

Please note that this document is a translation of the official announcement that was released on May 14, 2021. 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 Fiscal Year Ended March 31, 2021 [Japanese GAAP]

May 14, 2021

Company name: Raysum Co., Ltd.

Stock exchange listing: Tokyo Securities Exchange

Code number: 8890

URL: <http://www.raysum.co.jp/>

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 of Ordinary General Meeting of Shareholders: June 23, 2021

Scheduled date of commencing dividend payments: June 24, 2021

Scheduled date for filing of securities report: June 24, 2021

Availability of supplementary briefing material on financial results: None

Schedule of financial results briefing session: Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 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	%
Fiscal year ended March 31, 2021	32,219	(41.4)	1,643	(86.6)	1,351	(88.7)	663	(91.6)
Fiscal year ended March 31, 2020	54,938	(6.2)	12,242	11.4	11,962	9.7	7,939	0.6

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥672 million (-91.6%)

Fiscal year ended March 31, 2020: ¥7,978 million (4.5%)

	Profit per share	Diluted profit per share	Return on Equity	Ordinary income to total assets	Operating income to net sales
	yen	yen	%	%	%
Fiscal year ended March 31, 2021	18.12	—	1.4	1.4	5.1
Fiscal year ended March 31, 2020	207.89	—	17.2	14.3	22.3

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2021: ¥ - million

Fiscal year ended March 31, 2020: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2021	104,861	46,861	44.7	1,278.46
As of March 31, 2020	91,502	49,040	53.6	1,291.22

(Reference) Equity: As of March 31, 2021: ¥46,861 million

As of March 31, 2020: ¥49,040 million

2) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal year ended March 31, 2021	(19,103)	(3,164)	12,857	19,922
Fiscal year ended March 31, 2020	3,516	(1,575)	5,210	29,325

2. Dividends

	Annual Dividends					Total Dividends paid (annual)	Dividend payout ratio (consolidated)	Dividends to net assets (consolidated)
	Q1 end	Q2 end	Q3 end	Year end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended March 31, 2020	—	0.00	—	45.00	45.00	1,709	21.7	3.7
Fiscal year ended March 31, 2021	—	0.00	—	4.00	4.00	146	22.1	0.3
Fiscal year ending March 31, 2022 (Forecast)	—	0.00	—	27.00	27.00		20.6	

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

*Notes

(1) Significant changes of subsidiaries during the year under review (affecting specified subsidiaries resulting in changes in scope of consolidation): Yes

New: One company: Raysum Capital Co., Ltd.

(2) 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

(3) Total number of issued shares (common stock)

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

Fiscal year ended March 31, 2021	46,081,400 shares
Fiscal year ended March 31, 2020	46,081,400 shares

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

Fiscal year ended March 31, 2021	9,426,586 shares
Fiscal year ended March 31, 2020	8,101,586 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2021	36,626,959 shares
Fiscal year ended March 31, 2020	38,189,658 shares

(Reference) Overview of non-consolidated financial results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Non-Consolidated Results of Operations

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2021	31,417	(39.2)	2,834	(73.2)	2,615	(74.9)	2,885	(58.1)
Fiscal year ended March 31, 2020	51,674	(9.4)	10,588	(4.6)	10,399	(5.9)	6,891	(52.2)

	Profit per share	Diluted profit per share
	yen	yen
Fiscal year ended March 31, 2021	78.78	—
Fiscal year ended March 31, 2020	180.46	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2021	103,115	48,619	47.2	1,326.42
As of March 31, 2020	89,375	48,573	54.4	1,278.93

(Reference) Equity: As of March 31, 2021: ¥48,619 million
As of March 31, 2020: ¥48,573 million

<Reason for difference with actual profit for the previous fiscal year in non-consolidated financial results>

A difference between actual results for the previous fiscal year and actual results for the current fiscal year has occurred due to the same reasons as described in "1. Overview of Results of Operations (1) Overview of Results of Operations for the Fiscal Year under Review" on page 2 of the Appendix.

* The financial report is not subject to audit 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. Please refer to “1. Overview of Results of Operations (4) Future Outlook” on page 4 of the Appendix for preconditions for the assumptions for the financial results forecast.

(How to access financial results briefing session materials)

The Company is planning to hold a financial results briefing session for institutional investors and analysts on May 20, 2021 (Thursday). Materials provided shall be posted on the Company’s website immediately after the session.

○ Contents of Appendix

1. Overview of Results of Operations	2
(1) Overview of Results of Operations for the Fiscal Year under Review	2
(2) Overview of Financial Position for the Fiscal Year under Review	3
(3) Overview of Cash Flows for the Fiscal Year under Review	3
(4) Future Outlook	4
(5) Principles of Appropriation of Profits and Dividend Payment for the Current Fiscal Year and the Next Fiscal Year	4
(6) Risks Related to Business	5
2. Management Policy	6
(1) Basic Policy of Raysum Management	6
(2) Management Indicators as Objectives	6
(3) The Company's Medium- to Long-Term Management Strategy and Issues to Be Addressed	6
3. Reasoning Behind Selection of Accounting Standards	6
4. Consolidated Financial Statements	7
(1) Consolidated Balance Sheets	7
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	9
(3) Consolidated Statement of Changes in Equity	11
(4) Consolidated Statements of Cash Flows	12
(5) Notes on Quarterly Consolidated Financial Statements	14
(Notes on the Going Concern Assumption)	14
(Basis of Preparing the Consolidated Financial Statements)	14
(Matters related to Consolidated Balance Sheets)	16
(Matters related to Consolidated Statements of Income)	16
(Matters related to Consolidated Statements of Changes in Net Assets)	17
(Matters related to Consolidated Statements of Cash Flows)	19
(Segment Information, Etc.)	19
(Information per Share)	21
(Important Subsequent Events)	21
5. Change of Directors	21

1. Overview of Results of Operations

(1) Overview of Results of Operations for the Fiscal Year under Review

The consolidated financial results for the fiscal year under review recorded net sales of 32,219 million yen (year-on-year decrease of 41.4%), operating income of 1,643 million yen (year-on-year decrease of 86.6%), ordinary income of 1,351 million yen (year-on-year decrease of 88.7%), and profit attributable to owners of parent of 663 million yen (year-on-year decrease of 91.6%).

While social and economic activities were restricted due to the spread of COVID-19, the Group also experienced impacts such as delay of construction work, postponement of property viewings, and restrictions on meeting with financial institutions and our clients. Missing the timing to offer our products in their best conditions, the results fell significantly below the level of the previous fiscal year.

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 fiscal year under review. This change is only for the names of the reporting segments and has no impact on segment information. The names after the change are used for segment information for the previous fiscal year also.

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 provide our clients with real estate assets that are significant to the whole town by taking multifaced standpoints such as the surrounding community, local government, cultural development, and environmental preservation in addition to properties themselves.

In the fiscal year under review, Value Creation Services posted 26,520 million yen (year-on-year decrease of 44.3%) in net sales and 3,152 million yen (year-on-year decrease of 74.2%) in segment income.

With regard to purchases, we were able to selectively add hard-to-find properties that could be acquired only under the current circumstances. With regard to sales, however, delays in large-scale renovations and work on development properties occurred in the first half of the fiscal year restricting activities for attracting tenants. Due to these reasons, more delays in the timing of commercialization of properties available to clients occurred for large properties with greater profit. As a result, the number of sales of properties with sales price of 2 billion yen or more was limited to four, falling significantly below the level of the previous fiscal year.

(Value-Add Services)

In this business, we conduct leasing management and building management for the properties we have sold to clients in order to maintain/enhance their value. We listen to clients’ requests in detail and aim to improve the long-term value of the assets by proposing plans to increase property value for the future taking advantage of opportunities such as tenant replacement.

During the fiscal year under review, while we have recognized risks, such as request for postponement/reduction/exempt of rent payment, delinquent payment and talks on possible move-outs due to restricted social activities brought by the spread of COVID-19, these have not been visible in the fiscal year under review and we have provided careful and fine-tuned responses to each tenant. On the other hand, at some properties, leasing activities after the move-out of tenants, which had been scheduled before the pandemic, were delayed. Partly due to this reason, Value-Add Services posted 4,482 million yen (year-on-year decrease of 11.1%) in net sales and 1,032 million yen (year-on-year decrease of 17.4%) in segment income.

(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 more frequent natural disasters, under our own operation. The experience and knowledge accumulated through business operations will be utilized in our ability to conceive and propose ideas for Value Creation Services and Value-Add Services in the future.

In the fourth quarter of the fiscal year under review (January 2021 to March 2021), Asset Holdings Co., Ltd., WeBase Co., Ltd., and LIBERTE JAPON Co., Ltd. continued to be impacted by the self-restraint in outings and travel restrictions, etc. caused by the spread of COVID-19 albeit not as severely as in the first three months of the fiscal year under review (April 2020 to June 2020). However, we have continued with business activities while taking measures to prevent the spread of infection in order to further strengthen the bonds between our clients and communities. Even under such circumstances, we are committed to improving financial results so that each business segment will be able to create value and continue to operate.

In the fiscal year under review, Future Value Creation Services posted 1,215 million yen (year-on-year decrease of 46.6%) in net sales, and segment loss of 1,971 million yen (segment loss of 645 million yen in the same period of the previous fiscal year).

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Current assets increased 10,932 million yen compared with the end of the previous fiscal year to 92,140 million yen. This was primarily attributable to cash and deposits decreasing 9,403 million yen to 19,922 million yen, real estate for sale increasing 10,366 million yen to 40,862 million yen, and real estate for sale in process increasing 9,397 million yen to 27,292 million yen.

Non-current assets increased 2,426 million yen from the end of the previous fiscal year to 12,721 million yen. This was primarily attributable to the increase of 2,871 million yen in property, plant and equipment from the increase due to acquisition and decrease due to depreciation; the decrease of 67 million yen in intangible assets; and the decrease of 378 million yen in investments and other assets.

As a result, total assets as at the end of the fiscal year under review increased 13,359 million yen compared with the end of the previous fiscal year to 104,861 million yen.

(Liabilities)

Liabilities increased 15,538 million yen compared with the end of the previous fiscal year to 57,999 million yen. This was primarily attributable to an increase of 15,753 million yen in loans payable due to the difference between new fundraising and repayment of loans payable, a decrease of 326 million yen in income tax payable due to partial payment of income tax payable for the previous fiscal year, a decrease of 368 million yen in advances received due to a decrease in deposits for property sales contracts, etc., an increase of 642 million yen in property construction expenses payable, etc., and a decrease of 921 million yen in deposits received from tenants of properties managed by the Company.

(Net Assets)

Total net assets decreased 2,178 million yen compared with the end of the previous fiscal year to 46,861 million yen. This was primarily attributable to an increase of 663 million yen in retained earnings following the recording of profit attributable to owners of parent, a decrease of 1,709 million yen from dividends of surplus, a decrease of 1,339 million yen from purchase of treasury shares, and an increase of 257 million yen from the disposal of shares as restricted stock compensation to the executives and employees of the Company.

We continue to aim to achieve an equity ratio of 50% or more as a “level at which risks related to value creation can be taken even when the market condition changes.” However, the equity ratio is temporarily at the 40% range as of the end of the fiscal year under review due to the procurement prioritizing the securement of an appropriate level of cash and deposits in addition to the current selective purchase. Moreover, as for borrowings for real estate acquisitions, we have continued to realize borrowings for a period of 10 years or longer.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter “funds”) at the end of the fiscal year under review decreased 9,403 million yen compared with the end of the previous fiscal year to 19,922 million yen.

Cash flows in the fiscal year under review and the major contributing factors are as follows.

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

Net cash used in operating activities amounted to 19,103 million yen. The main factor for inflow was increased funds related to 26,520 million yen in net sales in Value Creation Services. The main factors for outflow were the decrease in funds related to 34,248 million yen of payment for purchases of real estate for sale, and 7,260 million yen due to 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; 785 million yen of payment for income tax; and the expenditure of selling, general and administrative expenses.

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

Net cash used in investing activities amounted to 3,164 million yen. The main factor for inflow was proceeds of 70 million yen from withdrawal of investments in capital while the main factors for outflow were expenditure of 2,146 million yen related to purchase of property, plant and equipment, expenditure of 142 million yen related to payments for investments in capital, expenditure of 502 million yen related to purchase of shares of subsidiaries and associates, and expenditure of 397 million yen for loan advances.

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

Net cash provided by financing activities amounted to 12,857 million yen. The main factor for inflow was the increase of 15,753 million yen in loans payable due to the difference between new fundraising and repayment of loans payable; and the main factor for outflow was the expenditure of 1,399 million yen for purchase of treasury shares and payment of dividends of 1,708 million yen.

(Reference) Indicators relative to cash flows

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Equity ratio (%)	63.0	56.7	53.6	44.7
Equity ratio on a market value basis (%)	80.0	61.4	33.2	39.6
Interest-bearing liabilities/Cash flow ratio (%)	5.1	2.4	8.9	—
Interest coverage ratio (multiple)	25.1	48.8	12.2	—

Equity ratio: Equity/Total assets

Interest-bearing liabilities/Cash flow ratio: Interest-bearing liabilities/Cash flows

Interest coverage ratio: Cash flows/Interest expenses paid

(Notes) 1. All indicators are calculated using consolidated financial results.

2. Cash flows used as basis of the above calculation are net cash provided by operating activities.

3. Interest-bearing liabilities/Cash flow ratio and Interest coverage ratio for the fiscal year ended March 31 2021, are not shown because net cash provided by operating activities was in the minus.

(4) Future Outlook

The future economic trend is forecast to remain unpredictable for a certain period of time. While countries are preoccupied with carrying out urgent responses to the rapid spread of COVID-19 on a global scale, supply and inoculation of vaccines have begun and the impact on the domestic and overseas economies is expected to be limited.

The Company will achieve steady recovery in financial results by deepening its relationship with individual clients having a strong appetite for investment and also by strengthening its ability to respond to institutional investors with high needs for fund management.

Regarding the consolidated financial results for the fiscal year ending March 31, 2022, net sales of 62,000 million yen (year-on-year increase of 92.4%), operating income of 8,000 million yen (year-on-year increase of 386.7%), ordinary income of 7,450 million yen (year-on-year increase of 451.3 %), and profit attributable to owners of parent of 4,800 million yen (year-on-year increase of 623.0%) are expected to be recorded.

Business results and management policy by segment are as follows.

	Value Creation Services	Value-Add Services	Future Value Creation Services	Total	Reconciling items	(Millions of yen) Amount recorded in consolidated statements of income
Net sales	55,000	4,000	3,000	62,000	(-)	62,000
Operating profit (loss)	9,350	540	(1,290)	8,600	(600)	8,000

(5) Principles of Appropriation of Profits and Dividend Payment for the Current Fiscal Year and the Next Fiscal Year

(Principles of appropriation of profits and dividend payment)

We have set a basic policy to pay dividends based on the performance-based approach with a consolidated dividend payout ratio of 20% or more by considering future business development, etc. as well. Our basic policy is to pay dividends once a year as year-end dividend.

(Dividend payment for the current fiscal year)

The dividend to be paid at the end of the current fiscal year is expected to be 4 yen per share.

(Dividend payment for the next fiscal year)

The dividend to be paid at the end of the next fiscal year is expected to be 27 yen per share based on the abovementioned principles of appropriation of profits and dividend payment.

(6) Risks Related to Business

Principal matters with potential impact on results of operations, financial position, share price, etc. of the Group are as follows. Forward-looking statements in this section are based on the judgment of the Group as at the end of the fiscal year under review.

(Economic trend)

As the Group engages primarily in forming, developing, and selling real estate investment products along with physical management of real estate, severe deterioration of the funding environment, increase in vacancy rates, or decline in rents resulting from economic downturn may have an adverse impact on the Group's business results and financial position.

(Interest rate risk)

Increase in short-term interest rates may cause increase in funding costs, while increase in medium- to long-term interest rates may cause increase in expected returns in real estate investment and decline in real estate prices. All of these may have an adverse impact on the Group's business results and financial position.

(Risks associated with changes in various regulations)

The Group engages in business in compliance with current regulations, and thus is exposed to associated regulatory risks (including impact from changes in laws, taxation, regulations, government policies, business practices, interpretations, and finance). In the future, changes in laws, taxation, regulations, government policies, business practices, interpretations, and finance or other policies and associated developments may have an adverse impact on the Group's business performance, results, and financial position.

(Risks associated with human resources)

Each business within the Group is run on the basis of human capital. In each aspect of the Group's business including procurement, construction, sales, and management of real estate, it makes a sizeable difference upon the outcome whether there is a commitment backed up by profound knowledge and experience, along with accumulation of effort in detail, and thus it is critical that each staff member maintains basic discipline to accomplish his/her job responsibly and maintains such accomplishment. As such, securing excellent staff capable of keeping pace with the Group's rapid growth is believed to be a critical challenge. However, if we cannot secure sufficient staff up to the standard required within the Group, or if there is a significant increase in turnover of such qualified staff, such may have an adverse impact on the Group's business promotion as well as results.

(Risks associated with natural and man-made disasters)

In the event of storms, flooding, earthquakes and other natural disasters, or accidents, fires, riots, terrorism, war and other man-made disasters, the value of the Group's assets may decline, which may have an adverse impact on the promotion of the Group's business and its business results as well as financial position.

(Risks associated with infectious diseases, etc.)

While COVID-19 is spreading rapidly across the world, there are concerns over the following impacts in each business segment of the Group, and there is a possibility that prolonged issues relating to COVID-19 due to the spread of infection may have an adverse impact on the Group's business promotion and performance.

In Value Creation Services, it may become difficult to secure personnel and materials in construction work of development properties and large-scale renovation properties, and a remarkable delay in the period of commercialization, a significant increase in construction costs, as well as a decline in the assumed sales price due to the decline in profitability of real estate caused by a delay in tenant solicitation activities and the declining rent-paying capabilities of end tenants may be seen. Furthermore, there is a possibility that sales may become sluggish as a result of the decline in investment appetite due to damage to assets under management owned by customers caused by the sluggish economy and the volatility of the stock market.

In Value-Add Services, among the lessees of the properties owned and managed by the Company, there are many retail stores that are forced to close due to the declaration of a state of emergency and state-of-emergency measures, such as accommodation businesses, restaurants and service businesses, and retail stores, and suffer from a significant decrease in demand even though they are not closed. There is a possibility that business performance may become sluggish as a result of requests for lowering of rent, deferment of rent payment, and a rise in vacancy rates due to the deterioration of the financial position of lessees.

In Future Value Creation Services, there is a possibility that business performance may become sluggish as a result of the decrease in the number of users at accommodation facilities and golf courses, etc. due to the continuation of restriction of the entry of travelers from foreign countries and the self-restraint exercised by domestic consumers.

In addition, when employees are infected with the virus, there is a possibility that operating activities may be disrupted due to health hazards and closure of workplaces, and the Group's business performance and financial position may be adversely impacted.

2. Management Policy

(1) Basic Policy of Raysum Management

The real estate market in Japan, where population decline is imminent, is facing pressing societal issues such as surplus real estate stock and rising infrastructure maintenance costs. On the other hand, “people,” which are the source of real estate value, now have very different lifestyles, workstyles, spending behaviors, sets of values, and expectations, and we often see mismatches of the location, tenant, and use as a result. The Group will create new services beyond the existing real estate business and businesses contributing to social issues in order to not only solve such mismatches but also offer future story-based products that contribute to clients’ asset formation, remaining a step ahead in considering the status of society.

(2) Management Indicators as Objectives

In order for us to be able to continue taking risks that will lead to value creation even if market conditions change, we aim for a capital-to-assets ratio of 50% or higher and an ROE of 10% to 20%.

(3) The Company’s Medium- to Long-Term Management Strategy and Issues to Be Addressed

The growth strategies of the Group are accelerating expansion of the customer base and advancing value creation of individual real estate. As a result of the price range of our products shifting to the level significantly exceeding 1 billion yen in recent years, transactions with owners of publicly traded companies, large landowners and long-established entrepreneur families who own total assets of several tens of billions of yen among high-net-worth individuals have accumulated, and we will further expand transactions with these high-net-worth individuals. Furthermore, for products with the price range of over 3 billion yen, we will work to strengthen the revenue base of Future Value Creation Services and also accelerate its development while also strengthening sales skills for large companies and institutional investors interested in the unique features of our products, keeping transactions with high-net-worth individuals as our basic policy.

As to financial strategies, we will aim for an ROE of 10% to 20% while firmly maintaining the capital-to-assets ratio at a conservative level to allow us to flexibly acquire real estate that could be subject to commodification for high-net-worth clients and to sustain unprecedented bold investment for renovation and development of new business categories/projects at any phase.

3. Reasoning Behind Selection of Accounting Standards

The Group follows the Japanese accounting standards (Japanese GAAP) in order to ensure comparability with other domestic companies in the same business.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	29,325	19,922
Trade accounts receivable	335	318
Real estate for sale	* ₃ 30,496	* ₃ 40,862
Real estate for sale in process	* ₃ 17,894	* ₃ 27,292
Advance payments to suppliers	1,171	1,033
Income taxes receivable	48	395
Other	1,947	2,325
Allowance for doubtful accounts	(13)	(11)
Total current assets	81,207	92,140
Non-current assets		
Property, plant and equipment		
Buildings, net	* ₃ 1,973	* ₃ 2,527
Land	* ₃ 1,176	* ₃ 1,412
Construction in progress	840	1,181
Other, net	* ₃ 493	* ₃ 2,233
Total property, plant and equipment	*₁ 4,483	*₁ 7,355
Intangible assets		
Other	411	344
Total intangible assets	411	344
Investments and other assets		
Investment securities	* ₂ 2,469	* ₂ 2,166
Deferred tax assets	1,116	653
Investments in capital	80	145
Long-term loans receivable	988	1,374
Other	744	882
Allowance for doubtful accounts	—	(200)
Total investments and other assets	5,399	5,021
Total non-current assets	10,294	12,721
Total assets	91,502	104,861

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Current portion of long-term borrowings	* ₃ 1,071	* ₃ 1,493
Accounts payable - other	1,156	1,798
Income taxes payable	3,414	3,087
Advances received	939	570
Provision for bonuses	10	6
Provision for loss on liquidation of subsidiaries and associates	123	123
Other	1,632	1,917
Total current liabilities	8,346	8,997
Non-current liabilities		
Long-term borrowings	* ₃ 30,106	* ₃ 45,437
Provision for adjustment of securitization	0	—
Deposits received from tenants	3,915	2,993
Other	93	571
Total non-current liabilities	34,115	49,001
Total liabilities	42,461	57,999
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	12,160	12,054
Retained earnings	48,553	47,507
Treasury shares	(11,817)	(12,853)
Total shareholders' equity	48,996	46,809
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(31)	(19)
Foreign currency translation adjustment	75	72
Total accumulated other comprehensive income	44	52
Non-controlling interests	0	—
Total net assets	49,040	46,861
Total liabilities and net assets	91,502	104,861

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	54,938	32,219
Cost of sales	* ₁ 38,190	25,979
Gross profit	16,747	6,239
Selling, general and administrative expenses	* ₂ 4,504	* ₂ 4,595
Operating profit	12,242	1,643
Non-operating income		
Interest income	22	31
Foreign exchange gains	—	45
Rental income from buildings	5	5
Gain on reversal of asset retirement obligations	4	—
Benefits income	—	44
Other	10	15
Total non-operating income	43	142
Non-operating expenses		
Interest expenses	285	399
Commission for a financial loan	8	11
Foreign exchange losses	13	—
Other	16	23
Total non-operating expenses	323	434
Ordinary profit	11,962	1,351
Extraordinary income		
Gain on sale of investment securities	127	—
Gain on sale of businesses	116	4
Total extraordinary income	244	4
Extraordinary losses		
Loss on retirement of non-current assets	* ₃ 27	* ₃ 73
Loss on valuation of investment securities	56	—
Loss on liquidation of subsidiaries and associates	—	47
Loss on valuation of investments in capital	123	—
Total extraordinary losses	206	121
Profit before income taxes	12,000	1,235
Income taxes - current	4,464	114
Income taxes - deferred	(403)	456
Total income taxes	4,061	571
Profit	7,939	663
Profit (loss) attributable to non-controlling interests	0	(0)
Profit attributable to owners of parent	7,939	663

(Consolidated Statements of Comprehensive Income – Consolidated Fiscal Year)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	7,939	663
Other comprehensive income		
Valuation difference on available-for-sale securities	19	11
Foreign currency translation adjustment	19	(3)
Total other comprehensive income	38	8
Comprehensive income	7,978	672
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,978	672
Comprehensive income attributable to non-controlling interests	0	(0)

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	100	12,253	42,344	(11,379)	43,317	(51)	56	5	—	43,322
Changes during period										
Dividends of surplus			(1,730)		(1,730)					(1,730)
Profit attributable to owners of parent			7,939		7,939					7,939
Purchase of treasury shares				(700)	(700)					(700)
Disposal of treasury shares		(92)		262	170					170
Net changes in items other than shareholders' equity						19	19	38	0	38
Total changes during period	—	(92)	6,208	(437)	5,679	19	19	38	0	5,718
Balance at end of period	100	12,160	48,553	(11,817)	48,996	(31)	75	44	0	49,040

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	100	12,160	48,553	(11,817)	48,996	(31)	75	44	0	49,040
Changes during period										
Dividends of surplus			(1,709)		(1,709)					(1,709)
Profit attributable to owners of parent			663		663					663
Purchase of treasury shares				(1,399)	(1,399)					(1,399)
Disposal of treasury shares		(106)		364	257					257
Net changes in items other than shareholders' equity						11	(3)	8	(0)	8
Total changes during period	—	(106)	(1,045)	(1,035)	(2,187)	11	(3)	8	(0)	(2,178)
Balance at end of period	100	12,054	47,507	(12,853)	46,809	(19)	72	52	—	46,861

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	12,000	1,235
Depreciation	388	738
Loss (gain) on valuation of investment securities	56	—
Loss (gain) on liquidation of subsidiaries and associates	—	47
Increase (decrease) in provision for bonuses	(2)	(3)
Increase (decrease) in allowance for doubtful accounts	(0)	197
Increase (decrease) in provision for adjustment of securitization	0	(0)
Loss on retirement of non-current assets	27	73
Loss on valuation of investments in capital	123	—
Loss (gain) on sale of investment securities	(127)	—
Loss (gain) on sale of businesses	(116)	(4)
Interest and dividend income	(22)	(31)
Interest expenses	285	399
Decrease (increase) in trade receivables	56	16
Decrease (increase) in real estate for sale	5,050	(10,352)
Decrease (increase) in real estate for sale in process	(10,548)	(9,397)
Decrease (increase) in advance payments to suppliers	35	(117)
Decrease (increase) in deposits paid	(111)	40
Increase (decrease) in advances received	490	(368)
Increase (decrease) in accounts payable - other	21	360
Decrease/increase in consumption taxes receivable/payable	1,040	81
Increase (decrease) in lease deposits received	(782)	(848)
Other, net	(786)	(15)
Subtotal	7,078	(17,950)
Interest and dividends received	22	31
Interest paid	(289)	(399)
Income taxes refund (paid)	(3,295)	(785)
Net cash provided by (used in) operating activities	3,516	(19,103)
Cash flows from investing activities		
Purchase of property, plant and equipment	(922)	(2,146)
Purchase of intangible assets	(48)	(4)
Proceeds from sale of investment securities	500	—
Payments for investments in capital	(165)	(142)
Purchase of shares of subsidiaries and associates	(582)	(502)
Proceeds from liquidation of subsidiaries and associates	—	10
Proceeds from sale of businesses	39	—
Loan advances	(376)	(397)
Proceeds from collection of loans receivable	11	12
Proceeds from withdrawal of investments in capital	—	70
Payments for sale of businesses	—	(57)
Other, net	(32)	(5)
Net cash provided by (used in) investing activities	(1,575)	(3,164)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(1,000)	—
Proceeds from long-term borrowings	27,002	31,651
Repayments of long-term borrowings	(18,329)	(15,897)
Purchase of treasury shares	(700)	(1,399)
Dividends paid	(1,729)	(1,708)
Repayments of finance lease obligations	(31)	(46)
Proceeds from sale and leaseback transactions	—	259
Net cash provided by (used in) financing activities	5,210	12,857
Effect of exchange rate change on cash and cash equivalents	(5)	6
Net increase (decrease) in cash and cash equivalents	7,146	(9,403)
Cash and cash equivalents at beginning of period	22,075	29,325
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	104	—
Cash and cash equivalents at end of period	* 29,325	* 19,922

(5) Notes on Quarterly Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Basis of Preparing the Consolidated Financial Statements)

1. Matters related to the scope of consolidation

(1) Number of consolidated subsidiaries: 12

Names of major consolidated subsidiaries:

Asset Holdings Co., Ltd.

WeBase Co., Ltd.

RayPower Inc.

LIBERTE JAPON Co., Ltd.

Best Medical Co., Ltd.

SOKNA PARTNERS CO.,LTD.

Raysum Philippines, Inc.

And other five companies

Newly established Raysum Capital Co., Ltd. is included in the scope of consolidation starting from the fiscal year under review. Sala Azabu Co., Ltd. was excluded from the scope of consolidation starting in the fiscal year under review as the liquidation procedures were completed.

(2) Names, etc. of major non-consolidated subsidiaries:

Platinum Investment Kona Inc.

Wellness Arena Corporation

(Reason for excluding from the scope of consolidation)

Each of the non-consolidated subsidiaries is small in scale and each company's total assets, net sales, current fiscal year net profit or loss (amount corresponding to equity), and retained earnings (amount corresponding to equity) do not have a material effect on the consolidated financial statements.

2. Matters related to the application of equity method

(1) Number of non-consolidated subsidiaries and affiliated companies accounted for by equity method: —

(2) Names, etc. of major non-consolidated subsidiaries and major affiliated companies not accounted for by equity method

Names, etc. of non-consolidated subsidiaries and affiliated companies

Platinum Investment Kona Inc.

Wellness Arena Corporation

(Reason for not applying equity method)

The companies are excluded from the application of equity method because they are small in scale and do not have a material effect on the consolidated net profit or loss and the consolidated retained earnings, etc.

3. Matters related to the fiscal year, etc. of consolidated subsidiaries

Out of the consolidated subsidiaries, the accounting closing date of SOKNA PARTNERS CO., LTD. and Raysum Philippines, Inc. is December 31, and consolidated accounting is conducted based on their financial statements as of March 31 through the temporary settlement of accounts.

4. Matters relating to accounting policies

(1) Standards and method of valuation of important assets

1) Marketable securities

Other marketable securities

Marketable securities with fair market value

Stated at market value based on fair market value, etc. as of fiscal closing date (any valuation gain or loss to be reported in a designated component of shareholders' equity; cost of sale to be computed by the moving average method).

Marketable securities without fair market value

Stated using the cost based on the moving-average method.

As to the investment-limited partnership and similar investment (investment deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), valuation is stated based on the most recent financial statements available on the reporting date of financial results, which is stipulated in the association contract using a method which takes in the amount equivalent to the equity interest in the property owned on a net basis.

- 2) Inventories
 - Real estate for sale and real estate for sale in process
 - Stated using the cost method based on the actual cost method (the book value reduction method based on decreased profitability).
- (2) Depreciation method for important depreciable assets
 - 1) Tangible assets
 - (a) Assets acquired on March 31, 2007, or before
 - Stated using the former declining-balance method. However, buildings owned by some of consolidated subsidiaries are stated using the former straight-line method.
 - (b) Assets acquired on April 1, 2007, or after
 - Stated using the declining-balance method. However, buildings and equipment attached to buildings and structures acquired on April 1, 2016, or after are stated using the straight-line method.
 - 2) Intangible asset
 - Stated using the straight-line method. Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).
- (3) Accounting standards for major allowances
 - 1) Allowance for doubtful accounts
 - To prepare for uncollectible credits for general allowance, the amount deemed uncollectible is recorded based on the actual ratio of bad debt, and for specific allowance such as bad debts, the amount deemed uncollectible is recorded considering the individual collectability.
 - 2) Allowance for bonus
 - Provisions for future employee bonus payments are recorded on an accrual basis.
 - 3) Provision for loss on liquidation of subsidiaries and associates
 - To prepare for loss accompanying liquidation of subsidiaries and associates, expected amount for the loss is recorded.
 - 4) Provision for adjustment of securitization
 - Upon transactions with clients, there is a case in which an agreement for bearing risk for a certain amount for a certain period is concluded in order to adjust the investment yields that the clients expect. Accordingly, loss estimated based on consideration of said agreement of each is recorded.
- (4) Major foreign currency assets or standards for converting debts to Japanese currency
 - Assets, liabilities, earnings and expenditures of overseas subsidiaries are converted according to the spot exchange rate on the consolidated closing date, and translation differences are included in “Foreign currency translation adjustment” as part of net assets.
 - Assets and liabilities denominated in foreign currencies are converted according to the spot exchange rate on the consolidated closing date, and translation differences are processed as income and expenditures.
- (5) Scope of cash and cash equivalents in the consolidated statements of cash flows
 - These comprise cash on hand, demand deposits, and short-term investments that are highly liquid and readily convertible into cash, are exposed to insignificant risk of changes in value and are redeemable in three months.
- (6) Other important matters for preparation of consolidated financial statements
 - 1) Accounting treatment of consumption tax and other taxes
 - Stated using the tax-excluded method. Non-deductible consumption taxes and others are recognized as income or expenses under current fiscal year.
 - 2) Application of consolidated taxation system
 - Consolidated taxation system is applied.
 - 3) Application tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system
 - The Company has made a transition to the group tax sharing system that was created by the Act on Partial Amendments to the Income Tax Act, Etc. (Act No. 8 of 2020) and, in conjunction with this transition, has reexamined items concerning the non-consolidated taxation system. With respect to this transition and reexamination, the Company and some of its consolidated subsidiaries in Japan have not applied the provisions of Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (Accounting Standard Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) in accordance with the treatment in Paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ Practical Issues Task Force (PITF) No. 39, March 31, 2020). As a result, deferred tax assets and deferred tax liabilities are based on the tax law prior to these amendments.

(Matters related to Consolidated Balance Sheets)

*1 Accumulated depreciation for tangible asset

	Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)
Accumulated depreciation of tangible asset	2,053 million yen	2,532 million yen

*2 Investment securities related to non-consolidated subsidiaries and affiliates are as follows

	Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)
Investment securities (equity, investment)	1,095 million yen	929 million yen
(Of which, invested in jointly controlled entities)	(191 million yen)	(191 million yen)

*3 Assets pledged as security and corresponding liabilities

(1) Assets pledged as security

	Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)
Real estate for sale	27,025 million yen	38,204 million yen
Real estate for sale in process	14,809 million yen	23,740 million yen
Building	745 million yen	708 million yen
Land	10 million yen	10 million yen
Other (Tangible assets)	29 million yen	27 million yen
Total	42,620 million yen	62,691 million yen

(2) Corresponding liabilities

	Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)
Current portion of long-term loans payable	1,071 million yen	1,419 million yen
Long-term loans	30,106 million yen	43,941 million yen
Total	31,177 million yen	45,360 million yen

(Matters related to Consolidated Statements of Income)

*1 The reduced amount of book value due to the decline in profitability of inventories included in the cost of sales is as follows.

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
	1,126 million yen	— million yen

*2 Main items and amounts in selling and general administrative expenses

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Advertising expense	54 million yen	37 million yen
Sales promotion expense	280 million yen	281 million yen
Directors' remuneration	345 million yen	412 million yen
Salaries and allowances	1,259 million yen	1,308 million yen
Bonuses	182 million yen	128 million yen
Provision of bonuses	10 million yen	6 million yen
Legal welfare expenses	220 million yen	208 million yen
Rent	300 million yen	265 million yen
Commission paid	577 million yen	548 million yen
Provision of allowance for doubtful accounts	(0 million yen)	197 million yen

*3 The details of loss on retirement of non-current assets is as follows.

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Building	18 million yen	49 million yen
Buildings and equipment attached to buildings	— million yen	4 million yen
Structures	— million yen	0 million yen
Machinery and equipment	— million yen	0 million yen
Tools, furniture and fixtures	9 million yen	3 million yen
Dismantlement and removal expense	— million yen	15 million yen
Total	27 million yen	73 million yen

(Matters related to Consolidated Statements of Changes in Net Assets)

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

1. Matters related to the class and total number of issued shares and the class and total number of treasury stocks

	No. of shares at the beginning of the fiscal year ended March 31, 2020	No. of shares increased during the fiscal year ended March 31, 2020	No. of shares decreased during the fiscal year ended March 31, 2020	No. of shares at the end of the fiscal year ended March 31, 2020
Issued shares Common share	46,081,400	—	—	46,081,400
Treasury stock Common stock	7,631,514	646,072	176,000	8,101,586

(Note) Increase in the treasury stocks of 646,072 units is due to purchase of treasury shares resolved by the Board of Directors (646,000 units) and purchase of shares less than one unit (72 units), and decrease in the treasury stocks of 176,000 units is due to the disposal of treasury shares as restricted stock compensation to the executives and employees of the Company resolved by the Board of Directors.

2. Matters related to subscription rights to shares

Not applicable.

3. Matters related to dividend

(1) Amount of dividend payment

(Resolution)	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 21, 2019	Common share	1,730	45	March 31, 2019	June 24, 2019

(2) Among dividends whose record date falls within the current fiscal year, dividends whose effective date falls within the following fiscal year

(Resolution)	Class of shares	Total amount of dividends (million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2020	Common share	1,709	Retained earnings	45	March 31, 2020	June 24, 2020

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

1. Matters related to the class and total number of issued shares and the class and total number of treasury stocks

	No. of shares at the beginning of the fiscal year ended March 31, 2021	No. of shares increased during the fiscal year ended March 31, 2021	No. of shares decreased during the fiscal year ended March 31, 2021	No. of shares at the end of the fiscal year ended March 31, 2021
Issued shares Common share	46,081,400	—	—	46,081,400
Treasury stock Common stock	8,101,586	1,592,000	267,000	9,426,586

(Note) Increase in the treasury stocks of 1,592,000 units is due to purchase of treasury shares resolved by the Board of Directors, and decrease in the treasury stocks of 267,000 units is due to the disposal of treasury shares as restricted stock compensation to the executives and employees of the Company resolved by the Board of Directors.

2. Matters related to subscription rights to shares

Not applicable.

3. Matters related to dividend

(1) Amount of dividend payment

(Resolution)	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2020	Common share	1,709	45	March 31, 2020	June 24, 2020

(2) Among dividends whose record date falls within the current fiscal year, dividends whose effective date falls within the following fiscal year

(Resolution)	Class of shares	Total amount of dividends (million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 23, 2021	Common share	146	Retained earnings	4	March 31, 2021	June 24, 2021

(Matters related to Consolidated Statements of Cash Flows)

* Relationship between balance of cash and cash equivalents at the end of fiscal year and the amounts of items stated in the consolidated balance sheet

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Cash and deposits	29,325 million yen	19,922 million yen
Time deposits with deposit terms of over three months	— million yen	— million yen
Cash and cash equivalents	29,325 million yen	19,922 million yen

(Segment Information, Etc.)

[Segment Information]

1. Overview of reporting segments

Reporting segments of the Company Group are segments for which financial data is available and of which performance evaluation and allocation of management resources are subject to periodical review by the management team. In order to properly state the business activities, we have changed the names of the segments, which were “Wealth Management Business,” “Property Management Business,” and “Other Business,” to “Value Creation Services,” “Value-Add Services,” and “Future Value Creation Services” from the fiscal year under review. This change is only for the names of the reporting segments and has no impact on segment information. The names after the change are used for segment information for the previous fiscal year also.

The main businesses of reporting segments are as follows.

- Value Creation Services: Acquisition of properties and formation/development/sales of investment products utilizing such properties
- Value-Add Services: Leasing management, building management, improving earnings from real estate
- Future Value Creation Services: Operation of golf courses and accommodation facilities; manufacturing and sale of bread, confectionery, etc.; development, production and sale of gas-fueled power generators; business supporting advanced medical services, etc.

2. Calculation method for net sales, profit or loss, asset, liability and other items by reporting segment

Accounting treatment for each business segment reported follows the basic rules and procedure of accounting treatment used in preparing the consolidated financial statements. Profit or loss in reporting segments is calculated based on operating income. Intersegment sales or transfers are determined based on market prices, etc.

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

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments			Total	Reconciling items (Note) 1	Per consolidated financial statements (Note) 1
	Value Creation Services	Value-Add Services	Future Value Creation Services			
Net sales						
Revenues from external customers	47,621	5,041	2,275	54,938	—	54,938
Transactions with other segments	—	99	32	132	(132)	—
Total	47,621	5,141	2,308	55,071	(132)	54,938
Operating profit (loss)	12,221	1,250	(645)	12,826	(583)	12,242

(Notes) 1. The amount of (-583 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 (-583 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 12,242 million yen of operating income stated in the consolidated statements of income.

2. Since the Company does not conduct segment allocation for all items in assets and liabilities on the consolidated balance sheets, “Amounts of assets and liabilities by reporting segment” are not disclosed.

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments			Total	Reconciling items (Note) 1	Per consolidated financial statements (Note) 1
	Value Creation Services	Value-Add Services	Future Value Creation Services			
Net sales						
Revenues from external customers	26,520	4,482	1,215	32,219	—	32,219
Transactions with other segments	—	146	48	194	(194)	—
Total	26,520	4,628	1,264	32,413	(194)	32,219
Operating profit (loss)	3,152	1,032	(1,971)	2,213	(569)	1,643

(Notes) 1. The amount of (-569 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 (-570 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 1,643 million yen of operating income stated in the consolidated statements of income.

2. Since the Company does not conduct segment allocation for all items in assets and liabilities on the consolidated balance sheets, "Amounts of assets and liabilities by reporting segment" are not disclosed.

(Related information)

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

1. Information by product and service

Since information by product and service is provided in 3. Information on net sales, income (loss), assets, liabilities and other items by reporting segment of "Segment Information," the information is omitted.

2. Information by region

(1) Sales

Since the sales from outside clients exceeded 90% of net sales in the consolidated statements of income, the information is omitted.

(2) Tangible assets

Not applicable as there is no tangible assets located overseas

3. Information by major client

Since the Company Group's clients are unspecified companies and individuals, the information is omitted.

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

1. Information by product and service

Since information by product and service is provided in 3. Information on net sales, income (loss), assets, liabilities and other items by reporting segment of "Segment Information," the information is omitted.

2. Information by region

(1) Sales

Since the sales from outside clients exceeded 90% of net sales in the consolidated statements of income, the information is omitted.

(2) Tangible assets

Not applicable as there is no tangible assets located overseas

3. Information by major client

Since the Company Group's clients are unspecified companies and individuals, the information is omitted.

[Information on impairment loss of non-current assets by reporting segment]

Not applicable.

[Information on depreciation of goodwill and unamortized balance by reporting segment]

Not applicable.

[Information on gain on negative goodwill by reporting segment]

Not applicable.

(Information per Share)

Item	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net assets per share	1,291.22 yen	1,278.46 yen
Profit per share	207.89 yen	18.12 yen

(Notes) 1. Diluted profit per share is not reported due to the absence of dilutive shares.

2. Basis for calculation of net assets per share is as follows.

	End of the previous fiscal year (March 31, 2020)	End of the current fiscal year (March 31, 2021)
Total of items in net assets (million yen)	49,040	46,861
Amounts to be deducted from the total of items in net assets (million yen)	0	—
Main items in balance (million yen)		
Non-controlling interests	0	—
Net assets related to common share at period-end (million yen)	49,040	46,861
No. of common shares used in calculation of net assets per share (shares)	37,979,814	36,654,814

3. Basis for calculation of profit per share is as follows.

	Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Profit attributable to owners of parent (million yen)	7,939	663
Amounts not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent related to common shares (million yen)	7,939	663
Average number of common shares during period (shares)	38,189,658	36,626,959
Description of residual equity which was not included in the calculation of profit per share after adjustment for residual equity due to not holding a dilutive effect	—	—

(Important Subsequent Events)

Not applicable.

5. Change of Directors

(1) Change of Representative Director

Not applicable.

(2) Change of Other Directors

- Candidate for new Director

Director Taro Someya

(3) Planned Date of Appointment

June 23, 2021