

Please note that this document is a translation of the official announcement that was released on February 10, 2022. The translation is prepared and provided for the purpose of the reader's convenience only. All readers are strongly recommended to refer to the original Japanese version of the news release for complete and accurate information.

**Consolidated Financial Results for the
Nine Months Ended December 31, 2021
[Japanese GAAP]**

February 10, 2022

Company name: Raysum Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
Code number: 8890 URL: <http://www.raysum.co.jp/en/>
Representative: Tsuyoshi Komachi, President and Representative Director
Contact: Yasuhiro Katayama, Senior Operating Officer, General Manager of Administration Division
Phone: +81-3-5157-8881
Scheduled date for filing of quarterly securities report: February 10, 2022
Scheduled date of commencing dividend payments: —
Availability of supplementary briefing material on financial results: None
Availability of financial results briefing session: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2021 (April 1, 2021, to December 31, 2021)

(1) Consolidated Results of Operations

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2021	45,811	165.2	8,231	657.9	7,888	880.2	5,033	784.6
Nine months ended December 31, 2020	17,277	(14.0)	1,086	(49.4)	804	(58.9)	568	(59.7)

(Note) Comprehensive income: Nine months ended December 31, 2021: 5,060 million yen (850.1%)
Nine months ended December 31, 2020: 532 million yen (-63.0%)

	Profit per share	Diluted profit per share
	yen	yen
Nine months ended December 31, 2021	137.33	—
Nine months ended December 31, 2020	15.54	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of December 31, 2021	104,131	51,790	49.7
As of March 31, 2021	104,861	46,861	44.7

(Reference) Equity: As of December 31, 2021: 51,777 million yen
As of March 31, 2021: 46,861 million yen

2. Dividends

	Annual Dividends				
	Q1 end	Q2 end	Q3 end	Year end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2021	—	0.00	—	4.00	4.00
Fiscal year ending March 31, 2022	—	0.00	—		
Fiscal year ending March 31, 2022 (Forecast)				27.00	27.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021, to March 31, 2022)

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	62,000	92.4	8,000	386.7	7,450	451.3	4,800	623.0	130.95

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

*Notes

- (1) Significant changes of subsidiaries in the first nine months of the fiscal year under review (affecting specified subsidiaries resulting in changes in scope of consolidation): Yes
New: 1 company (Raysum Fukuoka Co., Ltd.)

- (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: Yes

2) Any changes in accounting policies other than 1) above: Not applicable

3) Changes in accounting estimates: Not applicable

4) Restatements: Not applicable

(Note) For the details, please refer to “2. Quarterly Consolidated Financial Statements (4) Notes on Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 12.

- (4) Total number of issued shares (common stock)

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

Nine months ended December 31, 2021	46,081,400 shares
Fiscal year ended March 31, 2021	46,081,400 shares

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

Nine months ended December 31, 2021	9,477,586 shares
Fiscal year ended March 31, 2021	9,426,586 shares

- 3) Average number of shares during the period:

Nine months ended December 31, 2021	36,648,927 shares
Nine months ended December 31, 2020	36,617,842 shares

* This quarterly consolidated financial statement is not subject to quarterly review by a certified accountant or auditing company.

* 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	4
(1) Explanation of Results of Operations	4
(2) Explanation of Financial Position	5
(3) Explanation of Consolidated Financial Results Forecast and Other Information on Future Forecasts.....	5
2. Quarterly Consolidated Financial Statements.....	6
(1) Quarterly Consolidated Balance Sheets	6
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	8
(3) Quarterly Consolidated Statements of Cash Flows	10
(4) Notes on Quarterly Consolidated Financial Statements	12
(Notes on the Going Concern Assumption).....	12
(Notes in the Event of Material Change in the Amount of Shareholders' Equity).....	12
(Changes in Accounting Policies)	12
(Segment Information, Etc.)	13

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

The consolidated financial results for the first nine months of the fiscal year under review recorded net sales of 45,811 million yen (year-on-year increase of 165.2%), operating profit of 8,231 million yen (year-on-year increase of 657.9%), ordinary profit of 7,888 million yen (year-on-year increase of 880.2%), and profit attributable to owners of parent of 5,033 million yen (year-on-year increase of 784.6%).

In order to properly state business activities, we have changed the names of the reporting segments, which were “Wealth Management Business,” “Property Management Business,” and “Other Business,” to “Value Creation Services,” “Value-Add Services,” and “Future Value Creation Services” beginning from the previous fiscal year. This change is only for the names of the reporting segments and has no impact on segment information.

Business results by segment are as follows.

(Value Creation Services)

In this business, we purchase real estate with potential, change its use, make large-scale renovations, and attract new tenants, etc. from a standpoint of envisioning the future society and creating real estate that is needed there. We create and provide real estate assets that are significant to clients by considering the characteristics of the local communities surrounding the properties, cultural and educational activities, environmental conservation, etc.

In the first nine months of the fiscal year under review, Value Creation Services posted net sales of 40,946 million yen (year-on-year increase of 214.2%) and segment profit of 9,313 million yen (year-on-year increase of 381.7%).

Although the business environment was subject to the restriction of various business activities due to the spread of COVID-19, our ability to enhance asset value has been gaining greater recognition and trust.

As a result, in the first nine months of the fiscal year under review, we managed to sell a large-scale retail building at Ginza, a residential property at Shirokane Chojamaru, an office building at Ikejiri-Ohashi, and the “medock Comprehensive Medical Clinic” building near Meguro Station as large-scale properties in the sales price range of 2 billion yen or higher. With the addition of characteristic regional properties, such as a mixed-use building at Kyoto’s Sanjo and a 110-year-old historical architecture property in Kobe, we have sold a total of 19 properties. Given the state of progress in sales activities for large-scale properties up to the end of the fiscal year, we recognize that the plan for this business is steadily underway.

In addition, we are arranging new real estate investment products enabling investments starting from units of 100 million yen to 200 million yen to be made in groups of real estate products formed by bundling several large-scale properties undergoing our asset value enhancement. Launching sales from the end of 2021, strong positive response has been received from clients. We see the products serving as a driving force in accelerating further expansion of our client base going forward.

(Value-Add Services)

In this business, we conduct leasing management, building management and other services to maintain and enhance the value of the properties we have provided to clients. We listen to clients’ requests in detail and aim to improve the long-term asset value in ways such as proposing measures to increase property value for the future, taking advantage of opportunities such as tenant replacement.

In the first nine months of the fiscal year under review, Value-Add Services posted net sales of 3,696 million yen (year-on-year increase of 10.3%) and segment profit of 948 million yen (year-on-year increase of 20.7%).

(Future Value Creation Services)

In this business, we mainly conduct businesses that address future social issues, such as community hostels, advanced medical facilities that are indispensable in a super-ageing society and development of emergency power sources to prepare for the frequent natural disasters, under our own operation. The experience and knowledge gained through these business operations will be utilized in conceiving and proposing ideas for Value Creation Services and Value-Add Services in the future.

Opened in Meguro as part of the business for supporting advanced and specialized medical care, “medock Comprehensive Medical Clinic” has already served many patients and started collaborating with companies from various business sectors. In addition, it is also taking part in the workplace vaccination program for COVID-19 vaccines, under which it has vaccinated more than 30,000 people.

On the other hand, in the first nine months of the fiscal year under review, Asset Holdings Co., Ltd. and WeBase Co., Ltd. continued to be strongly impacted by the self-restraint in outings, travel restrictions, etc. caused by yet another state-of-emergency declaration and quasi-emergency measures. All-out efforts are being made to improve financial results while carrying out sweeping renovations of the facilities and other measures, as we position the keeping up of business activities going without any incident while taking measures to prevent the spread of infection even under such a situation as an opportunity to strengthen ties with clients and communities.

In the first nine months of the fiscal year under review, Future Value Creation Services posted net sales of 1,169 million yen (year-on-year increase of 30.8%), and segment loss of 1,561 million yen (segment loss of 1,210 million yen in the same period of the previous fiscal year) due in part to the initial investment to launch Etajimasou, a new accommodation facility.

(2) Explanation of Financial Position

1) Changes in Financial Position

(Assets)

Current assets decreased 1,554 million yen compared with the end of the previous fiscal year to 90,585 million yen.

This was primarily attributable to cash and deposits decreasing 119 million yen to 19,802 million yen, trade accounts receivable increasing 1,947 million yen to 2,266 million yen, real estate for sale decreasing 6,747 million yen to 34,114 million yen, real estate for sale in process increasing 318 million yen to 27,611 million yen, advance payments to suppliers as deposits for property purchase contracts increasing 2,098 million yen to 3,132 million yen, and other current assets increasing 1,309 million yen to 3,634 million yen due in part to an increase in inventory in Future Value Creation Services.

Non-current assets increased 824 million yen compared with the end of the previous fiscal year to 13,545 million yen.

This was primarily attributable to an increase of 737 million yen in property, plant and equipment from an increase due to acquisition and a decrease due to depreciation, etc.; a decrease of 70 million yen in intangible assets; and an increase of 157 million yen in investments and other assets.

As a result, total assets as at the end of the third quarter of the fiscal year under review decreased 729 million yen compared with the end of the previous fiscal year to 104,131 million yen.

(Liabilities)

Liabilities decreased 5,658 million yen compared with the end of the previous fiscal year to 52,340 million yen.

This was primarily attributable to a decrease of 7,594 million yen in borrowings due to the difference between new fundraising and repayment of borrowings, a decrease of 482 million yen in accounts payable due to payment of property construction expenses, etc., an increase of 1,189 million yen in income taxes payable, an increase of 1,794 million yen in advances received as deposits for property sales contracts, an increase of 666 million yen in deposits received from tenants of the properties managed by the Company, and other current liabilities decreasing 1,134 million yen to 783 million yen due to the decrease in consumption taxes payable resulting from the payment of consumption taxes.

(Net assets)

Total net assets increased 4,929 million yen compared with the end of the previous fiscal year to 51,790 million yen.

This was primarily attributable to an increase of 5,033 million yen in retained earnings following the recording of profit attributable to owners of parent, and a decrease of 146 million yen due to dividends of surplus.

Furthermore, the equity ratio as of the end of the third quarter of the fiscal year under review has become 49.7%.

2) Cash Flows

Cash and cash equivalents (hereinafter, “funds”) at the end of the third quarter of the fiscal year under review decreased 119 million yen compared with the end of the previous fiscal year to 19,802 million yen.

Cash flows in the first nine months of the fiscal year under review and the major fluctuating factors are as follows.

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

Cash flows from operating activities amounted to net cash provided by operating activities of 10,301 million yen. The main factor for inflow was the increase in funds related to 40,946 million yen in net sales in Value Creation Services. The main factors for outflow were the decrease in funds related to 20,856 million yen of payment for purchases of real estate for sale, and 5,287 million yen of payment in line with the progressing development of real estate for sale in process and payment for repair works on real estate for sale in Value Creation Services; income taxes paid of 1,528 million yen; and the expenditure of selling, general and administrative expenses.

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

Cash flows from investing activities amounted to net cash used in investing activities of 2,576 million yen. The main factors for inflow were proceeds from sale of investment securities of 52 million yen and proceeds from collection of loans receivable of 51 million yen. The main factors for outflow were purchase of property, plant and equipment of 2,055 million yen, payments for investments in capital of 200 million yen, and loan advances of 449 million yen.

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

Cash flows from financing activities amounted to net cash used in financing activities of 7,862 million yen. The main factors for outflow were a decrease of 7,594 million yen due to the difference between new fundraising and repayment of borrowings, and dividends paid of 150 million yen.

(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 in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2021” announced on May 14, 2021.

2. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	19,922	19,802
Trade accounts receivable	318	2,266
Real estate for sale	40,862	34,114
Real estate for sale in process	27,292	27,611
Advance payments to suppliers	1,033	3,132
Income taxes receivable	395	34
Other	2,325	3,634
Allowance for doubtful accounts	(11)	(11)
Total current assets	92,140	90,585
Non-current assets		
Property, plant and equipment		
Buildings, net	2,527	4,695
Land	1,412	1,584
Construction in progress	1,181	16
Other, net	2,233	1,796
Total property, plant and equipment	7,355	8,092
Intangible assets		
Other	344	273
Total intangible assets	344	273
Investments and other assets		
Investment securities	2,166	1,787
Deferred tax assets	653	907
Investments in capital	145	346
Long-term loans receivable	1,374	1,772
Other	882	691
Allowance for doubtful accounts	(200)	(325)
Total investments and other assets	5,021	5,179
Total non-current assets	12,721	13,545
Total assets	104,861	104,131

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Current portion of long-term borrowings	1,493	1,284
Accounts payable - other	1,798	1,315
Income taxes payable	3,087	4,277
Advances received	570	2,364
Provision for bonuses	6	—
Provision for loss on liquidation of subsidiaries and associates	123	123
Other	1,917	783
Total current liabilities	8,997	10,149
Non-current liabilities		
Long-term borrowings	45,437	38,051
Deposits received from tenants	2,993	3,659
Other	571	480
Total non-current liabilities	49,001	42,191
Total liabilities	57,999	52,340
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	12,054	12,054
Retained earnings	47,507	52,394
Treasury shares	(12,853)	(12,853)
Total shareholders' equity	46,809	51,695
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(19)	8
Foreign currency translation adjustment	72	73
Total accumulated other comprehensive income	52	82
Non-controlling interests	—	12
Total net assets	46,861	51,790
Total liabilities and net assets	104,861	104,131

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

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	17,277	45,811
Cost of sales	12,946	33,804
Gross profit	4,331	12,007
Selling, general and administrative expenses	3,245	3,775
Operating profit	1,086	8,231
Non-operating income		
Interest income	22	28
Rental income from buildings	4	4
Benefits income	29	60
Foreign exchange gains	—	43
Other	8	8
Total non-operating income	65	145
Non-operating expenses		
Interest expenses	268	412
Commission for a financial loan	7	61
Foreign exchange losses	60	—
Other	10	14
Total non-operating expenses	346	488
Ordinary profit	804	7,888
Extraordinary income		
Gain on sale of businesses	4	—
Gain on liquidation of subsidiaries and associates	—	8
Gain on sale of investment securities	—	9
Total extraordinary income	4	17
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	69	—
Loss on retirement of non-current assets	10	28
Loss on sale of non-current assets	—	38
Total extraordinary losses	79	66
Profit before income taxes	730	7,839
Income taxes - current	3	3,078
Income taxes - deferred	157	(269)
Total income taxes	161	2,808
Profit	568	5,031
Loss attributable to non-controlling interests	(0)	(2)
Profit attributable to owners of parent	568	5,033

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

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	568	5,031
Other comprehensive income		
Valuation difference on available-for-sale securities	(34)	28
Foreign currency translation adjustment	(1)	0
Total other comprehensive income	(36)	29
Comprehensive income	532	5,060
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	532	5,062
Comprehensive income attributable to non- controlling interests	(0)	(2)

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	730	7,839
Depreciation	291	1,225
Loss (gain) on liquidation of subsidiaries and associates	69	(8)
Increase (decrease) in provision for bonuses	(8)	(6)
Increase (decrease) in allowance for doubtful accounts	(2)	126
Increase (decrease) in provision for adjustment of liquidation	(0)	—
Loss (gain) on sale of investment securities	—	(9)
Loss on retirement of non-current assets	10	28
Loss on sale of non-current assets	—	38
Loss (gain) on sale of businesses	(4)	—
Interest and dividend income	(22)	(28)
Interest expenses	268	412
Decrease (increase) in trade receivables	51	(1,947)
Decrease (increase) in real estate for sale	(17,028)	6,778
Decrease (increase) in real estate for sale in process	(5,071)	(318)
Decrease (increase) in advance payments to suppliers	(287)	(2,103)
Decrease (increase) in deposits paid	87	(60)
Increase (decrease) in advances received	(262)	1,793
Increase (decrease) in accounts payable - other	71	(343)
Decrease/increase in consumption taxes receivable/payable	(215)	(1,117)
Increase (decrease) in lease deposits received	(379)	674
Other, net	100	(761)
Subtotal	(21,603)	12,212
Interest and dividends received	22	27
Interest paid	(258)	(410)
Income taxes (paid) refund	(721)	(1,528)
Net cash provided by (used in) operating activities	(22,560)	10,301
Cash flows from investing activities		
Purchase of property, plant and equipment	(981)	(2,055)
Proceeds from sale of property, plant and equipment	—	28
Purchase of intangible assets	(0)	(22)
Proceeds from sale of investment securities	—	52
Payments for investments in capital	(142)	(200)
Purchase of shares of subsidiaries and associates	(503)	—
Loan advances	(266)	(449)
Proceeds from collection of loans receivable	9	51
Proceeds from liquidation of subsidiaries and associates	10	10
Proceeds from withdrawal of investments in capital	70	0
Payments for sale of businesses	(57)	—
Other, net	29	8
Net cash provided by (used in) investing activities	(1,832)	(2,576)
Cash flows from financing activities		
Proceeds from long-term borrowings	25,587	18,353
Repayments of long-term borrowings	(7,044)	(25,948)
Purchase of treasury shares	(1,399)	—
Dividends paid	(1,708)	(150)
Repayments of finance lease obligations	(29)	(132)
Proceeds from sale and leaseback transactions	259	—

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Proceeds from share issuance to non-controlling shareholders	—	15
Net cash provided by (used in) financing activities	15,663	(7,862)
Effect of exchange rate change on cash and cash equivalents	(22)	18
Net increase (decrease) in cash and cash equivalents	(8,752)	(119)
Cash and cash equivalents at beginning of period	29,325	19,922
Cash and cash equivalents at end of period	20,572	19,802

(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.

(Changes in Accounting Policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter, the "Revenue Recognition Accounting Standard"), etc. have been applied since the beginning of the first quarter of the fiscal year under review. The application of the Revenue Recognition Accounting Standard, etc. have no impact on the quarterly consolidated financial statements. Furthermore, in accordance with the transitional treatment stipulated in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenues generated from contracts with customers for the first nine months of the previous fiscal year is not shown.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter, the "Fair Value Measurement Accounting Standard"), etc., have been applied since the beginning of the first quarter of the fiscal year under review. In accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), we have decided to apply the new accounting policies set forth by the Fair Value Measurement Accounting Standard, etc. into the future. The application has no impact on the quarterly consolidated financial statements.

(Segment Information, Etc.)

[Segment Information]

Information on net sales and income (loss) by reporting segment and breakdown information on revenues

I. Nine months ended December 31, 2020 (April 1, 2020 to December 31 2020)

(Millions of yen)

	Reportable segments			Total	Reconciling items	Per quarterly consolidated financial statements
	Value Creation Services	Value-Add Services	Future Value Creation Services			
Sales						
Revenues from external customers	13,032	3,350	893	17,277	—	17,277
Transactions with other segments	—	109	38	148	(148)	—
Net sales	13,032	3,460	932	17,425	(148)	17,277
Operating profit (loss)	1,933	785	(1,210)	1,508	(422)	1,086

(Note) The amount of (-422 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 (-422 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 1,086 million yen of operating income stated in the consolidated statements of income.

II. Nine months ended December 31, 2021 (April 1, 2021 to December 31, 2021)

(Millions of yen)

	Reportable segments			Total	Reconciling items	Per quarterly consolidated financial statements
	Value Creation Services	Value-Add Services	Future Value Creation Services			
Sales						
Revenues generated from contracts with customers	40,946	470	1,058	42,475	—	42,475
Other revenues	—	3,225	111	3,336	—	3,336
Revenues from external customers	40,946	3,696	1,169	45,811	—	45,811
Transactions with other segments	—	95	54	150	(150)	—
Net sales	40,946	3,791	1,224	45,962	(150)	45,811
Operating profit (loss)	9,313	948	(1,561)	8,700	(468)	8,231

(Note) 1. The amount of (-468 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 (-468 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 8,231 million yen of operating profit stated in the consolidated statements of income.

2. Other revenues mostly consist of rental revenue based on the Accounting Standard for Lease Transactions.

(Matters Concerning the Change in Reporting Segments, etc.)

In order to properly state business activities, the Group changed the names of the reporting segments, which were “Wealth Management Business,” “Property Management Business,” and “Other Business,” to “Value Creation Services,” “Value-Add Services,” and “Future Value Creation Services” beginning from the previous fiscal year. This change is only for the names of the reporting segments and has no impact on segment information. Furthermore, the names after the change are shown also for the segment information for the first nine months of the previous fiscal year.