FY2024

3rd Quarter Earnings Presentation (Apr.2024 – Dec.2024)

SPARX Group Co., Ltd.

January 31, 2025

Securities code: 8739

Index

01. Company Profile

02. Financial Results for FY2024 Q3

03. Overview of Four Pillars

04. Appendix

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

01.

Company Profile

Corporate Profile

We provide investment management services based on a bottom-up approach for mainly domestic and overseas investors. Pursuing unchanging value that is not affected by the times and people since our inception through a consistent innovative investment methods based on a thorough bottom-up approach that follows the unique investment philosophy.

Corporate Profile

Company name	SPARX Group Co., Ltd.
Address	1-2-70 Konan, Minato-ku, Tokyo, Japan
Founded	July 1, 1989
Capitalization	JPY 8,587 million (as of December 31, 2024)
Exchange:	Tokyo Stock Exchange Prime Market (Securities code: 8739)
Employees	191 (as of December 31, 2024)
Description of Businesses	■ Investment Management ■ Investment Advisory and Agency ■ Type I Financial Instruments & Type II Financial Instruments



President and Group CEO

Shuhei Abe

Born in Sapporo in 1954. After graduating from the Faculty of Economics at Sophia University, he received his MBA from Babson College. He has also completed the AMP at Harvard Business School. After graduating Babson College and returning to Japan, hired by Nomura Research Institute, Ltd. He worked as a corporate research analyst evaluating individual companies listed on Japanese stock markets and engaged in Japanese equity sales. He then established Abe Capital Research and engaged in Japanese equity investment management and advisory services for European and U.S. funds. He founded in 1989 as SPARX Asset Management Co., Ltd. (now SPARX Group Co., Ltd.). He had also appointed a member of the Japanese government's Energy and Environmental Council etc.

SPARX's Investment Philosophy

Macro is the aggregate of the Micro

Selection of individual stocks through micro (visiting individual company) research by experienced analysts. Other several analysts then verify the value gap and pursue the actual value of the company

※Reference Information (our website) https://www.sparxgroup.com/philosophy.html

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Corporate Philosophy

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

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

02.

Financial Results for FY2024 Q3

FY2024 Q3 Summary for Consolidated Financial Statements

Summary of Financial Results

- Higher operating revenue, operating profit, and ordinary profit year-on-year

  Lower net profit due to the decrease in extraordinary profit this year

  Operating revenue 12,944 million yen (increase by 10.1%)

  Operating profit 5,326 million yen (increase by 5.3%)

  Extraordinary profit 5,473 million yen (increase by 5.3%)

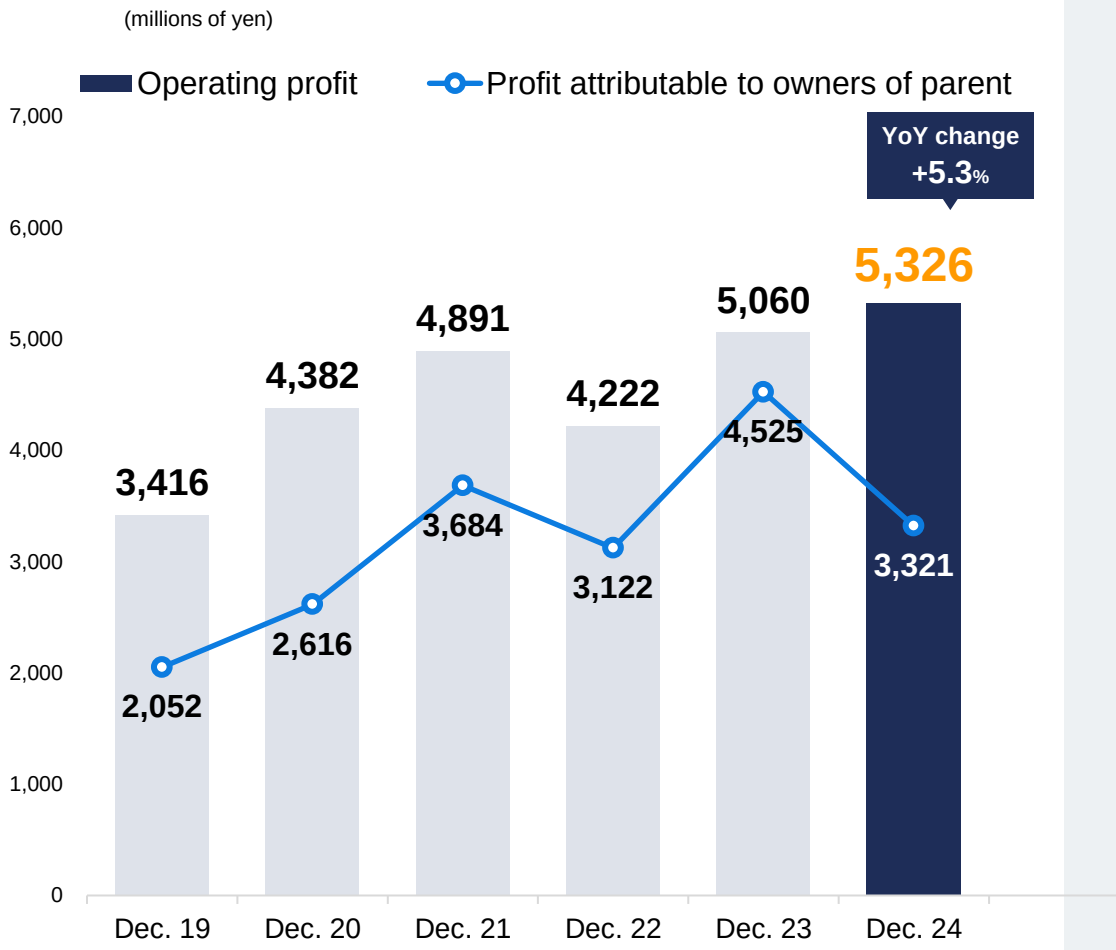
  Profit attributable to owners of parent 3,321 million yen(decrease by 26.6%)

- **AUM increased by 2.5% from the end of the previous fiscal year and continue to keep its historical high -**

  19,358 million yen

- A year-end expected ordinary dividend to be 68.0 yen per share which is an increase of 2.00 yen from the previous fiscal year's ordinary dividend.

FY2024 Q3 Trends in Operating Profit and Net Profit



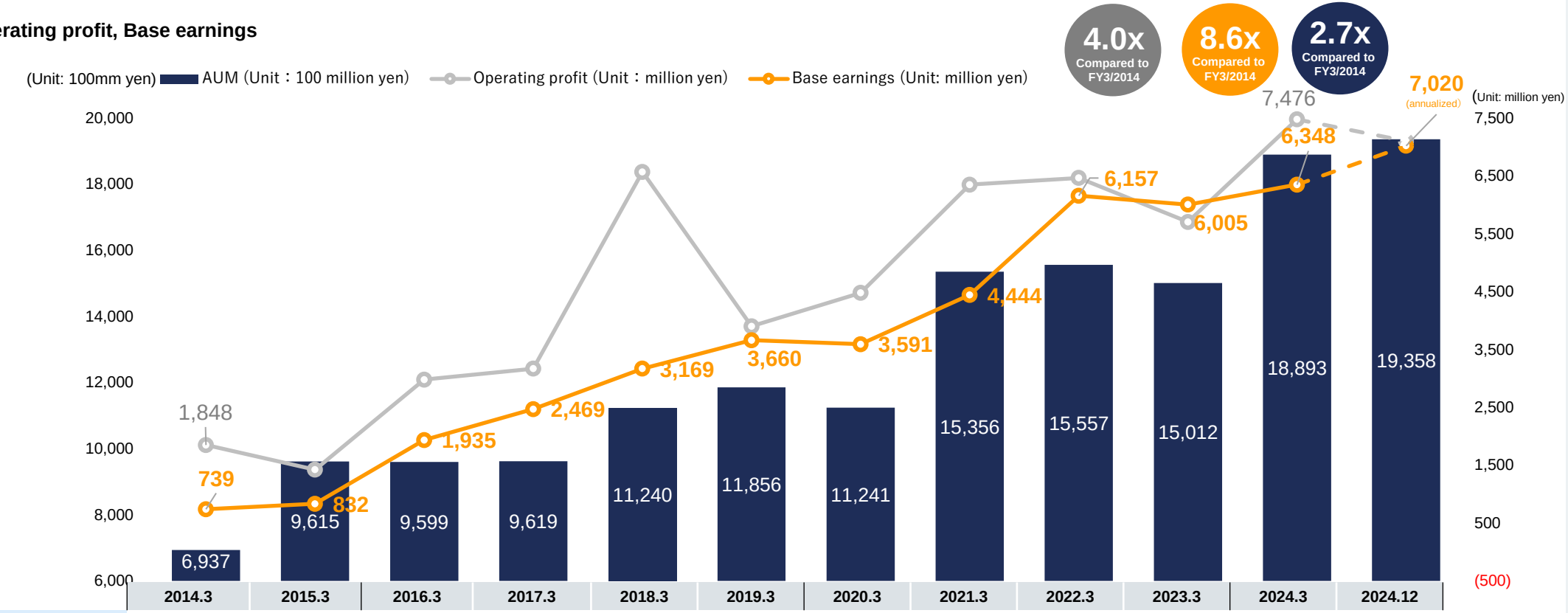
Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

10 years trajectory

Achieving significant growth over past 10 years from FY3/2014, AUM grew 2.7x※, operating profit grew4.0x※ , Base earnings grew 8.6x.※

※Comparison between March 2014 and March 2024

Trends in AUM, Operating profit, Base earnings



	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3	2024.12
AUM（100 million yen）	6,937	9,615	9,599	9,619	11,240	11,856	11,241	15,356	15,557	15,012	18,893	19,358
Operating profit（million yen） ※Annualized for 2024.12	1,848	1,422	2,978	3,169	6,569	3,901	4,479	6,349	6,464	5,704	7,476	7,102
Base Earnings（million yen） ※Annualized for 2024.12	739	832	1,935	2,469	3,169	3,660	3,591	4,444	6,157	6,005	6,348	7,020

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Growth in Alternative Investment Strategy

AUM grew 2.1x for traditional strategy, 8.9x for alternative strategy. Alternative strategy is becoming one of the pillar of our business.

AUM for alternative strategy

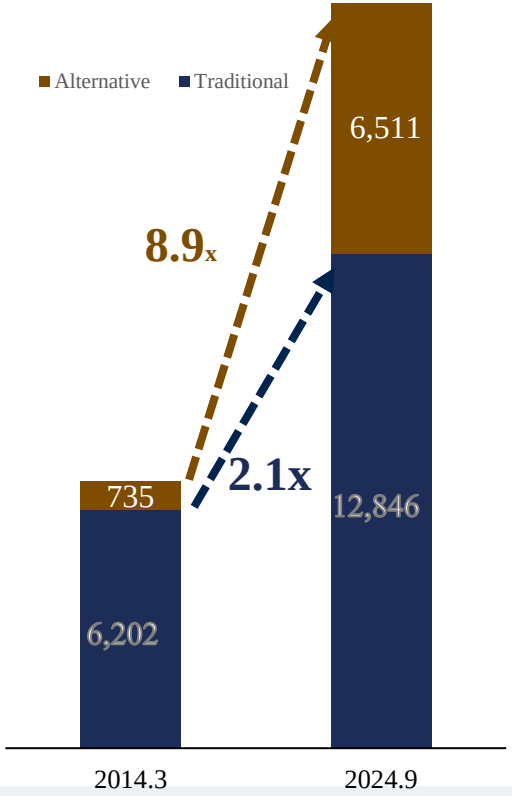
73.5billion yen (March 2014) ▶ **651.1**billion yen (December 2024)

Composition for Alternative AUM

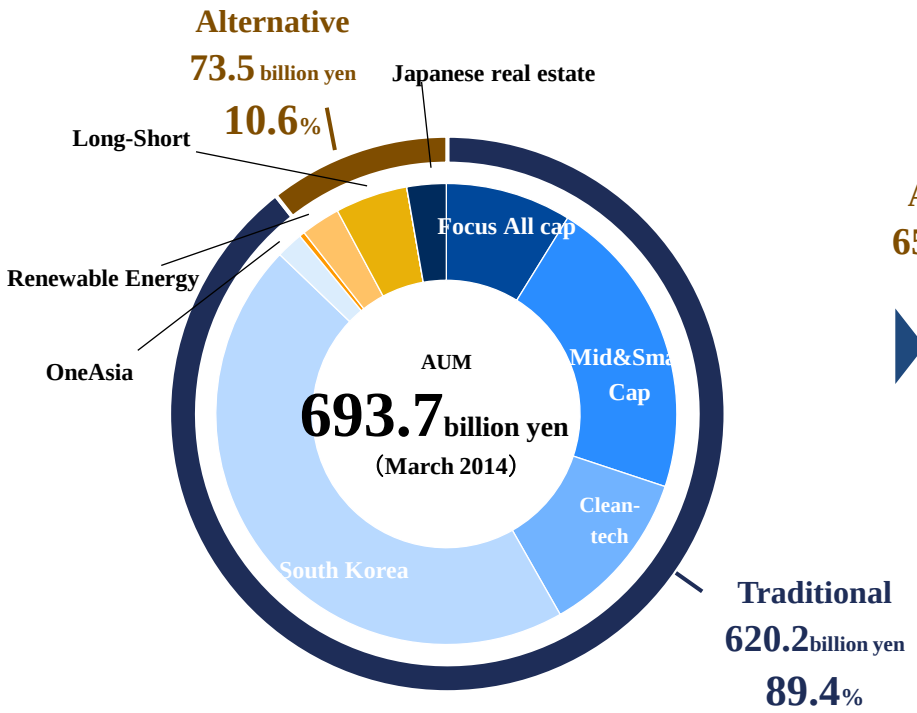
10.6% (March 2014) ▶ **33.6**% (December 2024)

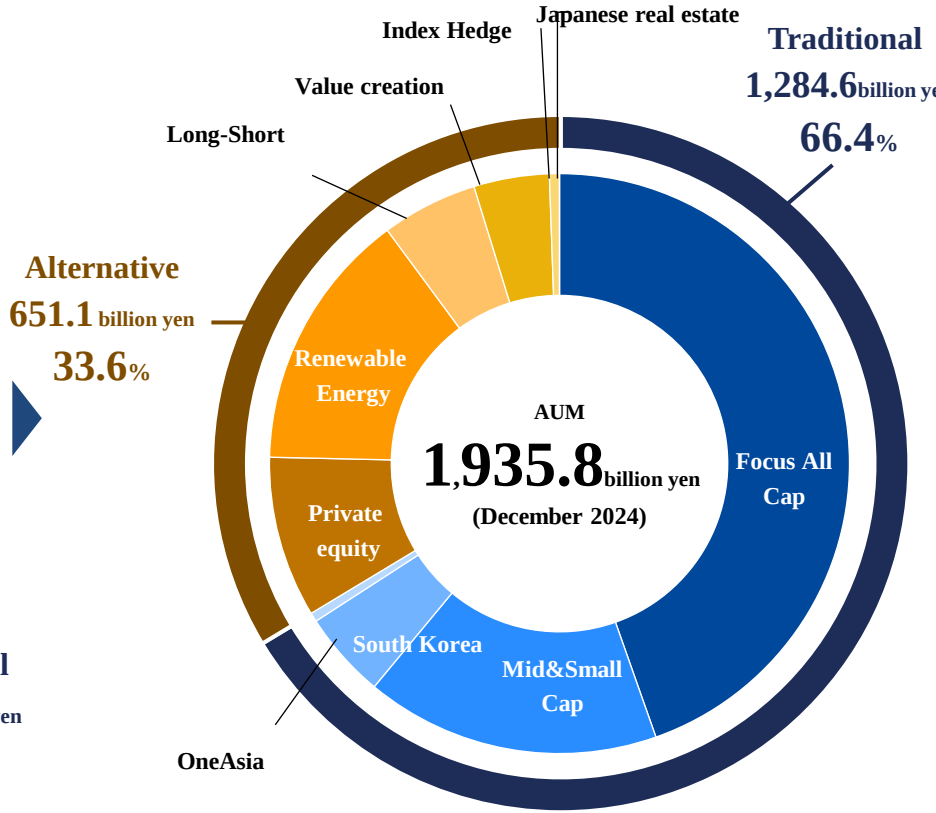
AUM expansion and strategic diversification

AUM Unit: 100mm yen



AUM breakdown (by strategy) Unit: 100mm yen



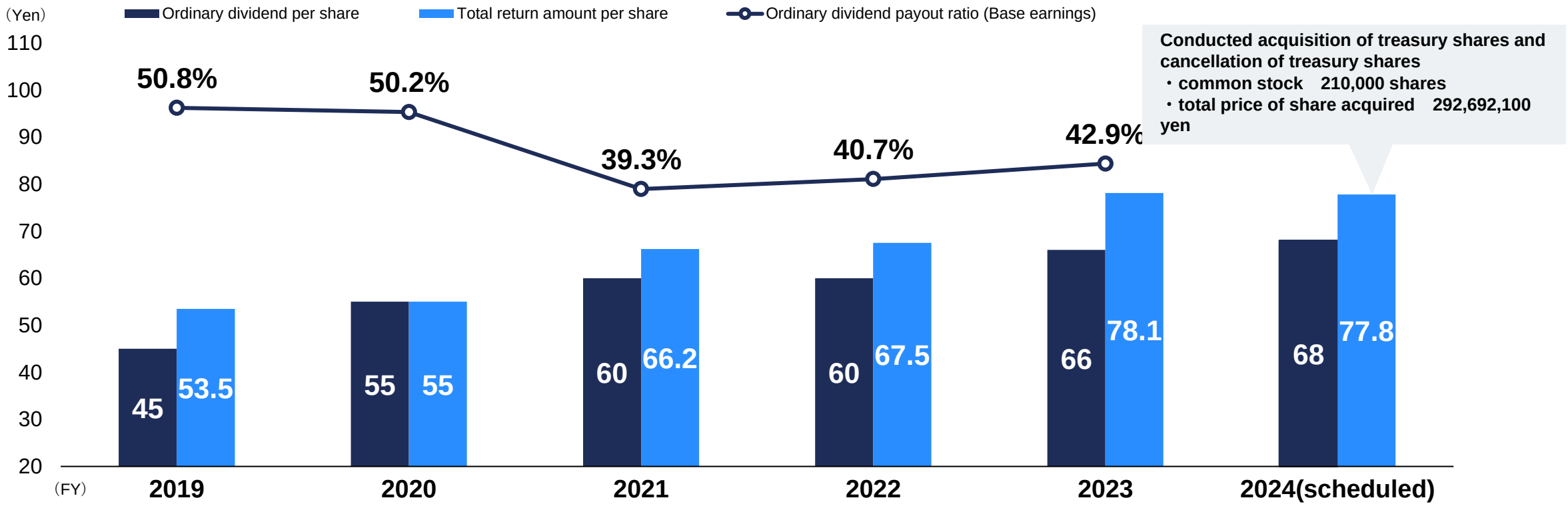


Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Returns to Shareholders (Dividends and Total return amount)

Based on an increase in base earnings and stable financial conditions, which are one of the most important management indicators, a year-end expected ordinary dividend to be 68.0 yen per share which is an increase of 2.00 yen from the previous fiscal year's ordinary dividend. Planned to have 77.8 yen of total return amount per share.

Trends in Cash Dividends



Conducted acquisition of treasury shares and cancellation of treasury shares
・common stock 210,000 shares
・total price of share acquired 292,692,100 yen

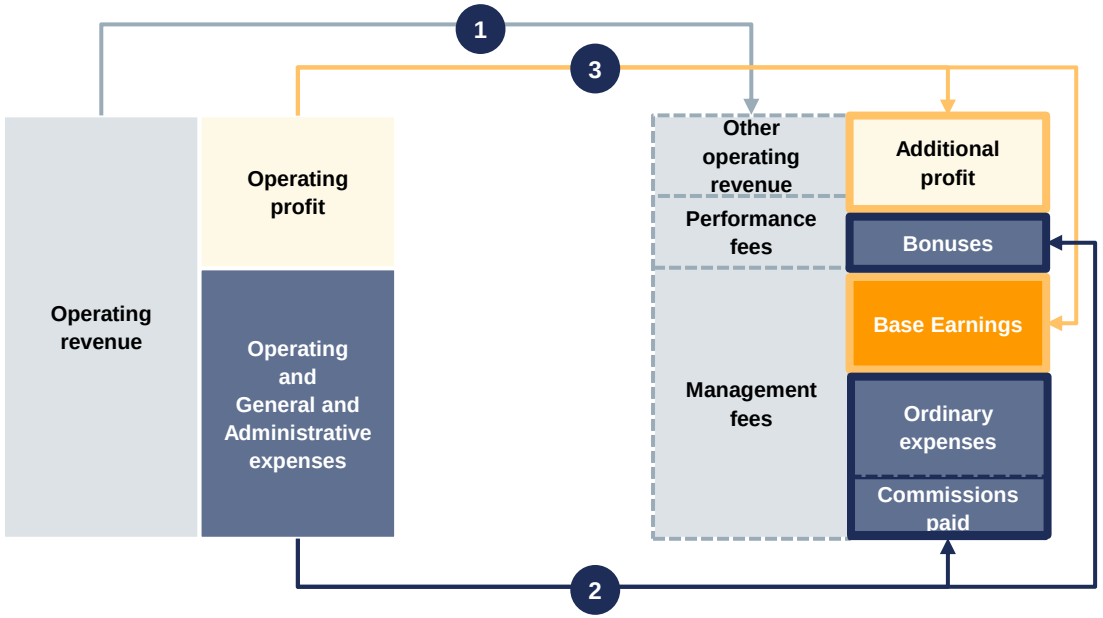
(Note 1) Dividend will be officially decided and implemented upon the resolution of the 36th Ordinary General Meeting of Shareholders to be held in June 2025.
(Note 2) Ordinary dividend payout ratio (Base earnings) = Total amount of ordinary dividends ÷ Base earnings
(Note 3) October 1, 2022, we have performed a reverse stock split (merging 5 common stock into 1 share). Figures prior to end of the previous fiscal years has been revised to take into account on the impact of the reverse stock split.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Status of key management indicators

In this material, we explain the business performance and current business conditions of our group by providing managerial accounting details rather than financial accounting.
Use four key management indicators not included in the consolidated financial statements.

Points to note when viewing this materials



1. Operating revenue is classified into management fees, performance fees, and other operating revenue.
2. Operating and general/administrative expenses are classified into commissions paid, ordinary expenses, and bonuses.
3. Operating profit is classified into Base Earnings and additional profit.

Key management indicators

Indicator of the profitability that forms a sustainable and stable foundation for the business

■ **Base Earnings**

Base Earnings = **Management Fees** − **Commissions paid** − **Ordinary expenses**

Management fees after deducting commissions

※Indicators that do not include temporary or additional incentive fees, such as operating income for financial accounting purposes, and are not affected by market trends or progress in real asset investments.

Indicators Affecting Two Major Earnings (Balance Fee, Incentive Fee)

■ **Assets under management (AUM)** ■ **Management fee rate** ■ **% of AUM eligible to earn performance fee**

Management Fees = **AUM** × **Management fee rate**

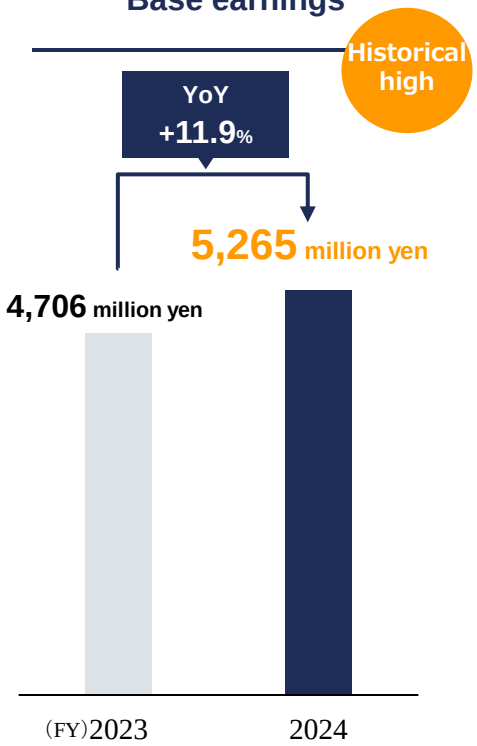
Performance Fees = **AUM** × **Performance fee rate** × **% of AUM eligible to earn performance fee**

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

FY2024 Q3 Status of key management indicators

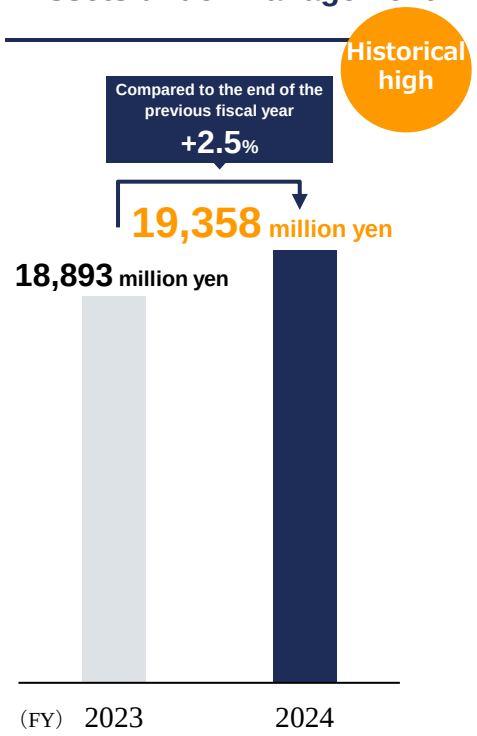
AUM at the end of FY24 Q3 increased by 2.5% from the end of the previous fiscal year to 1,935.8 billion yen. Management fees after deducting commissions increased by 11.8% from the same quarter in the previous fiscal year to 9,718 million yen. Due to an increase in management fees that exceeds the increase in recurring cost, Base earnings have increased by 11.9% and remained its record high. Operating profit has increased due to the steady increase in management fees, despite a decrease in performance fee.

Base earnings



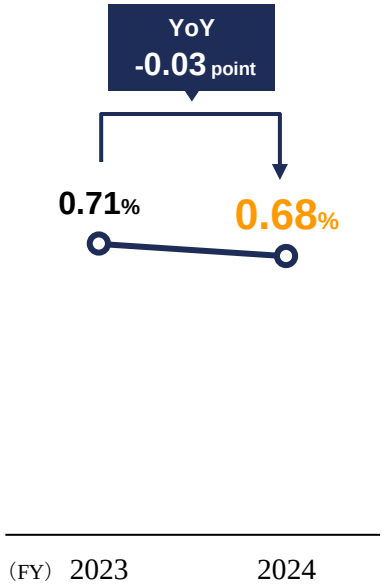
Increased by 11.9% due to an increase in management fees despite an increase in ordinary expenses.

Assets under management



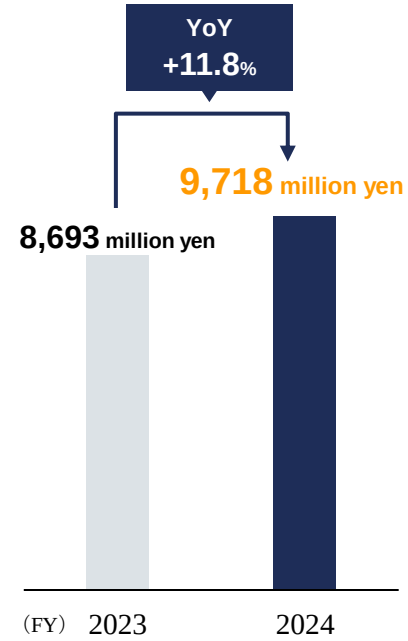
Increased by 2.5% mainly due to an increase of AUM for Japanese equity and impact of stock market

Management fee rate (after deducting commissions)



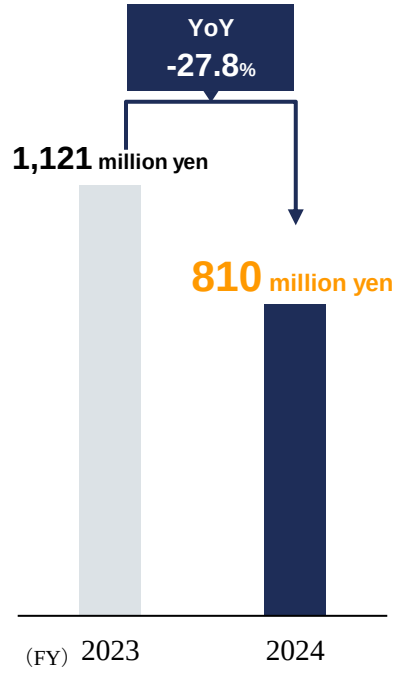
Decreased 3bp mainly due to a decrease in AUM of private equity with higher fee rate.

Management fees (after deducting commissions)



Increased 11.8% due to an increase in AUM.

Performance fees



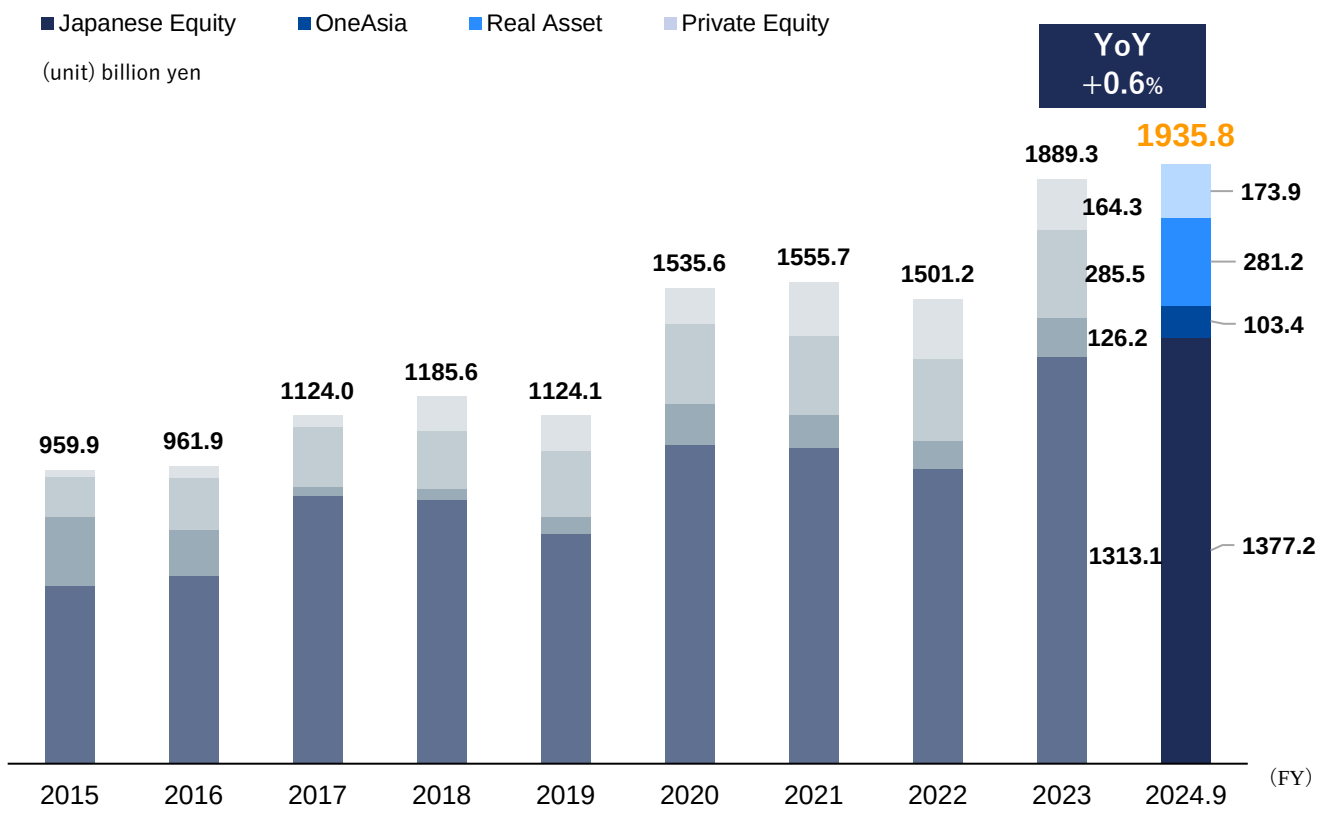
Decreased due to market environment despite the favorable performance.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

FY2024 Q3 Trends in AUM

Group's AUM has remained its record high and have increased by 2.5%. AUM for Japanese equity investment strategy is 1,377.2 billion yen which is a historical high after the financial crisis. AUM for OneAsia investment strategy has decreased due to the partial redemption. AUM for private equity investment strategy has increased due to the launch of Space Frontier Fund II.

AUM trends



(Reference) Various Market Indexes

	Year-ended March 31, 2024	Quarter-ended December 31, 2024	Rate of change
Nikkei 225	40,369	39,894	(1.2)%
TOPIX	2,768	2,784	+0.6%
KOSPI Index	2,746	2,399	(12.6)%
KOSDAQ Index	905	678	(25.1)%
HK Hang Seng Index	16,541	20,059	+21.3%

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

FY2024 Q3 Consolidated Financial Highlights

Operating revenue and operating profit increased due to an increase in AUM and an increase in management fees. Net profit decreased due to the absent of 1.33billion yen gain on sales of investment securities which was recorded last fiscal year in the same quarter.

（millions of yen）

	FY2023 Q3	FY2024 Q3	YoY change	
Operating Revenue	11,752	**12,944**	＋1,191 （＋10.1%）	With increase in AUM, management fees (after deducting commissions) increased by 1,481 million yen to 11.99 billion yen. The Company also has recognized performance fees of 810 million yen (1,121 million yen in 3Q previous year).
Operating profit	5,060	**5,326**	＋266 （＋5.3%）	
Ordinary profit	5,198	**5,473**	＋274 （＋5.3%）	Increased due to recognition of non-operating income of 215 million yen(decreased by 15 million yen YoY) and non-operating expenses of 69 million yen (decreased by 22 million yen YoY).
Profit attributable to owners of parent	4,525	**3,321**	－1,204 （－26.6%）	Decreased due the absent of 1.33 billion yen extraordinary gain of the sales of our investment holdings which was recorded last year 3Q.
ROE (annualized)	21.8	**13.8**	－8.0pt	

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

FY2024 Q3 Consolidated Balance Sheet

The industry the company belongs to is significantly influenced by economic and market conditions. Thus, the balance is kept as three years' worth of ordinary expenses level which calculated by "cash and cash equivalent" plus highly liquidity such as "investment securities." Equity ratio is maintained at a high level while aiming for further growth by expanding our seed money investments.

(millions of yen)

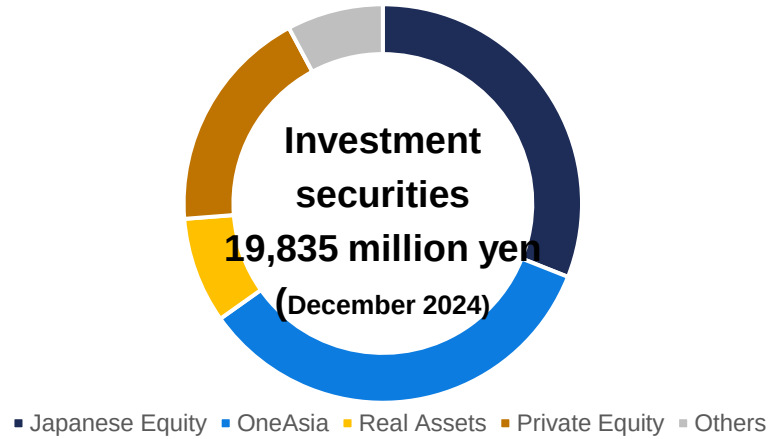
	FY2023 (March 31, 2024)	FY2024 (December 31, 2024)	YoY Change
Current assets	27,130	23,484	(3,646)
Cash and cash equivalent	22,066	16,645	(5,421)
Non-current assets	18,981	24,031	+5,050
Investment securities	16,289	19,835	+3,545
Total assets	**46,112**	**47,516**	+1,403
Current liabilities	6,547	5,732	(815)
Non-current liabilities	8,145	9,226	+1,080
Net assets	31,419	32,558	+1,138
Total liabilities and net assets	**46,112**	**47,516**	+1,403
Equity ratio	**68.2%**	**68.6%**	+0.4pt

Of which, includes cash and cash equivalent of 16,645 million yen

Decreased mainly due to investment with seed money, the payment of dividend and bonuses

Of which, investment securities of 19,835 million yen

Increased in fair value due to market price appreciation and seed investments



(Note) High liquidity investment securities are mainly consist of Japanese equity and OneAsia.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

03.

Overview of Four Pillars

Four Pillars of Growth

By March 2026, we have set a target of JPY 3 trillion in AUM, and have set "Japanese Equities," "OneAsia," “Real Assets," and “Private Equity" as focus areas so called “four pillars”. Achieve both high profitability and stability by expanding each of the four pillars based on strengths of thorough individual company research and the uniqueness of selecting investment targets.

Focus Areas	Features	Description of Businesses	AUM(as of December 31,2024)
Japanese Equity	High profitability	Various investment strategies ※ in Japanese equities ※ Long-Short/Mid&Small Cap/Value Creation/Focus All Cap/Index Hedge (note1)	JPY 1,377.2 billion
OneAsia	In addition to management fees, fund performance generates **Performance fees**	Investment and management in equity in South Korea and Pan-Asia. Utilizing our model of reproducibility obtained in Japanese equities	JPY 103.4 billion
Real Assets	Stability	Investment by funds in renewable energy power generation business. Development, management, and operation of energy infrastructure.	JPY 281.2 billion
Private Equity	Ongoing long-term contract Without being affected by market conditions **Generate stable income**	Establishment and operation of funds aimed at investing in private equities.	JPY 173.9 billion

JPY 1,935.8 billion

AUM (by March 2026)

JPY 3 trillion

(note1)The name of investment strategy has changed to Index Hedge Strategy. This used to be disclosed as Market Neutral investment strategy.

Please be sure to read the appendix attached at the end of this document.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Overview of Japanese Equity Investment Strategy

AUM have increased by 4.9% compared to the end of the previous fiscal year due to strong performance despite being affected by the stock market. Focus all cap strategy increased and value creation strategy decreased due to the increase of funds and outflow of funds, respectively.

（100 million yen）	AUM		
	March 31, 2024	December 31, 2024	YoY change
Long-Short Strategy	1,026	1,036	＋10 （＋1.0%）
Focus All Cap Strategy	7,844	8,632	＋788 （＋10.1%）
Mid & Small Cap Strategy	3,047	3,179	＋131 （＋4.3%）
Index Hedge Strategy*	134	108	-25 （－19.3%）
Value Creation Strategy	1,078	814	-263 （－24.4%）
Total	**13,131**	**13,772**	＋641 （＋**4.9%**）

Inquiries from overseas investors continue to increase.
Launched 3 new funds during 3Q.

-Long-Short investment strategy 1 fund
-Focus All Cap investment strategy 1 fund
-Mid&Small Cap investment strategy 1 fund

Decreased due to outflow of funds

*****The name of investment strategy has changed to Index Hedge Strategy. This used to be disclosed as Market Neutral investment strategy.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Overview of OneAsia Investment Strategy

Decreased overall AUM by 20.3% due to the partial redemption made by one of our major institutional investors for securing their profit despite the fact that South Korea performed well.
Overall, total AUM decreased by 18.1%.

（100 million JPY）	AUM			
	March 31, 2024	December 31, 2024	YoY change	
South Korea	1,174	935	-239 （－20.3%）	Decreased due to a partial redemption made by one of the major investors for securing their profit as well as rebalancing its portfolio as result of favorable investment performance
Pan-Asia	87	98	＋10 （＋12.5%）	Increased due to favorable investment performance
Total	**1,262**	**1,034**	**-228** （**-18.1%**）	

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Overview of Real Asset Investment Strategy (1)

Promote investing in renewable power generation businesses, including solar power generation, at 347 locations※1 in Japan.

(100 million yen)	AUM		
	March 31, 2024	December 31, 2024	YoY change
Renewable Energy Power Station Investment	2,801	2,812	＋10 （＋0.4%）
Real Estate Investment	54	-	-54 （-100.0%）
Total	**2,855**	**2,812**	**-43** （**-1.5%**）

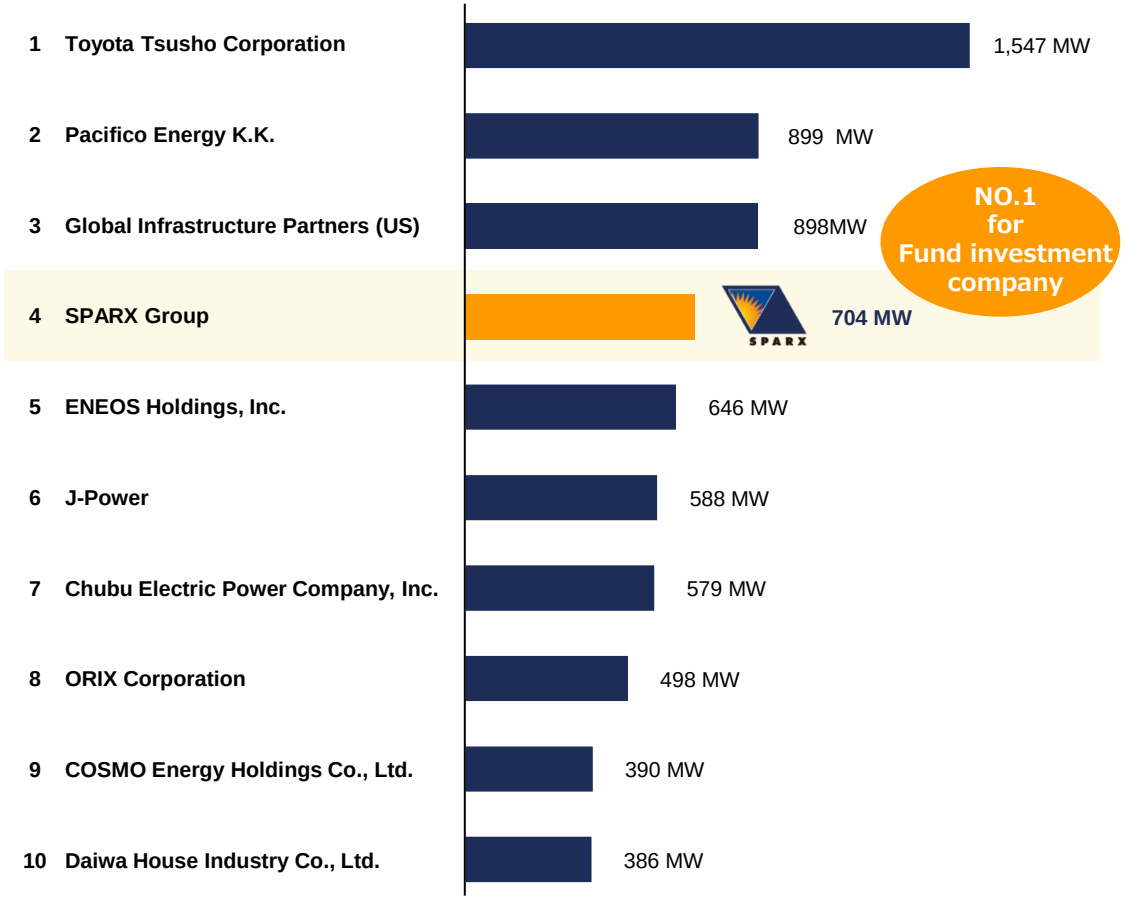
Decreased in AUM due to exit.

※1 as of December 31, 2024

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Overview of Real Asset Investment Strategy (2)

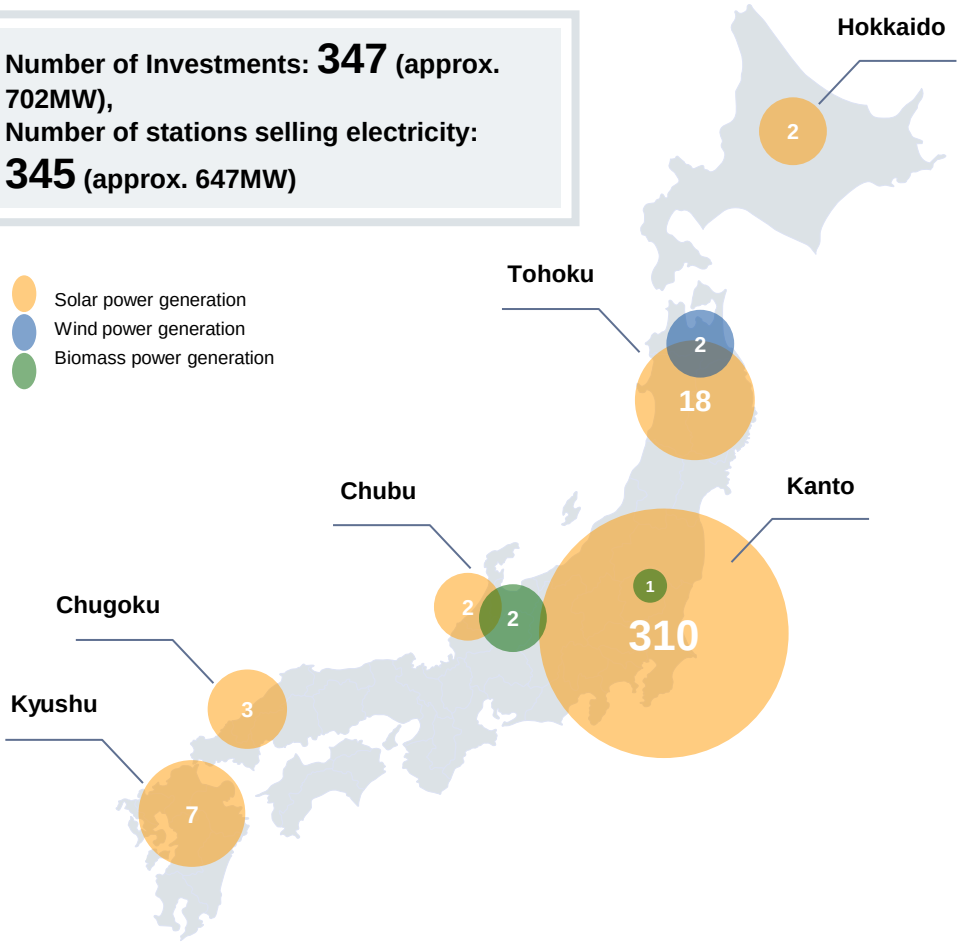
Ranking for electric-generating capacity for domestic renewable energy (solar and wind) power generation



Source: Information from the Nihon Keizai Shimbun and created by SPARX (as of January 2024)

Renewable energy power generation facilities

Number of Investments: 347 (approx. 702MW),
Number of stations selling electricity: 345 (approx. 647MW)



※1 as of December 31, 2024
(Note) the above number of investments does not include the number of power generation plants owned by consolidated subsidiaries.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Overview of Private Equity Investment Strategy (1)

Increased due to launch of Space Frontier Fund II and increased its AUM.
New investments is progressing for Mirai Fund III.

(100 million yen)	AUM		
	March 31, 2024	December 31, 2024	YoY change
Mirai Creation Funds	1,161	1,096	-64 (－5.6%)
Space Frontier Funds	92	223	+131 (+142.9%)
Japan Monozukuri Mirai Fund	168	168	- (-%)
Others	222	250	+28 (+12.8%)
Total	**1,643**	**1,739**	**+95 (+5.8%)**

Decreased due to a decrease in investment of the Mirai Creation Fund I & II. The Mirai Creation Fund I is making progress in distributing to investors, and we expect that the performance fee will be realized from FY2024 onward.

Mirai Creation Fund III is making its progress smoothly. During this 3Q, 4 new investments were made.

Next series of the Fund is under discussion

The Space Frontier Fund I became full investment and established & launched the Fund II. Increased due to investment commitment amount for Fund II.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Overview of Private Equity Investment Strategy (2)

1 IPO and 4 new investments made during FY2024 3Q.

EXIT due to its IPO（Oct. – Dec. 2024）

Space Frontier Fund I

IPO

Synspective

Date of Listing	December 19, 2024
Business overview	A provider of Synthetic Aperture Radar (SAR) satellite data and analytics solutions

New investments（ Oct. – Dec. 2024 ）

Mirai Creation Fund III

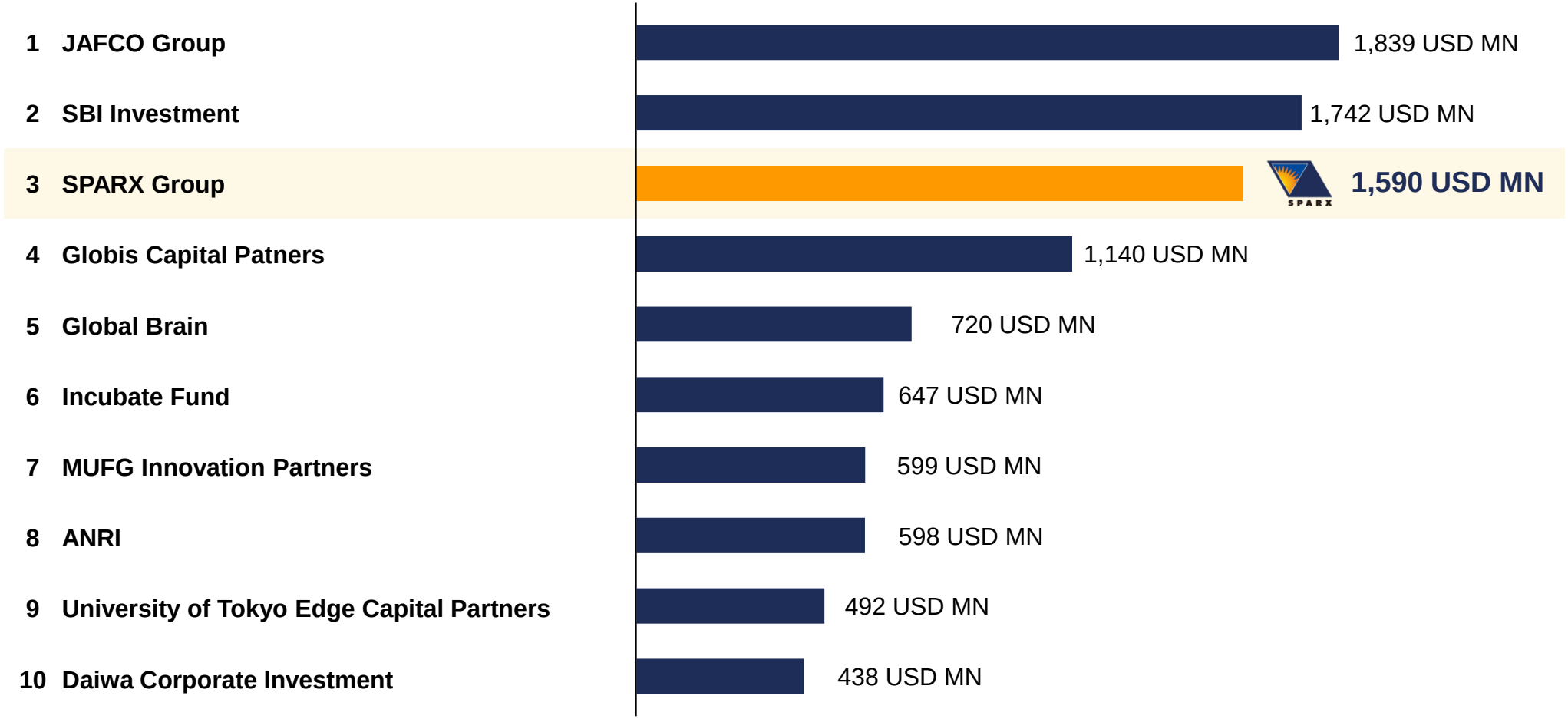
Name	Company Profile
Giftmall Inc.	Operator of online platform specializing in gifts
QunaSys Inc.	A developer with a forte for quantum computing algorithms and software
MUSVI Corporation	Offers remote communications with a sense of reality equivalent to face-to-face communication
Alloyed Limited	An Alloy product designer and manufacturer

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.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Overview of Private Equity Investment Strategy (3)

Ranking for domestic venture capital procurement scale



(Source) Preqin Database and created by SPARX (as of January 27, 2025)
※Amount of funding for the past 10 years to those venture capital with headquarters in Japan

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

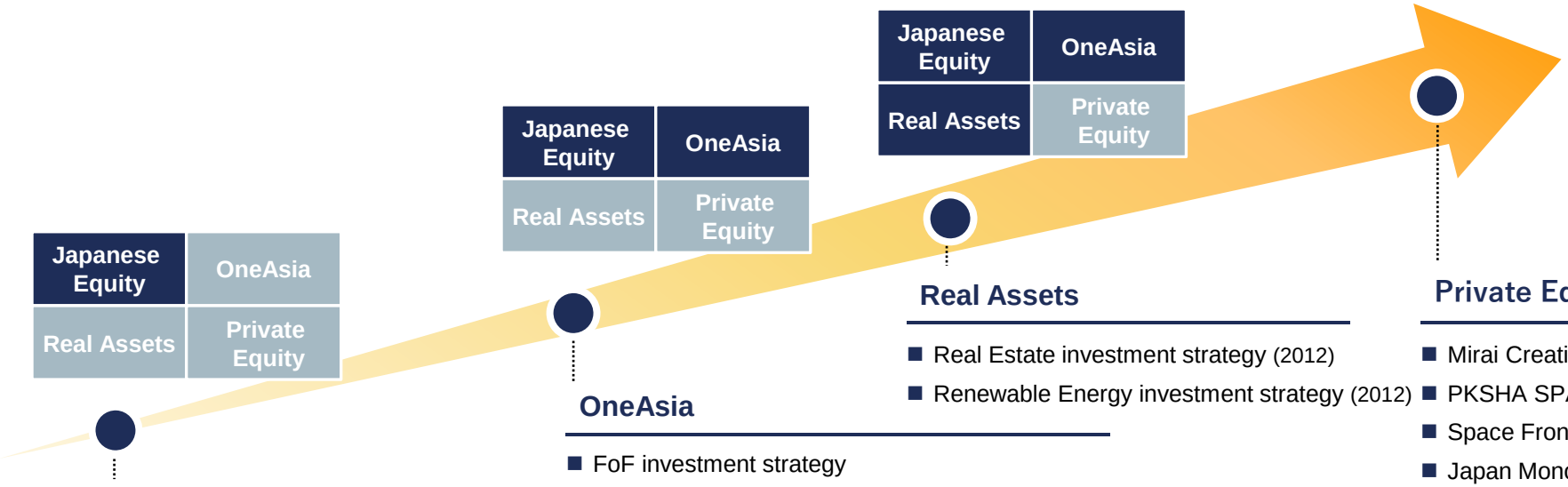
04.

Appendix

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

AUM as of December-end 2024

Japanese Equity	OneAsia
1,377.2bn	103.4bn
Real Assets	**Private Equity**
281.2bn	173.9bn



Japanese Equity

- Japanese Mid&Small Cap strategy (1989)
- Japanese Equity Long-Short All Cap strategy (1997)
- Japanese Equity Focus All Cap strategy (1998)
- Japanese Equity Focus strategy (1999)
- Japanese Equity Value Creation strategy (2002)

OneAsia

- FoF investment strategy
  (1997, specialized in Asia-Pacific from 2002)
- Korean Equity investment strategy (2005)
- Pan-Asia (excluding Japan and Korea) Equity investment strategy (2006)

Real Assets

- Real Estate investment strategy (2012)
- Renewable Energy investment strategy (2012)

Private Equity

- Mirai Creation Fund (2015)
- PKSHA SPARX Algorithm Fund (2019)
- Space Frontier Fund (2020)
- Japan Monozukuri Mirai Fund (2020)
- Investment corporation (the Fund)
  (managed by Nomura SPARX investment, Inc.,
  a joint venture with Nomura Holdings Co., Ltd.(2021)

Market swings have a significant impact → **Diversified strategies lead to increased stability**

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

What is the Buffet Club?

Through studying and discussing the investment philosophies of noted investor Warren Buffett and other capitalists, SPARX employees learn and share 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 sessions since our founding as a way to convey SPARX's investment philosophy to the next generation



Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

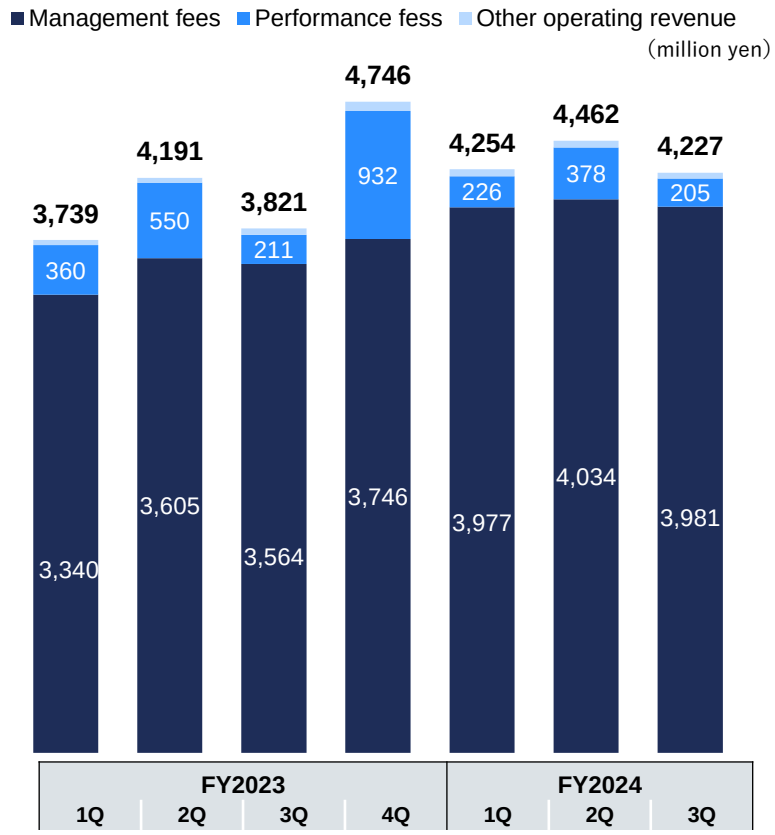
Consolidated Earnings Summary (based on management indicators)

Base Earnings have increased by 11.9% to 5,265 million yen due to increase of management fees after deducting commissions led by the growth of AUM despite the increase of personnel-related expenses by 11.7%. Performance fees decreased by 27.8% due to market impact while operating profit increased by 5.3% to 5,326 million yen. Base earnings, which is one of the important management indicators, has maintained its historical high.

		FY2023	FY2024	
		Q3	Q3	YoY change
Average AUM	(Billions of yen)	1,631.0	1,917.8	+17.6%
Management fee rate (After deducting commissions)	(%)	0.71%	0.68%	(−0.03)
Management fees (After deducting commissions)	(Millions of yen)	8,693	9,718	+11.8%
- Ordinary expenses	(Millions of yen)	3,986	4,453	+11.7%
Base earnings	(Millions of yen)	4,706	5,265	+11.9%
Performance fees	(Millions of yen)	1,121	810	(−27.8%)
Percentage of AUM eligible to earn performance fees	(%)	39.1%	33.5%	(−5.6)
Other operating revenue	(Millions of yen)	119	140	+17.9%
- Bonuses (including ESOP Expense)	(Millions of yen)	876	851	(−2.9%)
Operating profit	(Millions of yen)	5,060	5,326	+5.3%
Profit attributable to owners of parent	(Millions of yen)	4,525	3,321	(−26.6%)
Return on equity (annualized ROE)	(%)	21.8%	13.8%	(8.0)

(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.

Breakdown of Operating Revenue (fiscal year)



note applies throughout this presentation.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

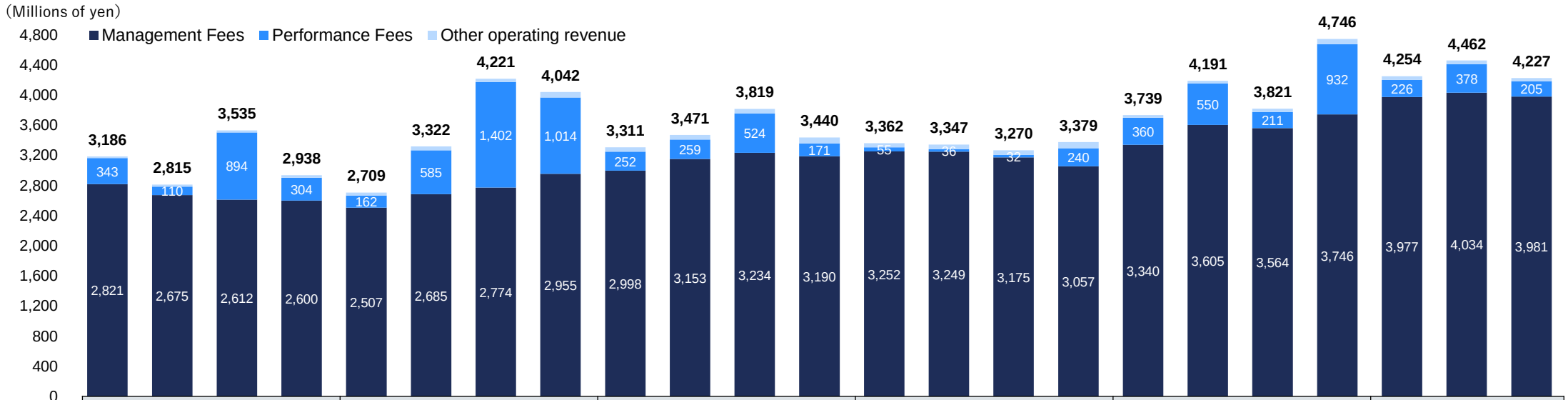
FY2024 Q3 Consolidated Financial Highlights（fiscal year）

（millions of yen）	FY2023				FY2024			YoY change
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Operating Revenue	3,739	4,191	**3,821**	4,746	4,254	4,462	**4,227**	＋406 （＋10.6%）
Operating profit	1,643	1,887	**1,528**	2,416	1,746	1,914	**1,666**	＋138 （＋9.0%）
Ordinary profit	1,782	1,956	**1,460**	2,891	1,807	1,869	**1,796**	+336 （+23.1%）
Profit attributable to owners of parent	2,019	1,313	**1,193**	1,993	1,120	1,163	**1,037**	△155 （△13.0%）
ROE（annualized）	30.3	24.4	**21.8**	22.7	14.4	14.5	**13.8**	△8.0pt

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Quarterly Trends in Operating Revenue

Management fees increased due to an increase of AUM as well as performance fees increased due to favorable investment performance.

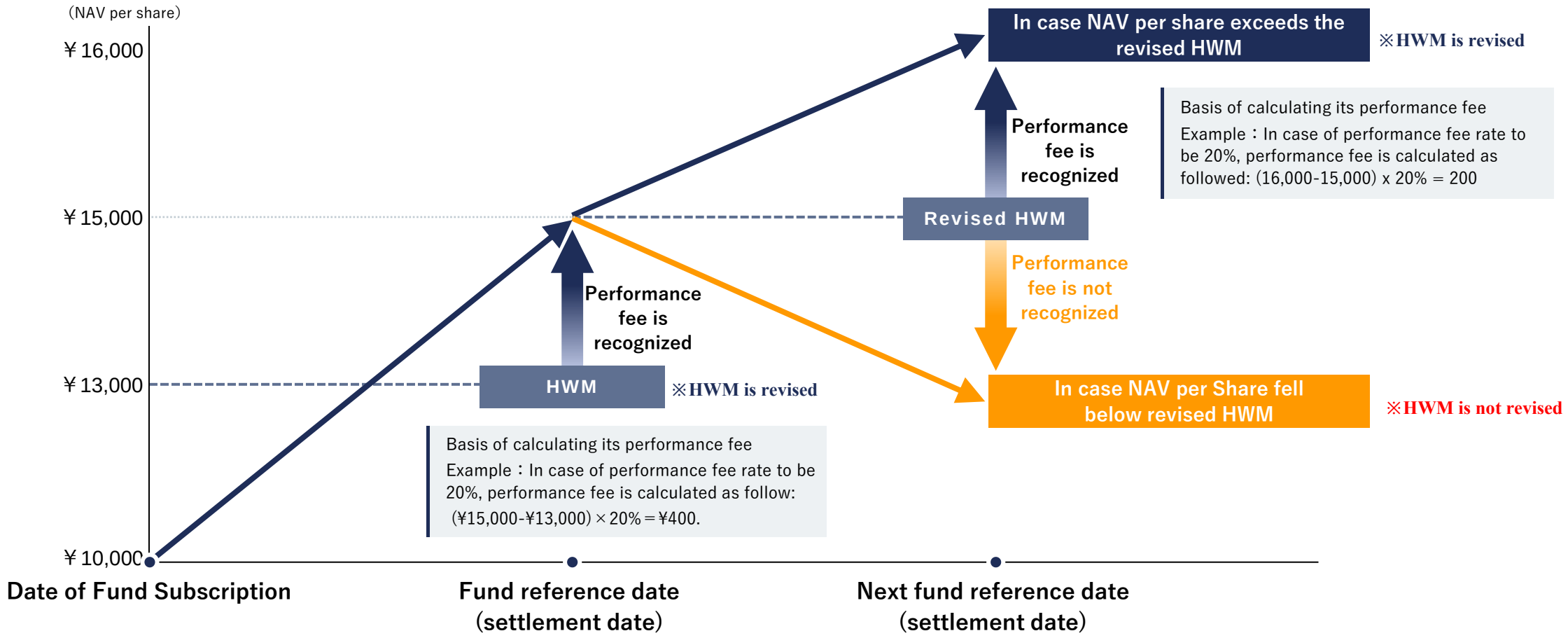


	FY2019				FY2020				FY2021				FY2022				FY2023				FY2024		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Management Fees	2,821	2,675	2,612	2,600	2,507	2,685	2,774	2,955	2,998	3,153	3,234	3,190	3,252	3,249	3,175	3,057	3,340	3,605	3,564	3,746	3,977	4,034	3,981
Performance Fees	343	110	894	304	162	585	1,402	1,014	252	259	524	171	55	36	32	240	360	550	211	932	226	378	205
Other operating revenue	22	29	28	33	39	51	43	72	59	59	60	78	55	61	62	81	37	35	46	67	50	48	41
Operating Revenue	**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**	**3,347**	**3,270**	**3,379**	**3,739**	**4,191**	**3,821**	**4,746**	**4,254**	**4,462**	**4,227**
(Reference)																							
Average AUM (Billions of yen) (3months average)	11,801	11,536	12,290	11,734	12,157	12,783	13,884	14,929	15,306	15,825	16,361	15,381	15,065	15,298	15,187	14,955	15,912	16,613	16,406	18,042	19,295	19,173	19,066
Management fee rate (3months average) (After deducting commissions)	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%	0.74%	0.72%	0.71%	0.72%	0.71%	0.70%	0.69%	0.67%	0.68%	0.68.%
Percentage of AUM eligible to earn performance fees	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%	38.7%	38.5%	37.9%	38.7%	38.5%	39.1%	35.3%	33.9%	34.8%	33.5%
NIKKEI stock average (Record date)	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	25,937	26,094	28,041	33,189	31,857	33,464	40,369	39,583	37,919	39,894

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

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.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Breakdown of Operating and General Administrative Expenses

- **Commission fee expenses increased due to an increase in AUM for publicly offered investment trusts.**
- **Ordinary expenses has increased due to increase in personnel expenses and so forth.**

(Units: Millions of yen)	FY2023	FY2024	
	Q3	Q3	YoY change
Commissions paid	1,829	2,284	+24.9%
Personnel exp.	2,568	2,673	+4.1%
Travel exp.	201	227	+13.1%
Property rent	190	241	+26.8%
Entrusted business expenses	819	908	+11.0%
Depreciation on fixed assets	166	164	(1.4)%
Advertising exp.	142	108	(24.1)%
Research exp.	297	330	+11.2%
Other expenses	477	678	+41.9%
Total: Operating and general administrative expenses	6,692	7,617	+13.8%
Ordinary expenses	3,986	4,453	+11.7%

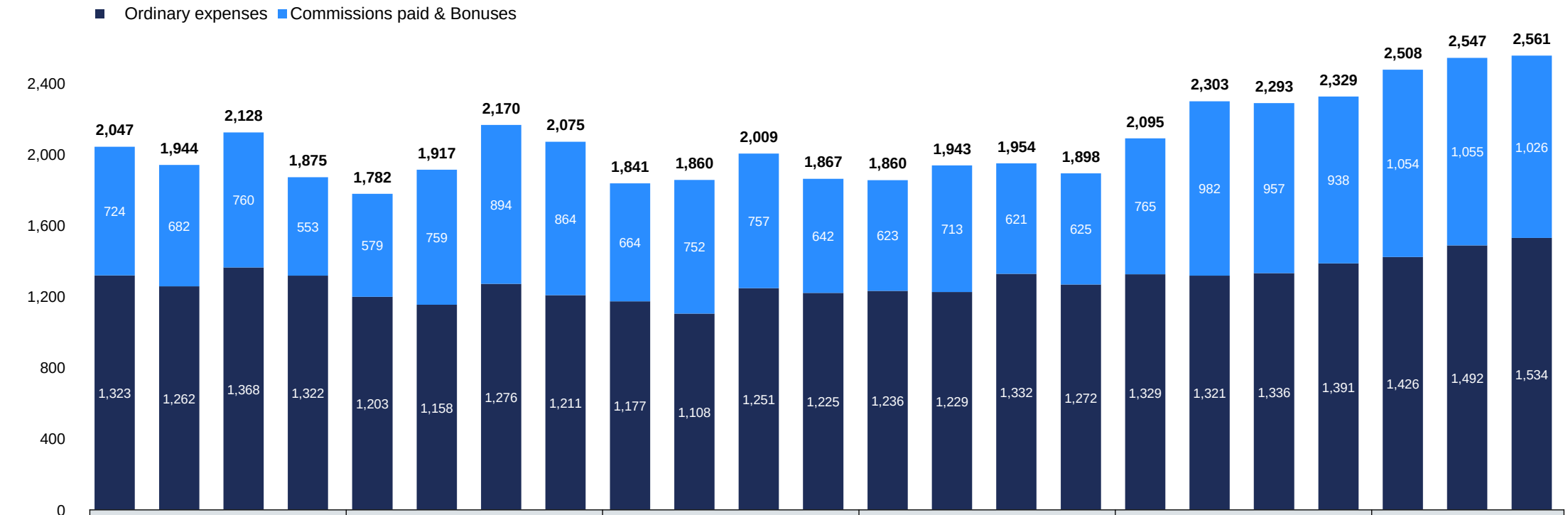
(Note1) The figures above, excluding "YoY change" are truncated. "YoY change" is rounded to the nearest tenth of a percent.
(Note2) The "Personnel expenses" data includes payments for legal welfare, bonus and temporary staff, etc. other than salary.
(Note3) The "Ordinary expenses" is calculated by deducting (1) Commissions paid, (2) Bonuses (including allowance for bonuses, legal welfare expenses related to bonuses, and ESOP expense) and (3) Severances package for key members, from total operating and general administrative expenses; hereinafter the same applies in this document.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Quarterly Operating and General Administrative Expenses

Cost-control taken continuously and cautiously considering the recent increase in ordinary expenses which was mainly due to increase in personnel and travel related expenses.

(Units:Millions of yen)



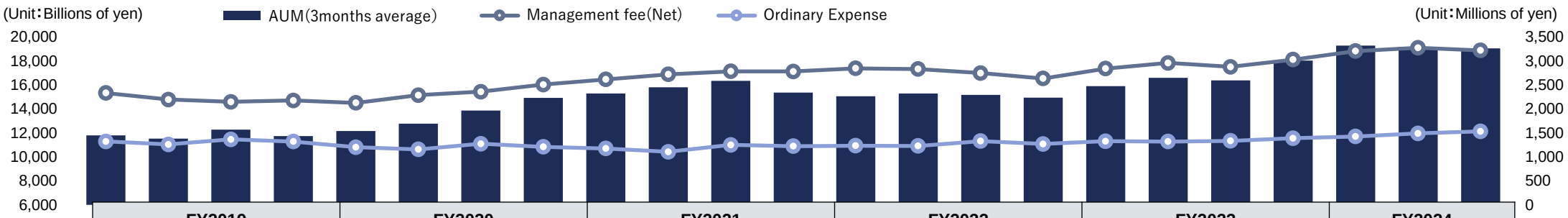
	FY2019				FY2020				FY2021				FY2022				FY2023				FY2024		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Ordinary expenses	1,323	1,262	1,368	1,322	1,203	1,158	1,276	1,211	1,177	1,108	1,251	1,225	1,236	1,229	1,332	1,272	1,329	1,321	1,336	1,391	1,426	1,492	1,534
Commissions paid & Bonuses	724	682	760	553	579	759	894	864	664	752	757	642	623	713	621	625	765	982	957	938	1,054	1,055	1,026
Operating and general administrative expenses	**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**	**1,943**	**1,954**	**1,898**	**2,095**	**2,303**	**2,293**	**2,329**	**2,508**	**2,547**	**2,561**

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Quarterly Base Earnings

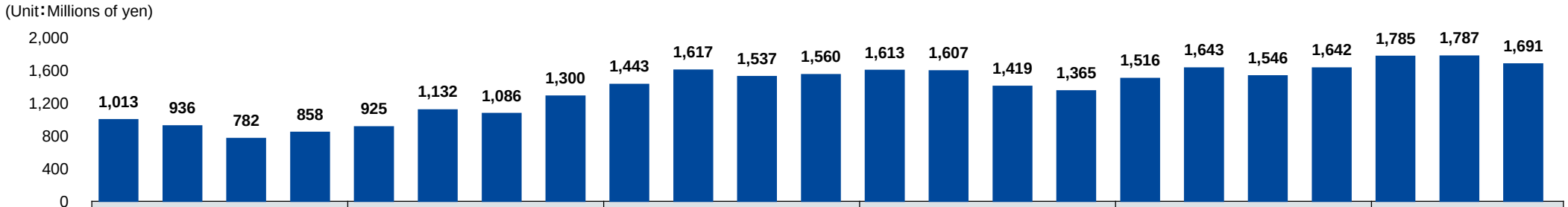
Base earnings has increased compared to the same period of the previous fiscal year due to an increase in management fees despite the fact that ordinary expenses are on an upward trend

Average AUM



	FY2019				FY2020				FY2021				FY2022				FY2023				FY2024		
	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) (Unit:Billions of yen)	11,801	11,536	12,290	11,734	12,157	12,783	13,884	14,929	15,306	15,825	16,361	15,381	15,065	15,298	15,187	14,955	15,912	16,613	16,406	18,042	19,295	19,173	19,066
Management fee(Net)	2,336	2,198	2,150	2,180	2,128	2,290	2,362	2,511	2,620	2,725	2,789	2,785	2,850	2,837	2,751	2,638	2,845	2,964	2,882	3,034	3,212	3,280	3,226
Ordinary Expense	1,323	1,262	1,368	1,322	1,203	1,158	1,276	1,211	1,177	1,108	1,251	1,225	1,236	1,229	1,332	1,272	1,329	1,321	1,336	1,391	1,426	1,492	1,534

Base Earnings



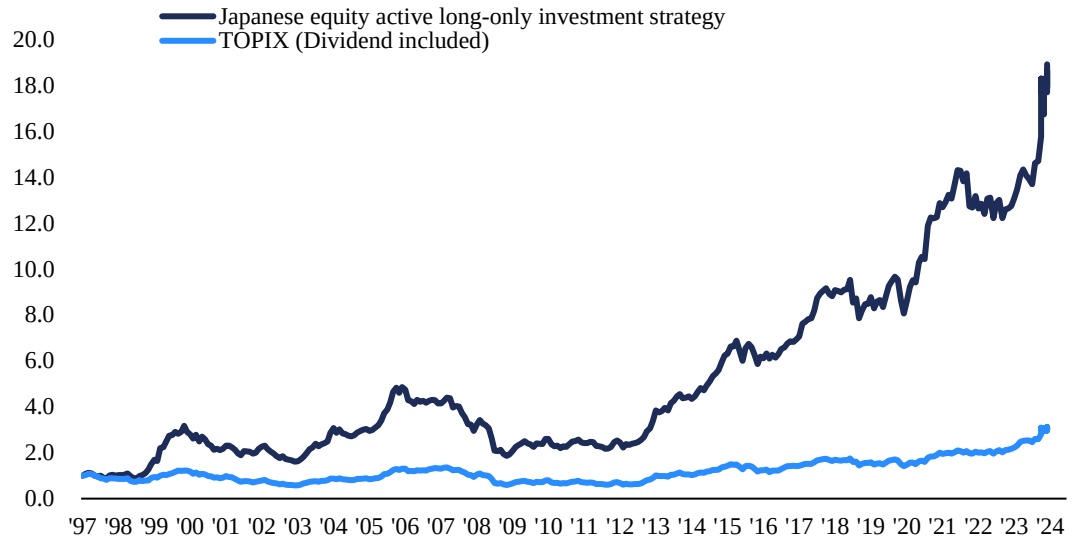
	FY2019				FY2020				FY2021				FY2022				FY2023				FY2024		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Base Earnings	1,013	936	782	858	925	1,132	1,086	1,300	1,443	1,617	1,537	1,560	1,613	1,607	1,419	1,365	1,516	1,643	1,546	1,642	1,785	1,787	1,691

(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.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Primary Investment Strategies: Composite Returns Since Valuation Began ①

Japanese Equity Active Long-Only investment strategy

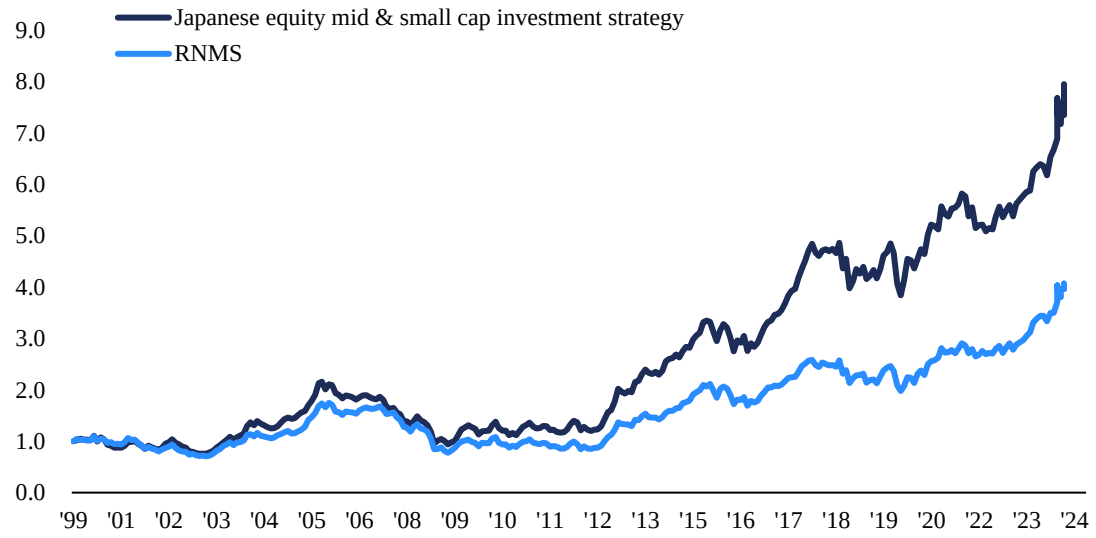


（Annualized Return）

Japanese equity active long-only investment strategy	11.21%	Reference Index	TOPIX (Dividend included)
Reference Index	4.19%	Measurement Period	1997/5 ～2024/12
Excess Return	7.02%	Volatility of Composite Return (Annualized)	19.43%

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

Japanese Equity Mid & Small Cap investment strategy



（Annualized Return）

Japanese equity mid & small cap investment strategy	8.65%	Reference Index	Russell/Nomura Mid-Small Cap Index
Reference Index	5.78%	Measurement Period	2000/1 ～2024/12
Excess Return	2.87%	Volatility of Composite Return (Annualized)	16.95%

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

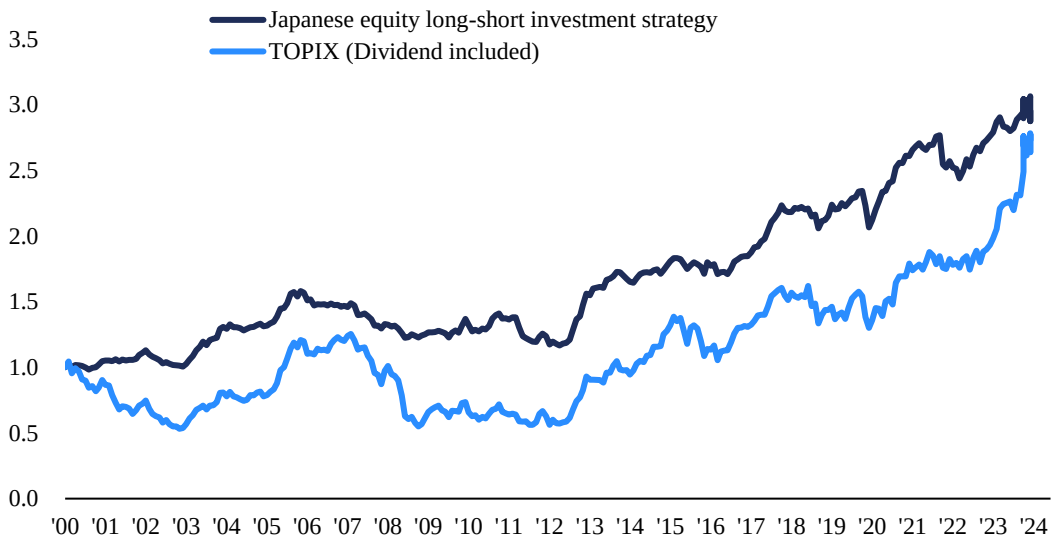
Source: SPARX Asset Management Co., Ltd. (as of December 31, 2024)

※ Please be sure to read the additional materials appended to the end of this presentation.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Primary Investment Strategies: Composite Returns Since Valuation Began ②

Japanese Equity Long-Short investment strategy

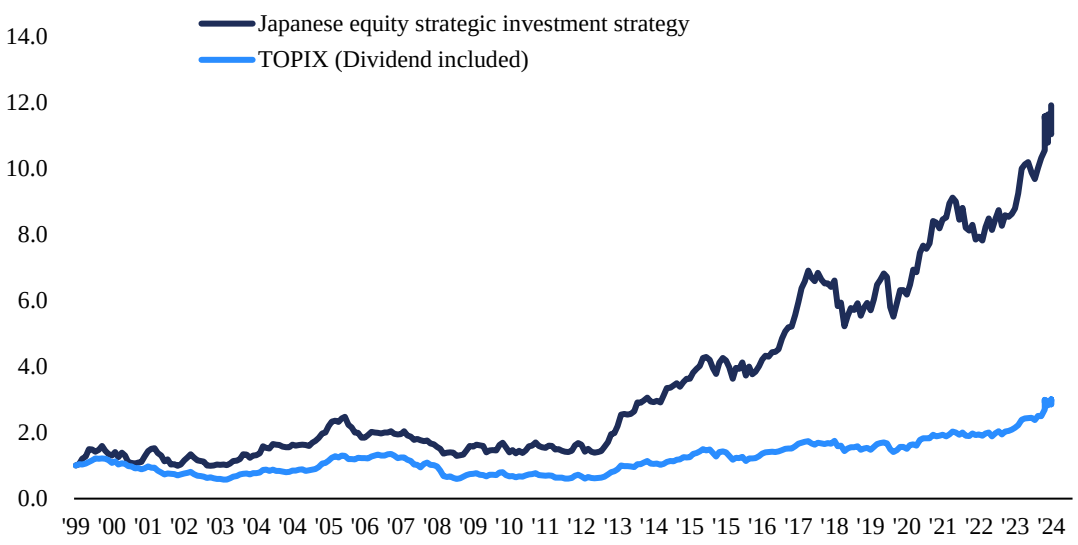


（Annualized Return）

Japanese equity long-short investment strategy	4.51%	Reference Index	TOPIX (Dividend included)
Reference Index	4.25%	Measurement Period	2000/6～2024/12
Excess Return	0.25%	Volatility of Composite Return (Annualized)	7.44%

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

Japanese Equity Strategic investment strategy



（Annualized Return）

Japanese equity strategic investment strategy	10.20%	Reference Index	TOPIX (Dividend included)
Reference Index	4.42%	Measurement Period	1999/7 ～2024/12
Excess Return	5.79%	Volatility of Composite Return (Annualized)	19.00%

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

Source: SPARX Asset Management Co., Ltd. (as of December 31, 2024)

※ Please be sure to read the additional materials appended to the end of this presentation.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Information

We distribute videos and send information via Facebook so that you can better understand the activities of SPARX. We are working to convey the new appeal of our company. Thank you for visiting us.

SPARX Channel	https://www.youtube.com/user/8739SPARX
Official Facebook	https://www.facebook.com/SPARXGroup/
Official X（former Twitter）	https://x.com/sparx8739

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

- This report is prepared solely for the purpose of providing information to the shareholders of SPARX Group Co., Ltd. (“SPARX”) and other interested parties, and it is not intended to be a recommendation or solicitation to buy or sell SPARX shares or any other securities. SPARX and its group companies do not warrant the accuracy, completeness, or appropriateness of any data, information, opinions, or other statements contained in this report (which remain not subject to auditing), and are not liable for any damage, loss, and/or other results caused by any reliance on or use of any of the said data, information, opinions, or other statements. Past results are not indicative of future performance.
- This report contains forward-looking statements that reflect SPARX’s plans and expectations (including for its group companies). These forward-looking statements are based on judgements and assumptions derived from SPARX’s currently held data. The statements involve known and unknown risks, uncertainties, and other factors that may cause SPARX’s actual results, performance, achievements, or financial position to be materially different from any projected results, performance, achievements, or financial position expressed or implied herein. See SPARX’s annual securities report for a discussion of the many factors that may affect SPARX’s actual results, performance, achievements, or financial position. This report is available at the Kanto Finance Bureau of the Japanese MOF. Furthermore, the content of this report is accurate as of the time of its production, and it may be altered without any prior notice. SPARX owns the copyright to this report. No part of this report may be transmitted, reproduced, quoted, cited, or otherwise used for any purpose whatsoever without the prior written permission of SPARX.
- SPARX Asset Management Co., Ltd. claims compliance with the Global Investment Performance Standards （GIPS®）and has prepared and presented this report in compliance with the GIPS standards. SPARX Asset Management Co., Ltd. has been independently verified for the periods from 1st April 1997 to 31st December 2020. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.
- The firm subject to verification is SPARX Asset Management Co., Ltd. SPARX Asset Management Co., Ltd. is registered with Japanese authorities to conduct an investment management business, an investment advisory and agency business, a Type-1 Financial Instruments business, and a Type-2 Financial Instruments business.
- The term the "Firm" was redefined effective 15 October 2009 and 30 November 2010 where SPARX Investment & Research, USA, Inc. (SIR) and SPARX International (Hong Kong) Limited (SIHK) have been excluded, respectively, due to the dissolution of SIR and the transfer of SIHK’s shares to a third-party. The term the "Firm" was redefined effective 31 December 2013 where SPARX Overseas Ltd.(SOL) who may manage the investment funds which SPARX Asset Management Co., Ltd.(SAM) does not take part in has been excluded, in order to keep on presenting the investment performance of portfolios that SPARX Asset Management Co., Ltd.(SAM) manages. The term the "Firm" was redefined effective 31 December 2016 where the divisions which invest in unlisted equities at SPARX Asset Management Co., Ltd. has been excluded. Nevertheless, the definition of the firm requires that all assets be wholly managed by SPARX Asset Management.

Composite details

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

  Contact：Business Development Division, SPARX Asset Management Co., Ltd. (Tel. +81-3-6711-9200)
- All copyrights, trademarks, and intellectual property rights related to the Russell/Nomura indices are the property of Nomura Fiduciary Research & Consulting Co., Ltd.
- This report includes statements related to investment trusts that SPARX Asset Management manages. Note the following points:

Notes on Investment Trusts

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

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

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 Risks 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 the time of purchase	Up to 3.85% (tax included)
Liquidation fees	None
Investment trust asset reserves	Up to 0.5%

- Indirect costs during investment in investment trusts

Management fee	Up to 2.057% annually (tax included)
Performance fee※	Some investment trusts may require performance fees

※ The amount of performance fees 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 distributor 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

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.



SPARX Group Co., Ltd.

Shinagawa Season Terrace 6F, 1-2-70 Konan,
Minato-ku, Tokyo, Japan 108-0075
Tel: +81-3-6711-9100 (switchboard)

■This material is only for the purpose of explaining the financial results prepared by SPARX Group Co., Ltd. and SPARX Asset Management Co., Ltd., and it is not a disclosure document pursuant to the Japanese Financial Instruments and Exchange Act. ■This material does not intend to solicit the purchase of any specific financial instruments. Therefore, the distribution of this document or a solicitation using this document to any third party is prohibited. ■Any unauthorized reproduction or copying of this document for any purpose is prohibited.