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**Consolidated Financial Results for the
Six Months Ended September 30, 2019
[Japanese GAAP]**

November 8, 2019

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: November 8, 2019

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on financial results: Yes

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 Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)

(1) Consolidated Results of Operations (cumulative) (% 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	%
Six months ended September 30, 2019	17,806	(46.8)	2,449	(56.3)	2,290	(59.3)	1,631	(56.1)
Six months ended September 30, 2018	33,467	23.2	5,602	(22.6)	5,633	(21.1)	3,719	(47.9)

(Note) Comprehensive income: Six months ended September 30, 2019: ¥1,662 million (-52.0%)

Six months ended September 30, 2018: ¥3,461 million (-51.5%)

	Profit per share	Diluted profit per share
	yen	yen
Six months ended September 30, 2019	42.49	-
Six months ended September 30, 2018	82.01	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2019	77,556	42,724	55.1
As of March 31, 2019	76,398	43,322	56.7

(Reference) Equity: As of September 30, 2019: ¥42,724 million

As of March 31, 2019: ¥43,322 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, 2019	—	0.00	—	45.00	45.00
Fiscal year ending March 31, 2020	—	0.00			
Fiscal year ending March 31, 2020 (Forecast)			—	45.00	45.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% 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	69,000	17.9	12,050	9.6	11,850	8.7	7,700	(2.5)	200.30

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

*Notes

- (1) Significant changes of subsidiaries in the second quarter 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):

Six months ended September 30, 2019	46,081,400 shares
Fiscal year ended March 31, 2019	46,081,400 shares

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

Six months ended September 30, 2019	8,101,586 shares
Fiscal year ended March 31, 2019	7,631,514 shares

- 3) Average number of shares during the period:

Six months ended September 30, 2019	38,399,502 shares
Six months ended September 30, 2018	45,358,684 shares

* This quarterly consolidated financial statement is not subject to the 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.

(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 November 15, 2019 (Friday). Materials provided shall be posted on the Company's website immediately after the session.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

The consolidated financial results for the first six months of the fiscal year under review recorded net sales of 17,806 million yen (year-on-year decrease of 46.8%), operating income of 2,449 million yen (year-on-year decrease of 56.3%), ordinary income of 2,290 million yen (year-on-year decrease of 59.3%), and profit attributable to owners of parent of 1,631 million yen (year-on-year decrease of 56.1%).

Due to the withdrawal of the Servicing Business in the previous fiscal year, the Group has three reporting segments (Wealth Management Business, Property Management Business, and Other Business) for the fiscal year under review.

Business results by segment are as follows.

(Wealth Management Business)

In this business, we work out schemes for each high-net-worth individual that suit client asset details and purposes such as business succession and inheritance tax measures, and provide relevant properties with future potential. The products cover a wide range of properties from commercial/office buildings, residential, accommodation facilities and educational facilities to medical facilities among others, with also a diversified price range from some hundred million yen to as high as over some ten billion yen.

Furthermore, we have worked on development of operation-type products to create businesses that can generate higher rent-paying capabilities by addressing future social issues. We have launched community hostels, advanced medical care surgery centers, community-based restaurants and such, and are offering products that incorporate these.

In the first six months of the fiscal year under review, the Wealth Management Business posted 13,993 million yen (year-on-year decrease of 53.6%) in net sales, and segment income of 2,270 million yen (year-on-year decrease of 56.5%).

Income and profit decreased year on year as products at a relatively low price range were sold in advance among the inventories secured at the beginning of the fiscal year. On the other hand, inventories necessary to achieve the full-year plan have already been secured, and efforts are being made to continue sales activities in the current fiscal year. Furthermore, securement of inventory leading to sales for the next fiscal year onwards are also being implemented smoothly.

(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 six months of the fiscal year under review, the Property Management Business posted 2,585 million yen (year-on-year increase of 20.3%) in net sales and 676 million yen (year-on-year decrease of 1.3%) in segment income.

(Other Business)

In this segment, Asset Holdings, Ltd., a consolidated subsidiary of the Company, runs Raysum Golf & Spa Resort, a golf course, WeBase Co, Ltd. runs community hostels, and LIBERTE JAPON Co., Ltd. runs stores of LIBERTE PÂTISSERIE BOULANGERIE from Paris, France in Japan.

In addition, from the fiscal year under review, RayPower Inc., which develops, manufactures and sells gas engine-driven power generators as its environment and energy business, has started full-fledged sales activities; and Best Medical Inc., which engages in business supporting advanced medical services, has launched support for newly-opening clinics as well as search for new clinics to support.

In the first six months of the fiscal year under review, the segment's net sales totaled 1,226 million yen (year-on-year increase of 61.1%); and loss was 213 million yen (loss of 2 million yen in the same period of the previous fiscal year) partially due to initial costs from starting new businesses.

(2) Explanation of Financial Position

1) Changes in Financial Position

[Assets]

Current assets increased by 1,342 million yen compared with the end of the previous fiscal year to 68,011 million yen.

This was primarily attributable to cash and deposits increasing 1,138 million yen to 23,213 million yen, real estate for sale decreasing 4,224 million yen to 30,117 million yen and real estate for sale in process increasing 4,213 million yen to 11,560 million yen.

Noncurrent assets decreased by 184 million yen from the end of the previous fiscal year to 9,545 million yen.

As a result, total assets at the end of the second quarter of the fiscal year under review increased by 1,157 million yen compared with the end of the previous fiscal year to 77,556 million yen.

[Liabilities]

Liabilities increased by 1,755 million yen compared with the end of the previous fiscal year to 34,831 million yen.

This was primarily attributable to a decrease of 1,532 million yen in income tax payable due to payment of 2,181 million yen of income tax payable for the previous fiscal year and the incurrence of 649 million yen of income tax payable for the first six months of the fiscal year under review, as well as an increase of 3,032 million yen in loans payable due to the difference between new fundraising and repayment of loans payable.

[Net Assets]

Total net assets decreased by 597 million yen compared with the end of the previous fiscal year to 42,724 million yen. This was primarily attributable to the decrease of 1,730 million yen from dividend payment, an increase of 170 million yen from the disposal of treasury shares as restricted stock compensation to the executives and employees of the Company and the decrease of 700 million yen from buyback of treasury shares offsetting the increase in retained earnings of 1,631 million yen following the recording of profit attributable to owners of parent.

Furthermore, equity ratio as of the end of the second quarter of the fiscal year under review has become 55.1%.

2) Cash Flows

Cash and cash equivalents (hereinafter, “funds”) at the end of the second quarter of the fiscal year under review increased by 1,138 million yen compared with the end of the previous fiscal year to 23,213 million yen.

Cash flows in the first six months 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 increased by 509 million yen. The main factor for increase was increased funds related to 13,993 million yen in net sales in the Wealth Management Business. The main factors for decrease were the decrease in funds related to 8,689 million yen of payment for purchases of real estate for sale, and 1,808 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 the Wealth Management Business; 2,177 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 provided by investing activities increased by 46 million yen. The main factor for increase was the proceeds of 500 million yen from sales of investment securities while the main factors for decrease were the expenditure of 156 million yen for payment of investments in capital and the expenditure of 202 million yen for executing loans.

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

Net cash provided by financing activities increased by 587 million yen. The main factor for increase was the increase of 3,032 million yen in loans payable due to the difference between new fundraising and repayment of loans payable; and the main factor for decrease was the expenditure of 700 million yen for buyback of treasury shares and payment of dividends of 1,728 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 on “Consolidated Financial Results for the Fiscal Year Ended March 31, 2019” announced on May 10, 2019.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	22,075	23,213
Trade accounts receivable	299	304
Real estate for sale	34,342	30,117
Real estate for sale in process	7,346	11,560
Advance payments - trade	1,201	961
Income taxes receivable	58	53
Other	1,359	1,814
Allowance for doubtful accounts	(13)	(13)
Total current assets	66,669	68,011
Non-current assets		
Property, plant and equipment		
Buildings, net	2,106	2,033
Land	1,131	1,131
Other, net	730	671
Total property, plant and equipment	3,968	3,836
Intangible assets		
Other	462	447
Total intangible assets	462	447
Investments and other assets		
Investment securities	3,306	2,939
Deferred tax assets	723	583
Investments in capital	13	178
Other	1,255	1,560
Total investments and other assets	5,298	5,261
Total non-current assets	9,729	9,545
Total assets	76,398	77,556

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Short-term borrowings	1,000	—
Current portion of long-term borrowings	1,084	1,200
Accounts payable - other	990	1,052
Income taxes payable	2,255	723
Advances received	443	481
Provision for bonuses	9	10
Provision for loss on liquidation of subsidiaries and associates	123	123
Other	835	1,037
Total current liabilities	6,743	4,629
Non-current liabilities		
Long-term borrowings	21,420	25,336
Provision for adjustment of securitization	0	0
Asset retirement obligations	4	4
Deposits received from tenants	4,781	4,750
Other	126	109
Total non-current liabilities	26,333	30,202
Total liabilities	33,076	34,831
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	12,253	12,160
Retained earnings	42,344	42,245
Treasury shares	(11,379)	(11,817)
Total shareholders' equity	43,317	42,688
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(51)	(42)
Foreign currency translation adjustment	56	78
Total accumulated other comprehensive income	5	36
Total net assets	43,322	42,724
Total liabilities and net assets	76,398	77,556

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income – First Six Months of Consolidated Fiscal Year) (Cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	33,467	17,806
Cost of sales	25,432	13,284
Gross profit	8,034	4,521
Selling, general and administrative expenses	2,432	2,072
Operating profit	5,602	2,449
Non-operating income		
Interest income	10	10
Foreign exchange gains	135	—
Rental income from buildings	2	2
Other	5	7
Total non-operating income	155	20
Non-operating expenses		
Interest expenses	108	130
Commission for a financial loan	6	5
Foreign exchange losses	—	36
Other	9	8
Total non-operating expenses	124	180
Ordinary profit	5,633	2,290
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	208	—
Gain on sales of investment securities	—	127
Total extraordinary income	208	127
Extraordinary losses		
Loss on withdrawal from business	23	—
Total extraordinary losses	23	—
Profit before income taxes	5,818	2,417
Income taxes - current	754	650
Income taxes - deferred	1,344	135
Total income taxes	2,099	785
Profit	3,719	1,631
Profit attributable to non-controlling interests	0	—
Profit attributable to owners of parent	3,719	1,631

(Quarterly Consolidated Statements of Comprehensive Income – First Six Months of Consolidated Fiscal Year) (Cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	3,719	1,631
Other comprehensive income		
Valuation difference on available-for-sale securities	(231)	8
Foreign currency translation adjustment	(27)	22
Total other comprehensive income	(258)	31
Comprehensive income	3,461	1,662
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,461	1,662
Comprehensive income attributable to non-controlling interests	0	—

(3) Quarterly Consolidated Statements of Cash Flows (Cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	5,818	2,417
Depreciation	104	189
Increase (decrease) in provision for bonuses	(6)	0
Increase (decrease) in allowance for doubtful accounts	3	(0)
Increase (decrease) in provision for adjustment of securitization	0	0
Loss (gain) on sales of investment securities	—	(127)
Interest and dividend income	(10)	(10)
Interest expenses	108	130
Loss (gain) on sales of shares of subsidiaries and associates	(208)	—
Loss on withdrawal from business	23	—
Decrease (increase) in trade receivables	(51)	(5)
Decrease (increase) in real estate for sale	6,527	4,203
Decrease (increase) in real estate for sale in process	(543)	(4,213)
Decrease (increase) in purchased receivables	(266)	—
Decrease (increase) in advance payments - trade	(494)	236
Decrease (increase) in deposits paid	116	(36)
Increase (decrease) in advances received	96	38
Increase (decrease) in accounts payable - other	980	74
Decrease/increase in consumption taxes receivable/payable	442	620
Increase (decrease) in lease deposits received	354	(28)
Decrease (increase) on investments in silent partnership	12	—
Other, net	(479)	(678)
Subtotal	12,528	2,810
Interest and dividends received	10	10
Interest paid	(107)	(133)
Income taxes (paid) refund	964	(2,177)
Net cash provided by (used in) operating activities	13,395	509
Cash flows from investing activities		
Purchase of property, plant and equipment	(641)	(52)
Purchase of intangible assets	(0)	(48)
Proceeds from sales of investment securities	—	500
Payments for investments in capital	(4)	(156)
Purchase of shares of subsidiaries and associates	(756)	—
Proceeds from sales of shares of subsidiaries and associates	1,710	—
Loan advances	(200)	(202)
Other, net	0	5
Net cash provided by (used in) investing activities	107	46
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	600	(1,000)
Proceeds from long-term borrowings	11,717	9,325
Repayments of long-term borrowings	(12,128)	(5,292)
Purchase of treasury shares	(700)	(700)
Dividends paid	(1,823)	(1,728)
Other, net	—	(15)
Net cash provided by (used in) financing activities	(2,334)	587
Effect of exchange rate change on cash and cash equivalents	75	(6)
Net increase (decrease) in cash and cash equivalents	11,243	1,138
Cash and cash equivalents at beginning of period	20,634	22,075
Cash and cash equivalents at end of period	31,878	23,213

(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)

The Company disposed of 176,000 treasury shares as restricted stock compensation to the executives and employees of the Company based on the resolution at the board of directors' meeting held on June 21, 2019. In addition, the Company performed a buyback of 646,000 treasury shares based on the resolution at the board of directors' meeting held on August 9, 2019. As a result, treasury shares increased by 437 million yen in the first six months of the fiscal year under review with the addition of 72 shares from fractional share purchase demand to stand at 11,817 million yen at the end of the second quarter of the fiscal year under review.

(Segment Information, Etc.)

[Segment Information]

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

Six Months Ended Sep 30, 2018 (April 1, 2018 to September 30 2018) (Cumulative)

(Millions of yen)

	Reportable segments				Total	Reconciling items	Quarterly consolidated financial statements
	Wealth Management	Property Management	Servicing	Other			
Sales							
Revenues from external customers	30,176	2,148	381	761	33,467	—	33,467
Transactions with other segments	—	21	—	10	32	(32)	—
Net sales	30,176	2,170	381	772	33,500	(32)	33,467
Operating profit (loss)	5,220	685	13	(2)	5,916	(314)	5,602

(Note) The amount of (-314 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 (-314 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 5,602 million yen of operating income stated in the consolidated statements of income.

Six Months Ended Sep 30, 2019 (April 1, 2019 to September 30, 2019) (Cumulative)

(Millions of yen)

	Reportable segments			Total	Reconciling items	Quarterly consolidated financial statements
	Wealth Management	Property Management	Other			
Sales						
Revenues from external customers	13,993	2,585	1,226	17,806	—	17,806
Transactions with other segments	—	26	10	37	(37)	—
Net sales	13,993	2,612	1,237	17,843	(37)	17,806
Operating profit (loss)	2,270	676	(213)	2,733	(283)	2,449

(Note) The amount of (-283 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 (-283 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 2,449 million yen of operating income stated in the consolidated statements of income.

(Matters related to the change in reporting segments, etc.)

The Group previously had four reporting segments (Wealth Management Business, Property Management Business, Servicing Business and Other Business) to be reported under segment information. However, due to the withdrawal of the Servicing Business in the previous fiscal year, the Group has three reporting segments (Wealth Management Business, Property Management Business, and Other Business) from the fiscal year under review.

(Important Subsequent Events)

Not applicable.