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**Consolidated Financial Results for the
First Quarter Ended March 31, 2018
[Japanese GAAP]**

August 10, 2017

Company name: Raysum Co., Ltd. Stock exchange listing: Tokyo Securities Exchange
Code number: 8890 URL: <http://www.raysum.co.jp/>
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Scheduled date for filing of quarterly securities report: August 10, 2017
Scheduled date of commencing dividend payments: —
Availability of supplementary briefing material on financial results: None
Schedule of financial results briefing session: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter Ended June 30, 2017 (April 1, 2017 to June 30, 2017)

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First quarter ended June 30, 2017	2,763	(26.0)	141	(65.3)	93	(36.7)	92	(39.3)
First quarter ended June 30, 2016	3,734	(62.5)	408	(81.9)	147	(93.4)	152	(93.1)

(Note) Comprehensive income: First quarter ended June 30, 2017: ¥79million (-46.8%)
First quarter ended June 30, 2016 ¥149 million (-93.2%)

	Profit per share	Diluted profit per share
	yen	yen
First quarter ended June 30, 2017	2.01	-
First quarter ended June 30, 2016	3.32	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of June 30, 2017	68,056	39,646	58.3
As of March 31, 2017	65,267	40,903	62.7

(Reference) Equity: As of June 30, 2017: ¥39,645 million
As of March 31, 2017: ¥40,902 million

2. Dividends

	Annual Dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2017	—	0.00	—	29.00	29.00
Fiscal year ending March 31, 2018	—				
Fiscal year ending March 31, 2018 (Forecast)		0.00	—	31.00	31.00

(Note) Changes to the most recent dividend forecast announced: Not applicable

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	46,050	36.3	8,200	17.8	7,950	18.4	7,100	8.8	154.08

(Note) Changes to the most recent financial results forecast announced: Not applicable

***Notes**

- (1) Significant changes of subsidiaries in the first three quarters of the fiscal year under review (affecting specified subsidiaries resulting in changes in scope of consolidation): Not applicable
- (2) Application of accounting method specific to preparation of quarterly consolidated financial statements: Not applicable
- (3) Changes in accounting policies, changes in accounting estimates and restatements
 - 1) Changes in accounting policies due to the revision of accounting standards: Not applicable
 - 2) Any changes in accounting policies other than 1) above: Not applicable
 - 3) Changes in accounting estimates: Not applicable
 - 4) Restatements: Not applicable
- (4) Total number of issued shares (common stock)

- 1) Total number of issued shares at the end of the period (including treasury stock):

First quarter ended June 30, 2017	46,081,400 shares
Fiscal year ended March 31, 2017	46,081,400 shares

- 2) Total number of treasury stock at the end of the period:

First quarter ended June 30, 2017	33 shares
Fiscal year ended March 31, 2017	33 shares

- 3) Average number of shares during the period:

First quarter ended June 30, 2017	46,081,367 shares
First quarter ended June 30, 2016	46,081,367 shares

* This quarterly consolidated financial statement is not included in the quarterly review.

*** Explanation of the proper use of performance forecast and other note**

(Note on forward-looking statements, etc.)

Performance forecasts and other forward-looking statements presented in this report are based on information currently available to the Company and certain assumptions deemed to be reasonable, and are not to be read as guarantees of future performance by the Company. In addition, actual performance may differ substantially due to various factors.

Contents of Appendix

1. Qualitative Information on Quarterly Financial Results	
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Financial Results Forecast and Other Information on Future Forecasts	4
2. Quarterly Consolidated Financial Statements	
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	7
(3) Quarterly Consolidated Statements of Cash Flows	8
(4) Notes on Quarterly Consolidated Financial Statements	
(Notes on the Going Concern Assumption)	10
(Notes in the Event of Material Change in the Amount of Shareholders' Equity)	10
(Segment Information, Etc.)	10

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

The consolidated financial results for the first quarter of the fiscal year under review recorded net sales of 2,763 million yen (year-on-year decrease of 26.0%), operating income of 141 million yen (year-on-year decrease of 65.3%), ordinary income of 93 million yen (year-on-year decrease of 36.7%), and profit attributable to owners of parent of 92 million yen (year-on-year decrease of 39.3%).

The main reason for the year-on-year decrease of 26.0% in net sales was that the core wealth management business's sales decreased to ¥1,313 million in the consolidated financial results for the first quarter of the fiscal year under review, compared to ¥2,608 million in the same quarter of the previous fiscal year. The decreases in operating income and ordinary income were mainly due to wealth management business segment income (loss) decreasing from ¥185 million to ¥97 million.

Business results by segment are as follows.

(Wealth Management Business)

In this business, we thoroughly consider the appropriate structure and method of property management based on details of the assets of each high-net-worth individual, but also aim to commercialize properties with future potential. The products cover a wide range of properties from commercial/office buildings, residential and hotels to medical facilities among others, with also a diversified price range from some hundred million yen to some ten billion yen.

In Japanese society which is facing a low birth rate and an aging population as well as falling population and seeing a rapid rise in redundant buildings, revolution of existing businesses and challenge to new businesses are essential to provide products that are stable over the medium-to long-term with scarcity and liquidity. In the revolution of existing businesses, we will progress direct communication with tenants who find unique values in targeted properties, conduct necessary renovation and change the usage, and implement further revolution by using the knowledge accumulated through each effort as well as the network. In the challenge to new businesses, we believe that an ability to create tenants who take in demand by responding to social changes is required, and thus we are progressing nationwide development of community hostels, advanced medical clinics, etc.

In such efforts, quarterly sales are likely to be uneven due to the concentration of the sales timing as the number of projects whose sales amount per project largely exceeds the price range of 1 billion yen is increasing as a recent trend in the wealth management business.

In the first quarter of the fiscal year under review, the Wealth Management Business posted 1,313 million yen (year-on-year decrease of 49.6%) in net sales partially due to settlement of sales of large projects at a high price range on July 7, 2017 immediately after the first quarter of the fiscal year under review and loss of 97 million yen (segment income of 185 million yen in the same quarter of the previous fiscal year) in segment income (loss).

(Property Management Business)

In order to achieve the property-owning objectives of clients who own income properties purchased from our company, this business seeks to attract optimal tenants and make various arrangements in order to make the most efficient use of properties in various usage categories and provides detailed building leasing and management services.

In the first quarter of the fiscal year under review, the Property Management Business posted 739 million yen (year-on-year increase of 35.1%) in net sales and 263 million yen (year-on-year increase of 10.2%) in segment income.

(Servicing Business)

In this business, principally Global Asset Management Co., Ltd. a consolidated subsidiary of the Company purchases receivables from financial institutions mainly on its own account and engages in collection and management of these receivables.

In the first quarter of the fiscal year under review, Servicing Business posted 393 million yen (year-on-year decrease of 0.8%) in net sales and 34 million yen (year-on-year decrease of 60.9%) in segment income.

Selling, general and administrative expenses increased centering on labor costs, etc. due to the increase in the number of personnel in the previous fiscal year as a response to enhance the quality and quantity of management and collection business but steady progress was made in the careful collection of receivables that had already been purchased and owned and in new acquisition of receivables.

(Other Business)

This segment runs Raysum Golf & Spa Resort, a golf course owned by Asset Holdings, Ltd., a consolidated subsidiary of the Company, and WeBase Co, Ltd., a consolidated subsidiary of the Company, started operating WeBase Kamakura, a community hostel, from the previous fiscal year.

The segment net sales were 317 million yen (year-on-year increase of 74.6%) due to the addition of sales gained through operation of WeBase Kamakura to the sales gained through operation of Raysum Golf & Spa Resort and segment income was 58 million yen (year-on-year increase of 295.1%) in the first quarter of the fiscal year under review.

With regard to operation of Raysum Golf & Spa Resort, we are devoting effort to attentive management of the course condition in order to maintain the course in the best of conditions at all times, and also maintain a high level in areas such as hospitality, cleaning, and food and beverage services. With regard to the community hostel WeBase series, we opened WeBase Kamakura in September 2016 and WeBase Hakata in July 2017, and are currently promoting the expansion of recognition through SNS, etc. while enhancing our operation capabilities through mutual collaboration.

(2) Explanation of Financial Position

1) Changes in Financial Position

[Assets]

Current assets increased 2,686 million yen compared to the end of the previous fiscal year to 61,961 million yen.

This was primarily attributable to cash and deposits decreasing 2,884 million yen to 14,341 million yen, real estate for sale increasing 16,179 million yen to 37,342 million yen including transfer through commercialization of real estate for sale in process, real estate for sale in process decreasing 10,361 million yen to 2,669 million yen due to transfer through commercialization and advance payments decreasing 407 million yen to 343 million yen.

The change in cash and deposits was mainly due to the increase of 1,322 million yen in sales of real estate for sale, the increase of 3,612 million yen in advances received due to deposits received through the conclusion of sales contracts of real estate, a decrease of 5,666 million yen in purchases of real estate for sale, the decrease of 440 million yen due to payment for construction in line with the progressing development of real estate for sale in process and payment for repair works on real estate for sale, the increase of 325 million yen due to the difference between new fundraising and repayment of loans payable, the increase of 393 million yen through collection activities in the Servicing Business, the decrease of 1,267 million yen through payment of dividends and the decrease associated with the expenditure of selling, general and administrative expenses.

Noncurrent assets increased 102 million yen from the end of the previous fiscal year to 6,094 million yen.

As a result, total assets as at the end of the first quarter of the fiscal year under review increased 2,789 million yen compared to the end of the previous fiscal year to 68,056 million yen.

[Liabilities]

Liabilities increased 4,045 million yen compared to the end of the previous fiscal year to 28,410 million yen. This was primarily attributed to loans payable increasing 325 million yen due to the difference between new fundraising and repayment of loans payable, and advances received increasing 3,612 million yen due to deposits received through the conclusion of sales contracts of large projects in the wealth management business.

[Net Assets]

Total net assets decreased 1,256 million yen compared to the end of the previous fiscal year to 39,646 million yen. This was due primarily to increase in retained earnings of 92 million yen while conducting payment of dividends following the recording of quarterly profit attributable to owners of parent.

Furthermore, equity ratio as of the end of the first quarter of the fiscal year under review has become 58.3%.

2) Cash Flows

Cash and cash equivalents (hereinafter, “funds”) at the end of the first quarter of the fiscal year under review decreased 2,884 million yen compared to the end of the previous fiscal year to 14,241 million yen.

Cash flows in the first quarter of the fiscal year under review and the major contributory factors are as follows.

[Net cash provided by (used in) operating activities]

Net cash provided by operating activities decreased 1,811 million yen. The main factors for increase were increased funds related to 1,313 million yen in net sales in the Wealth Management Business, 3,612 million yen gained with the increase in

advances received due to deposits received through the conclusion of sales contracts of real estate and 393 million yen in collection of receivables in the Servicing Business. The main factors for decrease were the decrease in funds related to the 5,666 million yen of payment for purchases of real estate for sale and the decrease of 440 million yen due to payment in line with the progressing development of real estate for sale in process and payment for repair work on real estate for sale in the Wealth Management Business, the expenditure of 234 million yen related to new acquisition of receivables in the Servicing Business, and decrease in funds related to expenditure of selling, general and administrative expenses.

[Net cash provided by (used in) investing activities]

Net cash provided by investing activities decreased 129 million yen. The main factors for decrease include the expenditure of 129 million yen related to purchase of property, plant and equipment, purchase of intangible assets.

[Net cash provided by (used in) financing activities]

Net cash provided by financing activities decreased 942 million yen. This was a result of an increase of 450 million yen from new loans payable, a decrease of 125 million yen from repayment of interest-bearing liabilities, a decrease of 1,267 million yen from payment of dividends and such.

(3) Explanation of Consolidated Financial Results Forecast and Other Information on Future Forecasts

The consolidated financial results forecast remain unchanged from the full year consolidated financial results forecast on “Consolidated Financial Results for the Fiscal Year Ended March 31, 2017” announced on May 12, 2017.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	17,225	14,341
Operating accounts receivable	181	194
Operational investment securities	168	156
Real estate for sale	21,163	37,342
Real estate for sale in process	13,031	2,669
Purchased receivables	4,711	4,699
Advance payments - trade	750	343
Deferred tax assets	2,475	2,481
Income taxes receivable	13	14
Other	256	422
Allowance for doubtful accounts	△701	△704
Total current assets	59,275	61,961
Non-current assets		
Property, plant and equipment		
Buildings, net	653	634
Land	1,058	1,058
Other, net	197	215
Total property, plant and equipment	1,909	1,909
Intangible assets		
Other	376	468
Total intangible assets	376	468
Investments and other assets		
Investment securities	2,984	2,977
Deferred tax assets	423	423
Investments in capital	10	10
Other	287	305
Total investments and other assets	3,706	3,717
Total non-current assets	5,992	6,094
Total assets	65,267	68,056

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Short-term loans payable	300	300
Current portion of long-term loans payable	514	3,672
Current portion of bonds	—	800
Income taxes payable	49	6
Advances received	280	3,893
Provision for bonuses	12	16
Other	1,369	1,330
Total current liabilities	2,527	10,018
Non-current liabilities		
Bonds payable	800	—
Long-term loans payable	17,896	15,063
Provision for adjustment of securitization	1	0
Asset retirement obligations	4	4
Deposits received from tenants	3,134	3,322
Total non-current liabilities	21,837	18,391
Total liabilities	24,364	28,410
Net assets		
Shareholders' equity		
Capital stock	100	100
Capital surplus	12,253	12,253
Retained earnings	28,376	27,133
Treasury shares	△0	△0
Total shareholders' equity	40,729	39,486
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	111	103
Foreign currency translation adjustment	61	55
Total accumulated other comprehensive income	173	159
Non-controlling interests	0	0
Total net assets	40,903	39,646
Total liabilities and net assets	65,267	68,056

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income – First Quarter of Consolidated Fiscal Year)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	3,734	2,763
Cost of sales	2,644	1,834
Gross profit	1,089	929
Selling, general and administrative expenses	681	787
Operating profit	408	141
Non-operating income		
Interest income	2	0
Other	2	0
Total non-operating income	5	1
Non-operating expenses		
Interest expenses	27	46
Commission for a financial loan	21	0
Foreign exchange losses	217	3
Other	0	0
Total non-operating expenses	266	50
Ordinary profit	147	93
Extraordinary income		
Gain on reversal of subscription rights to shares	22	—
Total extraordinary income	22	—
Profit before income taxes	169	93
Income taxes - current	4	4
Income taxes - deferred	10	△3
Total income taxes	15	0
Profit	154	92
Profit attributable to non-controlling interests	1	0
Profit attributable to owners of parent	152	92

(Quarterly Consolidated Statements of Comprehensive Income – First Quarter of Consolidated Fiscal Year)

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	154	92
Other comprehensive income		
Valuation difference on available-for-sale securities	△13	△7
Foreign currency translation adjustment	8	△5
Total other comprehensive income	△4	△13
Comprehensive income	149	79
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	147	79
Comprehensive income attributable to non-controlling interests	1	0

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Cash flows from operating activities		
Profit before income taxes	169	93
Depreciation	34	34
Increase (decrease) in provision for bonuses	2	3
Increase (decrease) in allowance for doubtful accounts	△2	3
Increase (decrease) in provision for adjustment of securitization	2	△0
Interest and dividend income	△2	△0
Gain on reversal of subscription rights to shares	△22	—
Interest expenses	27	46
Decrease (increase) in notes and accounts receivable - trade	9	△12
Decrease (increase) in real estate for sale	651	△16,181
Decrease (increase) in real estate for sale in process	△680	10,361
Decrease (increase) in purchased receivables	265	12
Decrease (increase) in advance payments	61	404
Increase (decrease) in advances received	△21	3,612
Increase (decrease) in accounts payable - other	△181	15
Increase (decrease) in accrued consumption taxes	220	△296
Increase (decrease) in lease deposits received	50	176
Decrease (increase) on investments in silent partnership	1	6
Other, net	261	△2
Subtotal	846	△1,725
Interest and dividend income received	0	0
Interest expenses paid	△27	△46
Income taxes (paid) refund	△7	△40
Net cash provided by (used in) operating activities	811	△1,811
Cash flows from investing activities		
Purchase of property, plant and equipment	△64	△32
Purchase of intangible assets	△42	△96
Purchase of shares of subsidiaries and associates	△667	—
Other, net	△1	△0
Net cash provided by (used in) investing activities	△775	△129
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△300	—
Proceeds from long-term loans payable	3,805	450
Repayments of long-term loans payable	△3,413	△125
Proceeds from issuance of bonds	800	—
Redemption of bonds	△800	—
Payments from changes in ownership	△100	—

interests in other securities of subsidiaries and affiliates that do not result in change in scope of consolidation

Cash dividends paid	△952	△1,267
Net cash provided by (used in) financing activities	△961	△942
Effect of exchange rate change on cash and cash equivalents	△55	△1
Net increase (decrease) in cash and cash equivalents	△980	△2,884
Cash and cash equivalents at beginning of period	11,972	17,125
Cash and cash equivalents at end of period	10,991	14,241

(4) Notes on Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes in the Event of Material Change in the Amount of Shareholders' Equity)

Not applicable.

(Segment Information, Etc.)

[Segment Information]

Information on net sales, income (loss), assets, liabilities and other items by reporting segment

First Quarters of the Fiscal Year ended June 30, 2016 (April 1, 2016 to June 30, 2016)

(Millions of yen)

	Reportable segments				Total	Reconci ling items	Per quarter ly consoli dated financi al stateme nts
	Wealth Management	Property Management	Servicing	Others			
Sales							
Revenues from external customers	2,608	547	396	181	3,734	—	3,734
Transactions with other segments	—	—	—	2	2	△2	—
Net sales	2,608	547	396	184	3,736	△2	3,734
Operating profit (loss)	185	238	89	14	528	△120	408

(Note) The amount of (-120 million yen) in adjustments of segment profit (loss) is the elimination of inter-segment transactions (-0 million yen) and the company-wide expenses of administrative expenses (-120 million yen) that are not allocated to each segment. The amount of segment profit (loss) after deduction of this adjustment is the same as the amount of 408 million yen of operating income stated in the consolidated statements of income.

First Quarters of the Fiscal Year ended Jun 30, 2017 (April 1, 2017 to June 30, 2017)

(Millions of yen)

	Reportable segments				Total	Reconci ling items	Per quarter ly consoli dated financi al stateme nts
	Wealth Management	Property Management	Servicing	Others			
Sales							
Revenues from external customers	1,313	739	393	317	2,763	—	2,763
Transactions with other segments	—	25	—	17	43	△43	—
Net sales	1,313	765	393	334	2,807	△43	2,763
Operating profit (loss)	△97	263	34	58	259	△117	141

(Note) The amount of (-117million yen) in adjustments of segment profit (loss) is the elimination of inter-segment transactions (0 million yen) and the company-wide expenses of administrative expenses (-117 million yen) that are not allocated to each segment. The amount of segment profit (loss) after deduction of this adjustment is the same as the amount of 141 million yen of operating income stated in the consolidated statements of income.

