

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 10, 2023

Company name: Rheos Capital Works Inc.
 Stock exchange listing: Tokyo
 Stock code: 7330 URL <https://www.rheos.jp/english/>
 Representative: Representative Director, Chairman, President & CEO Hideto Fujino
 Managing Director, Head of Administrative Division Jiro Iwata
 Inquiries: TEL 03(6311)6799
 Scheduled date of ordinary general meeting of shareholders: June 27, 2023
 Scheduled date to file Securities Report: June 28, 2023
 Scheduled date to commence dividend payments: June 28, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	9,660	1.9	1,610	(17.5)	1,625	(17.4)	1,087	(16.6)
Year ended March 31, 2022	9,479	—	1,952	—	1,969	—	1,303	—

Note: Comprehensive income Year ended March 31, 2023 ¥1,064 million [(18.2)%]
 Year ended March 31, 2022 ¥1,302 million [—%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	90.50	—	20.3	18.8	16.7
Year ended March 31, 2022	108.50	—	29.1	23.4	20.6

Reference: Share of profit (loss) of entities accounted for using equity method Year ended March 31, 2023 ¥— million
 Year ended March 31, 2022 ¥— million

- Notes: 1. The percentages indicating year-on-year changes for the fiscal year ended March 31, 2022 are not presented because the Company began preparing consolidated financial statements from the fiscal year ended March 31, 2022.
2. Although potential shares exist, the amount of diluted earnings per share in the fiscal years ended March 31, 2022 and March 31, 2023 is not presented because the average share price during the period could not be determined as the Company's shares were not listed in the fiscal years ended March 31, 2022 and March 31, 2023.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	8,704	6,094	65.5	474.39
As of March 31, 2022	8,557	5,095	58.5	416.28

Reference: Equity As of March 31, 2023 ¥5,700 million
 As of March 31, 2022 ¥5,002 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	912	(578)	(66)	2,105
Year ended March 31, 2022	1,581	(399)	(1,169)	1,838

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	—	0.00	—	33.00	33.00	396	30.4	8.8
Year ended March 31, 2023	—	0.00	—	27.50	27.50	330	30.4	6.2
Year ending March 31, 2024 (Forecast)	—	—	—	—	—		—	

Note: The Company has not determined the dividend forecast for the dividends for the fiscal year ending March 31, 2024 because the forecast of financial results has not been disclosed.

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

The consolidated financial results forecast has not been presented as it is difficult to announce the detailed financial results forecast due to the balance of assets under management, which is the source of the Group's revenue, being significantly impacted by the stock markets of not only Japan, but also the rest of the world as well as the existence of various uncertainties in the forecast resulting from economic conditions, the market environment, etc.

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

Yes

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	12,016,600 shares	As of March 31, 2022	12,016,600 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	— shares	As of March 31, 2022	— shares
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Average number of shares during the period

Year ended March 31, 2023	12,016,600 shares	Year ended March 31, 2022	12,016,600 shares
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Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	9,660	1.9	1,688	(15.0)	1,709	(15.1)	1,149	(14.7)
Year ended March 31, 2022	9,479	39.7	1,985	56.9	2,013	59.0	1,346	58.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2023	95.62	—
Year ended March 31, 2022	112.08	—

Note: Although potential shares exist, the amount of diluted earnings per share in the fiscal years ended March 31, 2022 and March 31, 2023 is not presented because the average share price during the period could not be determined as the Company's shares were not listed in the fiscal years ended March 31, 2022 and March 31, 2023.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	8,399	5,797	69.0	482.47
As of March 31, 2022	8,502	5,045	59.3	419.85

Reference: Equity As of March 31, 2023 ¥5,797 million
 As of March 31, 2022 ¥5,045 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

The Company has not presented the dividend forecast due to the reason given in “3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024” above. The Company will promptly disclose the dividend amount when it has been determined.

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	1,836,773	2,103,583
Deposits held in trust	1,510,000	1,500,000
Operational investment securities	989	218,722
Supplies	9,861	8,671
Prepaid expenses	120,292	88,024
Accrued investment trust management fees	3,832,800	3,725,272
Accounts receivable-advisory fee	52,323	52,165
Other	22,108	41,255
Total current assets	7,385,149	7,737,696
Non-current assets		
Property, plant and equipment		
Buildings	160,041	160,041
Accumulated depreciation	(61,252)	(72,452)
Buildings, net	98,788	87,588
Furniture and fixtures	584,786	836,071
Accumulated depreciation	(272,015)	(685,424)
furniture and fixtures, net	312,770	150,647
Total property, plant and equipment	411,559	238,236
Intangible assets		
Software	306,774	345,057
Other	69,883	36,708
Total intangible assets	376,657	381,765
Investments and other assets		
Investment securities	1,622	1,664
Long-term prepaid expenses	1,955	1,662
Deferred tax assets	193,593	158,073
Leasehold deposits	176,554	174,438
Other	10,861	11,253
Total investments and other assets	384,587	347,092
Total non-current assets	1,172,804	967,094
Total assets	8,557,954	8,704,790

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Deposits received	414,414	225,727
Accounts payable	422,675	119,080
Accrued expenses	1,580,381	1,561,345
Income taxes payable	517,414	155,966
Accrued consumption taxes	133,830	100,867
Provision for bonuses	174,636	199,333
Provision for bonuses for directors (and other officers)	10,653	11,566
Other	35,766	58,863
Total current liabilities	3,289,772	2,432,750
Non-current liabilities		
Retirement benefit liability	86,954	92,009
Asset retirement obligations	85,468	85,886
Total non-current liabilities	172,422	177,895
Total liabilities	3,462,195	2,610,645
Net assets		
Shareholders' equity		
Share capital	100,000	100,000
Capital surplus	400,010	407,370
Retained earnings	4,502,230	5,193,158
Total shareholders' equity	5,002,240	5,700,529
Non-controlling interests	93,518	393,614
Total net assets	5,095,759	6,094,144
Total liabilities and net assets	8,557,954	8,704,790

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating revenue		
Investment trust management fees	9,154,693	9,477,843
Investment advisory fee	324,872	182,392
Total operating revenue	9,479,565	9,660,236
Operating expenses	4,350,256	4,654,310
General and administrative expenses	3,177,055	3,394,939
Operating profit	1,952,253	1,610,986
Non-operating income		
Interest income	50	48
Foreign exchange gains	3,621	8,289
A lecture and a manuscript fee income	7,210	6,437
Advertisement fee	7,451	4,909
distribution income	—	6,339
Other	843	1,040
Total non-operating income	19,176	27,065
Non-operating expenses		
Interest expenses	1,614	207
Listing expenses	—	11,085
Organization expenses	302	—
Other	213	880
Total non-operating expenses	2,130	12,173
Ordinary profit	1,969,300	1,625,878
Profit before income taxes	1,969,300	1,625,878
Income taxes - current	738,701	525,425
Income taxes - deferred	(71,779)	35,520
Total income taxes	666,921	560,945
Profit	1,302,378	1,064,933
Loss attributable to non-controlling interests	(1,481)	(22,543)
Profit attributable to owners of parent	1,303,859	1,087,476

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,302,378	1,064,933
Comprehensive income	1,302,378	1,064,933
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,303,859	1,087,476
Comprehensive income attributable to non-controlling interests	(1,481)	(22,543)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity		
Balance at beginning of period	100,000	400,010	3,462,735	3,962,745	—	3,962,745
Changes during period						
Dividends of surplus			(264,365)	(264,365)		(264,365)
Profit attributable to owners of parent			1,303,859	1,303,859		1,303,859
Capital increase of consolidated subsidiaries				—		—
Net changes in items other than shareholders' equity				—	93,518	93,518
Total changes during period	—	—	1,039,494	1,039,494	93,518	1,133,013
Balance at end of period	100,000	400,010	4,502,230	5,002,240	93,518	5,095,759

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity		
Balance at beginning of period	100,000	400,010	4,502,230	5,002,240	93,518	5,095,759
Changes during period						
Dividends of surplus			(396,547)	(396,547)		(396,547)
Profit attributable to owners of parent			1,087,476	1,087,476		1,087,476
Capital increase of consolidated subsidiaries		7,360		7,360		7,360
Net changes in items other than shareholders' equity				—	300,095	300,095
Total changes during period		7,360	690,928	698,289	300,095	998,385
Balance at end of period	100,000	407,370	5,193,158	5,700,529	393,614	6,094,144

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,969,300	1,625,878
Depreciation	343,782	552,474
Increase (decrease) in provision for bonuses	40,548	24,697
Increase (decrease) in provision for bonuses for directors (and other officers)	—	913
Increase (decrease) in provision for sales promotion expenses	(10,630)	—
Increase (decrease) in retirement benefit liability	16,775	5,055
Interest and dividend income	(50)	(48)
Interest expenses	1,614	207
Decrease (increase) deposits held in trust	820,000	10,000
Account Receivable-increase and decrease investment trust management fees	(795,888)	107,527
Account Receivable-increase and decrease advisory fee	11,043	158
Decrease (increase) in operational investment securities	—	(218,722)
Decrease (increase) in other assets	(52,019)	12,923
Increase (decrease) in deposits received	(554,792)	(188,686)
Increase (decrease) in accounts payable - other	(216,824)	(104,577)
Increase (decrease) in accrued expenses	353,293	(19,035)
Increase (decrease) in accrued consumption taxes	71,542	(32,963)
Increase (decrease) in other liabilities	35,969	23,514
Subtotal	2,033,664	1,799,316
Interest and dividends received	50	48
Interest paid	(1,614)	(207)
Income taxes paid	(450,180)	(886,873)
Net cash provided by (used in) operating activities	1,581,919	912,284
Cash flows from investing activities		
Purchase of property, plant and equipment	(282,836)	(452,632)
Purchase of intangible assets	(115,297)	(127,281)
Purchase of investment securities	(1,000)	—
Payments for investment in partnerships	(850)	—
Other, net	409	986
Net cash provided by (used in) investing activities	(399,574)	(578,926)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(1,000,000)	—
Proceeds from issuance of common stock to minority shareholders involve the establishment of a consolidated subsidiary	95,000	—
Proceeds from share issuance to non-controlling shareholders	—	330,000
Dividends paid	(264,365)	(396,547)
Net cash provided by (used in) financing activities	(1,169,365)	(66,547)
Net increase (decrease) in cash and cash equivalents	12,979	266,810
Cash and cash equivalents at beginning of period	1,825,548	1,838,527
Cash and cash equivalents at end of period	1,838,527	2,105,338