

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Summary of Consolidated Financial Results for the Nine Months Ended July 31, 2023 (Under IFRS)

September 13, 2023

Company name: Nareru Group Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 9163
 URL: <https://nareru-group.co.jp>
 Representative: Ryo Kobayashi, Representative Director
 Inquiries: Yuta Nojiri, Director
 Telephone: +81-03-6268-9036
 Scheduled date to file quarterly securities report: September 13, 2023
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended July 31, 2023 (from November 1, 2022 to July 31, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
July 31, 2023	13,064	23.6	1,826	17.6	1,787	23.3	1,231	27.6
July 31, 2022	10,572	—	1,553	—	1,449	—	964	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
July 31, 2023	1,231	27.6	1,231	27.6	149.07	145.78
July 31, 2022	964	—	964	—	116.92	—

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
July 31, 2023	21,388	11,619	11,619	54.3
October 31, 2022	20,155	9,933	9,933	49.3

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31, 2022	—	0.00	—	0.00	0.00
Fiscal year ending October 31, 2023	—	0.00	—		
Fiscal year ending October 31, 2023 (Forecast)				90.00	90.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecasts of financial results for the ended October 31, 2023

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the ended October 31, 2023	17,482	20.2	2,162	19.5	2,111	14.0	1,485	19.5

	Basic earnings per share
For the ended October 31, 2023	Yen 179.05

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

As of July 31, 2023	8,402,630 shares
As of October 31, 2022	8,252,630 shares

(ii) Number of treasury shares at the end of the period

As of July 31, 2023	— shares
As of October 31, 2022	— shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended July 31, 2023	8,259,223 shares
Nine months ended July 31, 2022	8,252,630 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management, and they are not meant to be a commitment by the Company.

Contents of Appendix

Quarterly Consolidated Statements

(1) Quarterly Consolidated Statement of Financial Position.....	5
(2) Quarterly Consolidated Statement of Profit or Loss (For the nine months)	6
(3) Quarterly Consolidated Statement of Profit or Loss (For the three months)	7
(4) Quarterly Consolidated Statement of Changes in Equity.....	8
(5) Quarterly Consolidated Statement of Cash Flows (For the nine months)	9

(1) Quarterly Consolidated Statement of Financial Position

(Thousands of Yen)

	As of October 31, 2022	As of July 31, 2023
Assets		
Current assets		
Cash and cash equivalents	2,283,790	3,249,572
Trade receivables	2,297,822	2,694,475
Other financial assets	37,550	10,656
Other current assets	258,133	138,582
Total current assets	4,877,297	6,093,286
Non-current assets		
Property, plant and equipment	165,131	161,521
Right-of-use assets	309,978	404,990
Goodwill	14,074,688	14,074,688
Intangible assets	24,556	29,800
Other financial assets	316,922	260,747
Deferred tax assets	384,901	363,574
Other non-current assets	2,442	338
Total non-current assets	15,278,621	15,295,660
Total assets	20,155,918	21,388,947
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	25,937	26,467
Borrowings	2,714,284	2,714,284
Lease liabilities	153,081	208,409
Income taxes payable	431,817	195,830
Other financial liabilities	119,841	152,360
Other current liabilities	2,088,123	2,225,072
Total current liabilities	5,533,085	5,522,425
Non-current liabilities		
Long-term borrowings	4,285,716	3,750,003
Lease liabilities	124,758	159,729
Retirement benefit liability	168,921	227,478
Provisions	110,185	109,960
Total non-current liabilities	4,689,581	4,247,171
Total liabilities	10,222,666	9,769,596
Equity		
Share capital	50,000	236,618
Capital surplus	8,202,630	8,389,469
Retained earnings	1,556,950	2,788,161
Other components of equity	123,670	205,100
Total equity attributable to owners of parent	9,933,252	11,619,350
Total equity	9,933,252	11,619,350
Total liabilities and equity	20,155,918	21,388,947

(2) Quarterly Consolidated Statement of Profit or Loss (For the nine months)

	(Thousands of Yen)	
	Nine months ended July 31, 2022	Nine months ended July 31, 2023
Revenue	10,572,211	13,064,283
Cost of sales	(7,473,670)	(9,307,621)
Gross profit	3,098,540	3,756,661
Selling, general and administrative expenses	(1,584,982)	(1,980,244)
Other income	47,731	64,413
Other expenses	(8,217)	(14,779)
Operating profit	1,553,072	1,826,050
Finance income	32	43
Finance costs	(103,664)	(38,259)
Profit before tax	1,449,440	1,787,834
Income tax expense	(484,516)	(556,623)
Profit	964,923	1,231,211
Profit attributable to		
Owners of parent	964,923	1,231,211
Profit	964,923	1,231,211
Earnings per share		
Basic earnings per share	116.92	149.07
Diluted earnings per share	-	145.78

(3) Quarterly Consolidated Statement of Profit or Loss (For the three months)

	(Thousands of Yen)	
	Three months ended July 31, 2022	Three months ended July 31, 2023
Revenue	3,760,124	4,765,029
Cost of sales	(2,684,437)	(3,283,253)
Gross profit	1,075,686	1,481,775
Selling, general and administrative expenses	(595,499)	(702,759)
Other income	19,308	2,460
Other expenses	(8,129)	(5,944)
Operating profit	491,365	775,530
Finance income	12	12
Finance costs	(34,060)	(12,524)
Profit before tax	457,317	763,018
Income tax expense	(159,067)	(254,198)
Profit	298,250	508,820
Profit attributable to		
Owners of parent	298,250	508,820
Profit	298,250	508,820
Earnings per share		
Basic earnings per share	36.14	61.51
Diluted earnings per share	-	60.17

(4) Quarterly Consolidated Statement of Changes in Equity

Nine months ended July 31, 2022

(Thousands of Yen)

	Equity attributable to owners of parent							Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity			Total	
				Share acquisition rights	Remeasurements of defined benefit plans	Total		
Balance on November 1, 2021	50,000	8,202,630	331,352	49,869	-	49,869	8,633,853	8,633,853
Profit	-	-	964,923	-	-	-	964,923	964,923
Other comprehensive income	-	-	-	-	-	-	-	-
Comprehensive income	-	-	964,923	-	-	-	964,923	964,923
Issuance of new shares	-	-	-	-	-	-	-	-
Share-based payment transactions	-	-	-	53,134	-	53,134	53,134	53,134
Other changes	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	53,134	-	53,134	53,134	53,134
Balance on July 31, 2022	50,000	8,202,630	1,296,275	103,004	-	103,004	9,651,910	9,651,910

Nine months ended July 31, 2023

(Thousands of Yen)

	Equity attributable to owners of parent							Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity			Total	
				Share acquisition rights	Remeasurements of defined benefit plans	Total		
Balance on November 1, 2022	50,000	8,202,630	1,556,950	123,670	-	123,670	9,933,252	9,933,252
Profit	-	-	1,231,211	-	-	-	1,231,211	1,231,211
Other comprehensive income	-	-	-	-	-	-	-	-
Comprehensive income	-	-	1,231,211	-	-	-	1,231,211	1,231,211
Issuance of new shares	186,618	186,618	-	-	-	-	373,237	373,237
Share-based payment transactions	-	-	-	81,429	-	81,429	81,429	81,429
Other changes	-	220	-	-	-	-	220	220
Total transactions with owners	186,618	186,838	-	81,429	-	81,429	454,887	454,887
Balance on July 31, 2023	236,618	8,389,469	2,788,161	205,100	-	205,100	11,619,350	11,619,350

(5) Quarterly Consolidated Statement of Cash Flows (For the nine months)

	(Thousands of Yen)	
	Nine months ended July 31, 2022	Nine months ended July 31, 2023
Cash flows from operating activities		
Profit before tax	1,449,440	1,787,834
Depreciation	168,269	176,197
Share-based payment expenses	53,134	81,429
Finance income and finance costs	103,631	38,215
Gain on sale of property, plant and equipment	-	(181)
Loss on retirement of property, plant and equipment	5,175	4,766
Decrease (increase) in trade receivables	(331,579)	(396,653)
Increase (decrease) in trade payables	8,359	529
Increase (decrease) in accrued expenses	234,985	249,750
Increase (decrease) in retirement benefit liability	46,416	58,557
Other	(68,950)	6,038
Subtotal	1,668,883	2,006,485
Interest and dividends received	36	44
Interest paid	(65,235)	(36,792)
Income taxes paid	(558,608)	(768,813)
Net cash provided by (used in) operating activities	1,045,076	1,200,923
Cash flows from investing activities		
Purchase of property, plant and equipment	(44,622)	(34,405)
Proceeds from sale of property, plant and equipment	-	181
Purchase of intangible assets	(3,800)	(8,804)
Payments for loans receivable	(6,674)	(1,257)
Collection of loans receivable	4,378	2,303
Purchase of other financial assets	(98,208)	(15,284)
Collection of other financial assets	542	145,068
Other	-	(1,300)
Net cash provided by (used in) investing activities	(148,385)	86,502
Cash flows from financing activities		
Repayments of long-term borrowings	(400,000)	(535,713)
Repayments of lease liabilities	(132,840)	(151,890)
Payment of financial commission	(9,999)	(2,520)
Proceeds from issuance of shares	-	373,237
Other	-	(4,757)
Net cash provided by (used in) financing activities	(542,840)	(321,643)
Net increase (decrease) in cash and cash equivalents	353,850	965,781
Cash and cash equivalents at beginning of period	2,155,457	2,283,790
Cash and cash equivalents at end of period	2,509,308	3,249,572