

# RAYSUM

+reVALUE

## Financial Results for the First Quarter of Fiscal Year Ending March 31, 2024

This document was prepared to provide information related to the business overview and management strategies of Raysum Co., Ltd. and related entities and does not constitute a solicitation to purchase any securities issued by Raysum. Choosing shares and making final investment decisions should be done at the discretion of the individual. Any opinions, forecasts, etc. contained in this document are based on the views of Raysum at the time it was prepared, and Raysum does not promise or guarantee the accuracy or completeness of such information. Furthermore, the information is subject to change without notice.

# Consolidated Financial Results

	FY Ending March 2023	FY Ending March 2024	Difference vs. previous year	% Change vs. previous year	FY Ending March 2024	
	Q1 Actual	Q1 Actual			Initial plan	Progression rate
<b>PL (Million yen)</b>						
<b>Revenue</b>	6,959	<b>15,663</b>	+8,703	+125.0%	90,000	17.4%
<b>Gross profit</b>	1,945	<b>5,224</b>	+3,279	+168.5%	NA	NA
Gross profit margin	28.0%	<b>33.4%</b>	-	+5.4%	NA	NA
<b>Operating profit</b>	736	<b>3,812</b>	+3,076	+417.9%	18,000	21.2%
Operating profit margin	10.6%	<b>24.3%</b>	-	+13.8%	20.0%	NA
<b>Ordinary profit</b>	841	<b>3,806</b>	+2,964	+352.1%	16,800	22.7%
Ordinary profit margin	12.1%	<b>24.3%</b>	-	+12.2%	18.7%	NA
<b>Profit attributable to owners of parent</b>	506	<b>2,467</b>	+1,960	+386.8%	11,000	22.4%
Net income margin	7.3%	<b>15.8%</b>	-	+8.5%	12.2%	NA

## Financial highlights

With the successful sale of multiple large-scale properties, we have embarked on a promising trajectory towards realizing the full-year earnings projection.

While our sales and profits exhibit a bias towards the latter half of the year (see P.6), it is worth highlighting our robust performance in Q1. As a result,

**We have achieved record-high first quarter results since listing**

**We created an environment that strengthens our confidence to achieve our full-year plan**

# Segment Highlights

	FY Ending March 2023	FY Ending March 2024	Difference vs. previous year	% Change vs. previous year	FY Ending March 2024	
	Q1 Actual	Q1 Actual			Initial plan	Progression rate
<b>PL (Million yen)</b>						
<b>Revenue</b>	6,959	<b>15,663</b>	+8,703	+125.0%	90,000	17.4%
Value Creation Services	5,338	<b>14,058</b>	+8,719	+163.3%	82,500	17.0%
Value-Add Services	1,100	<b>1,165</b>	+64	+5.8%	4,500	25.9%
Future Value Creation Services	520	<b>439</b>	-80	-15.5%	3,000	14.7%
<b>Operating profit</b>	736	<b>3,812</b>	+3,076	+417.9%	18,000	21.2%
Value Creation Services	1,116	<b>4,125</b>	+3,008	+269.4%	19,000	21.7%
Value-Add Services	206	<b>270</b>	+63	+31.0%	900	30.0%
Future Value Creation Services	-374	<b>-331</b>	+43	NM	-1,000	NM
Adjustment of all companies	-211	<b>-251</b>	-39	NM	-900	NM

## Segment highlights (See P.7 for business details by segment)

In the core Value Creation Services segment, both sales and operating income received substantial boosts from the execution of multiple large-scale property transactions, notably including the Kyoto City property, as detailed in the "Notice Regarding the Sale of Real Estate for Sale" released on June 22, 2023.

**Value Creation Services drove overall performance**

In the Value-Add Services segment, the period saw a rental income increase, attributed to the advancements made in procuring income-generating real estate within the Value Creation Services segment. As a result,

**Revenue and profits increased in Value-Add Services**

In the Future Value Creation Services segment, there was also an impact stemming from the deconsolidation of the golf course business, a transaction that occurred in the preceding fiscal year. As a result,

**Future Value Creation Services saw a decline in revenue, but a narrowing of deficit**

# Consolidated Balance Sheet

	FY Ending March 2023 Actual	FY Ending March 2024 Q1 Actual	Difference vs. previous year-end	Comments
<b>Balance Sheet (Million yen)</b>				
<b>Current assets</b>	<b>96,216</b>	<b>101,072</b>	+4,856	
Cash and deposits	27,524	15,196	-12,327	Decreased due to procurement of real estate purchases, payment of unpaid income taxes, dividend payment, etc.
Real estate for sale	45,167	47,936	+2,769	
Real estate for sale in process	17,079	31,628	+14,549	
<b>Non-current assets</b>	<b>10,535</b>	<b>10,681</b>	+145	Steady trends of purchasing real estate
<b>Total assets</b>	<b>106,752</b>	<b>111,754</b>	+5,002	
<b>Current liabilities</b>	<b>8,230</b>	<b>5,342</b>	-2,888	
Current portion of long-term borrowings	1,359	1,559	+199	General borrowing terms: 10 year loan period with amortization period of 20-30 years.
Income taxes payable	4,052	1,098	-2,953	
<b>Non-current liabilities</b>	<b>45,803</b>	<b>52,717</b>	+6,914	
Long-term borrowings	41,397	47,569	+6,171	
Deposits received from tenants	4,067	4,839	+771	
<b>Total liabilities</b>	<b>54,033</b>	<b>58,059</b>	+4,026	
<b>Net assets</b>	<b>52,718</b>	<b>53,694</b>	+975	Payment of dividends of approximately 1.6 billion yen; net income of approximately 2.5 billion yen
<b>Total liabilities and net assets</b>	<b>106,752</b>	<b>111,754</b>	+5,002	

# Consolidated Statement of Cash Flows

	FY Ending March 2023 Q1 Actual	FY Ending March 2024 Q1 Actual	Difference vs. previous year	Comments
<b>Cash flows (Million yen)</b>				
<b>Cash flow from operating activities</b>	<b>-1,286</b>	<b>-16,557</b>	-15,271	Approx. 14.1 billion yen of revenue in Value Creation Services; approx. 23.8 billion yen in spend on real estate purchases; approx. 2.7 billion yen in spend on renovation work, etc.
<b>Cash flows from investing activities</b>	<b>-838</b>	<b>-662</b>	+175	Approx. 500 million yen for expenditures for acquisition of tangible fixed assets; lending of approx. 100 million yen, etc.
<b>Cash flow from financing activities</b>	<b>-2,410</b>	<b>4,791</b>	+7,201	Increase of approx. 6.4 billion yen from the difference between new financing and repayment of borrowings; dividend payments of approx. 1.6 billion yen, etc.
Exchange rate impact on cash and cash equivalents	76	100		
Net increase (decrease) in cash and cash equivalents	-4,459	-12,329		
Cash and cash equivalents at the beginning of the year	28,222	27,511		
<b>Cash and cash equivalents at the end of the year</b>	<b>23,763</b>	<b>15,182</b>		

# Progression Rate of Operating Income in Each Quarter

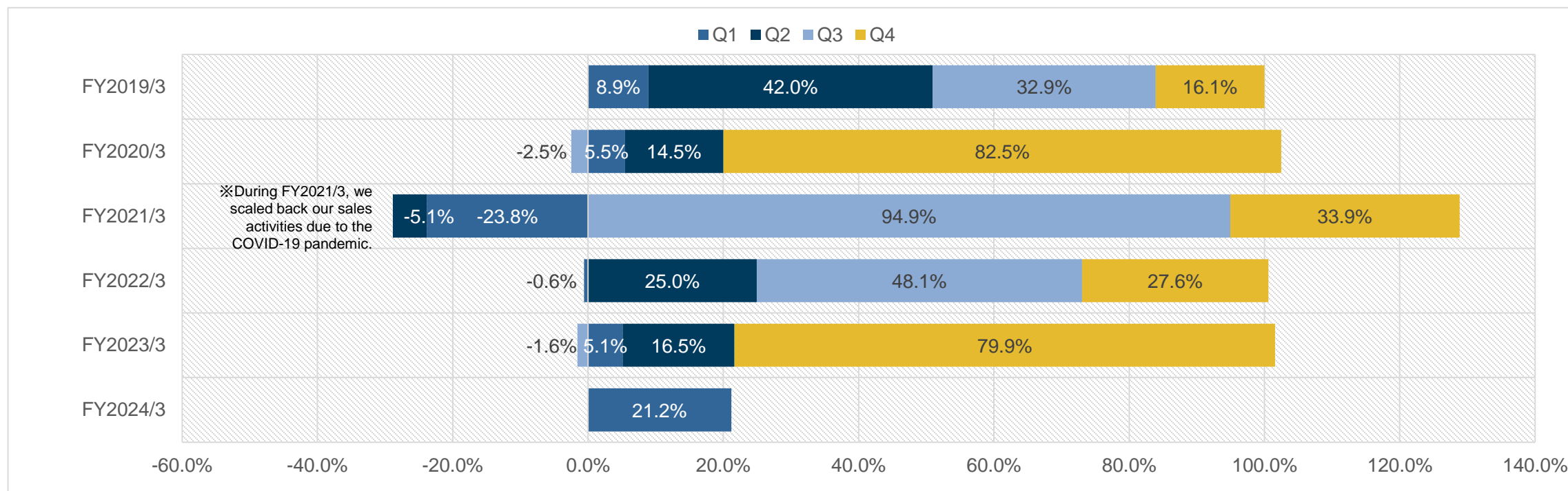


Over the last five years, from FY2019/3 through FY2023/3, the average and median progress of the first quarter operating income as a percentage of the full year were -1.0% and 5.1%, respectively. Q1 progress against the full-year forecast for the current fiscal year was **21.2%**.



While our historical trend leans towards sales and profits being skewed to the latter half of the year, the robust performance in the first quarter has **significantly bolstered our assurance** in attaining our annual operating income target of 18 billion yen.

## Progression Rate of operating income in each quarter for the past five years compared to the current quarter



Notes: For the period from FY2019/3 to FY2023/3, the denominator is the actual full-year operating income; for FY2024/3, the denominator is the target full-year operating income of 18 billion yen.

# Raysum's Business Segment

(Repost from materials published in May 2023)

Details						Revenue FY Ending March 2023 (Percentage of total)	Operating Profit FY Ending March 2023 (Operating profit margin)	
Value Creation Services	<b>Purchase and sale of real estate</b>						<b>61,419</b> 90.4%	<b>16,653</b> 27.1%
	<ul style="list-style-type: none"> <li>✓ Our core business</li> <li>✓ We utilize the following methods to enhance value with a focus on increasing NOI. The methods used in 101 property sales over the past 5 years until FY23/3 were as follows. (For some cases, methods overlap or do not belong to any of the below categories)</li> </ul>							
	Increase NOI	Change of use/increase floor area ratio	Large-scale renovation	Create land for development	New construction development	Coordinate/consolidate land rights		
	62 cases	8 cases	33 cases	16 cases	14 cases	23 cases		
	<ul style="list-style-type: none"> <li>✓ We pride ourselves as being one of the few listed players with the expertise to offer the optimal solution from a wide range of options, including complex methods such as those outlined above</li> <li>✓ Our transactions have covered almost all asset classes over the past five years until FY23/3 as shown below (measured by value).</li> </ul>							
Offices 40%		Commercial 32%		Residential 13%				
<ul style="list-style-type: none"> <li>✓ By region, the majority of our projects are in major cities, with Tokyo accounting for approx. 70% of projects by value</li> <li>✓ At the end of 2021, we launched a scheme to commercialize multiple properties in small lots and sell units to individual</li> </ul>								
Value-Add Services	<b>Real estate leasing and building management</b>						<b>4,416</b> 6.5%	<b>765</b> 17.3%
	<ul style="list-style-type: none"> <li>✓ Rental income from Value Creation Services segment, management fees and other income from properties that the Company manages</li> <li>✓ Real estate management services for clients who have purchased real estate from Value Creation Services segment and who retain the Company to continue to manage their assets</li> <li>✓ As of the end of March 2023 we managed <b>approx. 180 properties/1,800 rooms</b></li> </ul>							
Future Value Creation Services	<b>Various business activities leveraging our accumulated real estate expertise</b>						<b>2,071</b> 3.0%	<b>-2,302</b> (NM)
	<ul style="list-style-type: none"> <li>✓ Businesses include the operation of lodging facilities, the manufacture and sale of bread and confectionery, the development, manufacture, and sale of gas engine generators, and support services for advanced medical care</li> <li>✓ The segment is loss-making at present, but we are increasingly confident in our ability to reduce the deficit and return to profit in future</li> </ul>							

# Raysum's Business Model (Value Creation Services/Value-Add Services)

(Repost from materials published in May 2023)



## Raysum has unique strengths at each stage of the purchase and sale process

### Purchase

- The decision making speed outpaces our competitors
- Ability to deal with a wide range of asset classes
- Most of our new project referrals come from repeat customers (who trust Raysum's capabilities to take on complex projects)
- Trusted relationships with financial institutions enable us to obtain financing for projects that are normally difficult to finance (e.g older buildings)

### Value Enhancement

- We increase rental income by pushing up low rents
- We adopt a flexible approach that is not bound by factors such as existing usage purpose or market rents
- We utilize our extensive knowledge of renovation and reconstruction of old properties
- Creative leasing approach to fulfill new needs and requirements
- Careful reviews of interim costs

### Sale

- Strong relationships with institutional investors, high net worth domestic individuals, and foreign investors
- We have the established capabilities to find the optimal investor for each property
- Recently, we have also developed a new investor base through the sale of small-lot 50 million yen products

- A corporate culture and employees who relish challenges



# Policy of Shareholder Return

(Repost from materials published in May 2023)

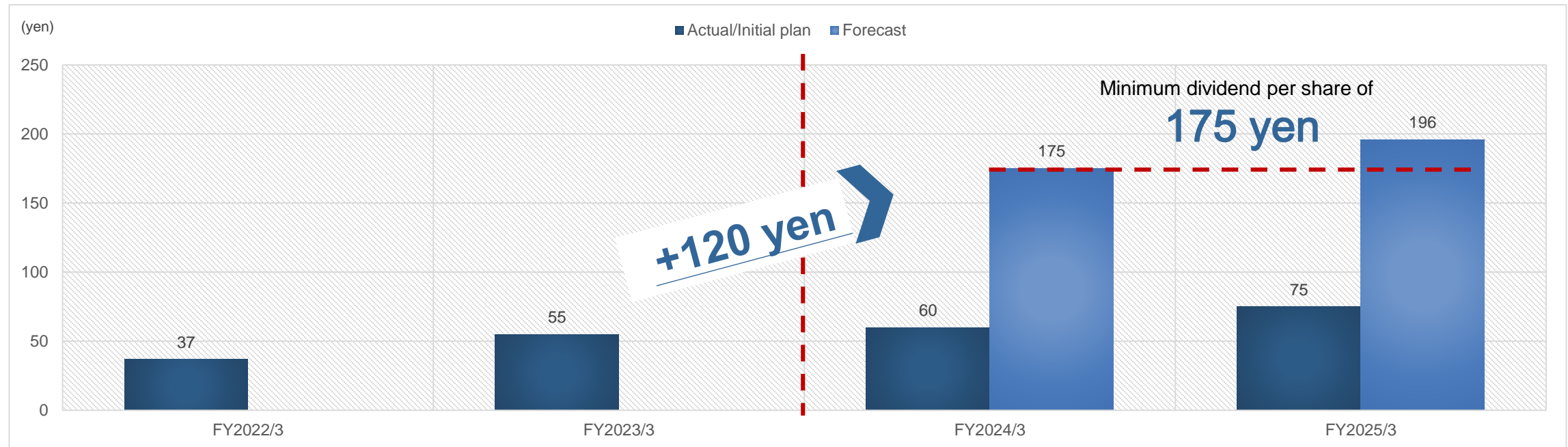
## FY2023/3 Dividend per share

- Dividend per share increased by 18 yen YoY to **55 yen**

## FY2024/3 ~ FY2025/3 Shareholder returns policy

- Annual dividend per share is set at a minimum of **175 yen**
- The dividend payout ratio target for FY2024/3 & FY2025/3 is **40%**

### Dividend per share



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### **Inquiries**

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**Administration Division,  
Public Relations Division  
Raysum Co., Ltd.  
TEL 03-5157-8881  
<http://www.raysum.co.jp>**