

Manages and sells publicly offered investment trusts under the Hifumi brand

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[7330 RHEOS CAPITAL WORKS Sector : Securities and Commodities Futures]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar.2021	6,783	11.2	1,265	-	1,265	-12.8	849	-11.8	70.7	329.8	22.0
Mar.2022	9,479	-	1,952	-	1,969	-	1,303	-	108.5	416.3	33.0
Mar.2023	f 9,676	2.1	1,607	-17.7	1,623	-17.6	1,053	-19.2	87.7	-	TBD

Note: Consolidated basis from March 2022. Figures for the fiscal year ending March 2023 are the company's forecasts.

Management and Sales of Publicly Offered Investment Trusts

RHEOS CAPITAL WORKS is an asset management company that manages and sells Hifumi brand funds. The company's business domains consist of the investment trust management business, investment advisory services and venture capital business.

SBI FINANCIAL SERVICES, a major shareholder, sold some shares of RHEOS CAPITAL WORKS at the time of listing, but it is expected to remain the status of the parent company mainly because it owns 48.9% of the total number of the company's shares issued and outstanding and has dispatched one director.

Investment Trust Management Business

As of the end of March 2023, RHEOS CAPITAL WORKS manages 12 investment trusts. The balance of assets under management in the investment trust business was 1,031.5 billion yen. By major fund, Hifumi Plus manages 489.2 billion yen, Hifumi World Plus manages 216.2 billion yen, Hifumi Fund manages 143.7 billion yen and Hifumi DC Fund manages 58.3 billion yen.

The company cites the following as the characteristics of the investment trusts that the company manages: (1) management that increases while protecting through investment in growth companies that it independently discovers, (2) communication with customers by holding seminars and other means and (3) two distribution channels (direct sales and indirect sales).

Investment Advisory Business

The investment advisory business is entrusted with and manages customers' investment funds based on discretionary investment contracts. RHEOS CAPITAL WORKS is entrusted and manages mainly domestic corporate pension funds and overseas sovereign wealth funds. As of the end of March 2023, the balance of assets in the investment advisory business managed by the company is 112.7 billion yen.

Venture Capital Business

In April 2021, the company established RHEOS CAPITAL PARTNERS as a wholly owned subsidiary for the purpose of investing in venture companies. Since the venture capital business has just started operation and it will take a long time to recover the investment, operating losses are expected to be posted for the time being.

Financial Statements

Statement of income	Fiscal Year	Mar.2021		Mar.2022		Nine months to Dec.2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Operating revenue		6,783	100.0	9,479	100.0	7,242	100.0
Operating expenses		3,139	46.3	4,350	45.9	3,495	48.3
Administrative expenses		2,378	35.1	3,177	33.5	2,566	35.4
Operating profit		1,265	18.7	1,952	20.6	1,181	16.3
Non-operating income		2	-	19	-	17	-
Non-operating expenses		2	-	2	-	2	-
Ordinary profit		1,265	18.7	1,969	20.8	1,195	16.5
Profit before income taxes		1,261	18.6	1,969	20.8	1,195	16.5
Profit loss attributable to non-controlling interests		-	-	-1	-	-16	-
Profit attributable to owners of parent		849	12.5	1,303	13.8	775	10.7

Balance sheet	Fiscal Year	Mar.2021		Mar.2022		Dec.2022	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		7,367	89.4	7,385	86.3	7,218	87.8
Cash and deposits		1,823	22.1	1,836	21.5	2,252	27.4
Accrued investment trust management income		3,036	36.9	3,832	44.8	3,141	38.2
Customer segregated money trust		2,330	28.3	1,510	17.6	1,500	18.2
Non-current assets		871	10.6	1,172	13.7	1,003	12.2
Property, plant and equipment		205	2.5	411	4.8	298	3.6
Intangible assets		364	4.4	376	4.4	391	4.8
Investments and other assets		302	3.7	384	4.5	313	3.8
Total assets		8,239	100.0	8,557	100.0	8,222	100.0
Current liabilities		4,124	50.1	3,289	38.4	2,252	27.4
Accounts payable		1,227	14.9	1,580	18.5	1,406	17.1
Short-term borrowings		1,000	12.1	-	-	-	-
Non-current liabilities		151	1.8	172	2.0	182	2.2
Projected benefit obligation		70	0.9	86	1.0	96	1.2
Net assets		3,962	48.1	5,095	59.5	5,787	70.4
Owners' equity		3,962	48.1	5,002	58.5	5,386	65.5
Non-controlling interest		-	-	93	1.1	401	4.9

Statement of cash flows	Fiscal Year	Mar.2021	Mar.2022
		(mn yen)	(mn yen)
Cash flows from operating activities		877	1,581
Depreciation		116	343
Cash flows from investing activities		-162	-399
Cash flows from financing activities		-318	-1,169
Dividends paid		-288	-264
Net increase in cash and cash equivalents		396	12
Cash and cash equivalents		1,825	1,838

Note: Consolidated

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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