

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 7, 2024

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, Chief Investment Officer Hideto Fujino
 Inquiries: Managing Director & CAO Jiro Iwata TEL 03(6311)6799
 Scheduled date to file Quarterly Securities Report: February 9, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative)

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	%
Nine months ended December 31, 2023	7,650	5.6	1,367	15.8	1,375	15.1	965	24.6
Nine months ended December 31, 2022	7,242	–	1,181	–	1,195	–	775	–

Note: Comprehensive income Nine months ended December 31, 2023 ¥925 million [22.0%]
 Nine months ended December 31, 2022 ¥758 million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2023	76.91		76.74	
Nine months ended December 31, 2022	64.50		–	

- Notes: 1. The percentages indicating year-on-year changes for the nine months ended December 31, 2022 are not presented because the Company did not prepare quarterly consolidated financial statements for the nine months ended December 31, 2021.
2. The Company's shares were listed on the Growth Market of the Tokyo Stock Exchange on April 25, 2023. For the diluted earnings per share for the nine months ended December 31, 2023, the figure is calculated using the average share price from the date the shares were newly listed to December 31, 2023 as the average share price for the period.
3. As for diluted earnings per share for the nine months ended December 31, 2022, although there are dilutive shares, they have not been disclosed because shares of the Company were unlisted and thus the average share price during the period was not obtained.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2023	10,430		6,901		62.8	
As of March 31, 2023	8,704		6,094		65.5	

Reference: Equity As of December 31, 2023 ¥6,548 million
 As of March 31, 2023 ¥5,700 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	0.00	–	27.50	27.50
Year ending March 31, 2024	–	18.00	–		
Year ending March 31, 2024 (Forecast)				–	–

Note: Revisions to the cash dividend forecasts most recently announced: No

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.

For the past figures regarding the balance of assets under management in the investment trust business and investment advisory business, please refer to the preliminary figures for the end of the previous month disclosed separately around the tenth business day at the beginning of every month.

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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: | No |
| Changes in accounting policies due to other reasons: | No |
| Changes in accounting estimates: | Yes |
| Restatement of prior period financial statements: | No |

(4) Number of issued shares (common shares)

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

As of December 31, 2023	12,882,800 shares	As of March 31, 2023	12,016,600 shares
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Number of treasury shares at the end of the period

As of December 31, 2023	– shares	As of March 31, 2023	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	12,558,894 shares	Nine months ended December 31, 2022	12,016,600 shares
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* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

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

(Caution regarding forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual performance and other results may differ substantially due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	2,103,583	3,640,974
Deposits held in trust	1,500,000	1,800,000
Operational investment securities	218,722	238,466
Supplies	8,671	6,583
Prepaid expenses	88,024	141,032
Accrued investment trust management fees	3,725,272	3,251,581
Accounts receivable-advisory fee	52,165	12,296
Other	41,255	7,944
Total current assets	7,737,696	9,098,879
Non-current assets		
Property, plant and equipment	238,236	667,248
Intangible assets	381,765	354,702
Investments and other assets	347,092	309,476
Total non-current assets	967,094	1,331,426
Total assets	8,704,790	10,430,305
Liabilities		
Current liabilities		
Deposits received	225,727	1,184,913
Accounts payable	119,080	183,795
Accrued expenses	1,561,345	1,436,728
Income taxes payable	155,966	202,739
Accrued consumption taxes	100,867	56,874
Provision for bonuses	199,333	95,471
Provision for bonuses for directors (and other officers)	11,566	–
Other	58,863	42,765
Total current liabilities	2,432,750	3,203,287
Non-current liabilities		
Retirement benefit liability	92,009	108,694
Asset retirement obligations	85,886	216,688
Total non-current liabilities	177,895	325,382
Total liabilities	2,610,645	3,528,669
Net assets		
Shareholders' equity		
Share capital	100,000	322,277
Capital surplus	407,370	629,638
Retained earnings	5,193,158	5,596,773
Total shareholders' equity	5,700,529	6,548,689
Non-controlling interests	393,614	352,946
Total net assets	6,094,144	6,901,636
Total liabilities and net assets	8,704,790	10,430,305

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Operating revenue		
Investment trust management fees	7,122,905	7,536,699
Investment advisory fee	119,636	143,696
Gains and losses related to operating investment securities	–	(29,956)
Total operating revenue	<u>7,242,542</u>	<u>7,650,438</u>
Operating expenses	3,495,265	3,712,029
General and administrative expenses	<u>2,566,194</u>	<u>2,570,545</u>
Operating profit	<u>1,181,082</u>	<u>1,367,863</u>
Non-operating income		
Interest income	24	28
Foreign exchange gains	8,108	6,300
A lecture and a manuscript fee income	4,173	2,576
Advertisement fee	4,563	2,850
Outsourcing income	–	2,399
Other	167	1,468
Total non-operating income	<u>17,038</u>	<u>15,625</u>
Non-operating expenses		
Interest expenses	132	–
Listing expenses	2,136	6,872
Other	81	623
Total non-operating expenses	<u>2,349</u>	<u>7,496</u>
Ordinary profit	<u>1,195,770</u>	<u>1,375,992</u>
Profit before income taxes	<u>1,195,770</u>	<u>1,375,992</u>
Income taxes - current	368,824	409,392
Income taxes - deferred	68,690	41,306
Total income taxes	<u>437,514</u>	<u>450,698</u>
Profit	<u>758,255</u>	<u>925,293</u>
Loss attributable to non-controlling interests	<u>(16,767)</u>	<u>(40,668)</u>
Profit attributable to owners of parent	<u>775,023</u>	<u>965,961</u>

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	758,255	925,293
Comprehensive income	758,255	925,293
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	775,023	965,961
Comprehensive income attributable to non-controlling interests	(16,767)	(40,668)