

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

Raysum Co., Ltd.
May 20, 2021



2021年5月

本資料は、株式会社レーサム及び当社関係会社の事業概要、経営戦略に関する情報提供を目的としたもので、当社発行の有価証券の投資勧誘を目的としたものではありません。株式銘柄の選択、投資の最終決定はご自身の判断でなさるようお願いいたします。本資料に記載された意見や予測等は、資料作成時点の当社の見解であり、その情報の正確性や完全性を保証し又は約束するものではなく、また今後、予告なしに変更されることがあります。

My name is Komachi, and I am the President and Representative Director of Raysum.

I would like to thank you for attending our financial results briefing session today.

I will first review the results of Value Creation Services, our mainstay business, in the previous fiscal year. Then, I will explain the outlook for the current fiscal year based on the current situation.



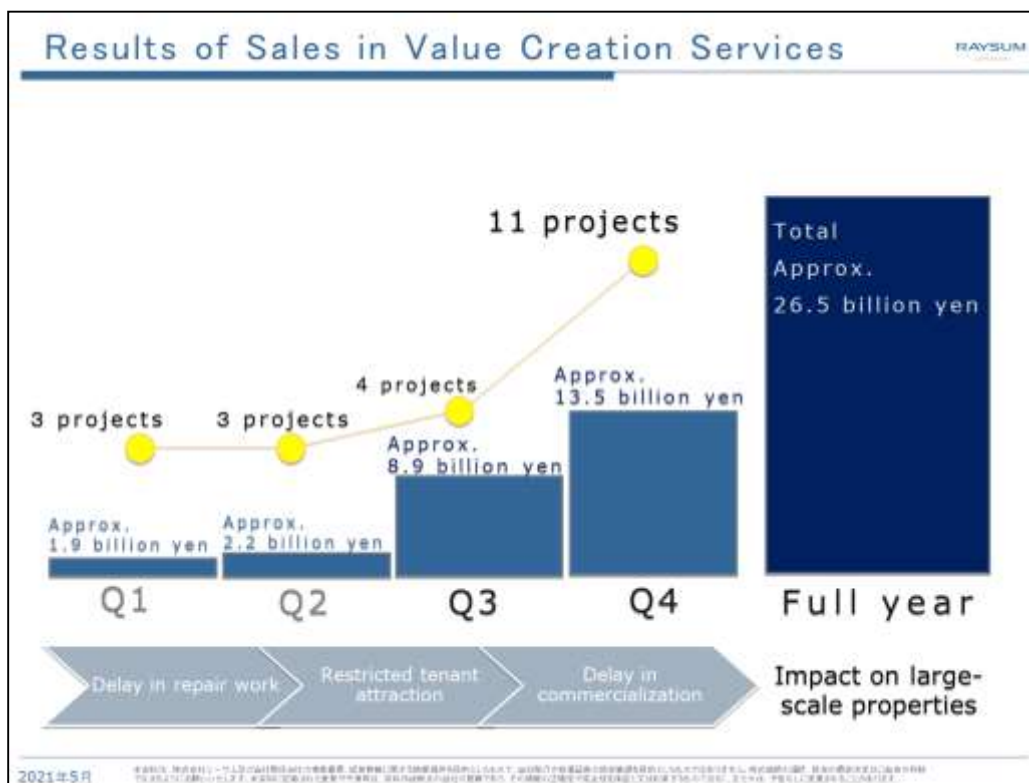
We have renamed the Wealth Management Business to Value Creation Services.

This is our mainstay business which provides our clients with real estate assets that are significant to the surrounding communities and towns through purchase of real estate with potential, change of its use, large-scale renovations, attraction of new tenants and such.

In the fiscal year ended March 2021, sales in Value Creation Services decreased significantly in the first half because of the restrictions on business activities due to the spread of COVID-19. Although we made efforts to recover in the second half, full-year net sales for the business stood at 26.5 billion yen (*1), far below that of the previous year (*2).

(*1) 82% of consolidated net sales of 32.2 billion yen

(*2) Consolidated net sales: 54.9 billion yen, net sales of Value Creation Services: 47.6 billion yen



The main factors for such include, with regard to products, delays in large-scale renovations in the first half and restrictions on tenant attraction thereafter.

As for sales and marketing, while restrictions on meeting with clients and financial institutions were partly to blame, a greater impact was seen due to the more cautious stance assumed by high-net-worth individuals, who traditionally have been our strength, in their assessment of real estate market conditions. Furthermore, we were not prompt enough in responding to institutional investors with high needs for fund management.

As a result, more delays in the timing for commercialization of properties available to clients occurred for large properties priced at 2 billion yen or higher in particular in the previous fiscal year, limiting the number of large properties that were commercialized in time for settlement of sales before the end of the fiscal year to only four.

Revenue Trend in Value Creation Services					
Value Creation Services (Wealth Management)	FY ended Mar. 2018 Results	FY ended Mar. 2019 Results	FY ended Mar. 2020 Results	FY ended Mar. 2021 Results	FY ending Mar. 2022 Forecast
Net Sales (billion yen)	37.6	51.9	47.6	26.5	55.0
Operating income (billion yen)	10.5	10.7	12.2	3.1	9.35
Total number of properties sold (properties)	14	25	25	21	25
Of which prices were:					
2 billion yen or higher	3	7	7	4	10
10 billion yen or higher	1	0	0	0	-

•In the fiscal year ended March 2021, 4 properties priced at 2 billion or higher were sold.
 •In the fiscal year ending March 2022, 10 properties priced at 2 billion or higher are expected to be sold.
 •Customers' investment appetite has also recovered.

2021年5月

However, we have swiftly made up for the delays in renovations and tenant attraction activities in the second half onward, and currently (as of the beginning of the current fiscal year) have sufficient competitive products.

We expect net sales of 55 billion yen and operating income of 9.35 billion yen in Value Creation Services for the current fiscal year. While expecting such, recovery in investment appetite is seen among not only institutional investors but also high-net-worth individuals in anticipation of the end of the COVID-19 pandemic. As such, we are determined to build a path towards business recovery to surpass the level of past results by accumulating the number of property sales by a total of 25, including the 10 large properties priced at 2 billion yen or higher, for the budget for the current fiscal year.

Next, I would like to elaborate using specific case examples.



2021年5月

本資料は、株式会社レイサム及び当社関係会社の事業概要、経営戦略に関する情報提供を目的としたもので、当社発行の有価証券の投資勧誘を目的としたものではありません。株式銘柄の選択、投資の最終決定はご自身の判断でなさるようお願いいたします。本資料に記載された意見や予測等は、資料作成時点の当社の見解であり、その情報の正確性や完全性を保証し又は約束するものではなく、また今後、予告なしに変更されることがあります。

5

This is our project to create a luxurious rental residence at the top of Shirokane Chojamaru, a small hill between Meguro and Hiroo. It is located adjacent to the Institute for Nature Study with lush greenery and stands on a hill known as a prestigious area in the heart of Tokyo once dotted with the residences of feudal lords and their vast gardens.

In order to draw out the potential of this location, we acquired a 17-unit newly constructed condominium with an average floor area of 100 m² per unit and implemented large-scale renovation from the fall of 2020 to the beginning of 2021.



2021年5月

本資料は、株式会社レーサム及び当社関係会社の事業概要、経営戦略に関する情報提供を目的としたもので、当社発行の有価証券の投資勧誘を目的としたものではありません。株式銘柄の選択、投資の最終決定はご自身の判断でなさるようお願いいたします。本資料に記載された意見や予測等は、資料作成時点の当社の見解であり、その情報の正確性や完全性を保証し又は約束するものではなく、また今後、予告なしに変更されることがあります。

6

We removed walls between units and renovated the interior using natural wood and stone to create a 7-unit luxurious rental residence with an average floor area of 300 m² per unit.

In February and March following the renovation, we had many visitors for viewing and were able to conclude a lease agreement with high-net-worth individuals particularly in their 20's to 30's for a rent of several million yen per month. This has demonstrated a substantial improvement in saleability.



Furthermore, we launched “CryptoResidence,” a service that allows rent payment in cryptocurrency, on Wednesday, April 28, 2021, and set up a special website. This property is the first to have this service available.

It is common at present that rent payment for leased properties is only accepted in the form of bank transfer in Japanese yen in the Japanese real estate industry. This sometimes causes inconvenience to those who have just returned from abroad or to foreign people and hampers their search for residence. Such situations as “I have assets but cannot use them” and “I want to live in X but it’s not possible” mean a loss of opportunities for both the lessees and lessors.

Our CryptoResidence service was born out of a desire to break through the current situation and revitalize the Japanese real estate market. We have chosen Premium Residence SHIROKANE CHOJYAMARU because it is a property that have a high affinity with high-net-worth individuals who are familiar with this type of transaction.

Website: <https://crypt.raysum.co.jp>



2021年5月

本資料は、株式会社レーサム及び当社関係会社の事業概要、経営戦略に関する情報提供を目的としたもので、当社発行の有価証券の投資勧誘を目的としたものではありません。株式銘柄の選択、投資の最終決定はご自身の判断でなさるようお願いいたします。本資料に記載された意見や予測等は、資料作成時点の当社の見解であり、その情報の正確性や完全性を保証し又は約束するものではなく、また今後、予告なしに変更されることがあります。

8

This is Kaigan Building in Kobe.

The easy approach of scrap-and-build lets everything from the lifestyles, cultures to thoughts of people that have been unceasingly nurtured on the land over decades or, in some cases, over a hundred years come to nothing abruptly for reasons of economic efficiency. We would like to stop the situation and bring out the underlying strength of historical buildings that have been loved by the local people to have them fit with the new era.

The property is located in the center of Kobe City, which retains a few traces of the prosperity of maritime industry. It is a brick building which used to be a headquarters of a general trading company that flourished through the wool trade in the Meiji era. The building survived the Bombing of Kobe in World War II and the Great Hanshin-Awaji Earthquake and is now a national registered tangible cultural property with 110 years of history.

Kaigan Building (Kobe)

RAVSUM
RENOVATION



2021年5月

本資料は、株式会社レーサム及び当社関係会社の事業概要、経営戦略に関する情報提供を目的としたもので、当社発行の有価証券の投資勧誘を目的としたものではありません。株式銘柄の選択、投資の最終決定はご自身の判断でなさるようお願いいたします。本資料に記載された意見や予測等は、資料作成時点の当社の見解であり、その情報の正確性や完全性を保証し又は約束するものではなく、また今後、予告なしに変更されることがあります。

9

We undertook large-scale renovation of this building so that it will be able to create a new history over the next several decades. In addition to the repair of the rooftop, exterior walls and window frames and the renewal of electrical systems of the building facilities, drainage pipes, room interiors and air-conditioners, we incorporated LED lighting for the stained glass in the common-use areas to save energy. Moreover, we updated the lighting on the front of the building in coordination with Kobe City.

In parallel with these large-scale renovations, our marketing team launched activities to attract tenants. As a result, the building, half of which was initially vacant, turned almost full, and we even had to ask some applicants who were unable to lease a room to wait for a future vacancy. As such, a new and vibrant history has begun to unfold.

Shijo-Karasuma Office Building (Kyoto)

RAYSUM



2021年5月

本資料は、株式会社レイサム及び当社関係会社の事業概要、経営戦略に関する情報提供を目的としたもので、当社発行の有価証券の投資勧誘を目的としたものではありません。株式銘柄の選択、投資の最終決定はご自身の判断でなさるようお願いいたします。本資料に記載された意見や予測等は、資料作成時点の当社の見解であり、その情報の正確性や完全性を保証し又は約束するものではなく、また今後、予告なしに変更されることがあります。

10

This is a 30-year-old, middle-sized office building in Shijo-Karasuma in the center of Kyoto City.

We revised the rent level upward by nearly 20% to 50% through negotiation with existing tenants after the renovation and also concluded contracts at almost double the previous rent level upon recruiting new tenants for vacant sections, thus strengthening our product appeal in major regional cities.



This is a case of a medical project.

What is a meaningful investment that will provide long-term stability for our clients and shine in society as well? The “advanced medical facilities project” was launched in response to this question and is an attempt to create future real estate assets that will be needed in an aging society.

As part of the project, we launched “medock General Medical Examination Clinic” in Meguro, Tokyo, in May this year.

In recent years, we have come to realize the importance of staying healthy and we are now in an era in which the importance of highly accurate medical examination is being reaffirmed. Based on such recognition, we have established a medical examination clinic with strengths in cardiovascular and cardiac fields, which are the sources of myocardial infarction and brain infarction, inviting Dr. Hisayoshi Suma, who has been active as a cardiac surgeon, as the director. The building used in this project was originally constructed as a chapel 50 years ago, but was refined to look like a new building using a reviving construction method that made use of the 50-year-old building frame. We have already received several thousands of reservations for medical examination starting with many management executives in the first year of operation.

Section 1 Financial Highlight for the Fiscal Year Ended March 31, 2021



2021年5月

本資料は、株式会社レーサム及び当社関係会社の事業概要、経営戦略に関する情報提供を目的としたもので、当社発行の有価証券の投資勧誘を目的としたものではありません。株式銘柄の選択、投資の最終決定はご自身の判断でなされるようお願いいたします。本資料に記載された意見や予測等は、資料作成時点の当社の見解であり、その情報の正確性や完全性を保証し又は約束するものではなく、また今後、予告なしに変更されることがあります。

Segment P/L Performance Trends

Unit: million yen

		FY Ended Mar. 2019	FY Ended Mar. 2020	FY Ended Mar. 2021	
		Result	Result	Result	Comparison with previous period
Value Creation Services	Net Sales	51,884	47,621	26,520	△ 21,101
	Operating Income	10,791	12,221	3,152	△ 9,069
Value-Add Services	Net Sales	4,570	5,041	4,482	△ 559
	Operating Income	1,144	1,250	1,032	△ 218
Future Value Creation Services	Net Sales	* 2,092	2,275	1,215	△ 1,060
	Operating Income	* △ 334	△ 645	△ 1,971	△ 1,326
合計	Net Sales	58,547	54,938	32,219	△ 22,719
	Operating Income	11,601	12,826	2,213	△ 10,613
Adjustment of All Companies	Net Sales	-	-	-	-
	Operating Income	△ 610	△ 583	△ 569	14
Consolidated	Net Sales	58,547	54,938	32,219	△ 22,719
	Operating Income	10,990	12,242	1,643	△ 10,599



For the Financial Highlights for the Fiscal Year Ended March 2021, Consolidated Financial Results Forecast for the Fiscal Year Ending March 2022, and Management Indicators and Profit Appropriation Policy, please refer to the attachments later in this material.

The budget for the current fiscal year, which we have presented, is not enough to even make up for the decline in the previous fiscal year. However, we are determined to, during the current fiscal year, first achieve this budget and set the Company on the track for business recovery in the next fiscal year onward as well as for further improvement.

1. Will aim for an ROE of 10%~20% based on an equity ratio of 60% or higher to continue to accept risks that will lead to value creation even if the market conditions change
2. Will aim for a consolidated dividend payout ratio of 20% or higher for dividend payment for each fiscal year

	FY Ended Mar.2020 Result	FY Ended Mar.2021 Result	FY Ended Mar.2022 Forecast
Dividend per share	45 yen	4 yen	27 yen
Total dividends paid	1709 million yen	146 million yen	-
Dividend payout ratio (consolidated)	21.7%	22.1%	20.6%

2021年5月

本資料は、株式会社レーサム(以下「当社」といいます)及び当社関係会社の事業概要、経営戦略に関する情報提供を目的としたものであり、当社が発行する有価証券の投資勧誘を目的としたものではありません。本資料に記載された意見や予測等は、資料作成時点の当社の見解であり、その情報の正確性や完全性を保証し又は約束するものではなく、また今後、予告なしに変更されることがあります。

8

RAYSUM

+reVALUE

お問い合わせ先/Contact

株式会社レーサム 管理本部・広報室
Raysum Co., Ltd.
Administration Division • Public Relations Division

Tel: +81-(0)3-5157-8881
<http://www.raysum.co.jp>
<http://www.raysum.co.jp/en/>

本資料は、株式会社レーサム(以下「当社」といいます)及び当社関係会社の事業概要、経営戦略に関する情報提供を目的としたものであり、当社が発行する有価証券の投資勧誘を目的としたものではありません。本資料に記載された意見や予測等は、資料作成時点の当社の見解であり、その情報の正確性や完全性を保証し又は約束するものではなく、また今後、予告なしに変更されることがあります。

This document was prepared for information purposes only in relation to the business overview and management strategies of Raysum Co., Ltd. and related entities, and does not constitute an offer or a solicitation to purchase any securities or other financial instruments. Any investment decisions that you make or enter into are at your own discretion. Any opinions, forecasts and forward-looking statements contained in this document are based on the views of Raysum at the time of preparation of this document and Raysum does not warrant or guarantee the actuality, correctness or completeness of such statements or other information. The information contained herein is subject to change without notice. Raysum makes no assurance or warranty with respect to the completeness or accuracy of this English translation. If there exist any discrepancies in the meaning or interpretation between the original Japanese and this English translation, the original Japanese language will always govern the meaning and interpretation.