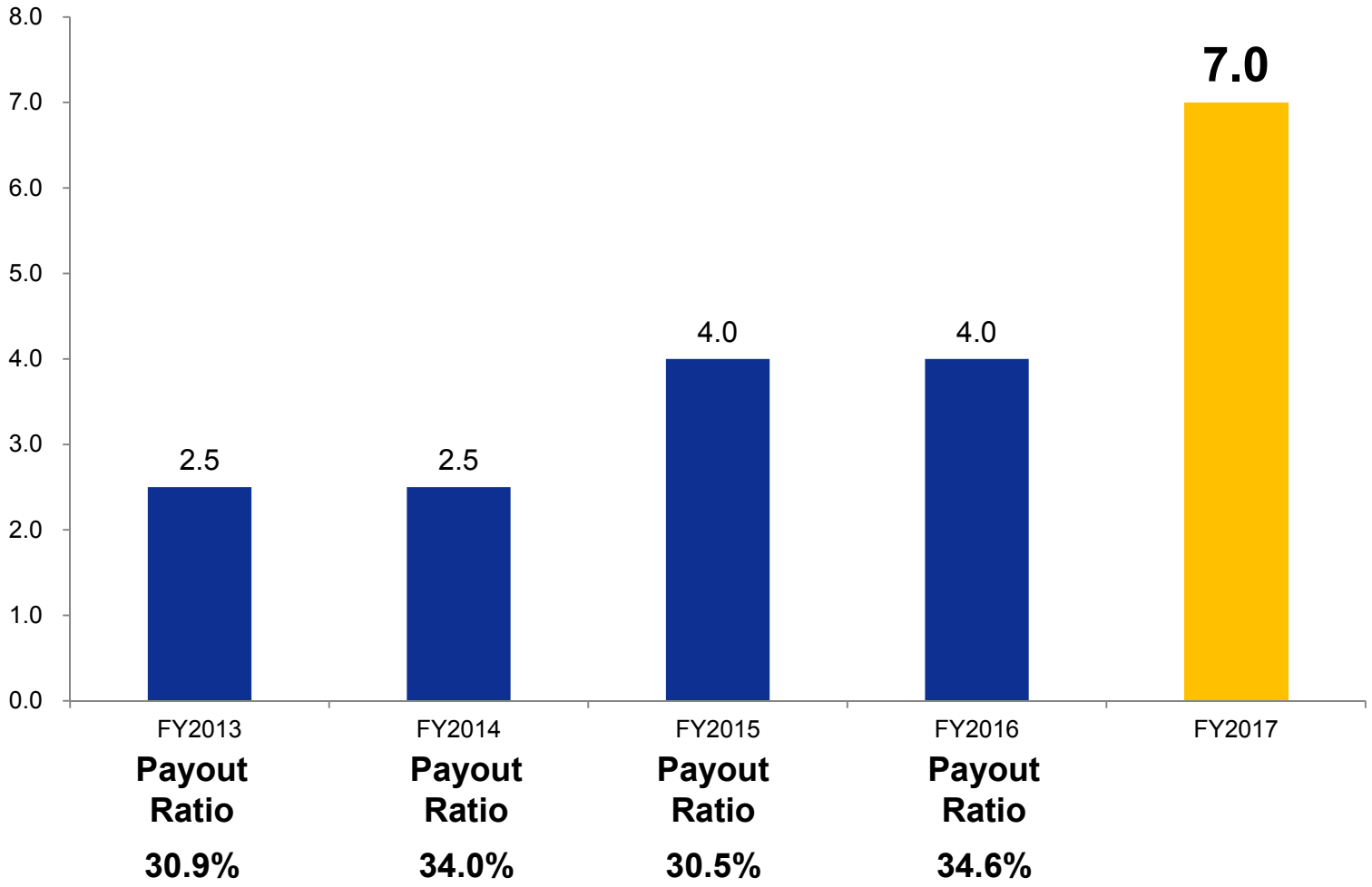
⇒No performance fee is currently expected from this strategy during FY2017.

Other

Shareholders Return – Dividend

Dividend expectation for FY2017 will increase up to JPY 7.00 per share(Note)

(Unit : JPY)



(Note) Dividend shall be officially determined and the dividends will be paid out subject to the approval of the resolution of the 29th general shareholders' meeting that is scheduled to be held in June 2018. In addition to the above, stock repurchase in the amount of JPY 328 million were executed in 1Q 2017.

Inherits investment philosophy of SPARX through Internal Study Sessions, “Buffett Club”

What's Buffett Club

Through sessions, SPARX employees share values of making clients wealthier, healthier and happier as “the Most Trusted and Respected Investment Company in the World” by analyzing and discussing investment philosophies including a prominent investor, Warren Buffett.

Sessions have been carried on periodically since SPARX established and investment philosophy of SPARX has been inherited to next generations.



Corporate Profile

Company Name	SPARX Group Co., Ltd.
President	President & CEO Shuhei Abe
Location	1-2-70 Konan, Minato-ku, Tokyo, JAPAN
Establishment	July 1, 1989
Capital	8,581 million Yen (as of Dec. 2017)
Number of Employees	140 (as of Dec. 2017)
Listed Market	JASDAQ Standard Market, Tokyo Stock Exchange
Ticker	8739



President & CEO Shuhei Abe

1954 Born in Sapporo, Hokkaido, Japan
1978 Graduated Sophia University faculty of economics
1980 Acquired an MBA from Babson College
Joined Nomura Research Institute, Ltd.
Engaged in researching individual firms of Japanese equity as an analyst
1982 Seconded to Nomura Securities International, Inc. (NY) and engaged in sale of Japanese equity for US institutional investors
1985 Established Abe Capital Research (NY)
Engaged in asset management and advisory business of Japanese equity in US dollars such quantum fund asset management of US individual asset holders
1989 After came back to Japan, established SPARX investment advisor (SPARX Group., Ltd.) and in charge of President and CEO (present)
2005 Acquired an AMP from Harvard Business School
2011 Assumed one of the Cost Estimation and Review Committee members of the Energy and Environment Council established by the Japanese Government
2012 Assumed one of the Demand and Supply Review Committee members established by the Japanese Government
2012 Assumed one of the Risk Advisory Committee members established by the Japan Bank for International Cooperation (present)

Appendix

＜Reference＞ Revenue Structure and Important Management Indicator

Business that receiving fees at fixed rate of AUM

■ Revenue Structure

Management Fees = AUM × rate of management fees

Performance Fees = AUM × percentage of AUM eligible to earn performance fees × rate of performance fees

■ Important Management Indicator

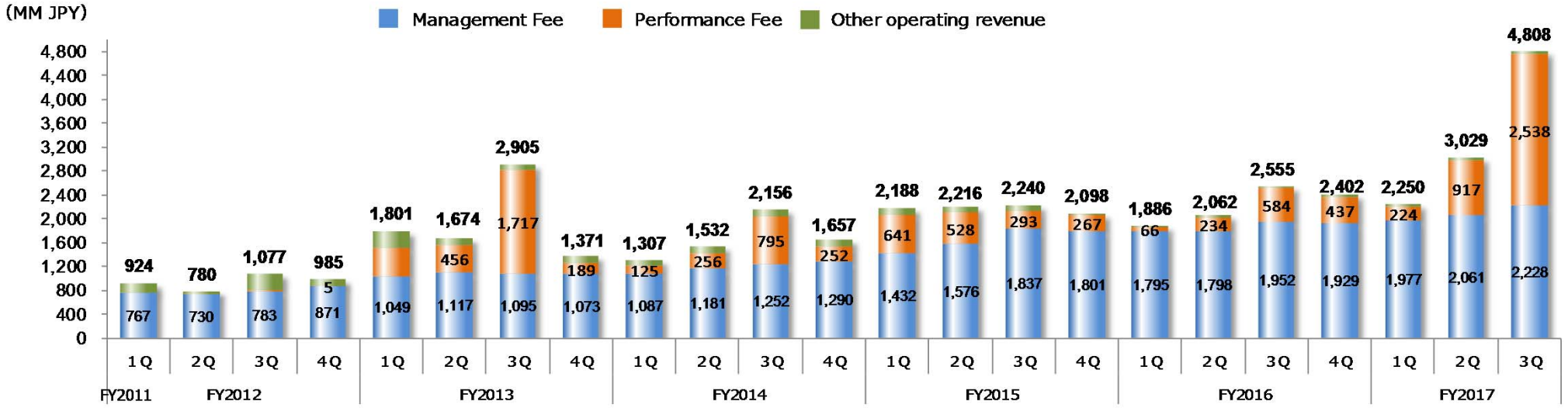
- Asset under management (AUM)
- Rate of management fee
- Percentage of AUM eligible to earn performance fees
- Base Earnings

  = management fees (after deduction of commission paid) ▲ ordinary expenses

※ The formulas above simply explain revenue structure, not exact calculation actually used.

Quarterly Trends of Operating Revenue

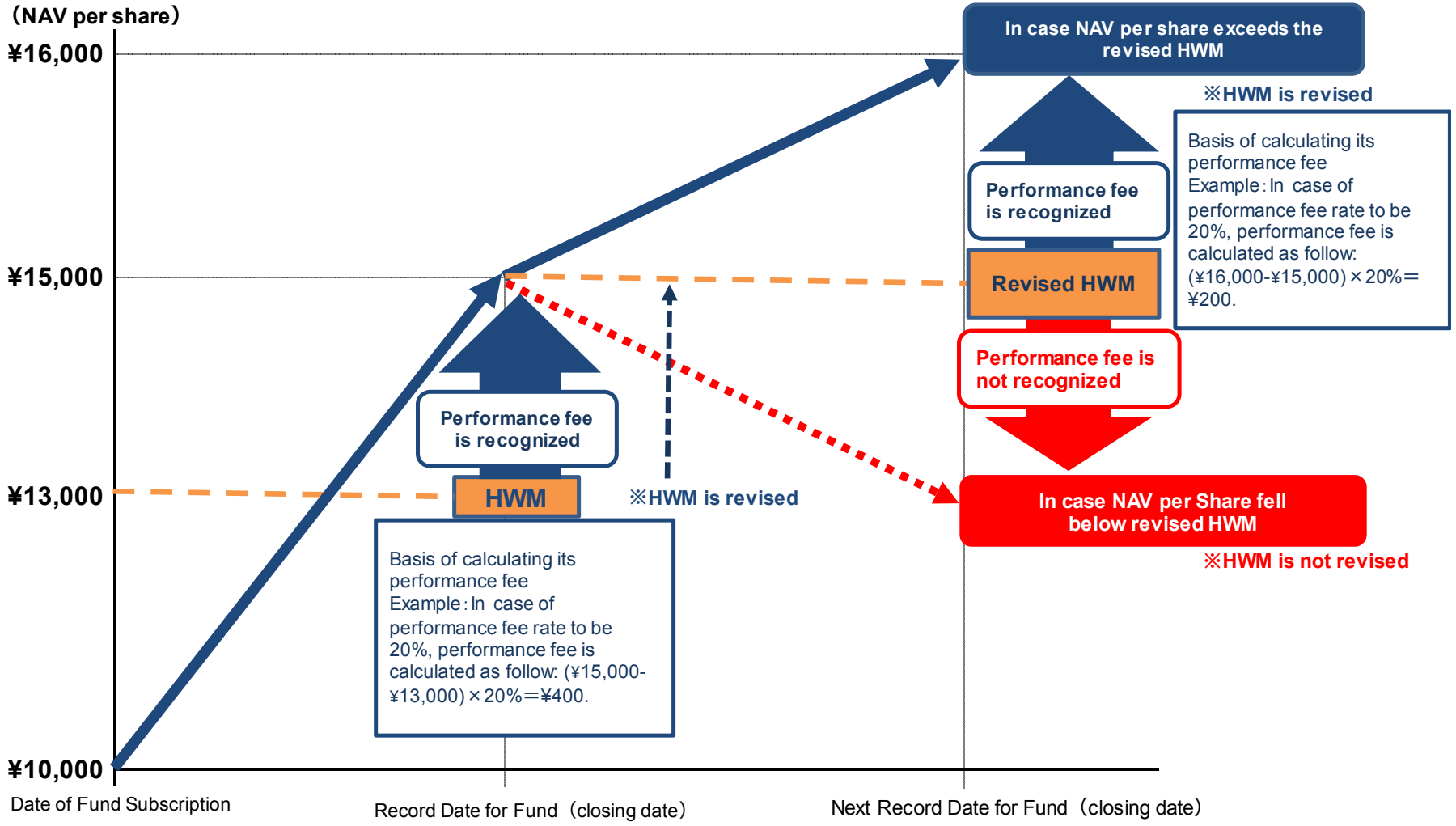
Performance fee significantly increased in 3Q FY2017, addition to maintenance of management fee rate and steadily remained management fee



(MM JPY)	FY2012				FY2013				FY2014				FY2015				FY2016				FY2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Management Fee	767	730	783	871	1,049	1,117	1,095	1,073	1,087	1,181	1,252	1,290	1,432	1,576	1,837	1,801	1,795	1,798	1,952	1,929	1,977	2,061	2,228
Performance Fee	0	2	31	5	462	456	1,717	189	125	256	795	252	641	528	293	267	66	234	584	437	224	917	2,538
Other operating revenue	156	46	261	107	288	100	92	109	94	94	109	114	114	111	109	29	24	28	18	35	48	50	41
Operating Revenue	**924**	**780**	**1,077**	**985**	**1,801**	**1,674**	**2,905**	**1,371**	**1,307**	**1,532**	**2,156**	**1,657**	**2,188**	**2,216**	**2,240**	**2,098**	**1,886**	**2,062**	**2,555**	**2,402**	**2,250**	**3,029**	**4,808**
(Reference)																							
Average AUM (100MM JPY) (3months average)	4,799	4,643	5,369	6,232	6,774	6,752	7,117	6,874	7,239	7,859	8,217	9,126	10,297	9,277	9,856	9,497	9,233	9,270	9,703	9,631	10,018	10,627	11,773
Management fee rate (3months average) (After the deduction of commission fee)	0.57%	0.55%	0.52%	0.50%	0.55%	0.58%	0.53%	0.52%	0.51%	0.52%	0.53%	0.49%	0.49%	0.59%	0.63%	0.66%	0.67%	0.67%	0.70%	0.70%	0.68%	0.68%	0.66%
Percentage of AUM eligible to earn performance fees	54.0%	51.9%	46.3%	49.1%	46.9%	49.4%	51.9%	55.1%	51.2%	50.5%	51.2%	47.6%	47.4%	37.7%	37.3%	40.1%	39.8%	41.8%	39.2%	36.4%	35.0%	34.2%	32.1%
NIKKEI stock average (Record date)	9,006	8,870	10,395	12,397	13,677	14,455	16,291	14,827	15,162	16,173	17,450	19,206	20,235	17,388	19,033	16,758	15,575	16,449	19,114	18,909	20,033	20,356	22,764

Structure of Performance Fee (Related to Equity Investment Fund)

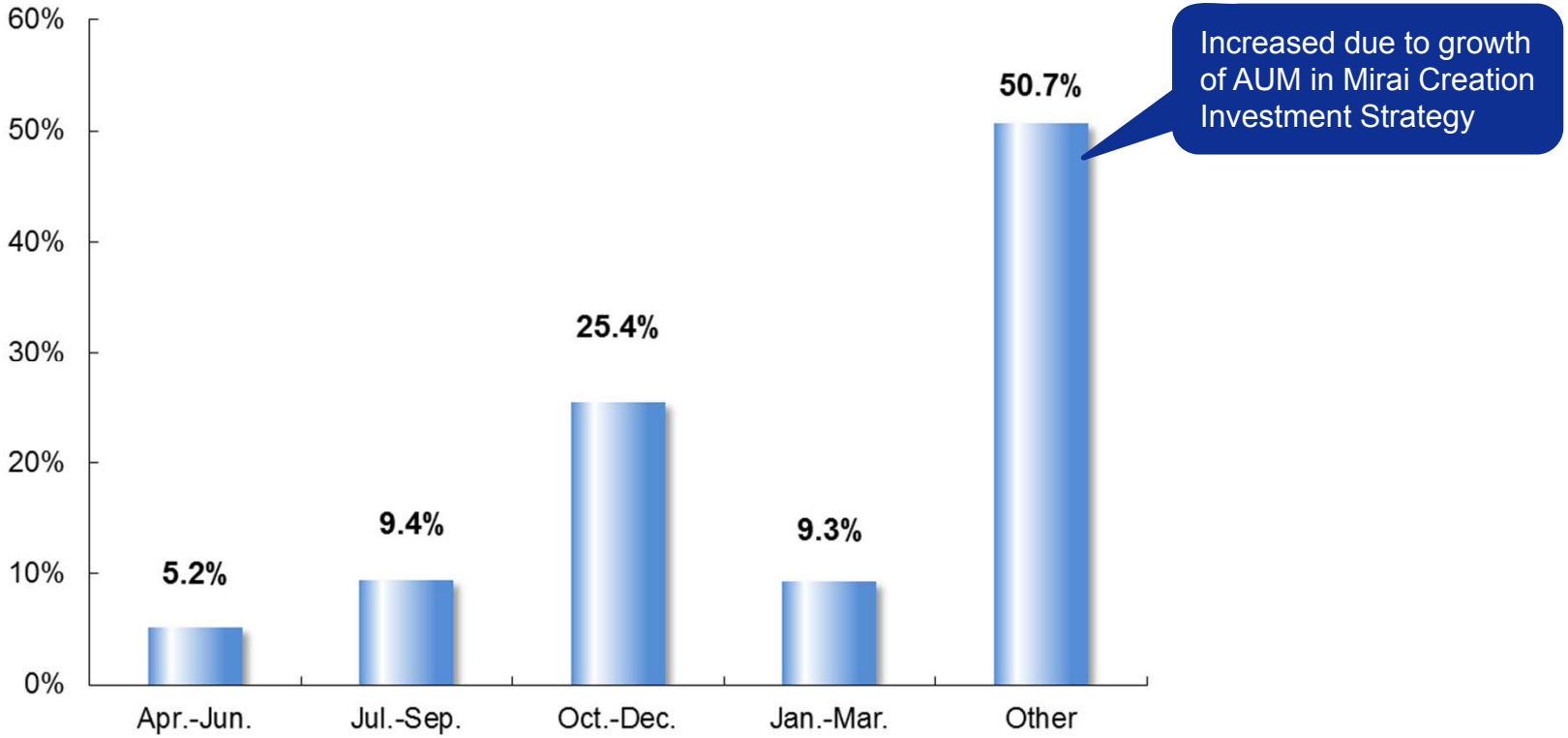
Performance Fee is recognized for NAV per share exceeding HWM as of record date for fund



(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% (excludint tax) for informational purpose only. In addition, "HWM" an abbreviation of High-Water Mark.
(Note 3) In case peformance fee recognized on record date for fund, "HWM" is revised.

(SAM) Funds with Performance Fees
Distribution of Record Date for Calculation

Continuously endeavor to distribute
record date (settlement date) of performance fee for funds



(Note1) All funds managed by SAM (investment trusts and discretionary investment accounts; hereinafter the same applies) as of December 31, 2017 are classified by the performance fee value date and payment month in the graph above. Among these, performance fee is recorded only if it has met the requirements specified in the contract in each calculation value date. Please note that it is not intended to demonstrate how definite performance fee to occur in the future.

(Note2) In calculating these percentages, the following adjustments are made: for funds with multiple payment periods through a year, the equally divided values of the funds are allocated to the amount in the month of each value date and for funds with no regular payment periods are classified as “others”.

(Note3) The table above excludes AUM which arises acquisition fees of fundraising the Company received from such power stations relating to Japan Renewable Energy Investment Strategy.

(Note4) The above % figures are rounded to the nearest tenth of a percent. In addition, the figures are estimated based on in-house calculation.

(Note5) SAM is the abbreviation for SPARX Asset Management Co., Ltd. Hereinafter called the same.

Breakdown for Operating Expenses and General & Admin Expenses

① **Allowance for bonuses links with operating performance increased due to increase in operating revenue**

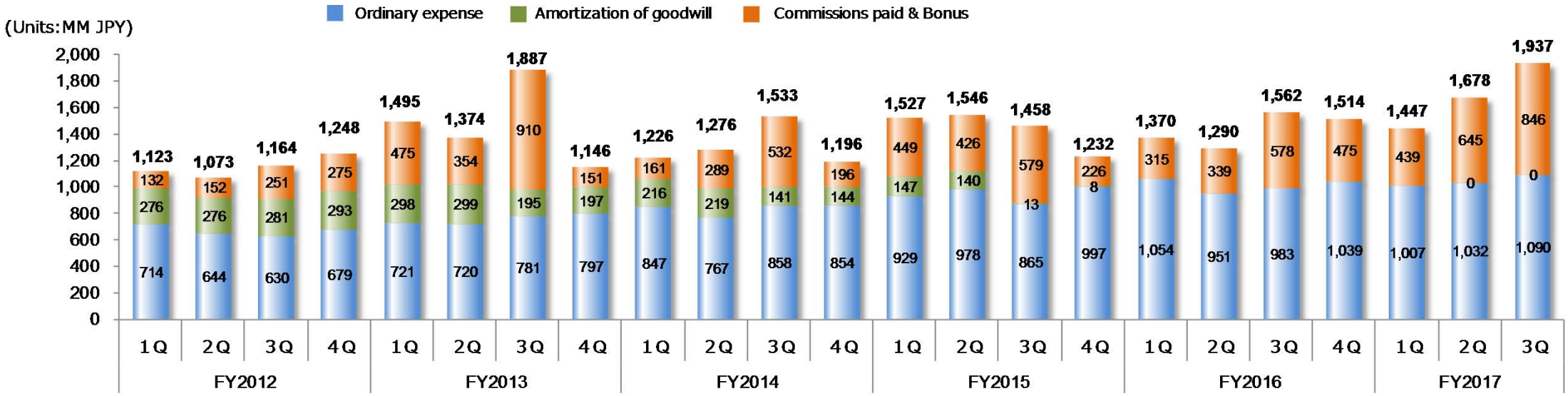
② **Commission paid increased regarding to increase in operating revenue**

(Units: MM JPY)	FY2016		FY2017	
	Apr2016-Dec2016	Full Year	Apr2017-Dec2017	YoY change
Commissions paid	766	1,020	823	+7.5%
Personnel exp.	1,712	2,347	2,323	+35.7%
Travel exp.	173	225	169	▲2.5%
Property rent	295	357	241	▲18.1%
Entrusted business expenses	534	731	640	+19.9%
Depreciation on fixed assets	70	105	111	+58.9%
Advertising exp.	123	182	109	▲11.4%
Research exp.	156	210	161	+3.3%
Other expenses	391	555	480	+23.0%
Total: Operating and general administrative expenses	4,223	5,737	5,062	+19.9%
Ordinary expense	2,989	4,028	3,129	+4.7%

(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), (3) Severances package for key members and (4) Amortization of goodwill, from total operating and general administrative expenses; hereinafter the same applies in this document.

Quarterly Trends of Operating Expenses and General & Admin Expenses

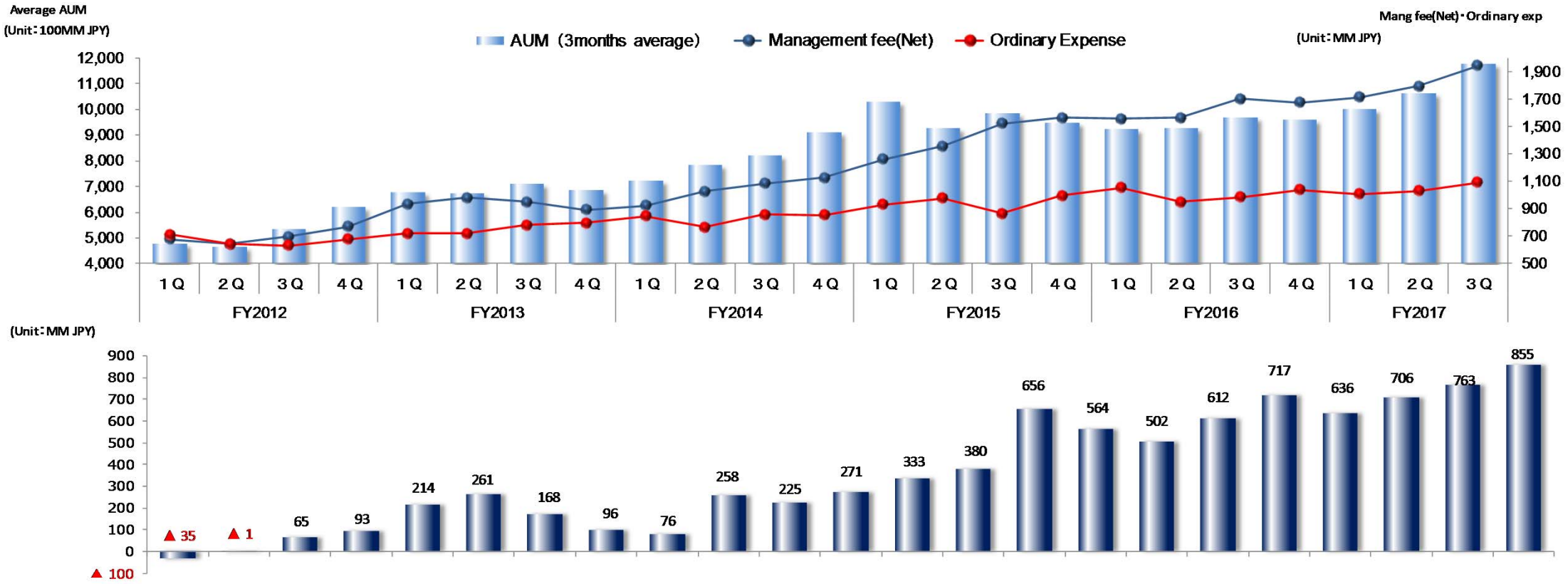
Cautious Cost-control taken continuously in the midst of business expansion



(Units : MM JPY)	FY2012				FY2013				FY2014				FY2015				FY2016				FY2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Ordinary expense	714	644	630	679	721	720	781	797	847	767	858	854	929	978	865	997	1,054	951	983	1,039	1,007	1,032	1,090
Amortization of goodwill	276	276	281	293	298	299	195	197	216	219	141	144	147	140	13	8	–	–	–	–	–	–	0
Commissions paid & Bonus	132	152	251	275	475	354	910	151	161	289	532	196	449	426	579	226	315	339	578	475	439	645	846
Operating and general administrative expenses	1,123	1,073	1,164	1,248	1,495	1,374	1,887	1,146	1,226	1,276	1,533	1,196	1,527	1,546	1,458	1,232	1,370	1,290	1,562	1,514	1,447	1,678	1,937

Quarterly Trends of Base Earnings

Base earnings has remained stable by cost-control and increase in management fees

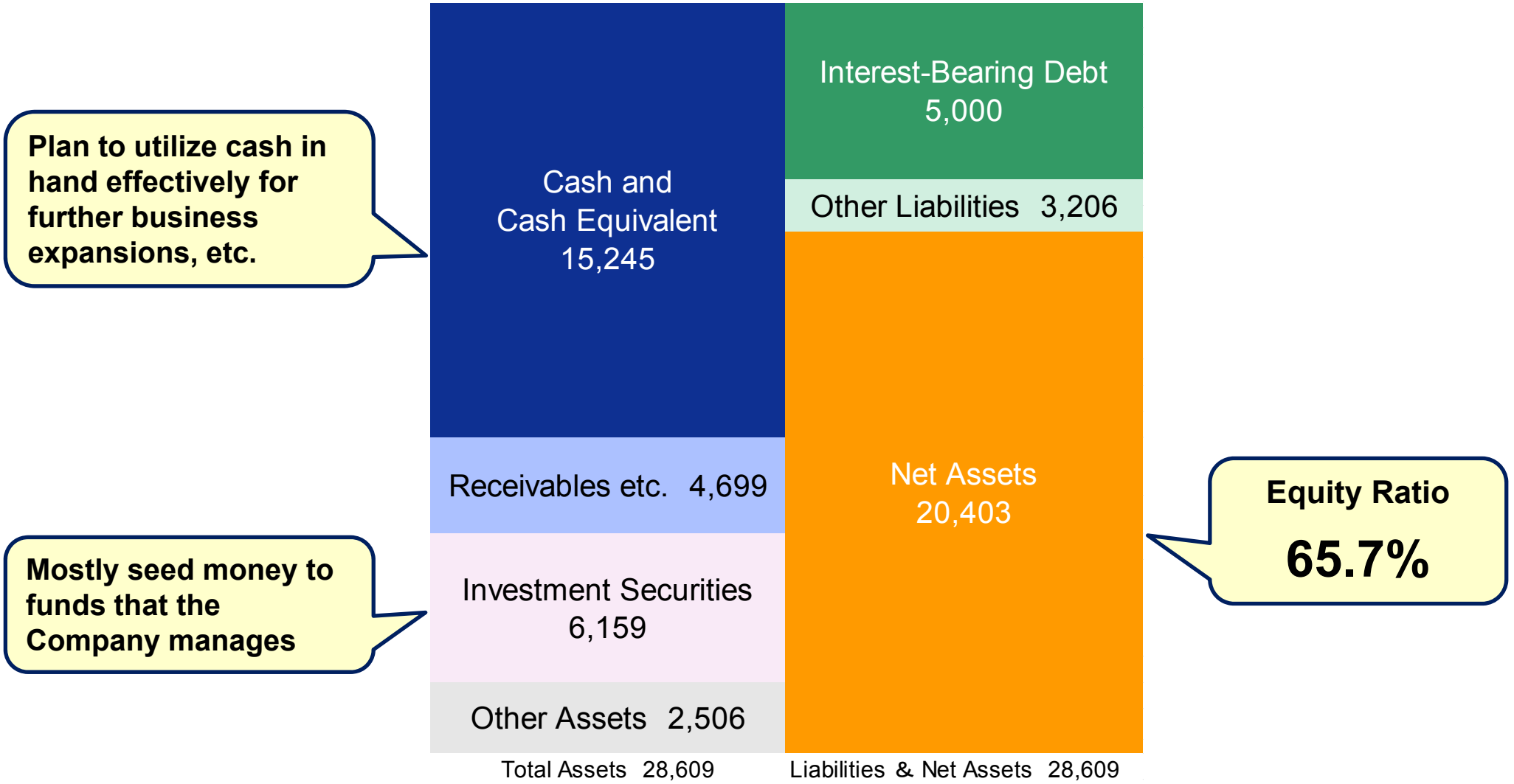


(Unit : MM JPY)	FY2012				FY2013				FY2014				FY2015				FY2016				FY2017		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
AUM（3months average）	4,799	4,643	5,369	6,232	6,774	6,752	7,117	6,874	7,239	7,859	8,217	9,126	10,297	9,277	9,856	9,497	9,233	9,270	9,703	9,631	10,018	10,627	11,773
Management fee(Net)	679	642	695	771	934	982	950	894	923	1,025	1,084	1,126	1,262	1,358	1,521	1,562	1,557	1,563	1,701	1,675	1,713	1,795	1,945
Ordinary Expense	714	644	630	679	721	720	781	797	847	767	858	854	929	978	865	997	1,054	951	983	1,039	1,007	1,032	1,090
Base Earnings	▲35	▲1	65	93	214	261	168	96	76	258	225	271	333	380	656	564	502	612	717	636	706	763	855

(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.

B/S Overview（1）

（Unit：MM JPY）



B/S Overview (2)

(Units: MM JPY)	Mar. 2017	Dec. 2017	YoY change
Current assets	17,767	21,148	+3,381
Cash and cash equivalents	14,459	15,245	+785
Receivables	1,955	4,699	+2,743
Fixed assets	5,774	7,460	+1,686
Investment securities	4,415	6,159	+1,743
Total assets	23,541	28,609	+5,068
Long-term loans payable	5,000	5,000	-
Payables	1,214	1,846	+632
Total liabilities	6,358	8,206	+1,848
Common stock	8,581	8,581	-
Add'l paid-in-capital	4,111	3,285	▲825
Retained earnings	5,503	8,355	+2,852
Treasury stock	▲3,701	▲3,204	+497
Total Shareholder's Equity	14,494	17,019	+2,524
Valuation difference on AFS securities	▲29	347	+377
Foreign currency translation adjustment	1,220	1,427	+207
Non-controlling interests	1,479	1,590	+110
Total net assets	17,183	20,403	+3,220

(Note1) Figures above are truncated.
(Note2) Investment securities include the seed money of the Company funds.

Mainly increased in investment advisory fee receivables in related to performance fee

Mainly seed investment related to OneAsia investment strategy

Disposal of treasury stock: ▲825MM JPY

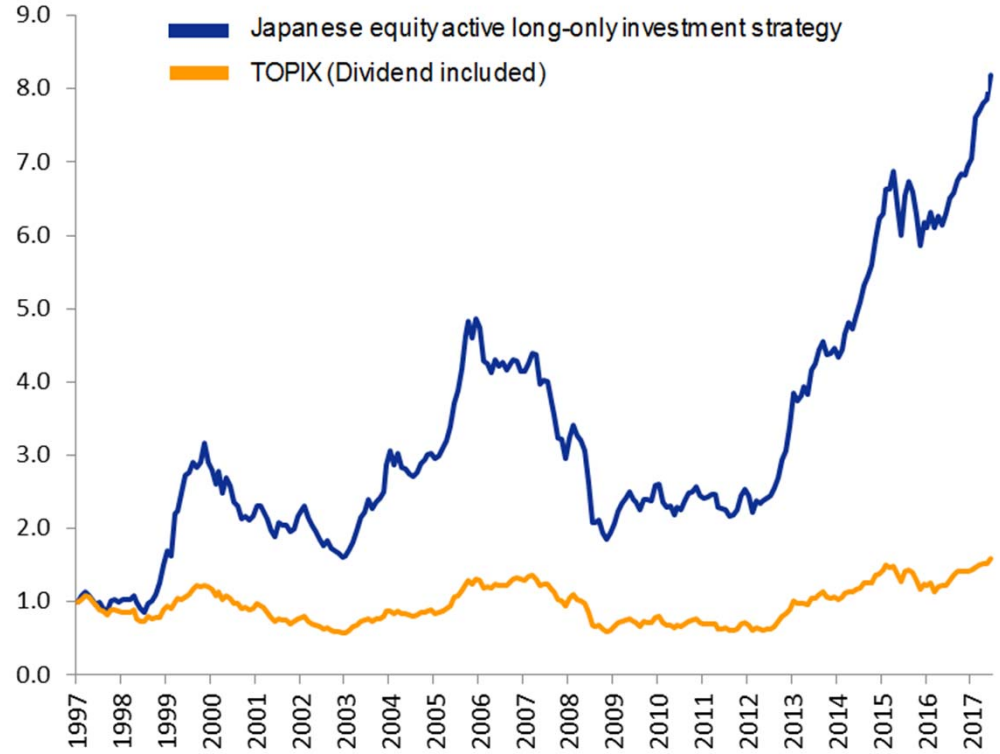
Payment of dividend: ▲810MM JPY
Profit attributable to owners of parent in 3Q FY2017 : ＋3,663 MM JPY

Stock repurchase: ▲328MM JPY
Disposal of treasury stock: +825MM JPY

Annualized Performance by Strategy Since Inception ①

※ Category of investment strategy in this slide is not completely match with IR information in slide 15.

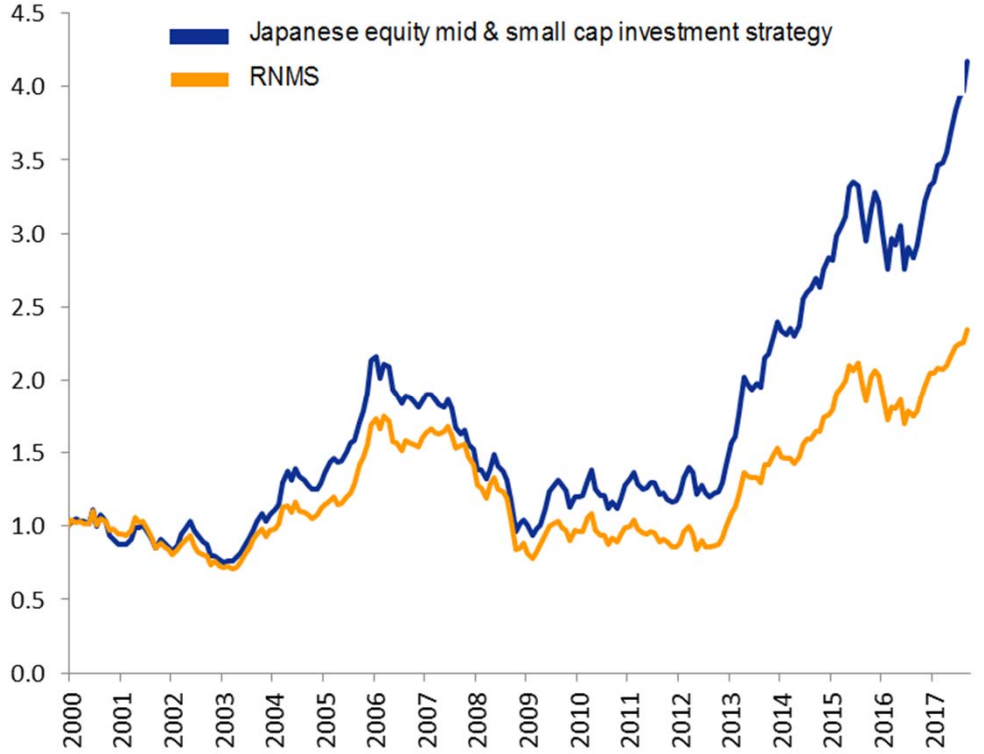
Japanese equity active long-only investment strategy



(Annualized Return)

Japanese equity active long-only investment strategy	11.25%	Reference Index	TOPIX (Dividend included)
Reference Index	2.66%	Measurement Period	1997/5 ～2017/12
Excess Return	8.58%	Volatility of Composite Return (Annualized)	20.76%

Japanese equity mid & small cap investment strategy



(Annualized Return)

Japanese equity mid & small cap investment strategy	9.00%	Reference Index	Russell/Nomura Mid-Small Cap Index
Reference Index	5.38%	Measurement Period	2000/1 ～2017/12
Excess Return	3.62%	Volatility of Composite Return (Annualized)	17.76%

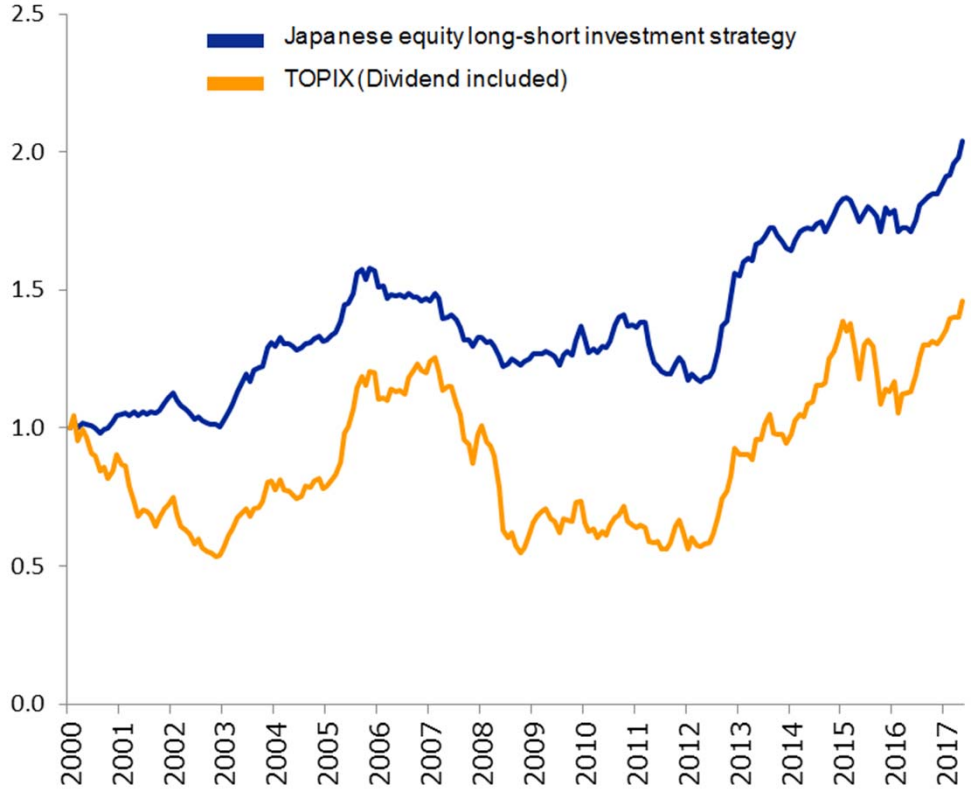
Please refer to the disclaimers at the end of the slides.

Source: SPARX Group Co., Ltd (Tokyo, Japan), as of December 31, 2017.

Annualized Performance by Strategy Since Inception ②

※ Category of investment strategy in this slide is not completely match with IR information in slide 15.

Japanese equity long-short investment strategy

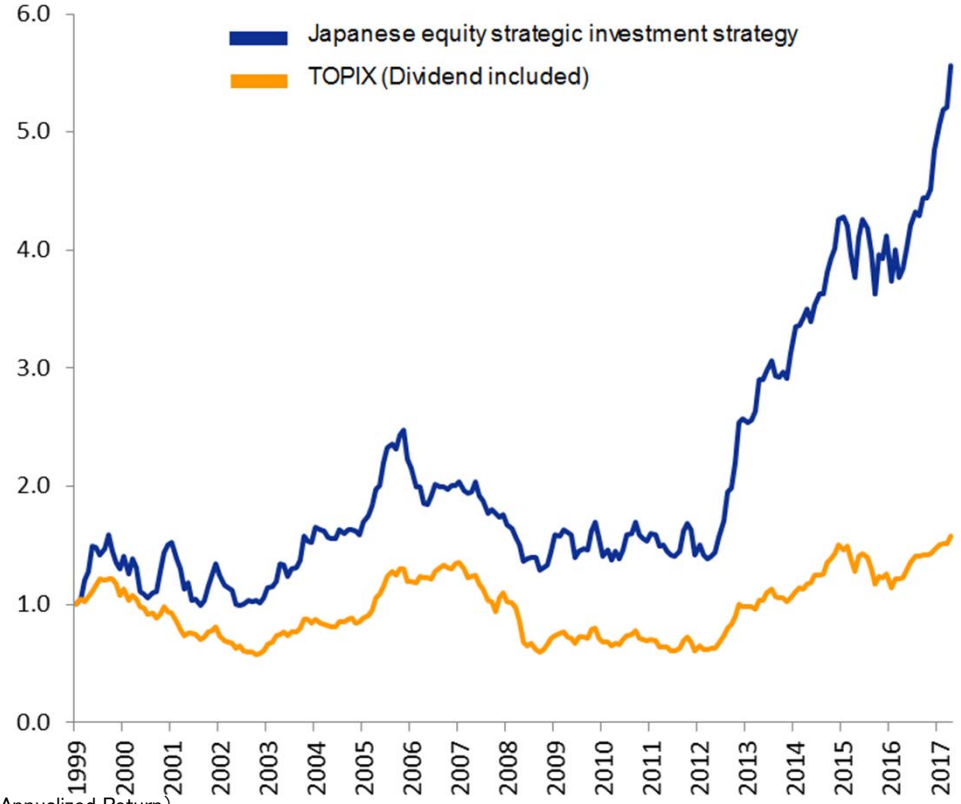


(Annualized Return)

Japanese equity long-short investment strategy	4.52%
Reference Index	2.67%
Excess Return	1.85%

Reference Index	TOPIX (Dividend included)
Measurement Period	2000/6 ～2017/12
Volatility of Composite Return (Annualized)	7.31%

Japanese equity strategic investment strategy



(Annualized Return)

Japanese equity strategic investment strategy	10.72%
Reference Index	2.97%
Excess Return	7.74%

Reference Index	TOPIX (Dividend included)
Measurement Period	1999/7 ～2017/12
Volatility of Composite Return (Annualized)	20.23%

Please refer to the disclaimers at the end of the slides.

Source: SPARX Group Co., Ltd (Tokyo, Japan), as of December 31, 2017.

Invested Companies by Mirai Creation Fund (at the end of December 2017)

＜Excerpt＞

Category	Company Name	Features
AI	Xevo Inc. (Prev. UIEvolution, Inc.)	Develops middle ware smoothly accessible UX (user experience) from vehicles, hotels and luxury liner.
AI	Getaround	A venture develops car sharing system “The AirbnB for car rental” Establishes a strategic relationship in Toyota “connected vehicle” project.
AI	freee, K.K.	The Japan’s leading market share company in the area of cloud accounting and payroll software.
AI	FiNC Inc.	A digital health company providing personalized health and wellness recommendations to individuals via a combination of healthcare experts and AI, based on various data including genetic tests, medical diagnostics and lifestyle habits.
AI	aptpod, Inc.	Bi-directional cloud system provider, applicable to autonomous driving.
AI	Guardian Optical Technologies Ltd.	Accelerates its R&D efforts and aims to enable car manufacturers with more advanced safety systems by offering rich data regarding the occupants in the vehicle.
AI	Autotalks Ltd.	Prepares and expands its operations for the upcoming start of mass productions of the chipsets as well as continues to develop communication solutions for both connected and autonomous cars.
AI	Japan Taxi Co., Ltd	Adds new functions, such as “pre-fixed tariff” and “ride together system” to the app and aims to triple its market share from current 22% to 60% by the year of 2022 in the taxi distribution network, thereby making it a “national taxi app.”
AI	Sansan, Inc.	Accelerates the spread of Eight, Japan’s biggest business network based on business cards, within Japan and internationally, while aiming to become Asia's number one business platform.
AI	Fly Data Inc.	Aims to be a total solution provider for data applications by offering solutions in the industry IoT and AI sectors in addition to its data integration solutions.
Robotics	GROOVE X	Aims to create a global standardized home robot by utilizing experiences via developing Pepper .
Robotics	Kymeta Corporation	Technology of satellite antenna which will realize high data capacity and high-bandwidth connected mobility.
Robotics	3D MEDiA Co., Ltd.	Contributing to industrial robots’ intelligence by providing function of eye and brain.
Robotics	WHILL Inc.	Develops, produces and sells high end e-wheelchairs complex of hardware and software.
Robotics	MJI Inc.	Develops communication robots, “Tapia”, which provide not only convenient but also joyful and exciting life.
Robotics	Magellan Systems Japan, Inc.	R&D on base technologies for self-driving with envisaging the launch of Japanese GPS service.
Robotics	Exvision Corporation	Enhances technology development for its High Speed Vision Development Platform and deepens the penetration of its application system portfolio via expanded global sales and marketing efforts.
Robotics	RT Corporation	By utilizing deep learning, aims to develop the prototyping of next generation multi articulated robot with artificial intelligence, which can pick up not solid item, like food stuff in the food production factory. In addition, hiring new talents to strengthen the fundamentals of its growth.
Robotics	Realtime Robotics Inc.,	Accelerates R&D efforts on its proprietary motion planning processor architecture, which enables robotic systems to calculate paths to avoid obstacles and determine optimized routes at a much faster speed, with less power consumption and a much lower cost. Also it aims to accelerate its growth by applying this technology in collaboration with big global players in industrial robots and autonomous car industries.
Robotics	iQPS Inc.	Aims to build cutting-edge social infrastructure through which "earth observation is instantly available at any time" by launching many small SAR satellites.
Robotics	Intuition Robotics, Inc.	Its multidisciplinary team of roboticists, industrial designers, full stack developers, android developers, gerontologists, and machine learning experts, are currently developing ELLIQ, the active Aging Companion.
Robotics	Meltin MMI	Successfully reproduced fine finger movements using its proprietary bio signal processing and robotic mechanism control technologies. The technologies developed by it are promised a wide range of applicants, starting in the medical and nursing care fields.
Hydrogen	Exergy Power System Co., Ltd.	Has unique technology on hybrid-hydrogen batteries and hydrogen production.

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Contact: Global Business Development Tel: +81-(0)3-6711-9200

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SPARX Group Co., Ltd.
Shinagawa Season Terrace 6F 1-2-70, Konan,
Minato-ku, Tokyo, 108-0075, Japan
Tel: +81-(0)3-6711-9100