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

May 23, 2025

SPARX Group Co., Ltd.
President and Group CEO Shuhei Abe
(Code: 8739, TSE Prime Market)

Disclosure of Some Items on the Annual Securities Report Before the General Meeting of Shareholders

On March 28, 2025, the Minister of State for Financial Services issued a "Request for Provision of Appropriate Information Before a General Meeting of Shareholders" to all listed companies, asking that they consider disclosing their annual securities reports before their general meeting of shareholders. Our 36th Ordinary General Meeting of Shareholders is scheduled to be held on June 6, 2025. Due to scheduling constraints, it is challenging to disclose the annual securities report prior to the meeting. However, in consideration of this request, we have decided to disclose in advance certain items from the Annual Securities Report, which will be submitted after the annual general meeting of shareholders. These items include management policies and the status of corporate governance, which we believe will assist shareholders in exercising their voting rights.

Please refer to the attachment for more details.
Note that disclosure is intended for inclusion in the securities report and reflects the current situation as of the date of this announcement. If there are any changes to the situation before the securities report is submitted, the disclosure will be revised accordingly.
Additionally, the disclosure includes some items that are not subject to audit, while others are currently under review by the auditing firm and remain unaudited.

- Contact Information
  SPARX Group Co., Ltd., Finance & Management Control Dept.
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No further entry

Please note that the following is an unofficial English translation of the Japanese original text of "disclosure of some items on the Annual Securities Report before the General Meeting of Shareholders". SPARX Group provides this translation for reference and convenience purposes only and without any warranty as to its accuracy. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Attachment

The following disclosure is intended for inclusion in the securities report and reflects the current situation as of the date of this announcement. If there are any changes to the situation before the securities report is submitted, the disclosure will be revised accordingly.
Additionally, the disclosure includes some items that are not subject to audit, while others are currently under review by the auditing firm and remain unaudited.

Annual Securities Report

Part 1: Corporate Information

Section 2. Business Overview

1. Management Policies, Business Environment, and Issues to be Addressed

SPARX Group's ("the Company" or "the Group") management policy, business environment, and issues to be addressed are described below. Forward-looking statements are based on the Group's judgment as of the consolidated fiscal year-end under review (fiscal year ended March 31, 2025)..

(1) Management Policies

The SPARX Group of independent asset management companies aims to realize its mission "to make the world wealthier, healthier, and happier" by being the most trusted and respected investment company in the world. We are also Japan's first publicly listed corporate group with asset management services as its core business.

Our basic management policy's top priority is to deliver satisfactory returns by providing, through the products we manage, investment intelligence that all our investors will find truly useful. To that end, we have worked since our inception to continually develop innovative investment methods based on a thorough bottom-up approach that follows the investment philosophy: "Macro is the Aggregate of the Micro." We also apply our experience and knowledge as specialists in Japanese equities to develop other non-equity investment programs aimed at infrastructural assets and private equity, including real estate and power generation businesses. With the combined strength of our subsidiaries in South Korea and Hong Kong, we will continue working to provide investment intelligence and superior returns that can meet the expectations of global investors with an eye on Asia. Furthermore, as society increasingly demands our tradition of responsible investing, we believe that advancing, growing, and spreading value-generating responsible investing is our natural responsibility as a well-established investment firm aiming to realize sound capital markets and a sustainable society.

The second aspect of our policy is building an effective, efficient, sound, and highly transparent governance structure by leveraging our strengths as an independent company. Specifically, we are building and maintaining sophisticated governance to gain support from our clients and set an example for capital markets. While developing various investment strategies, we conduct appropriate risk management, particularly in managing conflicts of interest among Group companies, investment strategies, and funds.

Our policy's third aspect is our belief that we need to maintain specific conditions to solidify the foundations of our independence and realize our purpose. Namely, we must maintain high profitability to remain the first choice of our clients and other stakeholders and develop and retain the professionals needed to support these efforts. Specifically, we foster investment skills and create unique ideas by sharing investment philosophies through the Buffett Club and other internal study groups. We also maintain front- and back-office cooperation in client-oriented operations and clarify and instill desirable behaviors companywide. All departments and levels combine to package investment ideas in concrete form as we aim to establish a management structure to realize higher, more sustainable profitability than other companies with each distinctive strategy we pursue.

(2) Objective Indicators for Assessing Achievement of Management Goals

Revenue from investment trusts and investment advisory fees, which account for the majority of the Group's earnings, broadly consist of management and performance fees. The former are based on the balance of assets under management and the fee rate, while the latter vary depending on investment performance and other factors. Performance fees are not generated from all of the Group's assets under management.

Therefore, the Group's most important management indicators are the balance of assets under management, our source of revenue, and the management fee rate. In addition to the timely monitoring of the balance of assets under management, we analyze whether any fluctuations stem from new subscriptions or client redemption, general market trends, or investment performance to objectively assess the competitiveness of the Group's business. We also strive to achieve higher management fee rates by developing and offering more value-added investment strategies.

The next crucial management indicator is base earnings, which represents the total management fees minus ordinary expenses. Base earnings is the foundation of sustainable and stable business operations. Thus, if we were to encounter a situation that causes negative base earnings, we would naturally aim to increase management fees. However, we would also need to quickly restore profitability through all possible measures, including cutting costs. On the other hand, if our base earnings remains high enough, we can conclude that we have sufficient capacity for growth investments.

Furthermore, our total performance fees and ROE are, naturally, crucial management indicators. Since the majority of our operating performance depends on our base earnings and performance fees, as do bonuses and other compensation, the size of performance fees has a significant impact on operating profit from year to year, which in turn significantly influences ROE. We strive to improve ROE using a two-pronged approach. First, we derive the percentage of assets under management that have the potential to earn performance fees and assess the occurrence of performance fees and the degree of their impact on business performance. Then, we develop and provide higher value-added investment strategies, thereby increasing the balance of assets under management with potential performance fees.

(3) Management Strategies

The Group aims to build a robust foundation that will enable steady profit growth. To achieve this goal, we consider our pillars to be the four investment strategies below.

The first pillar is our Japanese Equity Investment Strategy.

Our Japanese equities strategy declined to JPY 1,292.5 billion, but we established several funds during the fiscal year under review, including the first long-short Japanese equities fund in the UCITS fund market in March. This fund will be freely marketable within the EU upon obtaining regulatory approval in any EU member nation, much like how passports work within the EU. The appeal of investing in Japanese stocks should remain high, given the ongoing government policies and the Tokyo Stock Exchange's calls for comprehensive measures to achieve sustainable growth through capital returns that exceed capital costs. One of SPARX's strengths lies in responding to the needs of overseas investors and managing their funds. We aim to make this investment strategy the engine for a significant increase in assets under management.

The second pillar is our OneAsia Investment Strategy (targeting Asian equities).

Despite continuing to deliver robust fund performance, the OneAsia strategy saw its assets under management fall to JPY 104.3 billion. We expect Asia to take a leading role globally in the coming years, and our fund managers in Tokyo, Hong Kong, and South Korea will continue their joint research on Asian companies while sharing investment ideas to maintain this solid fund performance. Our belief that this area will drive the Group's growth remains unchanged, and we consider it a crucial strategy that demands our focus. We will leverage the investment expertise cultivated through Japanese equities to accelerate this fund's growth, as we work to make SPARX as widely synonymous with Asian equities as it is with Japanese ones.

The third pillar is our Real Asset Investment Strategy.

This strategy primarily invests in infrastructure assets for renewable energy power generation. It has invested in power generation facilities across Japan, with assets under management of JPY 302.1 billion. We operate solar, wind, and biomass power plants and have entered the battery storage business to expand our investment targets further. This fiscal year under review also marks us starting a pilot project commissioned by the Ministry of the Environment to establish a supply chain for the production, storage, transportation, and utilization of green hydrogen in Tomakomai, Hokkaido. As a pioneer in renewable energy funds, we will continue to offer attractive investment products that meet all our stakeholders' expectations.

The fourth pillar is our Private Equity Investment Strategy.

This strategy has AUM of JPY 172.9 billion, primarily through the Mirai Creation Fund, which was established to practice long-term investments in next-generation companies and develop new areas for creating the future as an investment company. We have already realized solid investment returns for all our investors from several IPOs and investment exits, and now we have recorded our first performance fees from the Mirai Creation Fund. We also launched the Space Frontiers Fund primarily to support human resources and technology development in space-related industries, foster Japan's first globally competitive space companies, and assist technological innovation throughout Japan. Through progress in these investments, we launched a second fund this fiscal year, with its initial AUM at JPY 13.1 billion. With their steady track record of high-quality investments and performance, these funds maintain their contributions to future society by discovering and cultivating companies that are world leaders in innovative technologies and business models. Moreover, our Japan Monozukuri Mirai Fund executed a take-over bid (TOB) for SNT Corporation, following a TOB for IJTT in January 2024. We established the Japan Monozukuri Mirai Fund in 2020 based on a philosophy of contributing to society by investing in Japanese manufacturing companies with excellent technologies, human resources, and services, supporting these companies with the Toyota Production System (TPS), and developing appropriate management strategies. We aim to make great strides in this investment sector by helping to develop Japanese manufacturing and human resources through consistently solid investments and sustainable corporate growth.

As mentioned above, SPARX Group has a track record of promoting infrastructure investment in Japan, focusing on renewable energy. Hokkaido has the greatest potential for renewable energy in Japan. It also has the capacity to lead the way in AI pilot projects and implementation by effectively leveraging its vast land, backed by its collection of data centers and semiconductor industry sites. The island is also blessed with abundant tourism resources. The Niseko area holds significant promise as one of the world's leading snow resorts thanks to its high-quality powder snow. Against this backdrop, we decided to develop a luxury villa in the area, an extraordinary place with natural beauty for guests to enjoy, targeting affluent travelers from Japan and abroad. With this project as a foothold, we will develop various investment products that maximize Hokkaido's potential value due to its numerous existing investment opportunities. We aim to expand our assets under management and new investment areas by attracting more investments from around the globe.

(4) Business Environment

Business Progress and Results

The Japanese stock market began this consolidated fiscal year with a decline due to profit-taking, concerns over rising US long-term interest rates, rising US CPI, and deteriorating conditions in the Middle East. The Nikkei Stock Average temporarily fell below JPY 37,000. However, in May, the release of lower-than-expected US CPI, US Retail Sales, and other indicators reduced concerns about prolonged monetary tightening, resulting in the three top US stock indexes reaching record highs and the Nikkei Stock Average temporarily recovering to JPY 39,000. After oscillating within a range amid attention to monetary policy trends in Japan and the US, the robust performance continued as the yen weakened, and the Nikkei Stock Average rose above JPY 42,000 on July 11. However, the Japanese stock market turned downward due to a softer-than-expected US CPI, profit-taking in US high-tech stocks, and a stronger yen, among other factors. An additional interest rate hike at the Bank of Japan's late-July monetary policy meeting fueled a stronger yen, and the US ISM manufacturing index for July fell short of market expectations, triggering concerns about a weakening US economy. That caused the yen to strengthen further, and risk aversion intensified, causing the market to plunge. Later, as the exchange rate stabilized, the Japanese stock market regained its composure and significantly recovered. The Japanese stock market rallied on the back of the yen's depreciation, the US economy's resilience, and the newly inaugurated Ishiba administration's policy of maintaining the previous administration's economic policy. However, the market exhibited some signs of slumping due to caution over former President Trump's plans for tougher tariffs during the US presidential election. The Japanese stock market then took another upturn, supported by robust US semiconductor stocks and the yen's further depreciation, reaching a new high by year-end. After the new year began, the Nikkei Stock Average gradually began to brace itself for the recession created by US President Trump's tariff policies, as it fell JPY 1,502 in one day on March 31, 2025. It closed at JPY 35,617.56, down 11.8% from the end of the previous year.

Under such market conditions, the Group's assets under management at fiscal year-end were JPY 1,872 billion (Note 1), a YoY decrease of 0.9%.

Base earnings (Note 2), an indicator of profitability that provides a sustainable and stable foundation for the business, set a new record, growing by 5.9% YoY to JPY 6.722 billion (from JPY 6.348 billion the previous year), thanks to increased management fees that outpaced rising operational expenses.

Our Japanese equities strategy declined to JPY 1,292.5 billion, but we established several funds during the current fiscal year, including the first long-short Japanese equities fund in the UCITS fund (Note 3) market in March. This fund will be freely marketable within the EU upon obtaining regulatory approval in any EU member nation, much like how passports work within the EU. The appeal of investing in Japanese stocks should remain high, given the ongoing government policies and the Tokyo Stock Exchange's calls for comprehensive measures to achieve sustainable growth through capital returns that exceed capital costs. One of SPARX's strengths lies in responding to the needs of overseas investors and managing their funds. We aim to make this investment strategy the engine for a significant increase in assets under management.

Despite continuing to deliver robust fund performance, the OneAsia strategy saw its assets under management fall to JPY 104.3 billion. We expect Asia to take a leading role globally in the coming years, and our fund managers in Tokyo, Hong Kong, and South Korea will continue their joint research on Asian companies while sharing investment ideas to maintain this solid fund performance. Our belief that this area will drive the Group's growth remains unchanged, and we consider it a crucial strategy that demands our focus. We will leverage the investment expertise cultivated through Japanese equities to accelerate this fund's growth, as we work to make SPARX as widely synonymous with Asian equities as it is with Japanese ones.

This strategy primarily invests in infrastructure assets for renewable energy power generation. It has invested in power generation facilities across Japan, with assets under management of JPY 302.1 billion. We operate solar, wind, and biomass power plants and have entered the battery storage business to expand our investment targets further. This fiscal year also marks us starting a pilot project commissioned by the Ministry of the Environment to establish a supply chain for the production, storage, transportation, and utilization of green hydrogen in Tomakomai, Hokkaido. As a pioneer in renewable energy funds, we will continue to offer attractive investment products that meet all our stakeholders' expectations.

This strategy has an AUM of JPY 172.9 billion, primarily through the Mirai Creation Fund, which was established to practice long-term investments in next-generation companies and develop new areas for creating the future as an investment company. We have already realized solid investment returns for all our investors from several IPOs and investment exits, and now we have recorded our first performance fees from the Mirai Creation Fund. We also launched the Space Frontiers Fund primarily to support human resources and technology development in space-related industries, foster Japan's first globally competitive space companies, and assist technological innovation throughout Japan. We launched a second fund this fiscal year through progress in these investments, with its initial AUM at JPY 13.1 billion. With their steady track record of high-quality investments and performance, these funds maintain their contributions to future society by discovering and cultivating companies that are world leaders in innovative technologies and business models. Moreover, our Japan Monozukuri Mirai Fund executed a take-over bid (TOB) for SNT Corporation, following a TOB for IJTT in January 2024. We established the Japan Monozukuri Mirai Fund in 2020 based on a philosophy of contributing to society by investing in Japanese manufacturing companies with excellent technologies, human resources, and services, supporting these companies with the Toyota Production System (TPS), and developing appropriate management strategies. We aim to make great strides in this investment sector by helping to develop Japanese manufacturing and human resources through consistently solid investments and sustainable corporate growth.

As mentioned above, SPARX Group has a track record of promoting infrastructure investment in Japan, focusing on renewable energy. Hokkaido has the greatest potential for renewable energy in Japan. It also has the capacity to lead the way in AI pilot projects and implementation by effectively leveraging its vast land, backed by its collection of data centers and semiconductor industry sites. The island is also blessed with abundant tourism resources. The Niseko area holds significant promise as one of the world's leading snow resorts thanks to its high-quality powder snow. Against this backdrop, we decided to develop a luxury villa in the area, an extraordinary place with natural beauty for guests to enjoy, targeting affluent travelers from Japan and abroad. With this project as a foothold, we will develop various investment products that maximize Hokkaido's potential value due to its numerous existing investment opportunities. We aim to expand our assets under management and new investment areas by attracting more investments from around the globe.

As a result, management fees (Note 4) for the current fiscal year increased 11.2% YoY, to JPY 15.857 billion. Performance fees (Note 5) decreased 7.6% YoY to JPY 1,897 million, and operating revenue increased 8.9% YoY to JPY 17,961 million.

Operating and general administrative expenses increased by 13.5% YoY, to JPY 10,244 million. This increase was primarily due to higher commissions paid in connection with more assets under management of publicly offered investment trusts and rising personnel costs.

The overall outcome was 3.2% YoY growth in operating profit, at JPY 7,717 million, and a 3.9% YoY decline in ordinary income, at JPY 7,778 million, due to a decrease in foreign exchange gains and losses on investment partnerships. Moreover, current net profit vested in parent company shareholders decreased 19.4% from the previous period to 5,252 million yen due to a YoY decline in gains from sales of investment securities resulting from the sale of some investment securities held by the Company.

Note 1: Assets under management for this consolidated fiscal year are preliminary estimates (as of March 31, 2025).

(Note 2) Base earnings are one of the Group's most critical management indicators. It represents management fees (after deducting commissions) minus recurring expenses.

(Note 3) UCITS stands for Undertakings for Collective Investment in Transferable Securities, referring to funds established per European Commission directives.

(Note 4) Management fees include administrative fees for the power stations related to our investment strategy for renewable energy in Japan.

(Note 5) Performance fees include fees generated from equity fund management performance, one-time (acquisition) fees received as compensation for formulating power station plans related to our Japanese Renewable Energy Investment Strategy, and fees received when accumulated dividends and investments in the Private Equity Investment Strategy.

(5) Priority Business and Financial Issues to be Addressed

4. Issues to be Addressed

This consolidated fiscal year, the Group's assets under management (AUM) decreased by 0.9% YoY to JPY 1,872 billion (Note 1). However, with the average AUM for the period increasing by JPY 237.9 billion YoY, management fees increased JPY 1,599 million over the previous fiscal year to JPY 15,857 million. Moreover, with continued appropriate cost controls, we set a new record for Base earnings (Note 2) for the second consecutive year, at JPY 6,722 million, representing our stable earnings power. SPARX's foundation is steadily growing and becoming more robust.

In the next fiscal year, we aim to maintain and improve our fund management performance quality and increase revenue and profit through the Group's robust human resources and investment capabilities. Furthermore, to realize the Group's mission of "making the world wealthier, healthier, and happier (through investment)," we will also focus on addressing the issues below to improve corporate value sustainably.

First, to achieve assets under management (AUM) of JPY 3 trillion by FY3/2026, we will maintain high profitability by strengthening and expanding our four pillars of growth (Japanese equities, OneAsia, real assets, and private equity) in a well-balanced manner and build a business portfolio with excellent stability and growth potential that is less susceptible to short-term market fluctuations.

→ Related to "practicing broad-based responsible investment" under the Group's materiality (Note 3)

The following explains our progress to date toward the above goals.

With regard to Japanese equities, some investment strategies, including the Focus All Cap Strategy and the Mid & Small Cap Strategy, have generally reached their AUM targets. However, the Long-Short and Value Creation strategies have fallen short of their targets. Meanwhile, in March 2025, we established the first long-short Japanese equities fund in the UCITS fund market. Since UCITS funds (Note 4) can be freely marketed within the EU, we expect future capital inflows from overseas institutional investors. We also set extremely challenging targets for the Value Creation strategy, but we managed to establish a large domestic investment trust under this strategy last fiscal year. Although it will take some time to realize fund management and performance in line with our investment policy, we will reinforce our approach to overseas institutional investors—one of SPARX's strengths—and expand our AUM by taking a detailed approach toward attractive investments.

Turning to the One Asia strategy, we have launched a new Asian equities fund with around JPY 3 billion of our capital as seed money, and its fund management team is in Tokyo to formulate investment ideas. The fund management team bases its work on bottom-up research, as with our Japanese equity investments. Nevertheless, the fund has not yet led to concrete capital inflows. We will continue to make every effort to build an even higher-quality fund management team. We will take a persistent, steadfast approach of making long-term investments in companies that promise significant growth as Asian society changes to grow our Asian equity investment strategy into one as large as or even larger than the Japanese equity investment strategy, making it worthy of the SPARX name. On the other hand, the Korean Equity Investment Strategy has finally achieved outstanding performance over the past three years. However, this solid performance has meant we have received cancellations from existing institutional investors for asset allocation rebalancing, so we have not yet achieved our current AUM target. Nevertheless, we are confident that conditions are right for increasing our AUM, as overseas institutional investors are primarily focused on the corporate governance reforms expected to progress in the Korean stock market, much like the Japanese stock market.

For the Real Asset Investment Strategy, we have shifted our development focus from solar power to wind, biomass, and other renewable energy power plants because they continue to promise higher returns as the solar market conditions are expected to deteriorate. As a result, we are achieving an AUM that is generally aligned with our targets and moving forward with developing investment strategies to prepare for a post-FIT market. Specifically, we launched a pilot project in

Tomakomai, Hokkaido, to establish a supply chain for the production, storage, transportation, and utilization of green hydrogen (Note 5) and began developing battery storage facilities, both of which are beginning to increase our AUM. We will continue to learn more about the energy field and make concrete efforts to develop funds into a business.

In private equity, executing investments took longer than initially expected due to more careful investment considerations in response to rising geopolitical risks, including Russia's invasion of Ukraine and Israel's invasion of the Gaza Strip, and dramatic changes in the market environment, including rising interest rates and inflation, resulting in an overall delay in establishing a successor fund. Despite this delay, we established and began operating the Space Frontiers Fund II this fiscal year with JPY 13.1 billion as initial capital. We are also seeing investment progress in the Mirai Creation Fund III, with plans beginning to take form for establishing the Mirai Creation Fund IV in the next fiscal year. On the other hand, we have set very challenging targets for our Japan Monozukuri Mirai Fund, despite having no track record in such investment. It took a very long time from establishing the fund to executing investments. However, we followed up our first takeover bid (TOB) for IJTT in January 2024 with another for SNT Corporation in April this year. Going forward, we intend to quickly establish the Japan Monozukuri Mirai Fund II and dramatically increase AUM, backed by our experience executing two consecutive investments in listed companies going private.

An analysis of AUM through subscriptions and redemptions over the four years since setting our target shows that we have had inflows of about JPY 300 billion every fiscal year. However, gains due to our good fund performance and asset allocation rebalancing due to a relative increase of our funds' ratios in investor portfolios caused the redemptions, with outflowing capital ultimately being roughly equivalent to capital inflows. Regardless of the circumstances, we must increase the AUM across the Group and achieve our target by covering investment strategies that have not hit their targets with other investment strategies and constantly attracting new investors. Nevertheless, our efforts have thus far proved insufficient. Given the recent uncertainty in the stock market and other factors, achieving our target of JPY 3 trillion in AUM is objectively very challenging by March 31, 2026. We will first achieve our record-high AUM of JPY 2,024.1 billion as soon as possible and, through efforts worthy of the SPARX name, continue to create new investment strategies to help create a sustainable society. Despite the potential delay, we will continue to work toward an AUM of JPY 3 trillion.

<u>Second, we will develop and promote professionals who will lead the next generation and advance generational change in management.</u>
→ Related to "governance that leverages our strengths as an independent Company" under the Group's materiality (Note 3)

To achieve sustainable business expansion and increase corporate value, we will establish a more robust management structure by selecting and training personnel who will lead the next generation at the core of efficient, effective, sound, and transparent governance. As the first step, we plan to increase the number of internal directors at our 36th general meeting of shareholders. The Board of Directors will continue to devote ample time and resources to the vital management issue of appointing the Group's next CEO.

Specifically, the next generation of management, including business unit heads and fund managers, must have noteworthy expertise and extensive experience paired with excellent character and personal qualities. Moreover, they must embody the "ARTS Spirit" (Note 6) that the Group values through its Code of Conduct. We will create opportunities for personnel who meet these requirements to learn directly from the CEO. Those who have achieved public-facing results will serve as the pool for further promotions if they have the qualities and abilities to drive the Group's ongoing growth as the next CEO.

Additionally, we will continue to take various measures to ensure that our corporate philosophy (Note 7), including the Group's Purpose, Vision, Mission, and Values—which our founder has held dear since our founding—take root and are passed on to the next generation of our organization.

<u>Third, we will implement those measures necessary to bolster the source of the Company's competitiveness and enhance its human capital, which will help increase its corporate value over the medium to long term.</u>
→ Related to "high, sustainable profitability and the professionals to support it" under the Group's materiality (Note 3)

Japanese companies generally have a much lower ratio of intangible assets to corporate value than their European and US counterparts. Conversely, there is still room to dramatically increase corporate value by enhancing the value of intangible assets. Human capital is the most typical form of intangible assets, and it is vital for a company like ours, which has almost no tangible assets. Therefore, we will make more sophisticated use of human capital than ever before by adapting to external changes while further pursuing our Group's unique characteristics.

Specifically, we believe that the excellent human resources who share our Group's Purpose and Vision (i.e., ideology) will respect each other's diversity and proactively work to improve their abilities and skills (i.e., our technique) to become the best professionals they can be, while simultaneously working to develop excellent personalities by valuing the code of conduct (i.e., conduct) considered necessary to realize their ideology and expertise. All of us will work together to implement the many measures required to achieve "better investments."

We will also strengthen our team and organizational capabilities to innovate and communicate, which is the source of the Group's competitiveness. In other words, we will improve our ability to compete as an organization by leveraging each individual's high level of expertise.

Specifically, we will (1) bolster our ability to make accountable and reproducible investments and create unique investment ideas, (2) clarify and instill desirable behaviors within the Company and strengthen our ability to package investment ideas in concrete ways through Groupwide efforts, and (3) create a comfortable working environment.

Furthermore, we will leverage the team and organizational abilities bolstered by these measures to innovate and actively communicate attractive investments internally and externally to increase the Group's competitiveness and corporate value.

Notes:

1. Assets under management at the end of the current fiscal year are preliminary figures (as of March 31, 2025).
2. Base earnings demonstrate whether a business has the earning capacity needed for a sustainable, stable foundation. We use the following formula to calculate base earnings:

   Base earnings = Management fees (after deducting commissions) - Ordinary expenses
3. Please refer to the following website for details of the Group's materialities (important key issues).
   https://www.sparxgroup.com/sustainability/materiality.html
4. UCITS stands for Undertakings for Collective Investment in Transferable Securities, which are funds that comply with the directives established by the European Commission.
5. Green hydrogen is produced by electrolyzing water and reducing it to hydrogen and oxygen. Society can use this hydrogen, thereby releasing oxygen into the atmosphere, without harming the environment. Electricity is required for electrolysis, but the green hydrogen production process can be made carbon-free by using renewable energy.
6. ARTS Spirit
   This is the Group's Code of Conduct, coined from the first letters of the words "Arigato, Responsiveness, Thoroughness, and Sympathy."
   - A: Always act with respect and sincere gratitude to colleagues and other persons
   - R: Always act with speed, reflecting our belief that alertness and agility are the best ways to deal with change
   - T: Investigate continuously, reflecting our belief that conscientious and meticulous effort will generate new knowledge
   - S: Treat our clients and colleagues with empathy, sincerity, and respect, which leads to harmony and mutual growth; embrace diversity with an open mind and create opportunities for free discussion
7. Please refer to the following website for the Group's Corporate Philosophy.
   https://www.sparxgroup.com/philosophy/

2. Approaches and Initiatives Regarding Sustainability

Information on sustainability is available at the following page on our website:
https://www.sparxgroup.com/sustainability/

Section 4. Filing Company

4. The State of Corporate Governance

(1) Corporate Governance Overview

i) Basic Philosophy of Corporate Governance

Since its founding in 1989, SPARX Group has managed investments using a thorough bottom-up approach grounded in the philosophy that “Macro is the Aggregate of the Micro.” In this way, the Company has offered asset management services that have earned the trust of numerous clients.

By achieving sustainable growth and improved corporate value over the medium to long term, SPARX Group keeps striving to realize its mission “to make the world wealthier, healthier, and happier,” as it becomes “the most trusted and respected investment company in the world.”

ii) Corporate Governance Structure Overview and Reason for Adoption

The Company aims to further improve its corporate governance. The Company believes that incorporating Directors who are Audit and Supervisory Committee members—who audit the corporate directors’ executive actions—into the Board of Directors will delineate the boundary between audits and executive action and improve the supervisory function of the Board, while also accelerating executive action by largely transferring authority from the Board to the executive directors themselves.

Board of Directors & Directors

As of May 23, 2025, the SPARX Group Board of Directors comprises the following six highly experienced directors. It regularly meets once a month and holds emergency sessions as necessary to promptly formulate basic management policies and make especially crucial operational decisions.

Chair	Position	Name
	President & Representative Director, Group CEO, Group CIO, SPARX Group Co., Ltd.	Shuhei Abe
X	Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.	Toshihiko Nakagawa
	Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.	Kimikazu Noumi
	Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.	Eiko Hakoda
	Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.	Kimie Morishita
	Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.	Asako Saito

SPARX Group sets the terms of its directors’ (excluding Directors who are Audit and Supervisory Committee members) at one year to more clearly delineate their administrative responsibilities, to improve the Company’s operational structure, and to dynamically form an operational framework in response to changes in the business environment. The Directors who are Audit and Supervisory Committee members’ terms are for two years. Moreover, to improve its governance framework, the Company has invited five outside directors to join the Board. These outside directors offer the Board of Directors independent, objective expertise and further expand its decision-making and supervisory functions.

The ordinary general shareholders’ meeting scheduled for June 6, 2025, will have two votes on the agenda, with one proposal to elect two directors (excluding Directors who are Audit and Supervisory Committee members) and the other to elect one Audit and Supervisory Committee director. If both proposals pass, the Board of Directors will have seven directors, including one additional director, Mr.Hiroshi Minematsu.

Audit and Supervisory Committee

As of May 23, 2025, the Company’s Audit and Supervisory Committee comprises the following five outside directors (of whom all are independent outside directors). It monitors the compliance and appropriateness of the Company’s operations.

Chair	Position	Name
	Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.	Toshihiko Nakagawa
X	Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.	Kimikazu Noumi

	Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.	Eiko Hakoda
	Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.	Kimie Morishita
	Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.	Asako Saito

The ordinary general shareholders' meeting scheduled for June 6, 2025, will have a vote to elect one Audit and Supervisory Committee director on the agenda. If the proposal passes, the Audit and Supervisory Committee will continue to consist of these five outside directors.

Management Meeting

As of May 23, 2025, the Company has a Management Meeting—comprising the representative director, managing executive directors, and Group executive officers—to deliberate on important business execution decisions delegated by the Board of Directors to the representative director and CEO.

Chair	Position	Name
X	President & Representative Director, Group CEO, Group CIO, SPARX Group Co., Ltd.	Shuhei Abe
	Group Executive Officer, Group CFO, SPARX Group Co., Ltd.	Hiroshi Minematsu
	Group Executive Officer, SPARX Group Co., Ltd.	Takeshi Suzuki
	Group Executive Officer, SPARX Group Co., Ltd.	Takaki Demichi
	Group Executive Officer, SPARX Group Co., Ltd.	Takahide Taniwaki

The ordinary general shareholders' meeting scheduled for June 6, 2025, will have a vote to elect two directors (excluding Audit and Supervisory Committee directors) on the agenda. If this proposal passes, Mr.Hiroshi Minematsu will become a director and the Group CFO. Shuhei Abe's position will not change.

Nomination and Compensation Committee

The Company has established a Nomination and Compensation Committee to bolster the independence, objectivity, and accountability of the Board's functions with regard to the nomination and compensation of directors and Group executive officers, while also helping ensure the transparency of SPARX Group management.

Chair	Position	Name
	President & Representative Director, Group CEO, Group CIO, SPARX Group Co., Ltd.	Shuhei Abe
X	Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.	Toshihiko Nakagawa
	Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.	Kimikazu Noumi
	Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.	Eiko Hakoda
	Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.	Kimie Morishita

Other

The Company also has the Special Committee to deliberate important trades and actions where the interests of our majority and minority shareholders may conflict, and examine and supervise the appropriateness of such trades and actions; the Group Risk Management Committee to manage group-wide risk management through analysis and evaluation based on the results of risk surveys; the Compliance Committee to ensure thorough compliance with the Financial Instruments and Exchange Act and all related laws, ordinances, and regulations; the Responsible Investment Committee to consider and discuss issues pertaining to responsible investment principles, including our responses to climate change risks and opportunities; and other committees that investigate, deliberate, formulate, and report on all inquiries concerning directives from the Board of Directors. Furthermore, compliance managers, including those at subsidiaries abroad, remain in close contact with each other and review, from a global perspective, legal compliance and risk management concerning Company operations.

The Special Committee is comprised of the following members.

At least two of the Company's Independent Outside Directors nominated by the Board of Directors for each matter. The committee chair is decided by internal vote by the committee members.

The Group Risk Management Committee is comprised of the following members.

President & Representative Director
Officer responsible for internal management
Directors (excluding Directors who are Audit and Supervisory Committee Members)
Group Executive Officers
Division Managers
Manager of departments responsible for risk control
Manager of the Internal Auditing Office
Anyone else deemed necessary by the committee chair

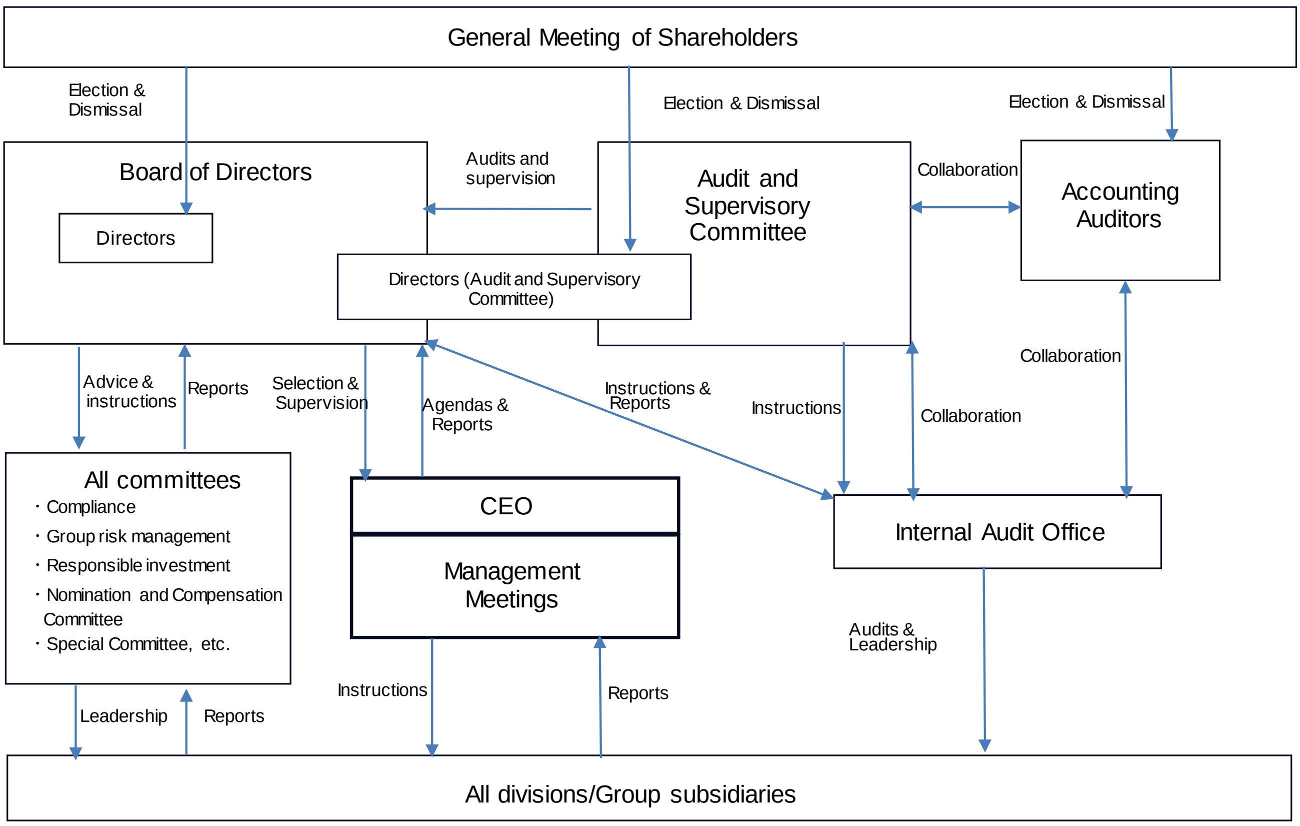
The Compliance Committee is comprised of the following members.

President & Representative Director
Officer responsible for internal management
Directors (excluding Directors who are Audit and Supervisory Committee Members)
Group Executive Officers
Division Managers
Manager of the Internal Auditing Office
Manager of the Legal & Compliance Office
Anyone else deemed necessary by the committee chair

The Responsible Investment Committee is comprised of the following members.

President & Representative Director
Directors (excluding Directors who are Audit and Supervisory Committee Members)
Group Executive Officers
Manager of the Legal & Compliance Office
Anyone else deemed necessary by the committee chair

The Company's bodies and internal control systems are summarized in the diagram below.



(iii) Other matters concerning corporate governance

The Company strives to enhance its internal control system from the perspectives of ensuring operational effectiveness and efficiency, reliability in financial reporting, and compliance with laws and regulations. Its “Overview of Decisions on the Framework for Ensuring Appropriate Operations (Revised May 1, 2025)” is given below.

1. Framework for ensuring that directors’ executive actions comply with the law and the Articles of Incorporation
    (1) The board of directors retains independent outside directors to improve and flesh out its ability to monitor the legality and appropriateness of its decision making and administrative operations. The Audit and Supervisory Committee, whose majority of members are independent outside directors, conducts audits to monitor compliance and appropriateness in the Company’s operations.
    (2) As a general rule, SPARX Group notifies securities exchanges of its outside directors who meet the requirements for independent officers, as defined by the securities exchanges’ regulations.
    (3) The Company's executive directors strictly adhere to the law, the Articles of Incorporation, and corporate regulations. They also act per the SPARX Vision Statement, the Compliance Manual, and the SPARX Group Code of Ethics, which are in place to help SPARX Group achieve its vision of “becoming the most trusted and respected investment company in the world.” Furthermore, the Company requires that its executive directors attend compliance training at least once a year to further their understanding of the law and various regulations.
    (4) To ensure compliance with domestic and foreign laws and regulations, the Company established a Compliance Division directly under the Board of Directors' control. This division regularly reports to the Board on the state of legal compliance, based on discussions held by a committee that the division leads.
    (5) SPARX Group has an internal reporting system regarding unlawful or illegal conduct by Company directors,. The Compliance Division head and the Secretariat of the Audit and Supervisory Committee serve as the internal contacts for reports and consultations from directors, managers, and employees. In contrast, the Legal Office serves as the contact for external reports.
2. Systems for storing and managing information related to the directors’ executive actions
    (1) SPARX Group protects Information assets by measures including storage methods established according to the confidentiality level based on the Information Securities Rules, etc. SPARX Group also complies with the Rules Governing Cybersecurity, which it established separately, to maintain a system to protect against cyberattacks, a threat that has emerged in recent years.
    (2) Based on its Documentation Rules, SPARX Group stores and manages the following documents (including electromagnetic records; this also applies below) and related materials:
        (i) Minutes of general meetings of shareholders;
        (ii) Board of Directors’ meeting minutes;
        (iii) Audit and Supervisory Committee meeting minutes;
        (iv) Other documents stipulated in the Documentation Rules and Accounting Rules.
    (3) In the event that the directors ask to see documents, the relevant department managers shall provide the requested documents or information for inspection or copying, whenever such requests occur.
3. Rules and other systems for managing the risk of loss
    (1) In light of the importance of having a risk management system in place, the executive directors establish various risk management rules and a risk management system.
    (2) The risk management department strives to anticipate and manage risk. It also reports the results of its efforts to the Board of Directors as necessary.
    (3) As needed, the Board of Directors discusses potential responses and takes appropriate measures to address individual risks.
    (4) To address potential harm caused by earthquakes, wind, floods, or other natural disasters, as well as by fires, power outages, system management failures during operations and disruptions, etc., and security incidents such as cyberattacks, the Board of Directors puts an advanced business continuity plan in place and strives to be prepared for the minimization of damage from such emergencies and prompt restoration.
4. Framework for ensuring that directors’ executive actions remain efficient
    (1) Per the Regulations for the Board of Directors, the Board discusses and addresses vital operational matters related to operational policy and strategy. It also establishes organizational rules and the Regulations on Segregation of Duties that concern executive directors’ authority and responsibilities to ensure a system through which they can work efficiently.
    (2) To enable ad hoc responsiveness to business developments, directors (excluding Directors who are Audit and Supervisory Committee members) serve a term of one year. The directors monitor each other to confirm that decision making is conducted with the sufficient duty of care of a good manager, as they strive to ensure efficiency and soundness in their actions.
    (3) The board of directors meets at least once per month; decides on executive operational policy, legally mandated matters and other crucial operational issues; and monitors the state of business operations. The Board of Directors receives and reviews reports on monthly performance at its regular meetings.

(4) The board of directors establishes various committees to serve as advisory bodies on technical matters. These committees investigate, deliberate, formulate, and report on such issues.

5. Framework for ensuring that employees' actions comply with the law and the Articles of Incorporation
   (1) The Company's employees strictly adhere to the law, the Articles of Incorporation, and corporate regulations, and they act per the SPARX Vision Statement, the Compliance Manual, and the SPARX Group Code of Ethics, which are in place to help SPARX Group achieve its vision of "becoming the most trusted and respected investment company in the world." They also attempt to spread the Company's operational vision through all meetings and other events they attend.
   (2) The Company occasionally reviews and revises corporate regulations to comply with updates to and repeals of laws and ordinances, and it thoroughly informs all employees of these revisions. Furthermore, the Company requires that its employees attend compliance training—when they join the Company and at least once per fiscal year—to further their understanding of various laws, regulations, and corporate regulations.
   (3) To ensure compliance with domestic and foreign laws and regulations, as well as with corporate regulations, the Compliance Division establishes committees to review the Company's compliance systems and to investigate and verify various legal issues. The Board of Directors then decides how the Company will respond to these issues.
   (4) For any compliance-related issues that occur within the Company, the divisions submit incident reports to the Compliance Division and the Internal Auditing division, and the compliance committee discusses the incidents and reports them to the Board of Directors and the Audit and Supervisory Committee. In the event that the Company must investigate the need for disciplinary action, it will have a separate committee discuss and issue an internal penalty per the Employee Handbook.
   (5) SPARX Group has an internal reporting system regarding unlawful or illegal conduct by employees,. The Compliance Division head, general counsel, and the Secretariat of the Audit and Supervisory Committee serve as the internal contacts for reports and consultations from directors, managers, and employees. In contrast, the Legal Office serves as the contact for external reports.
   (6) The Internal Auditing division, under the control of the Board of Directors, audits employee actions to find whether they are appropriate and efficient in light of the law, the Articles of Incorporation, corporate regulations, and corporate ethics. It reports its findings to the Board of Directors and the Audit and Supervisory Committee.
   (7) To ensure that internal controls involving financial reporting function effectively, the Board of Directors successively monitors all related activities. These activities include those related to the documentation of entity-level controls, IT controls, and operational process controls. The Board's activities also include evaluating internal controls, judging their effectiveness, and addressing any deficiencies.
6. Framework for ensuring appropriate operations in the business group consisting of SPARX Group and its subsidiaries
   (1) The division responsible for the administration of subsidiaries monitors the operations of all Group subsidiaries per the Regulation on Subsidiary Management. The division investigates the state of operations for significant subsidiaries and reports its findings to the Board of Directors as necessary.
   (2) When required, the Board of Directors receives business reports directly from significant subsidiaries' representatives.
   (3) To ensure compliance with the law and various regulations among the significant subsidiaries, the Company reviews, from a global perspective, legal compliance and risk management in their business operations. Depending on the size and form of their businesses, the Company has these subsidiaries formulate their own corporate rules that include the required provisions based on the SPARX Group Code of Ethics Protocol.
7. Ensuring the independence from directors of employees meant to assist the Audit and Supervisory Committee in their duties and the effectiveness of instructions given to these employees
   (1) The Internal Auditing division assists the Audit and Supervisory Committee with its duties.
   (2) The Company shall obtain the Audit and Supervisory Committee's prior consent for all Internal Audit division personnel matters, including the transfer and evaluation of employees in the division. It shall ensure that these employees are independent from the corporate directors (excluding the Directors who are Audit and Supervisory Committee members).
   (3) Employees of the Internal Auditing Office who receive instructions from the Audit and Supervisory Committee that are necessary in the conduct of their auditing duties shall not receive instructions or orders from the corporate directors (excluding Directors who are Audit and Supervisory Committee members).
8. Framework for directors, auditors, and employees of the business group consisting of SPARX Group and its subsidiaries to report to the Group's Audit and Supervisory Committee
   (1) If a Group director (excluding Directors who are Audit and Supervisory Committee members), auditor, or employee discovers facts that could cause considerable harm to SPARX Group or its domestic subsidiaries, he or she shall immediately report these facts to the Audit and Supervisory Committee.
   (2) If the Audit and Supervisory Committee or the Internal Auditing division asks a Group director (excluding Directors who are Audit and Supervisory Committee members), auditor, or employee to report on SPARX Group's or its domestic subsidiaries' businesses and assets, he or she shall immediately report these facts.
   (3) The Internal Audit division shall periodically report on the findings of its internal audits of the Group and other

related activities to the Audit and Supervisory Committee.

9. Framework for ensuring that individuals who report to the Audit and Supervisory Committee do not receive unfavorable treatment due to their reports
The Company prohibits the unfavorable treatment of SPARX Group directors and employees who (directly or indirectly) submit reports to the Audit and Supervisory Committee, as a consequence of the submission of whistleblower reports. The Company also informs the directors and employees about this prohibition.
10. Policies concerning prepaying expenses and handling liabilities resulting from Audit and Supervisory Committee members executing their duties (when limited to those actions related to the Committee's duties)
(1) If the Company receives an invoice for the prepayment of expenses resulting from Audit and Supervisory Committee members executing their duties, per the provisions of the Companies Act, the relevant division shall discuss the matter and promptly handle these expenses or liabilities, except in the event that said expenses or liabilities are proven to be unnecessary for the execution of their duties.
(2) The Company establishes a fixed budget every year to pay for expenses that arise from Audit and Supervisory Committee members executing their duties.
11. Other frameworks for ensuring that audits by the Audit and Supervisory Committee remain efficient
(1) The Audit and Supervisory Committee regularly meets with the CEO to discuss the state of the Committee's capacity for conducting audits, crucial matters concerning audits, and other issues the Company should address.
(2) The Audit and Supervisory Committee works with the Internal Audit division to conduct audits and amend audit-related procedures. The Committee also periodically receives reports on audits from the accounting auditor. Furthermore, to conduct audits efficiently and effectively, the Audit and Supervisory Committee strives to share information by holding meetings with all relevant parties.
(3) The members chosen for the Audit and Supervisory Committee occasionally browse the minutes of important meetings and ask for explanations, as necessary.
(4) The Audit and Supervisory Committee work to share information and exchange ideas involving all Group companies' auditing operations.
12. Basic approach regarding the elimination of antisocial forces
As a basic policy, the Company shall not have any relationship whatsoever with antisocial forces that threaten public order or sound corporate activities nor provide any economic benefits to these forces. It resolutely refuses to respond to illegal or inappropriate demands from these forces. To fulfill this policy, the Company shall provide thorough compliance training through the appropriate division and partner with external expert institutions, including police departments with jurisdiction or attorneys.
13. Framework for ensuring reliability in financial reports
To ensure reliability in its financial reports, SPARX Group has established its Basic Rules for Executive Evaluations of Internal Controls Concerning Financial Reports. The Company develops, operates, and evaluates internal controls concerning effective and efficient financial reporting, per the annual basic policy the Board of Directors has created.

・ Overview of liability limitation agreements

In accordance with the provision of Article 427, Paragraph (1) of the Companies Act, the Company has concluded agreements for limitation of liability with each outside director as provided for in Article 423, Paragraph 1 of the Companies Act. The limited liability for damages based on these agreements is the minimum liability amount as stipulated by law. The purpose of this is to establish an environment conductive to outside directors fully exercising their capacities and fulfilling their expected roles in the course of executing their work tasks. However, recognition of this limitation of liability is restricted to cases in which the work causing the liability was carried out in good faith and with no gross negligence.

・ Overview of director liability insurance policy

The company has signed a liability insurance policy covering the company's and its subsidiaries' directors, auditors, and officers, in accordance with the director liability insurance policy provisions in Article 430 3, Paragraph (1) of the Companies Act. Should we receive any claim for compensation for damages from a shareholder or other third party, any such compensation, legal expenses, or other pertinent losses otherwise falling to the insured shall be covered by this insurance policy. However, there are certain exceptions, such as any action taken in the knowledge that it would be unlawful, and the insured must act in such a way as to maintain integrity in the execution of their duties. The Company bears all expenses for this insurance.

・ Set number of directors

The Company's Articles of Incorporation stipulate that there shall be no more than five (5) directors (excluding any directors who are also Audit and Supervisory Committee members), and that there shall be no more than five (5) directors who are also Audit and Supervisory Committee members.

・ Requirements for director elections

The Company's Articles of Incorporation stipulate that director elections require a quorum of at least one-third (1/3rd) of all shareholders with voting rights, with the decision made by simple majority vote, with no cumulative voting.

・ Interim dividends

According to Article 454, Paragraph (5) of the Companies Act, the Board of Directors may resolve to pay out interim dividends with a date of record of September 30, to better allow for rapid returns of profit to shareholders.

・ Treasury share buybacks

Article 165, Paragraph (2) of the Companies Act states that the Board of Directors may resolve to buy back treasury shares, to allow the Company to carry out a more agile capital policy in response to changes in the business environment.

・ Exemption from liability for directors

Article 426, Paragraph (1) of the Companies Act stipulates that a resolution by the Board of Directors may exempt a director (including former directors) from liability for damages, within the extent allowed by law, for actions conforming to Article 423, Paragraph 1. This is to ensure an environment in which directors have the capability to carry out their expected roles.

・ Requirements for special resolutions by general meetings of shareholders

Article 309, Paragraph (2) of the Companies Act stipulates that special resolutions at general meetings of shareholders require a quorum of at least one-third (1/3rd) of all shareholders with voting rights, with the resolution passing upon approval by at least two-thirds (2/3rds) of those present. This is intended to allow for easier flow of general meetings of shareholders by easing the quorum requirements for special resolutions.

(iv) Activities of the Board of Directors, etc.

The activities of the Board of Directors in the fiscal year under review are as follows.

Meeting held	Attendees	Specific agenda items
April 2024	All 7 board members	・ Budget and financing planning for FY2024 ・ Resolution on the convocation of the 35th ordinary general meeting of shareholders ・ Resolution to establish the compliance program for FY2024 and report on the program implementation in FY2023 ・ Resolution to revise the basic policy of internal control system ・ Discussion on evaluating the Board of Directors' effectiveness ・ Reports on the Group business plan progress, Group performance, and various committees
May 2024 (extraordinary meeting)	All 7 board members	・ Resolution on the Business Report, Financial Statements and their Supplementary Schedules, and Consolidated Financial Statements for the 35th fiscal year ・ Resolution on the Consolidated Financial Statements for FY3/2024 ・ Audit report from the Audit and Supervisory Committee and notification of the results of deliberations on the accounting auditor's election/dismissal/reappointment
May 2024	All 7 board members	・ Resolution on the basic policy regarding the effectiveness of internal controls over financial reporting ・ Reports on the Group business plan progress, Group performance, and various committees

June 2024 (extraordinary meeting)	All 6 board members	・ Resolution to elect representative and executive directors ・ Resolution on the authorized convener, chair, and order of succession for the general shareholders' meeting and Board of Directors ・ Resolution on director assignments ・ Resolution on director remuneration (for non-Audit and Supervisory Committee directors) ・ Report on the appointment of the Audit and Supervisory Committee chair
June 2024	All 6 board members	・ Resolution on the Annual Securities Report ・ Resolution to revise the Corporate Governance Report and TCFD Report ・ Resolution to revise the Basic Human Rights Policy ・ Report on the Audit and Supervisory Committee's FY2024 Audit Plan ・ Reports on the Group business plan progress, Group performance, and various committees
July 2024	All 6 board members	・ Resolution on the Internal Audit Plan ・ Reports on the Group business plan progress, Group performance, and various committees
July 2024 (extraordinary meeting)	All 6 board members	・ Approval of the Consolidated Financial Statements for Q1 FY3/2025
August 2024	All 6 board members	・ Resolution on renewing D&O, E&O, and cyber insurance policies ・ Reports on the Group business plan progress, Group performance, and various committees
September 2024	All 6 board members	・ Resolution on the basic policy regarding preparing and operating internal controls over financial reporting ・ Reports on the Group business plan progress, Group performance, and various committees
October 2024	All 6 board members	・ Resolution on regulations amendments (annual review) ・ Reports on the Group business plan progress, Group performance, and various committees
October 2024 (extraordinary meeting)	All 6 board members	・ Approval of the Consolidated Financial Statements for Q2 FY3/2025 ・ Resolution to buy back and cancel treasury stock ・ Resolution to commence a new project (the Niseko Villa project)
November 2024	All 6 board members	・ Internal audit report ・ Reports on the Group business plan progress, Group performance, and various committees
December 2024	All 6 board members	・ Resolution to cancel treasury stock (changed the cancellation date) ・ Reports on the Group business plan progress, Group performance, and various committees
January 2025	All 6 board members	・ Approval of audit fees for FY3/2025 ・ Reports on the Group business plan progress, Group performance, and various committees
January 2025 (extraordinary meeting)	All 6 board members	・ Approval of the Consolidated Financial Statements for Q3 FY3/2025 ・ Resolution to pay year-end dividends for FY3/2025
February 2025	All 6 board members	・ Reports on the Group business plan progress, Group performance, and various committees ・ Discussion on evaluating the Board of Directors' effectiveness

March 2025	All 6 board members	・ Budget and financing planning for FY2025 ・ Resolution on paying bonuses for FY2024 (directors/employees), salary revisions for FY2025 (directors/employees), and the recruitment plan ・ Resolution on personnel changes due to organizational changes ・ Resolution to partially revise corporate rules ・ Resolution to partially revise the basic policy regarding preparing and operating internal controls over financial reporting ・ Reports on the Group business plan progress, Group performance, and various committees

The record of attendance of Board of Directors meetings is as follows.

Chair	Position (As of March 31, 2025)	Name	Attendance
	President & Representative Director, Group CEO and Group CIO	Shuhei Abe	17/17 meetings (100%)
X	Outside Director, Audit and Supervisory Committee Member	Toshihiko Nakagawa	17/17 meetings (100%)
	Outside Director, Audit and Supervisory Committee Member	Kimikazu Noumi	17/17 meetings (100%)
	Outside Director, Audit and Supervisory Committee Member	Eiko Hakoda	17/17 meetings (100%)
	Outside Director, Audit and Supervisory Committee Member	Kimie Morishita	17/17 meetings (100%)
	Outside Director, Audit and Supervisory Committee Member	Asako Saito	14/14 meetings (100%)

Note: There were 17 Board of Directors meetings held from April 2024 to March 2025, with 14 Board of Directors meetings held after Ms.Asako Saito's appointment. Mr.Masatoshi Fukami, who resigned at the conclusion of the Company's regular general shareholders' meeting on June 7, 2024, attended all three Board meetings held before then.

(3) Audit status

(i) Status of the Audit by the Audit and Supervisory Committee

The Ordinary General Meeting of Shareholders held on June 9, 2020 resolved to change our articles of incorporation to turn our corporate structure into a corporation with an Audit and Supervisory Committee. From that date, we transitioned from a company with a board of auditors, to a company with an Audit and Supervisory Committee.

Audits by the Audit and Supervisory Committee is carried out by the five outside directors, who have extensive experience and are solidly independent. Such audits examine daily audit operations, as well as attendance and suggestions made at important meetings such as by the Board of Directors, as part of oversight to ensure the legality and appropriateness of our business operations.

The Audit and Supervisory Committee regularly checks the status of operation of internal control systems and holds discussions with the officers in charge of the internal control systems. Additionally, in its regular discussions with the auditing firm, it receives explanations from the auditing firm about the results of specialized and objective accounting audits and audits of internal controls and shares those results.

The directors who are members of the Audit and Supervisory Committee regularly meet with the representative directors and other senior management to discuss the state of the Committee's capacity for conducting audits, crucial matters concerning audits, and other issues the Company should address.

Our Audit and Supervisory Committee met once a month in the fiscal year under review, with attendance for each member as shown below.

Full name	Number of Meeting Held	Number of Attended
Kazuyoshi Kimura	17 times	17 times
Toshihiko Nakagawa	17 times	17 times
Eiko Hakoda	17 times	17 times

Kimie Morishita	17 times	17 times
Asako Saito	14 times	14 times

Note: There were 17 Audit and Supervisory Committee meetings held from April 2024 to March 2025, with 14 meetings held after Ms.Asako Saito's appointment. Mr.Kazuyoshi Kimura, who resigned at the conclusion of the Company's regular general shareholders' meeting on June 7, 2024, attended all three Committee meetings held before then.

The schedule and discussions of the Audit and Supervisory Committee meetings held during the fiscal year under review are as follows.

Meeting held	Attendees	Specific agenda items
April 2024	All 5 committee members	・ Agreement on new candidates for the Audit and Supervisory Committee ・ Discussion of the Audit and Supervisory Committee's audit report at the ordinary general meeting of shareholders ・ Discussion on key audit matters (KAM) for the audit
May 2024 (extraordinary)	All 5 committee members	・ Discussion on the financial statement review with the auditing firm ・ Resolution on the Audit and Supervisory Committee's audit report at the regular general shareholders' meeting ・ Resolution on the reelection and dismissal of the accounting auditing firm at the general shareholders' meeting ・ Discussion of proposals and related documents to be presented at the regular general shareholders' meeting
May 2024	All 5 committee members	・ Discussion on evaluating the effectiveness of internal control (JSOX) over financial statements for FY3/2024 ・ Discussion on the Group Risk Management Committee report ・ Discussion on the Compliance Committee report
June 2024 (extraordinary meeting)	All 5 committee members	・ Resolution to appoint the Audit and Supervisory Committee chair and presiding officer ・ Approval of Audit and Supervisory Committee remuneration
June 2024	All 5 committee members	・ Resolution on the Audit and Supervisory Committee's FY2024 Audit Plan ・ Resolution on audit assignments and schedules
July 2024	All 5 committee members	・ Discussion on the FY2024 Internal Audit Plan
July 2024 (extraordinary meeting)	All 5 committee members	・ Discussion on the Q1 financial statements with the auditing firm ・ Discussion on the Q1 financial summary
August 2024	All 5 committee members	・ Discussion on the Internal Audit Monitoring Report (IT Risks) ・ Discussion on the Group Risk Management Committee report ・ Discussion on the Compliance Committee report
September 2024	All 5 committee members	・ Discussion on the basic policy for internal controls (JSOX) over financial reporting for FY3/2025 ・ Discussion between Audit and Supervisory Committee members and the President and CEO (regarding management and personnel succession) ・ Discussion on the FY2024 Auditing Firm Audit Plan with the auditing firm
October 2024	All 5 committee members	・ Discussion on the IT Subcommittee report
October 2024 (extraordinary meeting)	All 5 committee members	・ Discussion on the Q2 financial statements with the auditing firm ・ Discussion on the Q2 financial summary

Meeting held	Attendees	Specific agenda items
November 2024	All 5 committee members	・ Discussion on the Group Risk Management Committee report ・ Discussion on the Compliance Committee report ・ Discussion on the FY2024 Internal Audit Report
December 2024	All 5 committee members	・ Discussion on the IT Subcommittee report
January 2025	All 5 committee members	・ Approval of audit fees for the auditing firm ・ Discussion between Audit and Supervisory Committee members and the Group CFO (including on corporate management)
January 2025 (extraordinary meeting)	All 5 committee members	・ Discussion on the Q3 financial statements with the auditing firm ・ Discussion on the Q3 financial summary
February 2025	All 5 committee members	・ Discussion on the Group Risk Management Committee report ・ Discussion on the IT Subcommittee report
March 2025	All 5 committee members	・ Discussion between Audit and Supervisory Committee members and the President and CEO (regarding the President’s concerns) ・ Discussion on matters of performance by the accounting auditor

* Reports and discussions regarding the overview of Group business and confirmation of the state of development and operation of internal control systems take place at each monthly meeting of the Audit and Supervisory Committee.

(ii) Internal audit status

(Internal audits in the Company)

· Internal audit organization, personnel, and procedures

Internal audits are led by the Internal Audit Office. Directly attached to the Board of Directors and independent from the organization, the Internal Auditing Office is run by the general manager and one other staff member.

Based on the annual auditing plan approved by the Board of Directors, the internal audits include audits of operations and examination of the effectiveness of internal controls. Their findings are reported to management by way of internal audit reports that are prepared without delay and submitted to the Board of Directors.

The Internal Audit Office also conducts follow-up audits of the state of improvements to matters pointed out in the internal audits conducted during the fiscal year and reports its findings to the Board of Directors.

· Collaboration between the internal audits, audits by the Audit and Supervisory Committee, and the accounting audits and their relationship with the internal control division

The Internal Audit Office examines the state of operations and issues concerning the execution of business, reports the findings of internal audits to the Board of Directors and Audit and Supervisory Committee, and discusses and shares information with the internal control division.

The Internal Audit Office, together with the Audit and Supervisory Committee, receives explanations from the auditing firm about specialized and objective accounting audits and the findings of audits of internal controls and shares information with them.

· Initiatives to secure the effectiveness of internal audits

The appointment and dismissal of the general manager of the internal Audit Office are conducted with the approval of the Board of Directors. Further, the findings of audits by the Internal Audit Office are reported directly not only to the Representative Director but also to the Board of Directors and the Audit and Supervisory Committee. Systems are put in place to secure independence from business execution and ensure that objectivity in the conducting of audits will not be violated.

As the Internal Audit Office’s audits cover the entire SPARX Group, including the Company, it conducts internal audits of diverse and wide-ranging businesses and operations, including the overseas subsidiaries and real asset management. For this reason, it has occasion to conduct in-depth audits in collaboration with external experts.

(4) Director Compensation, etc.

(i) Items pertaining to the policy for determining director compensation amounts and calculation methods

A. Compensation for directors who are not Audit and Supervisory Committee members

a. Policy details and method for determining director compensation

・ Method of determining policy

The matter is discussed by the Nomination and Compensation Committee, which serves as an advisory body to the Board of Directors, and a resolution is made by the Board of Directors while respecting the conclusions submitted by the committee. The Nomination and Compensation Committee is chaired by an outside director and is composed of other outside directors and the President & Representative Director. The directors who are members of the committee possess extensive experience as corporate executives and as outside officers of other listed companies, among other qualifications, and have deep insight into matters related to executive compensation, enabling constructive discussions to take place.

・ Policy details overview

The Company regards its director compensation system as an essential part of corporate governance. The Company has established this system to determine compensation within the scope of the remuneration framework approved at the shareholders' meeting so that those who resonate with the Group's mission and vision, share the values of empirical research and the importance of communication, and have above-average knowledge, insight, and human qualities will be motivated—both monetarily and non-monetarily—to achieve sustainable growth and increase corporate value over the medium to long term.

Specifically, this compensation system consists of three components: (i) a base salary, (ii) short-term performance bonuses (performance bonuses), and (iii) medium- to long-term performance bonuses. Economic and market conditions greatly influence performance in the Group's primary business of investment trust management, discretionary investment management and investment advisory, so the Company ensures that (ii) short-term and (iii) medium- to long-term performance-based compensation are weighted more heavily than (i) base salary to align with its stakeholders' interests. Specifically, the compensation system is designed to have a target ratio of 3:7 for base salary to performance bonuses. The Company also takes care to ensure that the total compensation is attractive compared with other investment firms and competitive enough to draw talented people, taking reference from data on executive remuneration at companies listed on the Tokyo Stock Exchange's Prime Market, data on executive remuneration at asset management companies located in Japan, and other data provided by remuneration consultants and other third parties.

1. Base salary

Because SPARX Group is a holding company, its directors' primary duty is to focus on maintaining and improving Group governance. As a result, as a general rule, only the base salary portion of the compensation paid by the Company should be determined by position and whether directors are full-time or not.

When SPARX Group directors (excluding Directors who are Audit and Supervisory Committee members) who concurrently hold director positions at its Group companies and assume responsibility for their operations, the Company determines the total compensation for each director in light of their overall duties to the Group. SPARX Group, as the holding company, pays the base salary mentioned above, then the Group subsidiaries subtract this base salary from the set total compensation and pay the remainder as the base salary for each director's concurrent role at a Group subsidiary. The base salary is paid in monetary form each month in 12 equal portions.

2. Short-term performance-based compensation (performance bonuses)

The Company analyzes the Group's business performance figures and comprehensively considers returns to shareholders, retained earnings, and the outlook for the next fiscal year and beyond with regard to the operating environment, operating plans, capital plans, and expected performance. After comparing these figures to the previous fiscal year's bonus payments, the Company determines what percentage of the Group's total profit for a fiscal year will be allocated as reserves for paying bonuses to all Group directors, managers, and employees.

In the process, the Company also determines what percentage of these reserves will be allocated for bonuses to directors (excluding Directors who are Audit and Supervisory Committee members).

Next, the Company conducts qualitative and quantitative evaluations for each director (excluding Directors who are Audit and Supervisory Committee members), judging factors that include comparisons with important Group operating indicator targets and actual results (see below), directors' contributions to the Group's business execution, and their achievement of personal goals. Evaluation factors are weighted differently according to each director's position and responsibilities.

- Efficiency: ROE
- Stability: core earning power
- Profitability: operating profit
- Most fundamental operating indicator: AUM net inflow

Finally, using these evaluations' results, the Company will determine the total performance bonus for each director (excluding Directors who are Audit and Supervisory Committee members) and pay these bonuses through the

Group subsidiaries at which each director also serves. These bonuses are paid in a monetary form at the beginning of the subsequent fiscal year.

3. (Medium- to long-term) performance-based stock compensation

To further encourage a commitment to the medium- to long-term growth of SPARX Group and clarify the link between directors' compensation, the performance of the business, and the company's share value, we have introduced a stock compensation system for our directors to be rewarded according to the degree of their achievement of the medium- to long-term targets and their personal goals. The Nomination and Compensation Committee, which is a voluntary advisory committee to the Board of Directors, discusses the medium- to long-term targets for remuneration and reviews the stock grant matrix, which differs according to a person's position. The Board of Directors will respectfully review and consider the advice proposed by the committee before deciding the final grant allocations.

The Company believes that stock compensation is consistent and in line with medium- to long-term interests of shareholders and other stakeholders. A point system has been created to determine the number of shares to be granted to each director. Points are calculated at the end of the consolidated fiscal year in accordance with the stock grant matrix. Shares are required to be held for a three-year period once issued. Furthermore, during the holding period, if a director has violated any compliance or other matters stipulated in the Group's various regulations, or if the director is dismissed from the Board of Directors, the Company will not grant shares.

Because the current CEO has already acquired more than a sufficient number of shares, he shall not be eligible for this form of compensation.

The reason the Board of Directors determined that the individual compensation, etc., for directors (excluding Directors who are Audit and Supervisory Committee members) for the current fiscal year aligns with the established policy:

The Board of Directors determined that the individual compensation for directors (excluding Audit and Supervisory Committee members) for the fiscal year aligns with the established policy. This decision was based on discussions and recommendations from the Nomination and Compensation Committee, confirming the consistency of the compensation with the policy and the thoroughness of the review process.

b. Names of those with authority to determine director compensation, and scope of that authority

With the guidance of the Nomination and Compensation Committee that serves as an advisory body for the Board of Directors, the Board sets the compensation amounts for each director.

The committee comprises at least three directors selected by resolution of the Board of Directors, the majority of whom must be independent outside directors. The committee stipulates that these independent outside directors must be registered as independent directors with the Tokyo Stock Exchange. Specifically, an outside director chairs the committee, and the Group CEO and all outside directors participate as committee members.

Moreover, the Nomination and Compensation Committee provides advice and recommendations on the following matters in response to the Board of Directors:

(1) General shareholders' meeting proposals concerning the election and dismissal of candidates for directors (only non-Audit and Supervisory Committee directors; same applies below) and Board of Directors proposals concerning the election and dismissal of candidates for Group executive officers;

(2) Establishing, amending, or abolishing basic policies, rules, and procedures required to resolve the matters in the previous paragraph;

(3) Other matters deemed necessary by the Nomination and Compensation Committee with respect to electing or dismissing directors and Group executive officers;

(4) Policies on determining details of individual remuneration for directors and Group executive officers;

(5) Specifics of individual remuneration for directors and Group executive officers;

・ Fixed remuneration: Individual amounts;

・ Non-fixed remuneration: Specific calculations by individual;

・ Non-monetary remuneration: Specifics by individual;

(6) Establishing, amending, or abolishing basic policies, rules, and procedures required to resolve the matters in the previous two paragraphs;

(7) Other matters the Nomination and Compensation Committee deems necessary in compensating directors and Group executive officers.

The Company's outside directors utilize their abundant experience as corporate managers and outside directors of other public companies to ensure constructive and highly insightful discussions that meet capital markets' expectations concerning director compensation.

c. Board of Directors meetings on setting director compensation for the fiscal year under review, and related committee activities

The Nomination and Compensation Committee, an advisory body for the Board of Directors, comprises all of the outside directors and the CEO as committee members and is chaired by a director who is elected from among the members. The extensive experience our outside directors bring from their time working in corporate management and working as outside directors for other listed companies gives them a deep awareness of the expectations from the capital market sector with regard to director compensation, and they engage in constructive discussions.

The details for section “a. Policy details and method for determining director compensation” are fully discussed by the Nomination and Compensation Committee at the request of the Board of Directors, and the conclusions are then decided upon by the Board of Directors.

The Nomination and Compensation Committee meetings and agendas for this fiscal year are as follows:

Meeting held	Attendees	Main agenda items
July 2024	All 5 committee members	・ Members of the Nomination and Compensation Committee ・ Election of Chair of the Nomination and Compensation Committee ・ Basic Policy for Directors’ Compensation ・ Setting individual targets for officers ・ The medium- to long-term performance-based remuneration (ESOP) matrix for FY2024 ・ Future Committee meeting schedule
January 2025	4 members (1 absence)	・ The process for determining bonuses ・ Calculations and current proposals for bonus funding ・ Setting individual annual targets for officers ・ The committee’s involvement in medium- to long-term performance-based remuneration (ESOP) ・ Methods for evaluating outside directors ・ Future Committee meeting schedule
February 2025	All 5 committee members	・ Funding for bonuses in FY2024 ・ Evaluating officers in FY2024 ・ Short-term performance-based remuneration (bonuses) for officers in FY2024 ・ Medium- to long-term performance-based remuneration (ESOP) for officers in FY2024 ・ The new management team for FY2025 ・ The base salary for officers in FY2025 ・ Future Committee meeting schedule
April 2025	All 5 committee members	・ The proposal for electing directors to be presented at the 36th general meeting of shareholders

(5) Status of shareholdings

(i) Standards and approach for the classification of shares for investment

The Company classifies investment shares based on our objectives. Investment stock held for purposes of making profit on share price changes or on dividends received are treated as investment stocks for pure investment, while any stock held for other reasons is treated as investment stock held for purposes outside of pure investment (cross-shareholdings).

(ii) Shares for investment held for purposes other than pure investment

There are no relevant matters.

(iii) Shares for investment held for purposes of pure investment

Classification	Current fiscal year		Previous fiscal year	
	Number of shares	Total amount on consolidated balance sheet (¥ millions)	Number of shares	Total amount on consolidated balance sheet (¥ millions)
Unlisted shares	9	706	10	675
Other shares	2	491	2	785

Classification	Current fiscal year		
	Total dividends received (¥ millions)	Total profits and losses (¥ millions)	Total appraisal profit or loss (¥ millions)
Unlisted shares	34	3	– (67)
Other shares	2	174	317

Notes: Any superscript parenthesized figures in “Total appraisal profit or loss” indicate impairment losses for the fiscal year under review.

(iv) Change in the fiscal year under review from purposes of pure investment in the aim of holding investment shares, to purposes outside of pure investment

There are no relevant matters.

(v) Change in the fiscal year under review from purposes outside of pure investment in the aim of holding investment shares, to purposes of pure investment

There are no relevant matters.

Section 5. Accounting Information
1. Consolidated Financial Statements, etc.
(1) Consolidated Balance Sheets

(Unit: million yen)

	FY2023 (March 31, 2024)	FY2024 (March 31, 2025)
Assets		
Current assets		
Cash and deposits	22,066	21,385
Prepaid expenses	323	456
Accounts receivable – other	792	902
Income taxes refund receivable	421	9
Accrued investment trust management fees	1,588	1,571
Accrued investment advisory fees	1,402	1,477
Deposits paid	203	203
Real estate for sale in process	138	577
Other	193	285
Allowance for doubtful accounts	—	(237)
Total current assets	27,130	26,631
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	123	578
Tools, furniture and fixtures, net	82	150
Machinery and equipment, net	351	623
Vehicles, net	6	4
Land	334	242
Leased assets, net	57	1,726
Construction in progress	70	63
Total property, plant and equipment	1,027	3,389
Intangible assets		
Software	16	12
Rights to develop power generation facilities	1,218	—
Total intangible assets	1,234	12
Investments and other assets		
Investment securities	16,289	19,468
Guarantee deposits	169	181
Long-term prepaid expenses	143	145
Retirement benefit asset	19	13
Deferred tax assets	97	97
Total investments and other assets	16,719	19,906
Total non-current assets	18,981	23,307
Total assets	46,112	49,939

(Unit: million yen)

	FY2023 (March 31, 2024)	FY2024 (March 31, 2025)
Liabilities		
Current liabilities		
Short-term borrowings	2,000	2,000
Lease liabilities	38	1,788
Unpaid commission	454	372
Accounts payable – other	1,502	1,777
Income taxes payable	1,655	1,444
Deposits received	79	33
Provision for share awards	235	99
Provision for long-term incentives	3	1
Provision for share awards for directors (and other officers)	40	—
Other	537	471
Total current liabilities	6,547	7,988
Non-current liabilities		
Long-term borrowings	7,000	7,000
Provision for share awards	228	181
Provision for long-term incentives	3	1
Provision for share awards for directors (and other officers)	10	—
Deferred tax liabilities	592	682
Other	310	577
Total non-current liabilities	8,145	8,443
Reserve under special laws		
Reserve for financial instruments transaction liabilities	0	0
Total reserves under special laws	0	0
Total liabilities	14,692	16,432
Net assets		
Shareholders' equity		
Capital stock	8,587	8,587
Capital surplus	1,848	1,481
Retained earnings	20,960	23,497
Treasury shares	(3,579)	(3,222)
Total shareholders' equity	27,815	30,343
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,198	1,933
Foreign currency translation adjustment	1,434	1,245
Remeasurements of defined benefit plans	(7)	(14)
Total accumulated other comprehensive income	3,625	3,164
Non-controlling interests	(22)	0
Total net assets	31,419	33,507
Total liabilities and net assets	46,112	49,939

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Unit: million yen)

	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Operating revenue		
Investment trust management fee	8,769	9,168
Investment advisory fee	7,131	8,013
Other operating revenue	597	779
Total operating revenue	16,498	17,961
Operating and general administrative expenses	9,022	10,244
Operating profit	7,476	7,717
Non-operating income		
Interest income	74	111
Dividend income	25	26
Foreign exchange gains	231	—
Gain on investments in investment partnerships	357	—
Share of profit of entities accounted for using equity method	9	61
Miscellaneous income	20	21
Total non-operating income	719	221
Non-operating expenses		
Interest expenses	65	70
Commissions paid	25	3
Foreign exchange losses	—	2
Loss on investments in investment partnerships	—	69
Miscellaneous losses	14	13
Total non-operating expenses	105	159
Ordinary profit	8,090	7,778
Extraordinary income		
Gain on sale of investment securities	1,335	178
Total extraordinary income	1,335	178
Extraordinary losses		
Loss on valuation of investment securities	92	21
Total extraordinary losses	92	21
Profit before income taxes	9,333	7,935
Income taxes – current	2,864	2,656
Income taxes – deferred	(27)	73
Total income taxes	2,836	2,729
Profit	6,496	5,206
Profit attributable to non-controlling interests (loss)	(22)	(45)
Profit attributable to owners of parent	6,519	5,252

Consolidated Statements of Comprehensive Income

(Unit: million yen)

	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Profit	6,496	5,206
Other comprehensive income:		
Valuation difference on available-for-sale securities	1,489	(265)
Foreign currency translation adjustment	188	(189)
Remeasurements of defined benefit plans, net of tax	(7)	(7)
Total other comprehensive income	1,670	(461)
Comprehensive income	8,167	4,744
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	8,190	4,790
Comprehensive income attributable to non-controlling interests	(22)	(45)

3) Consolidated Statements of Changes in Equity

FY2023 (April 1, 2023 – March 31, 2024)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,587	2,252	16,886	(3,634)	24,091
Changes during period					
Dividends of surplus			(2,445)		(2,445)
Profit attributable to owners of parent			6,519		6,519
Purchase of treasury shares				(1,695)	(1,695)
Disposal of treasury shares		(404)		1,594	1,190
Disposal of treasury shares by ESOP Trust				155	155
Net changes in items other than shareholders' equity					
Total changes during period	–	(404)	4,073	54	3,723
Balance at end of period	8,587	1,848	20,960	(3,579)	27,815

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of period	708	1,245	0	1,955	0	26,047
Changes during period						
Dividends of surplus						(2,445)
Profit attributable to owners of parent						6,519
Purchase of treasury shares						(1,695)
Disposal of treasury shares						1,190
Disposal of treasury shares by ESOP Trust						155
Net changes in items other than shareholders' equity	1,489	188	(7)	1,670	(22)	1,648
Total changes during period	1,489	188	(7)	1,670	(22)	5,372
Balance at end of period	2,198	1,434	(7)	3,625	(22)	31,419

FY2024 (April 1, 2024 – March 31, 2025)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,587	1,848	20,960	(3,579)	27,815
Changes during period					
Dividends of surplus			(2,722)		(2,722)
Change in scope of consolidation			8		8
Profit attributable to owners of parent			5,252		5,252
Purchase of treasury shares				(293)	(293)
Cancellation of treasury shares		(367)		367	—
Disposal of treasury shares by ESOP Trust				282	282
Net changes in items other than shareholders' equity					
Total changes during period	–	(367)	2,537	357	2,527
Balance at end of period	8,587	1,481	23,497	(3,222)	30,343

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of period	2,198	1,434	(7)	3,625	(22)	31,419
Changes during period						
Dividends of surplus						(2,722)
Change in scope of consolidation						8
Profit attributable to owners of parent						5,252
Purchase of treasury shares						(293)
Cancellation of treasury shares						—
Disposal of treasury shares by ESOP Trust						282
Net changes in items other than shareholders' equity	(265)	(189)	(7)	(461)	22	(439)
Total changes during period	(265)	(189)	(7)	(461)	22	2,087
Balance at end of period	1,933	1,245	(14)	3,164	0	33,507

4) Consolidated Statements of Cash Flows

(Unit: million yen)

	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	9,333	7,935
Depreciation	218	237
Amortization of goodwill	—	27
Increase (decrease) in provision for share awards	74	52
Increase (decrease) in provision for long-term incentives	(7)	(0)
Increase (decrease) in provision for share awards for directors (and other officers)	(23)	—
Increase (decrease) in allowance for doubtful accounts	—	237
Interest and dividend income	(100)	(138)
Interest expenses	65	70
Commission expensed	25	3
Foreign exchange losses (gains)	(238)	(5)
Share of loss (profit) of entities accounted for using equity method	(9)	(61)
Loss (gain) on sales of short-term and long-term investment securities	(1,335)	(178)
Loss (gain) on valuation of short-term and long-term investment securities	92	21
Loss (gain) on investments in investment partnerships	(357)	69
Decrease (increase) in accounts receivable – other	153	69
Decrease (increase) in accrued investment trust management fees and investment advisory fees	(736)	(59)
Decrease (Increase) in real estate for sale in process	(138)	(438)
Increase (decrease) in accounts payable – other, and accrued expenses	498	(8)
Increase (decrease) in deposits received	(56)	(46)
Others, net	417	(323)
Subtotal	7,876	7,464
Interest and dividends received	96	177
Interest paid	(63)	(71)
Income taxes refund (paid)	(1,864)	(2,506)
Net cash provided by (used in) operating activities	6,044	5,063
Cash flows from investing activities		
Purchase of property, plant and equipment	(406)	(667)
Purchase of intangible assets	(1,223)	(1)
Proceeds from collection of long-term loans receivable	810	—
Purchase of investment securities	(4,142)	(3,847)
Proceeds from sale and redemption of investment securities	1,382	2,039
Proceeds from withdrawal of investments in investment partnerships, etc.	60	0
Proceeds from distributions from investment partnerships	590	245
Subsidies received	—	186
Others, net	(197)	(79)
Net cash provided by (used in) investing activities	(3,126)	(2,124)

(Unit: million yen)

	FY2023 (April 1, 2023 - March 31, 2024)	FY2024 (April 1, 2024 - March 31, 2025)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	–	(132)
Redemption of bonds	(343)	–
Repayments of lease liabilities	(49)	(244)
Dividends paid	(2,443)	(2,718)
Purchase of treasury shares	(1,701)	(293)
Proceeds from disposal of treasury shares	1,215	–
Others, net	(20)	(3)
Net cash provided by (used in) financing activities	(3,342)	(3,391)
Effect of exchange rate change on cash and cash equivalents	462	(175)
Net increase (decrease) in cash and cash equivalents	38	(627)
Cash and cash equivalents at beginning of period	22,028	22,066
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	(54)
Cash and cash equivalents at end of period	22,066	21,385