Consolidated Financial Results for FY2017 (Apr. 2017 – Mar. 2018)

May 14th, 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 FY2017

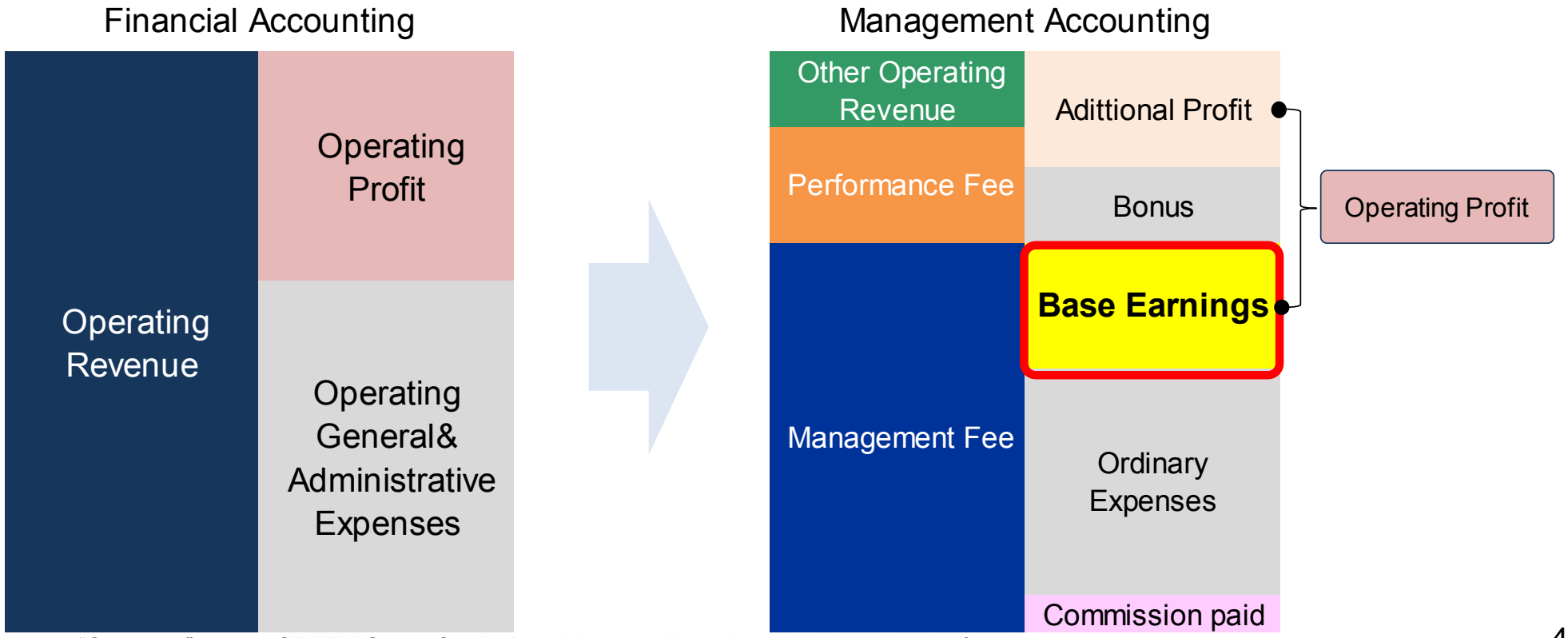
An Attention to Consolidated Financial Results of SPARX Group Co., Ltd.

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" to understand the earning strength.**



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

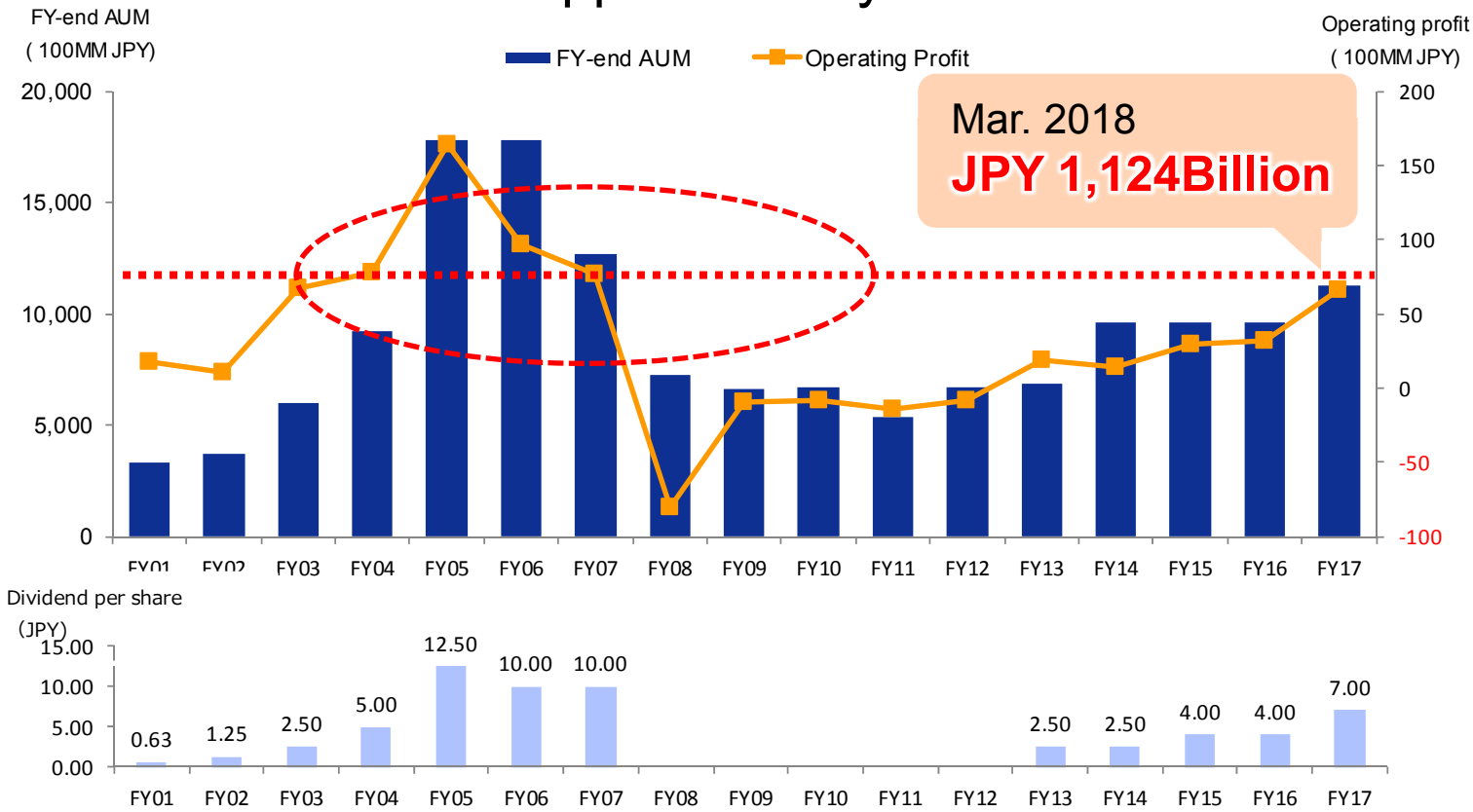
Overview FY2017 (12 months)

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 have reached approximately 70% of "Full Revival"

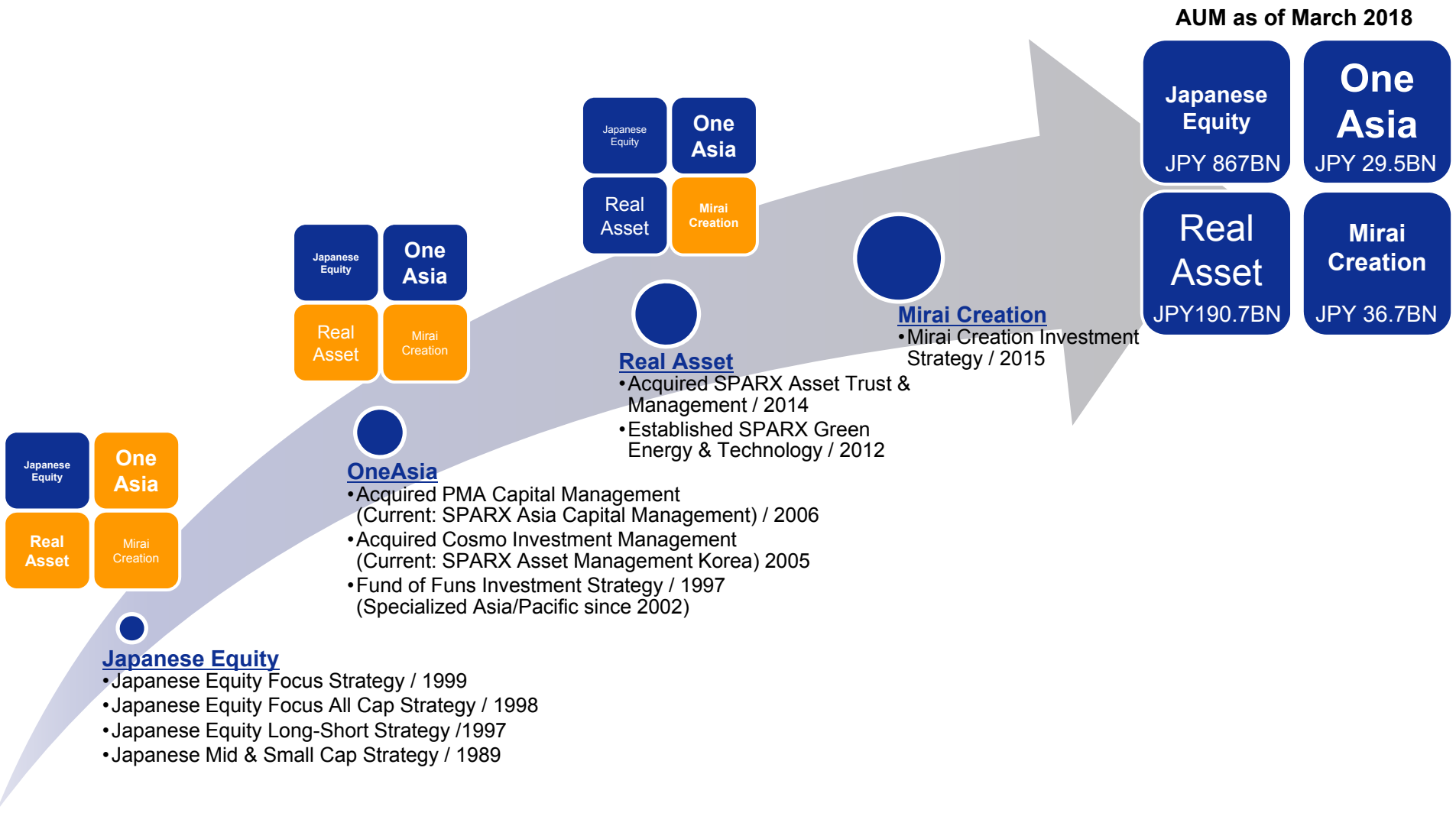


Aiming for AUM JPY 2 trillion
by utilizing hybrid investment strategies of "high profitability" and "stability"

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

Hybrid Model of Investment Strategy

Hybrid model composed of investment strategies: Highly profitable Japanese Equity and stable Real Asset / Mirai Creation



Significantly affected by market fluctuations

Increased stability by diversifying investment strategies

Hybrid Model of the Company's Revenue

Under our model, performance fees can be earned from some funds, in addition to management fees. Operating revenue increases directly from recording performance fees.

	FY2016 Full Year	FY2017 Full Year	YoY change (%)
Management fees (MM JPY)	7,476	8,568	+14.6%
Performance fees (MM JPY)	1,322	4,476	+238.4%
Other operating revenue (MM JPY)	107	182	+69.7%
Total operating revenue (MM JPY)	8,907	13,227	+48.5%
Operating profit (MM JPY)	3,169	6,569	+107.3%

■ **Revenue Structure**

Management Fees = AUM × rate of management fees

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

(Note 1) The formulas above simply explain revenue structure, not exact calculation actually used.

(Note 2) Please refer slide 10 and 33 - 36 for details of Management fees and Performance fees.

FY 2017 Overview (1) Performance

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

(Unit:MM JPY)	FY2016	FY2017	YoY change
	Full Year	Full Year	
Operating revenue	**8,907**	**13,227**	**+48.5%**
Operating profit	**3,169**	**6,569**	**+107.3%**
Net income	**2,346**	**4,681**	**+99.5%**
Base earnings	**2,469**	**3,169**	**+28.3%**

(Note) Please refer slide 4, 10, 32 and 38 for details of base earnings.

FY 2017 Overview (2) Performance

		FY2016	FY2017	
		Full Year	Full Year	YoY change
Average AUM	(100MM JPY)	9,459	10,937	+15.6%
Management fee rate (After the deduction of commission paid)	(%)	0.69%	0.68%	▲0.01
Management fee (After the deduction of commission paid)	(MM JPY)	6,498	7,408	+14.0%
▲ Ordinary expenses	(MM JPY)	4,028	4,238	+5.2%
Base earnings	(MM JPY)	2,469	3,169	+28.3%
Performance fee	(MM JPY)	1,322	4,476	+238.4%
Percentage of AUM eligible to earn peformance fee	(%)	36.4%	25.4%	▲11.0
Other operating revenue	(MM JPY)	107	182	+69.7%
▲ Bonus (including ESOP Expense)	(MM JPY)	688	1,257	+82.6%
Operating profit	(MM JPY)	3,169	6,569	+107.3%
Profit attributable to owners of parent	(MM JPY)	2,346	4,681	+99.5%
ROE	(%)	15.7%	26.6%	+10.9

(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 JPY 1trillion that covered redemption in Korea.

(Unit:100MM JPY)	AUM			Average AUM (Nine months)		
	As of March, 2017	As of March, 2018	Change (%)	FY2016	FY2017	YoY change (%)
Japan	8,139	10,945	+34.5%	7,603	9,773	+28.5%
Korea	1,343	196	▲85.4%	1,659	1,065	▲35.8%
Asia	143	99	▲30.9%	196	98	▲49.9%
Total	9,627	11,240	+16.8%	9,459	10,937	+15.6%

	As of March, 2017	As of March, 2018	YoY change
TOPIX	1,512	1,716	+13.5%
NIKKEI stock average (JPY)	18,909	21,454	+13.5%
KOSPI	2,160	2,445	+13.2%

※ Please refer “SPARX Group Announces Assets Under Management for March 2018” for further information.
http://v4.eir-parts.net/v4Contents/View.aspx?cat=tdnet&sid=1570884

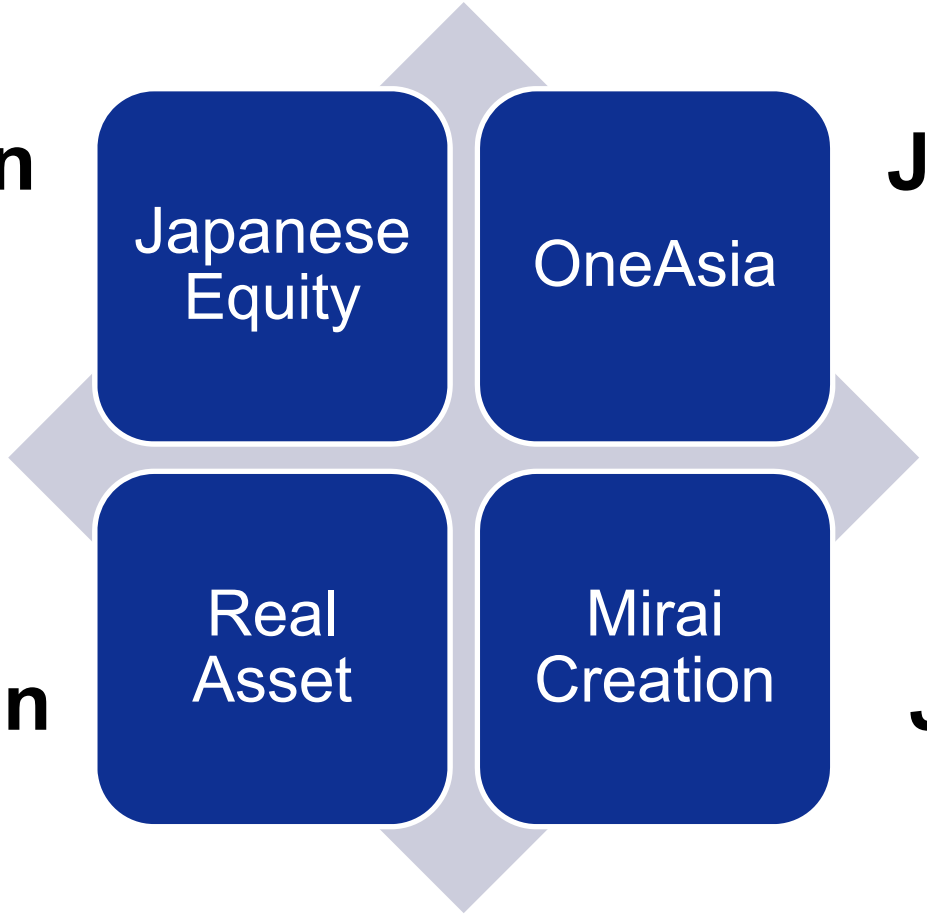
Progress of the Businesses and Future Plans

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.

JPY 867.0 billion

JPY 29.5 billion

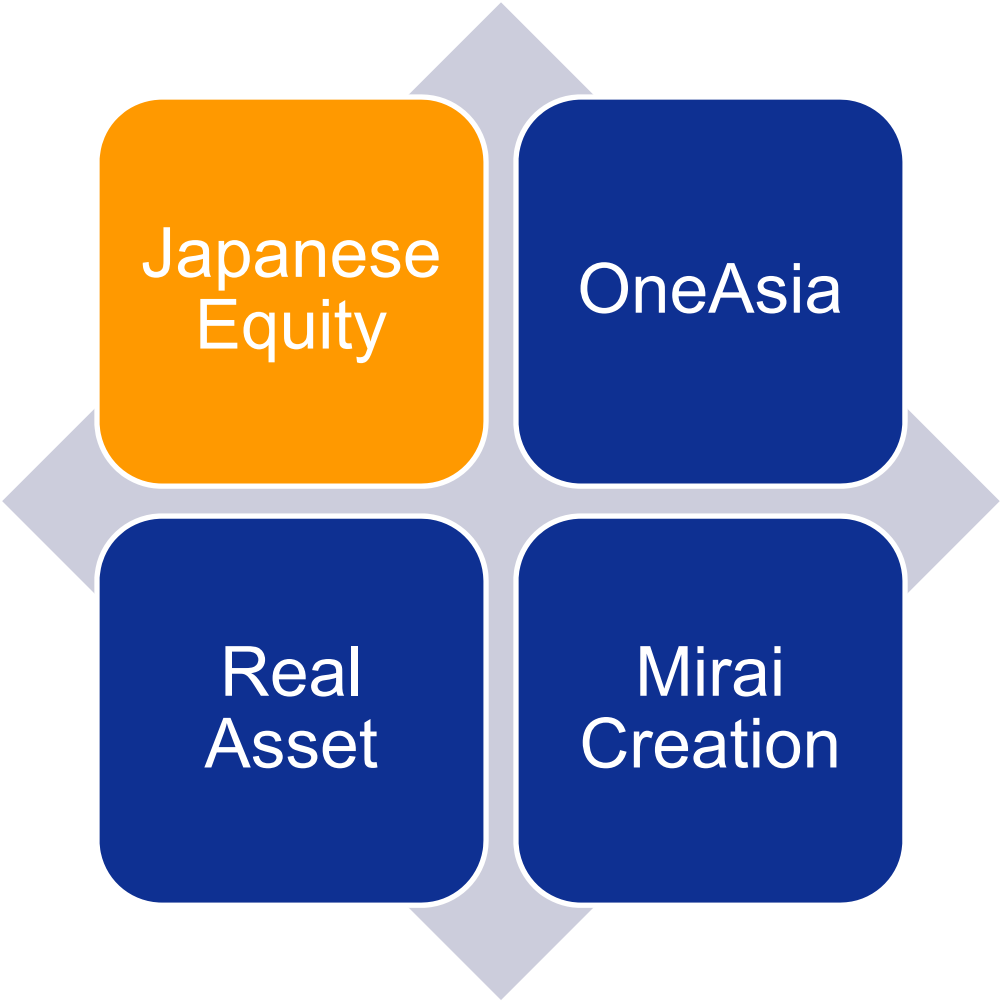


JPY 190.7 billion

JPY 36.7 billion

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 March 2018 : JPY 867.0 billion)



Japanese Equity Investment Strategy : AUM by Strategies

Latest AUM was downward following Japanese equity market although cash inflow from overseas was recorded continuously for 4Q.

(Unit : 100million JPY)	AUM			
	Mar. 2017	Mar. 2018	Change	Change (%)
Japanese Equity Long-Short Strategy	179	367	+187	104.6%
Japanese Equity Focus All Cap Strategy	2,946	4,414	+1,468	49.8%
Japanese Equity Mid & Small Cap Strategy	1,815	2,725	+909	50.1%
Japanese Equity Clean Tech. Strategy	1,030	1,022	▲8	▲0.8%
Value Creation/Engagement Strategy	56	135	+78	139.2%
Others	39	5	▲33	▲85.6%
Total	6,068	8,670	+2,601	42.9%

Press Release April 23, 2018

Received The First Prize of “R&I Fund Award 2018”

Investment Trusts / 10-year Category/ Japanese Equity Fund

The First Prize

SPARX NEW GLOBAL BLUE CHIP JAPANESE EQUITY FUND

“Gensentoshi”

Investment Trusts / Aggregate Category / Japanese Equity Fund Aggregate

The Second Prize

SPARX Asset Management Co., Ltd.

(Reference) http://v4.eir-parts.net/v4Contents/View.aspx?cat=tdnet&sid=1574067

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. The Award for the "Investment Trusts/Aggregate" category is based on the average performance of the relevant funds of a fund manager, and does not indicate the excellent performance of all individual funds of the manager.

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”)

The Company has won the Best Fund Award of Morningstar, albeit in distinct categories, for 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 January 19, & April 2, 2018

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

Proposal1 Increase dividend per share

Increasing dividends from Retained Earnings for the 92nd fiscal year, ending December 2017 from JPY 30 to JPY 90 per share

↓

Improve the inefficient capital allocation

Proposal2 Partial Modification of the Articles of Incorporation

Shortening the term of office for board members from "up to two years from appointment" to "up to one year from appointment."

↓

By increasing accreditation opportunities, it can establish a structure for handling management issues with shareholders perspectives

Above proposals were declined at the general shareholders' meeting on March 29, 2018 although we aimed to increase the value of TEIKOKI SEN-I by getting rid of unreasonable internal reserves.

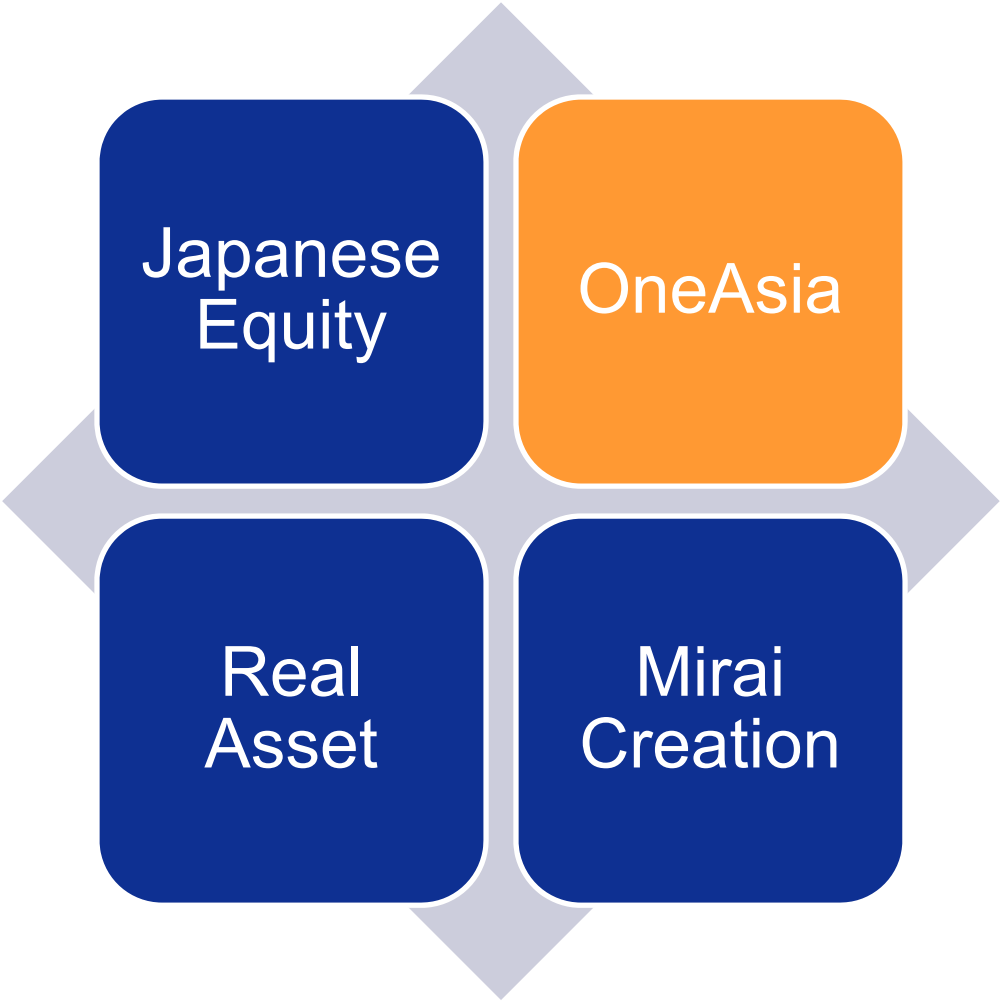
Intend to continue to engage with TEIKOKU SEN-I in constructive dialog.

(Reference) http://v4.eir-parts.net/v4Contents/View.aspx?cat=tdnet&sid=1545555
http://v4.eir-parts.net/v4Contents/View.aspx?cat=tdnet&sid=1569891

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

②OneAsia Investment Strategy

（AUM at the end of March 2018: JPY 29.5 billion）



OneAsia Investment Strategy

launched a New Fund

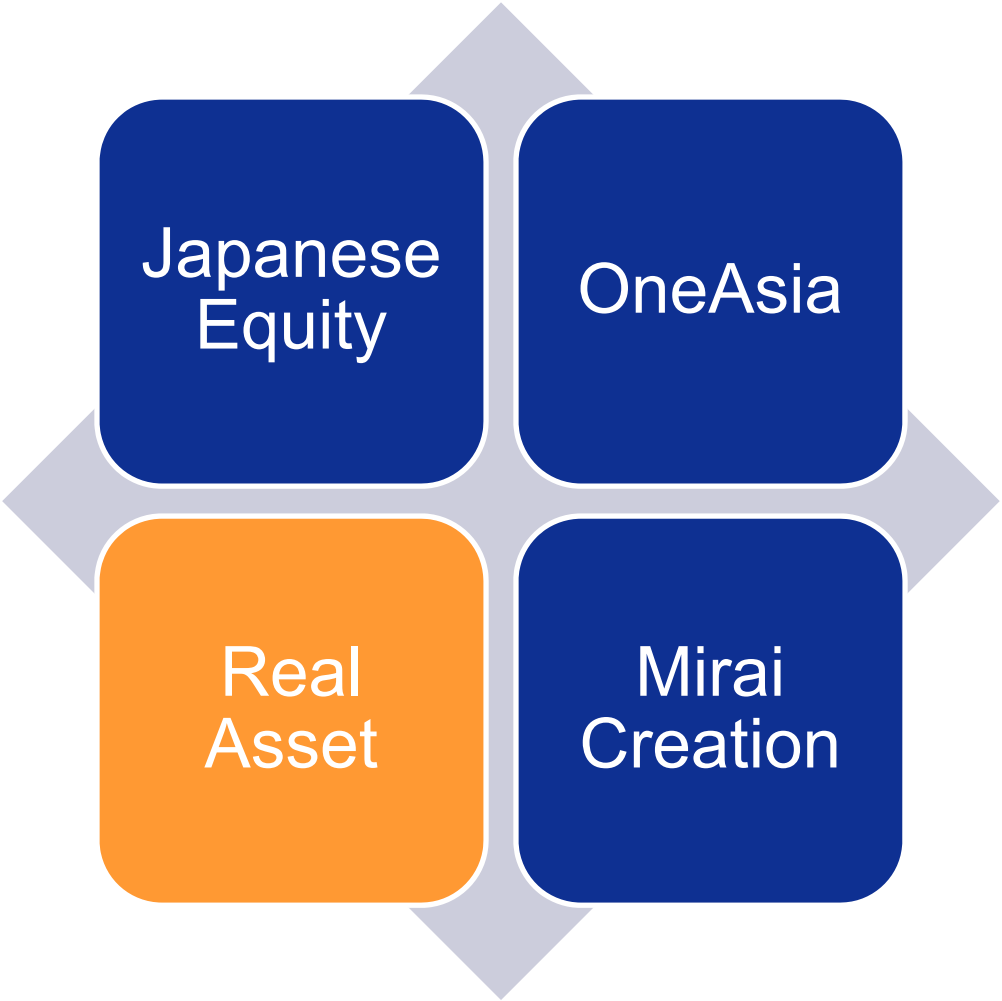
Aiming to expand AUM of Asian equity in Europe where continuously cash inflow has continuously been recorded to Japanese equity, and as part of such objective setting up a UCITS fund with a different strategy in April 2018.

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 of Asian equity 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 March 2018: JPY 190.7 billion）



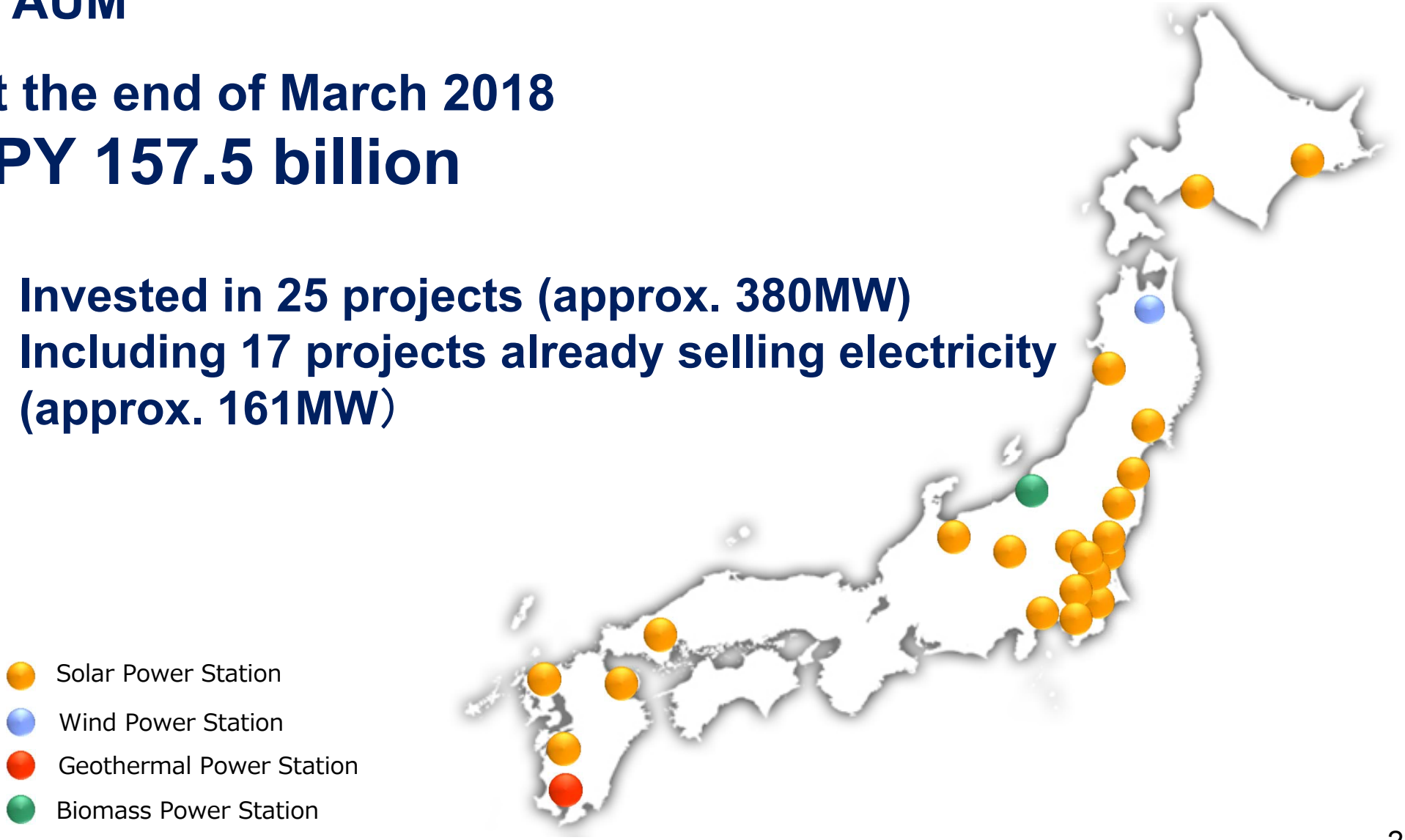
Investment in Renewable Energy Generating Facilities (1)

■ AUM

At the end of March 2018

JPY 157.5 billion

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



Investment in Renewable Energy Generating Facilities (2)

Brown Field Investment Fund has been running since November 2017

The Company started investment in "brown field investment" focusing on the phase of running renewable power generation facilities, in addition to "green field investment" targeted on the phase of development and opening of renewable power generation facilities.
The "brown field investment" is highly evaluated as it has source of stable cash flow over the long term, with little correlation to asset classes such as stocks and bonds.

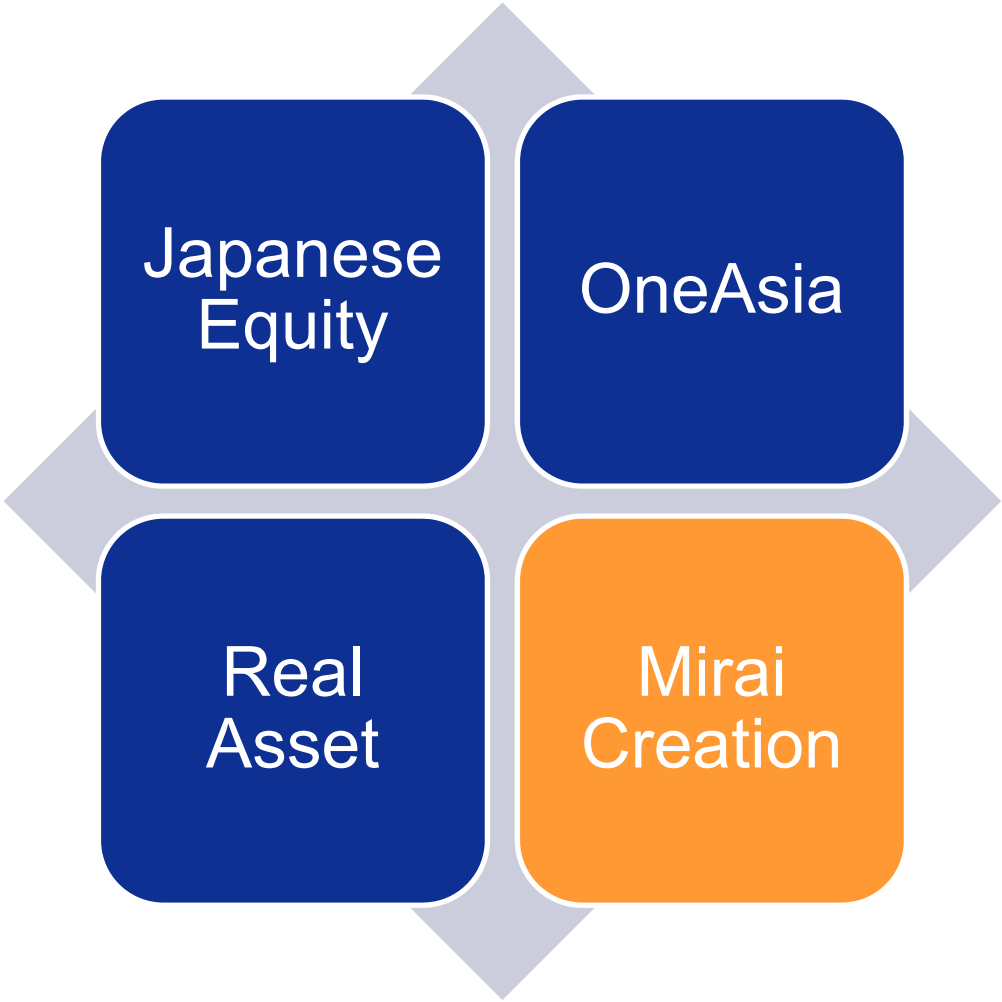
Main Investors

- 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 March 2018: JPY 36.7 billion）



Mirai Creation Investment Strategy (1)

Steadily increasing its investment records and is expected to reach the investment capacity.

At the end of March 2017

AUM: JPY 36.5 BN

26 Projects

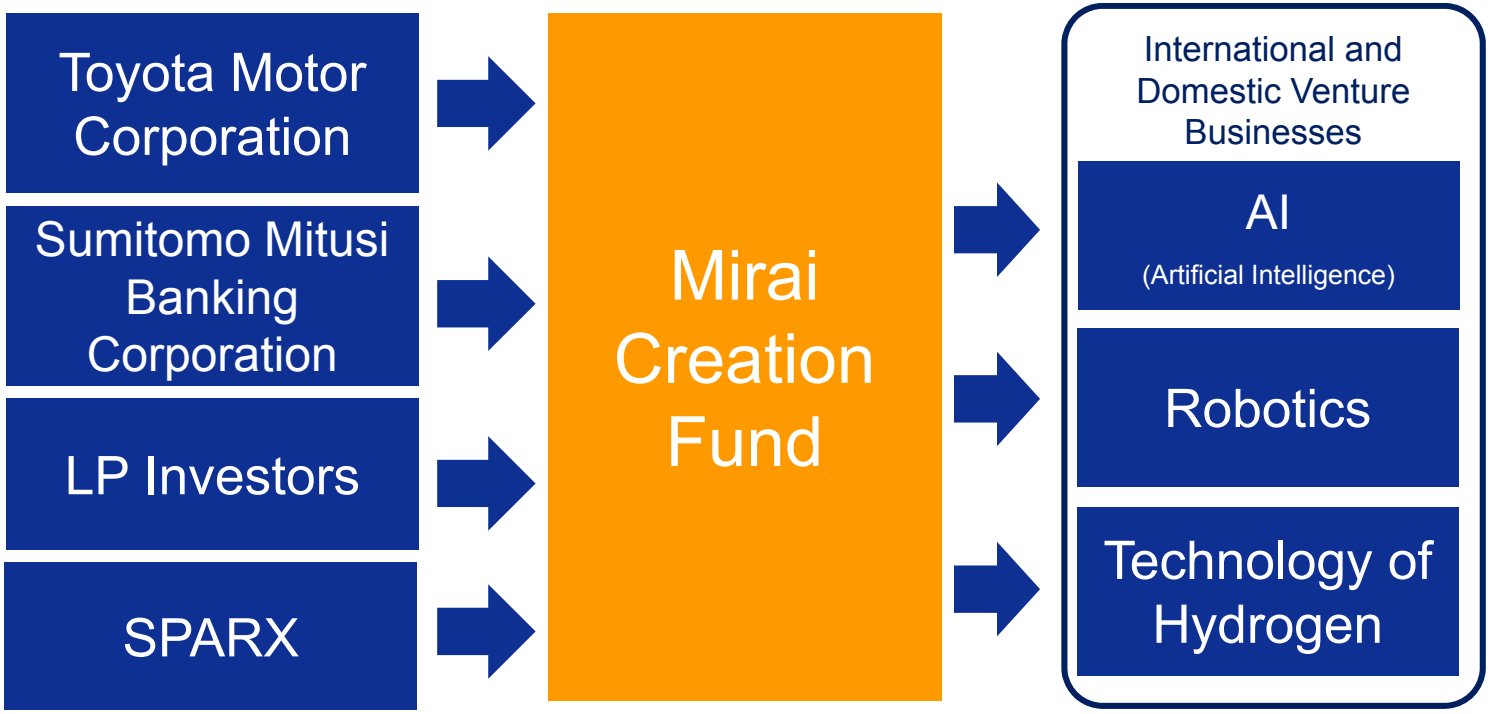
Executed Amount : JPY 11.8BN

At the end of March 2018

AUM: JPY 36.7BN

48 Projects

Executed Amount : JPY 23.3BN



Mirai Creation Strategy (2)

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.

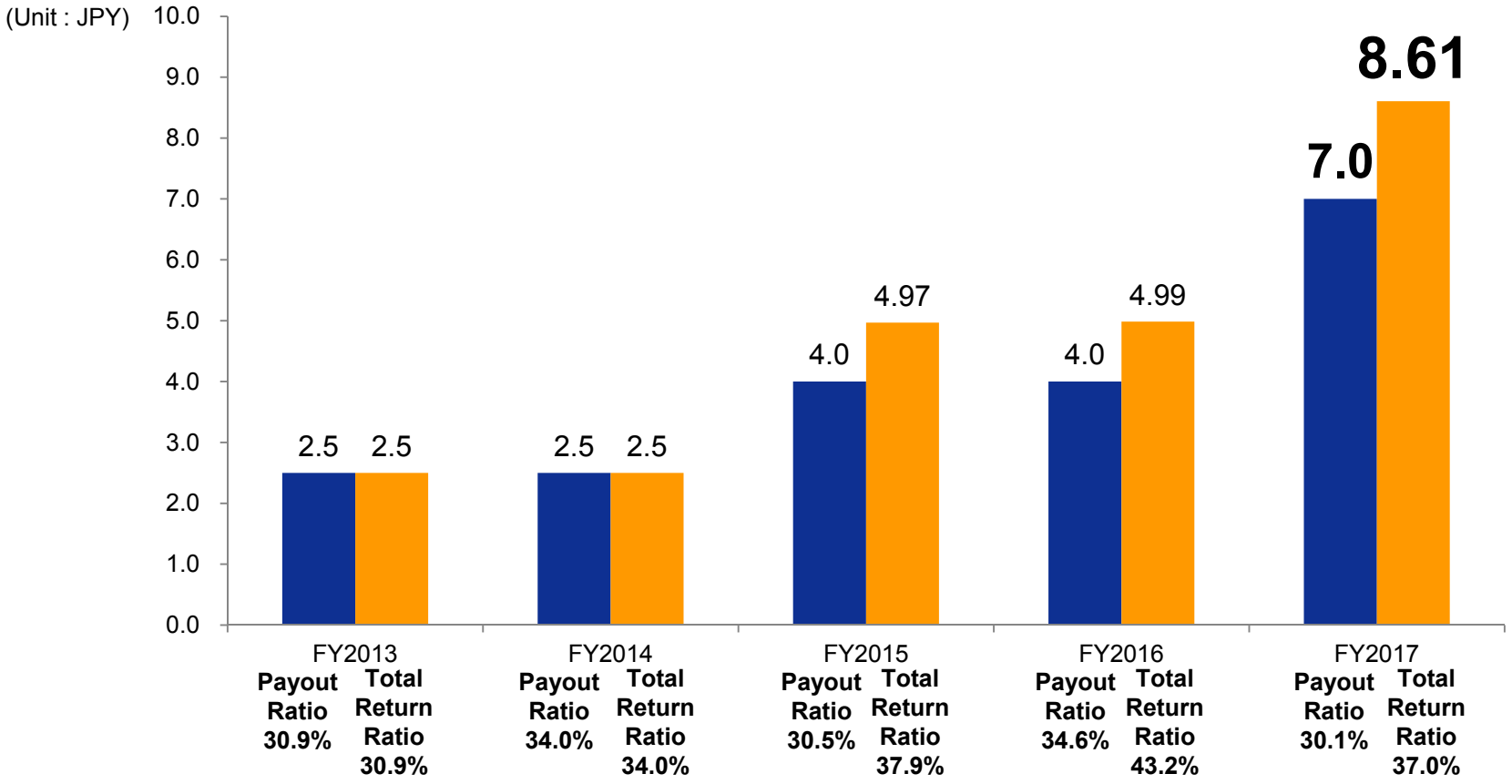
⇒No performance fee is occurred from this strategy during FY2017.

Please refer below for further information of other portfolio companies
https://mirai.sparx.co.jp/en/

Other

Shareholders Return

Total Return Ratio significantly increased by purchases of treasury stock in addition to increasing dividends at JPY 7.00 per share for the fiscal year ending March 2018(note1)



(Note1) 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.
(Note2) Total Return Ratio per share = (Total price of dividends + total price of treasury stock purchases) ÷ (the year end total number of shares issued △ the year end total number of treasury stock)
(Note3) Payout ratio = dividend per share ÷ net income per share
(Note4) Total Return Ratio = (Total price of dividends + total price of treasury stock purchases) ÷profit attributable to owners of parent

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	8,582 million Yen (as of Mar. 2018)
Number of Employees	140 (as of Mar. 2018)
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

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.



＜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

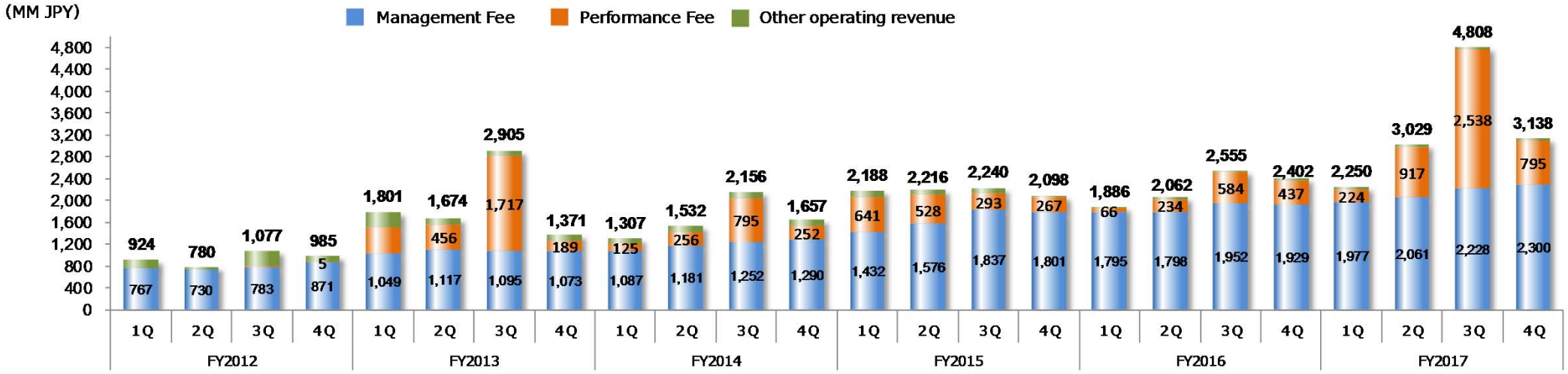
- Asset under management (AUM)
- Rate of management fee
- Percentage of AUM eligible to earn performance fees
- Base Earnings

  = 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

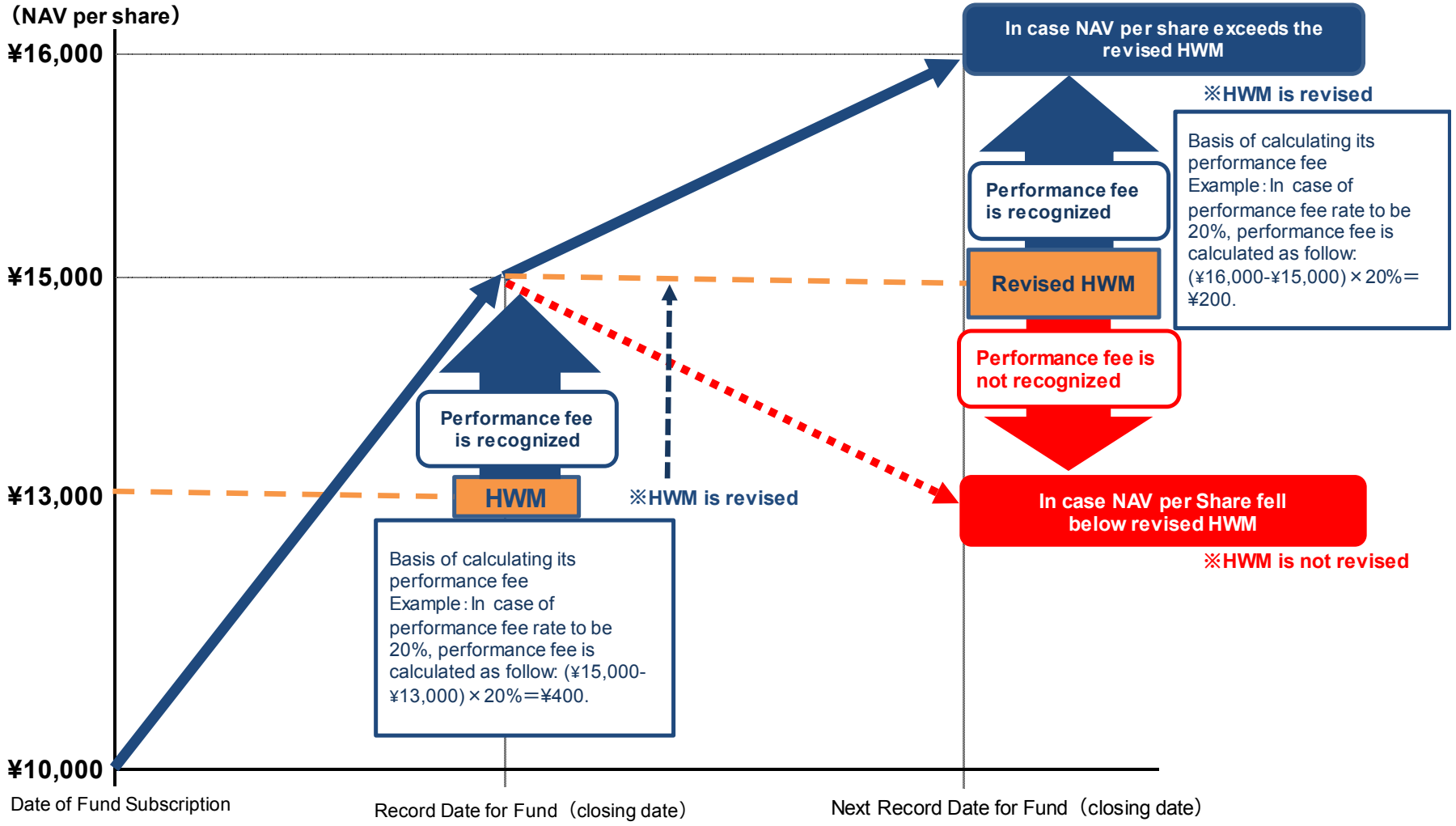
Performance fee significantly increased in FY2017, in addition to maintenance of management fee rate and steadily remained management fee



(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	4Q
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	2,300
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	795
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	42
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**	**3,138**
(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	11,339
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%	0.69%
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%	25.4%
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	21,454

Structure of Performance Fee
(Related to Equity Investment Fund)

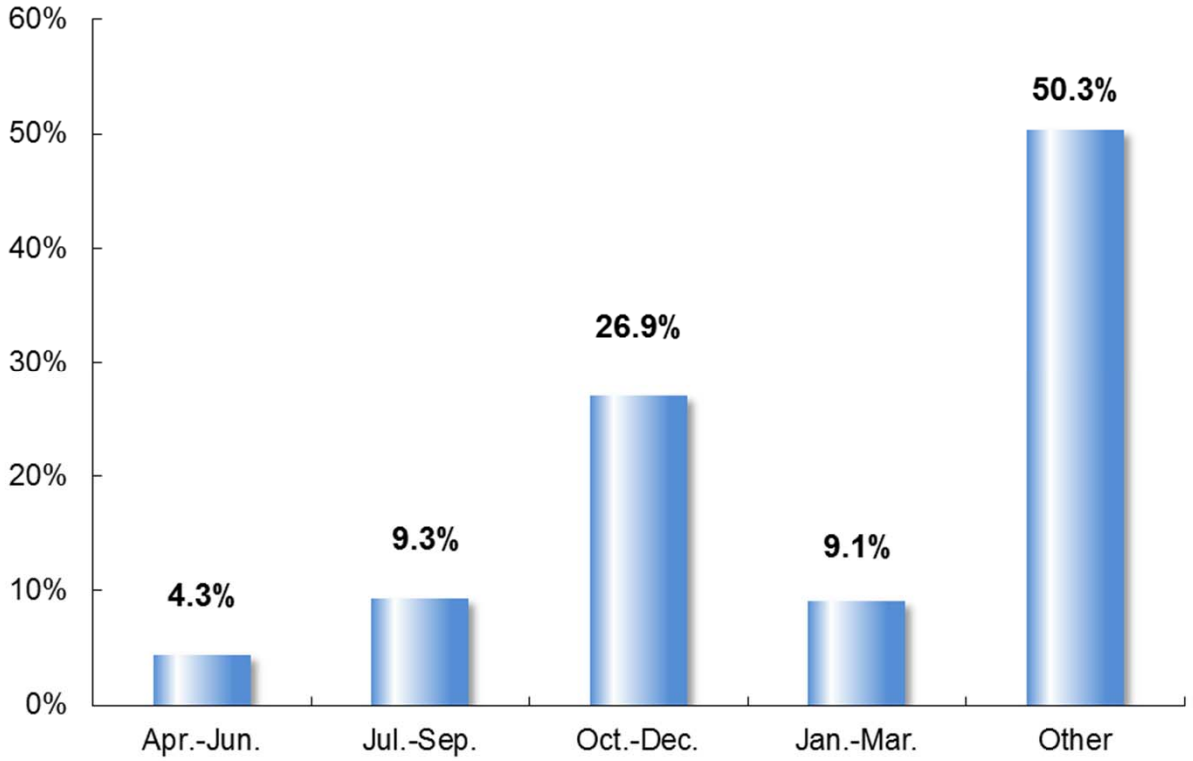
Performance Fee is recognized for NAV per share exceeding HWM as of record date for fund



(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 March 31, 2018 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

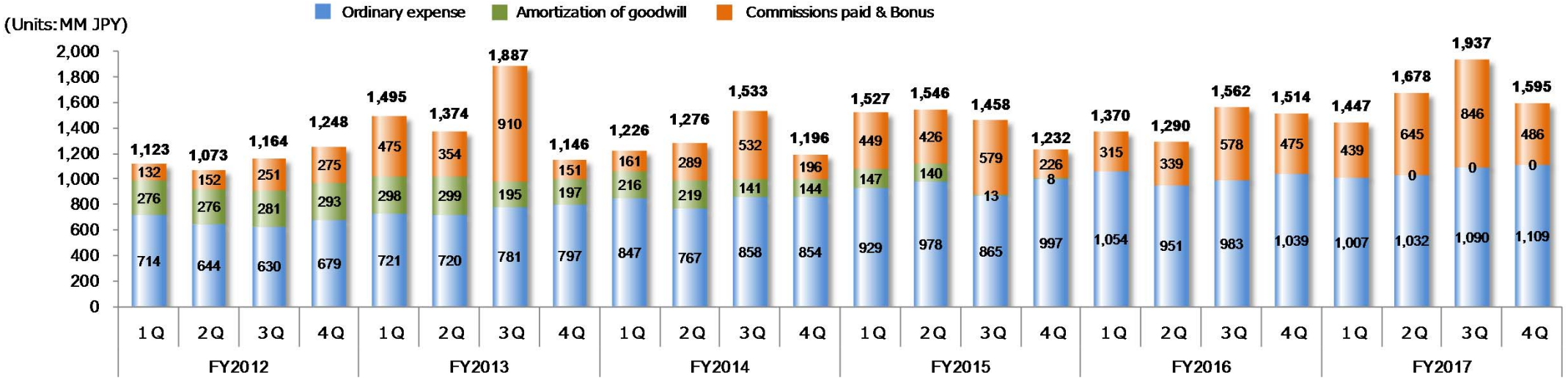
① **Bonus and ESOP expenses increased due to favorable business performance**
② **Commission paid increased due to increase in operating revenue**

(Units: MM JPY)	FY2016	FY2017	
	Full Year	Full Year	YoY change
Commissions paid	1,020	1,162	+13.8%
Personnel exp.	2,347	2,902	+23.7%
Travel exp.	225	236	+5.2%
Property rent	357	321	▲10.2%
Entrusted business expenses	731	864	+18.2%
Depreciation on fixed assets	105	150	+42.6%
Advertising exp.	182	148	▲18.6%
Research exp.	210	223	+6.5%
Other expenses	555	647	+16.4%
Total: Operating and general administrative expenses	5,737	6,658	+16.0%
Ordinary expense	4,028	4,238	+5.2%

(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

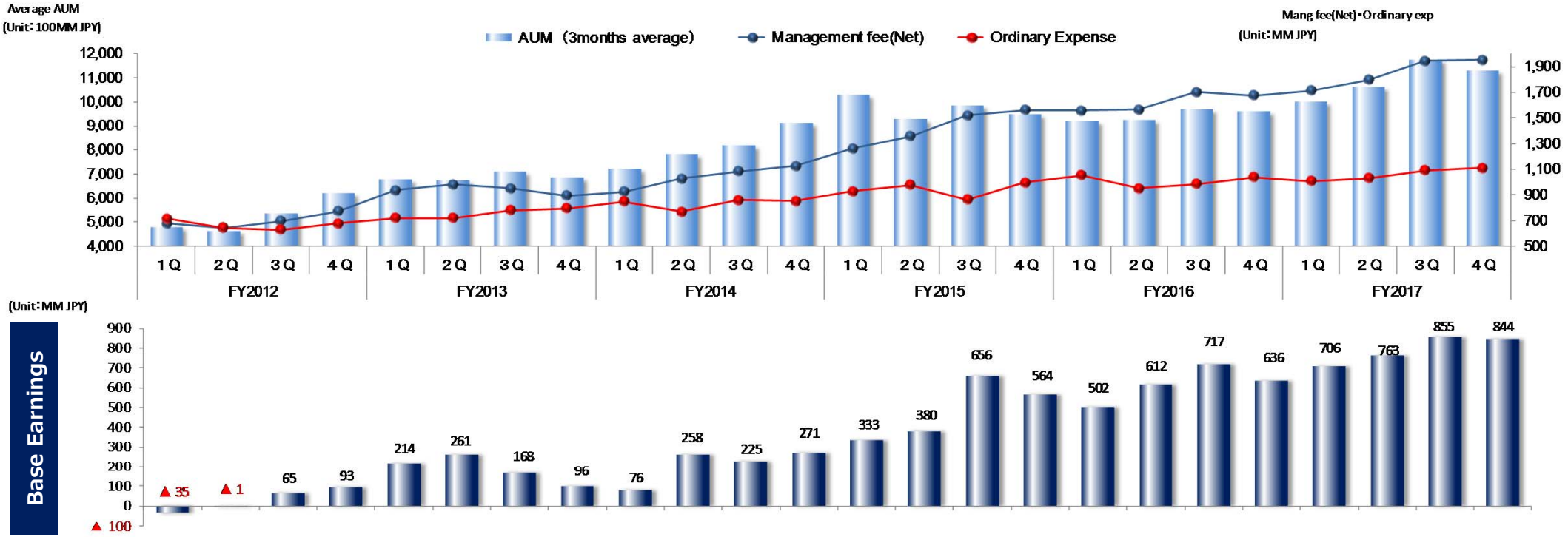
Cautious Cost-control taken continuously in the midst of business expansion



(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	4Q
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	1,109
Amortization of goodwill	276	276	281	293	298	299	195	197	216	219	141	144	147	140	13	8	–	–	–	–	–	–	0	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	486
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	1,595

Quarterly Trends of Base Earnings

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

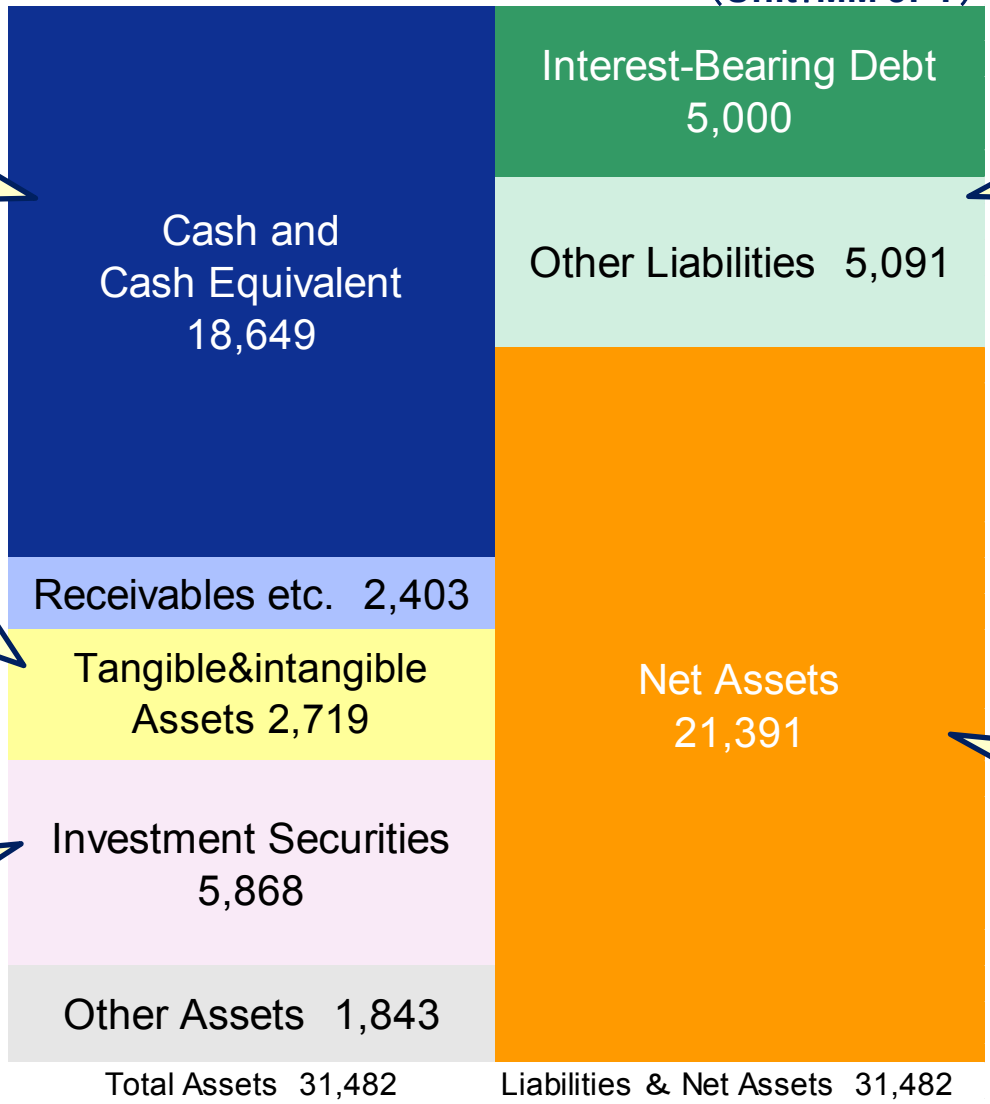


(Unit : MM JPY)	FY2012				FY2013				FY2014				FY2015				FY2016				FY2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
AUM（3months average）	4,799	4,643	5,369	6,232	6,774	6,752	7,117	6,874	7,239	7,859	8,217	9,126	10,297	9,277	9,856	9,497	9,233	9,270	9,703	9,631	10,018	10,627	11,773	11,339
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	1,953
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	1,109
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	844

(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)



Plan to utilize cash in hand effectively for further business expansions, etc.

Goodwill* (JPY1,749Million) is included for developing a power station of SGET Iwaizumi Wind Firm Godogaisha (Japan)

Mostly seed money to funds that the Company manages

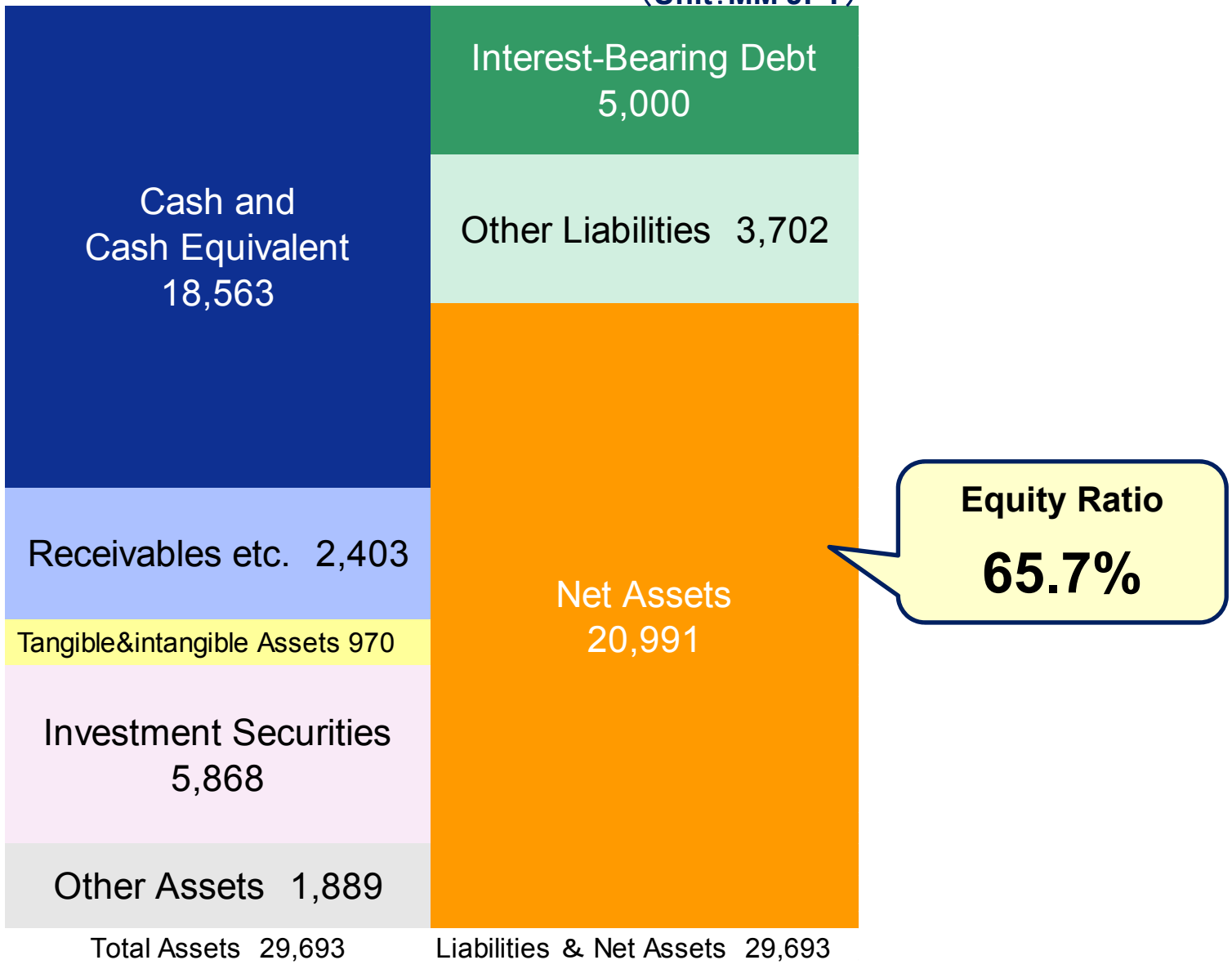
Including account payable for the Goodwill* JPY 1,389Million

Equity Ratio

62.0%

(Reference) Table below outlines the exclusion of Balance Sheet of SGET Iwaizumi Wind Firm Godogaisha (Japan)

(Unit：MM JPY)



B/S Overview (2)

(Units: MM JPY)	Mar. 2017	Mar. 2018	YoY change
Current assets	17,767	22,320	+4,553
Cash and cash equivalents	14,459	18,649	+4,190
Receivables	1,955	2,403	+448
Fixed assets	5,774	9,162	+3,387
Goodwill	–	1,749	+1,749
Investment securities	4,415	5,868	+1,452
Total assets	23,541	31,482	+7,940
Long-term loans payable	5,000	5,000	-
Payables	1,214	4,447	+3,233
Total liabilities	6,358	10,091	+3,732
Common stock	8,581	8,582	+1
Add'l paid-in-capital	4,111	3,285	▲825
Retained earnings	5,503	9,374	+3,870
Treasury stock	▲3,701	▲3,204	+497
Total Shareholder's Equity	14,494	18,038	+3,543
Valuation difference on AFS securities	▲29	329	+359
Foreign currency translation adjustment	1,220	1,131	▲89
Non-controlling interests	1,479	1,875	+396
Total net assets	17,183	21,391	+4,208

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

Goodwill for developing the power station

Mainly seed investment related to OneAsia investment strategy

Mainly increase of bonus payable and payable for goodwill regards to the PowerStation development

Disposal of treasury stock: ▲JPY 825MM

Payment of dividend: ▲JPY 810MM
Profit attributable to owners of parent in FY2017 : ＋JPY 4,681MM

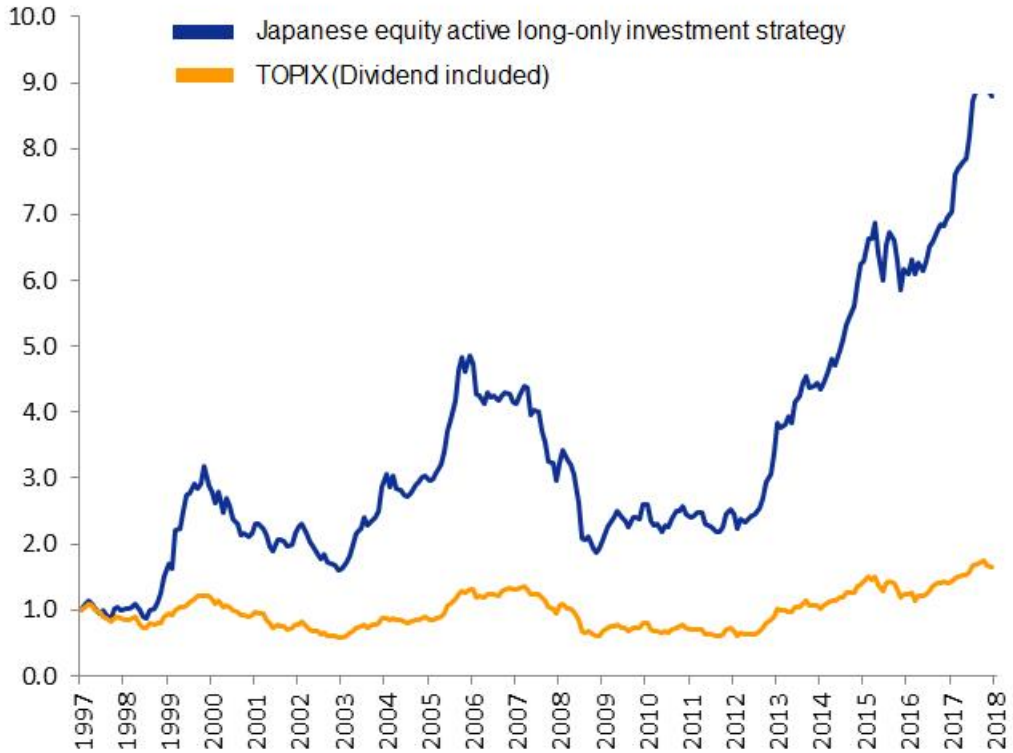
Stock Repurchase: ▲JPY 328MM
Disposal of treasury stock: +JPY 825MM

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

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

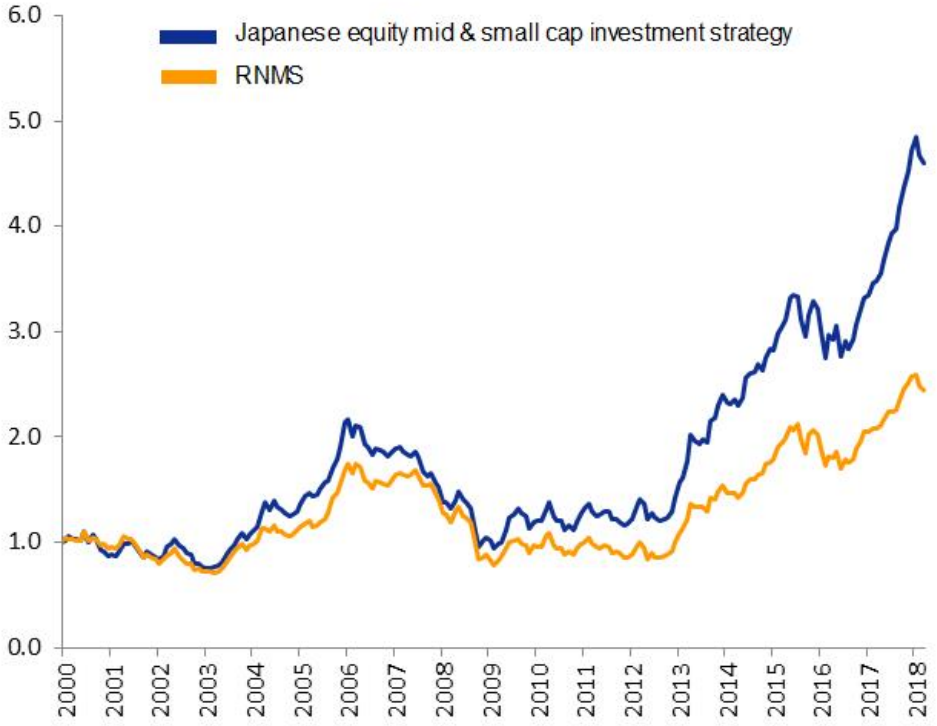


(Annualized Return)

Japanese equity active long-only investment strategy	10.96%
Reference Index	2.40%
Excess Return	8.56%

Reference Index	TOPIX (Dividend included)
Measurement Period	1997/5 ～2018/3
Volatility of Composite Return (Annualized)	20.66%

Japanese equity mid & small cap investment strategy



(Annualized Return)

Japanese equity mid & small cap investment strategy	8.73%
Reference Index	5.03%
Excess Return	3.70%

Reference Index	Russell/Nomura Mid-Small Cap Index
Measurement Period	2000/1 ～2018/3
Volatility of Composite Return (Annualized)	17.68%

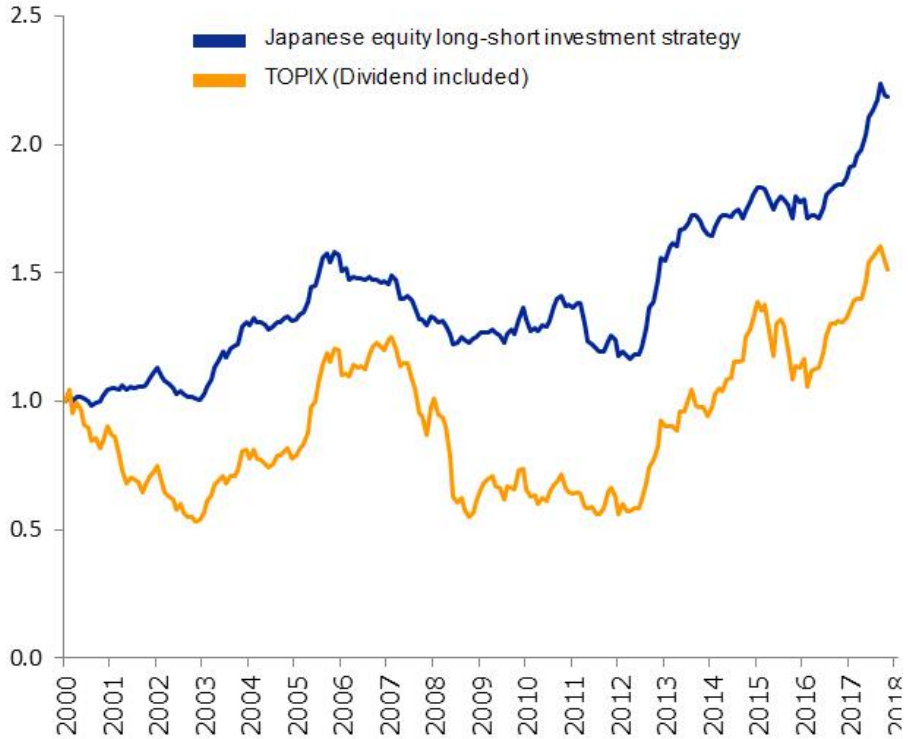
Please refer to the disclaimers at the end of the slides.

Source: SPARX Group Co., Ltd (Tokyo, Japan), as of March 31, 2018.

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

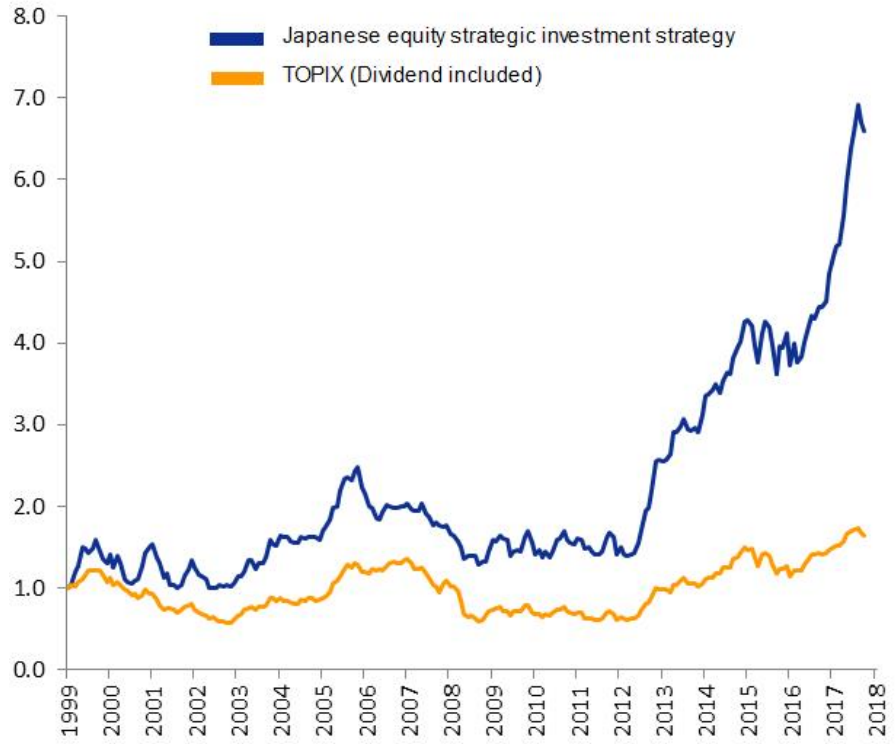


(Annualized Return)

Japanese equity long-short investment strategy	4.48%
Reference Index	2.35%
Excess Return	2.12%

Reference Index	TOPIX (Dividend included)
Measurement Period	2000/6 ～2018/3
Volatility of Composite Return (Annualized)	7.30%

Japanese equity strategic investment strategy



(Annualized Return)

Japanese equity strategic investment strategy	10.58%
Reference Index	2.67%
Excess Return	7.91%

Reference Index	TOPIX (Dividend included)
Measurement Period	1999/7 ～2018/3
Volatility of Composite Return (Annualized)	20.15%

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Source: SPARX Group Co., Ltd (Tokyo, Japan), as of March 31, 2018.

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