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Financial Results for the First Quarter of Fiscal Year Ending March 31, 2025

Consolidated Financial Results

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	FY Ending March 2024 Q1 Actual	FY Ending March 2025 Q1 Actual	Difference vs. previous year	% Change vs. previous year	FY Ending March 2025 Initial plan	FY Ending March 2025 Progression rate
PL (Million yen)						
Revenue	15,663	**15,615**	-47	*-0.3%*	115,000	*13.6%*
Gross profit	5,224	**3,973**	-1,250	*-23.9%*	NA	*NA*
Gross profit margin	*33.4%*	***25.4%***	-	*-7.9%*	NA	*NA*
Operating profit	3,812	**1,437**	-2,374	*-62.3%*	23,000	*6.3%*
Operating profit margin	*24.3%*	***9.2%***	-	*-15.1%*	*20.0%*	*NA*
Ordinary profit	3,806	**1,335**	-2,470	*-64.9%*	*21,500*	*6.2%*
Ordinary profit margin	*24.3%*	***8.6%***	-	*-15.7%*	*18.7%*	*NA*
Profit attributable to owners of parent	2,467	**885**	-1,582	*-64.1%*	14,000	*6.3%*
Net profit margin	*15.8%*	***5.7%***	-	*-10.1%*	*12.2%*	*NA*

Financial highlights

From the outset, no large property sales were planned for Q1. There were multiple property sales in Q1, and the progress rate toward realizing the full-year earnings projection is slow, but

We expect to steadily increase the progress rate towards realizing the full-year earnings projection from the second quarter

Sales and profits tend to be skewed to the latter half of the year, and the progress rate in Q1 has been slow in the past (see page 6). In addition, we have made steady progress in purchasing properties (see page 7), and we are scheduled to sell large properties in Q2 onwards. As a result,

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

Segment Highlights

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	FY Ending March 2024 Q1 Actual	FY Ending March 2025 Q1 Actual	Difference vs. previous year	% Change vs. previous year	FY Ending March 2025 Initial plan	FY Ending March 2025 Progression rate
PL (Million yen)						
Revenue	15,663	**15,615**	-47	*-0.3%*	115,000	*13.6%*
Value Creation Services	14,058	**13,572**	-485	*-3.5%*	106,000	*12.7%*
Value-Add Services	1,165	**1,453**	+288	*+24.8%*	5,400	*26.9%*
Future Value Creation Services	439	**589**	+149	*+33.9%*	3,000	*19.6%*
Operating profit	3,812	**1,437**	-2,374	*-62.3%*	23,000	*6.3%*
Value Creation Services	4,125	**1,934**	-2,190	*-53.1%*	23,500	*8.2%*
Value-Add Services	270	**310**	+39	*+14.8%*	1,500	*20.7%*
Future Value Creation Services	-331	**-382**	-50	*NM*	-900	*NM*
Adjustment of all companies	-251	**-425**	-174	*NM*	-1,100	*NM*

Segment highlights (See P.9 for business details by segment)

In the core Value Creation Services segment, several properties were sold. On the other hand, unlike in the same period last year, no large properties were sold, and exceeding last year's profit margin will be extremely difficult. As a result,

While the Value Creation Services segment drove overall performance, it was also responsible for most of the decline in profit compared to the same period last year

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, while revenues and profits were higher in the accommodation business compared to the same period last year due to factors such as the full recovery of inbound demand, personnel and other expenses increased in the emergency gas engine power generator business, which is expected to have potential in the future. As a result,

Future Value Creation Services saw an increase in revenue and a slight increase in the deficit

Consolidated Balance Sheet

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	FY Ending March 2024 Actual	FY Ending March 2025 Q1 Actual	Difference vs. previous year-end	Comments
Balance Sheet (Million yen)				
Current assets	**118,542**	**130,232**	+11,690	
Cash and deposits	35,728	29,907	-5,820	Decreased due to procurement of real estate, dividend payment, etc.
Real estate for sale	52,214	66,852	+14,638	Steady trends of purchasing real estate
Real estate for sale in process	29,237	30,611	+1,373	
Non-current assets	**11,970**	**12,092**	+122	
Total assets	**130,513**	**142,325**	+11,812	
Current liabilities	**9,932**	**18,942**	+9,009	
Short-term borrowings Current portion of long-term borrowings	2,465	10,573	+8,107	Borrowings also increased due to steady trend of purchasing
Income taxes payable	4,222	4,761	+538	
Non-current liabilities	**58,127**	**64,988**	+6,860	
Long-term borrowings	52,353	59,552	+7,199	General borrowing terms: 10 year loan period with amortization Period of 20-30 years
Total liabilities	**68,060**	**83,930**	+15,870	
Net assets	**62,452**	**58,394**	-4,058	Payment of dividends of approximately 5 billion yen; net income of approximately 0.9 billion yen
Total liabilities and net assets	**130,513**	**142,325**	+11,812	

Consolidated Statement of Cash Flows

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	FY Ending March 2024 Q1 Actual	FY Ending March 2025 Q1 Actual	Difference vs. previous year	Comments
Cash flows (Million yen)				
Cash flow from operating activities	**-16,557**	**-15,949**	+608	Approx. 13.6 billion yen of revenue in Value Creation Services; approx. 27 billion yen in spend on real estate purchases; approx. 1 billion yen in spend on renovation work, etc.
Cash flows from investing activities	**-662**	**-285**	+376	Approx. 200 million yen for expenditures for acquisition of Investment Securities; lending of approx. 100 million yen, etc.
Cash flow from financing activities	**4,791**	**10,326**	+5,535	Increase of approx. 15.3 billion yen from the difference between new financing and repayment of borrowings; dividend payments of approx. 5 billion yen, etc.
Exchange rate impact on cash and cash equivalents	100	**86**		
Net increase (decrease) in cash and cash equivalents	-12,329	**-5,822**		
Cash and cash equivalents at the beginning of period	27,511	**35,710**		
Cash and cash equivalents at the end of period	**15,182**	**29,888**		

Progression Rate of Operating Income in Each Quarter

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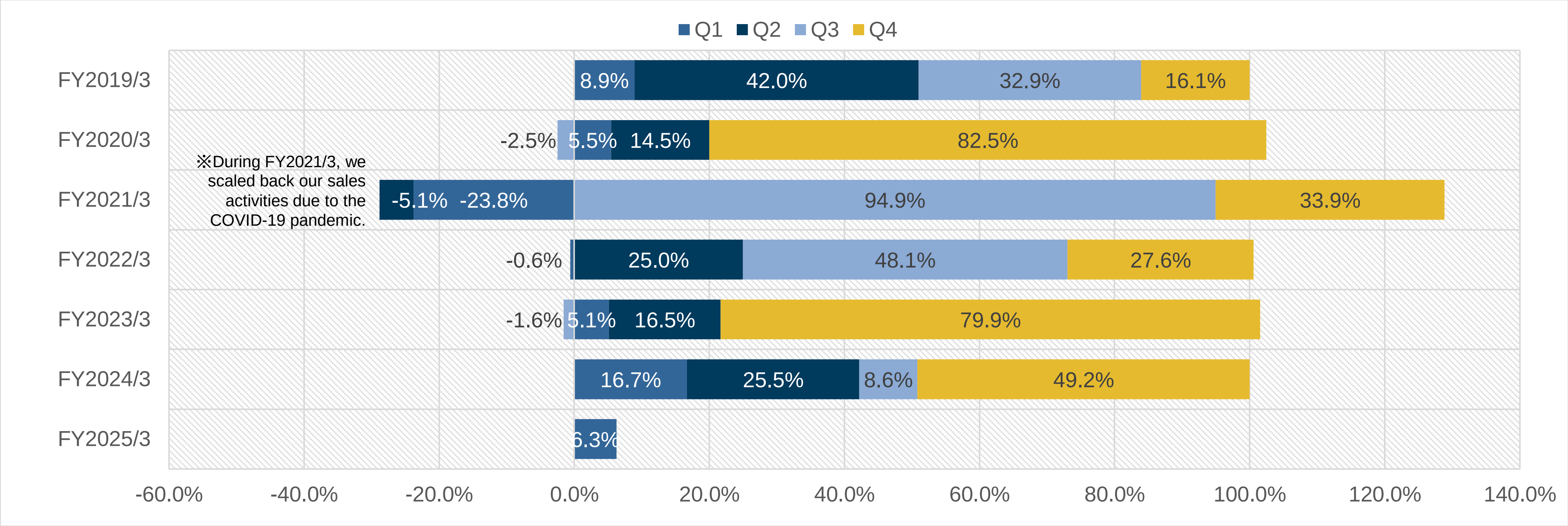
Over the last six years, from FY2019/3 through FY2024/3, the average and median progress of the first quarter operating income as a percentage of the full year were 2.0% and 5.3%, respectively. Q1 progress against the full-year forecast for the current fiscal year was 6.3%, **which is in line with past trends**.

Historical trend leans towards sales and profits being skewed to the latter half of the year. We have a series of large property sales lined up from the second quarter, **significantly strengthening our confidence** in attaining our annual operating income target of 23 billion yen.

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



Notes: For the period from FY2019/3 to FY2024/3, the denominator is the actual full-year operating income; for FY2025/3, the denominator is the target full-year operating income of 23 billion yen.

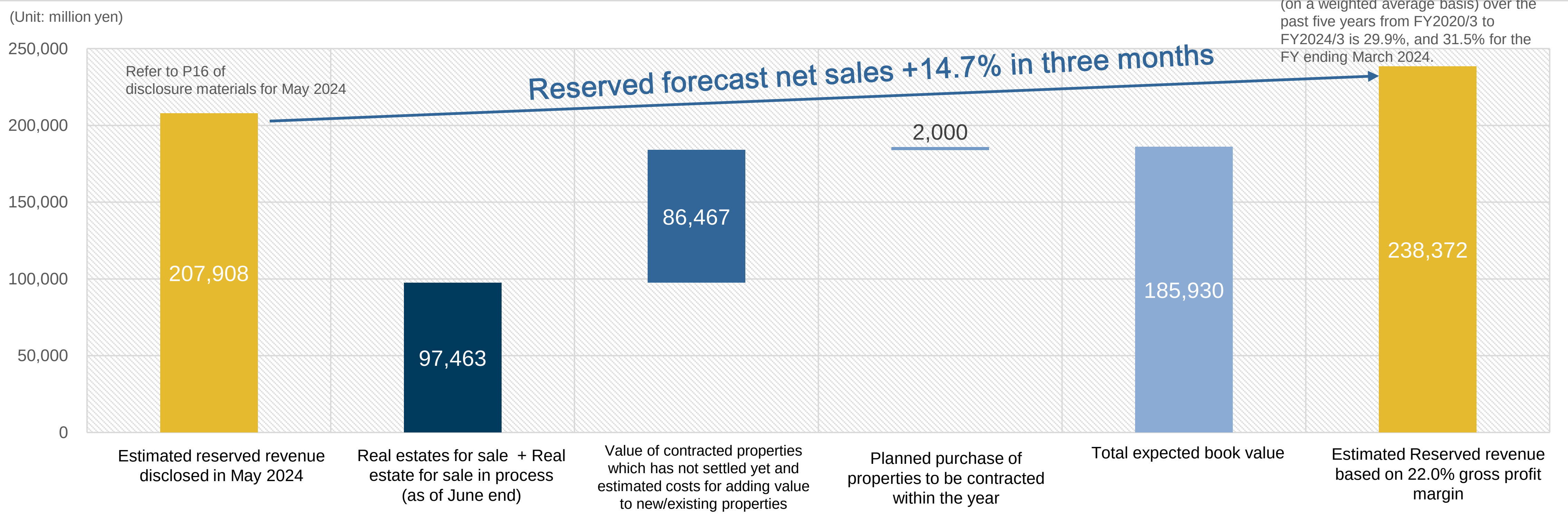
Steady Build-up of Inventory
Significant Increase in Reserved Forecast Net Sales

In the Value Creation Services segment, despite sales reaching approximately 13.6 billion yen in the first quarter of the FY ending March 2025, reserved forecast revenue, which was about 207.9 billion yen as of May 2024, grew over three months to **approximately 238.4 billion yen** (**+ 30.5 billion yen or +15% in about three months**).

Planned sales in the Value Creation Services segment for the FY ending March 2025 is 106.6 billion yen, meaning that sales of approximately 93 billion yen must be achieved in the remaining nine months. At this point, reserved forecast revenue has reached approximately 238.4 billion yen, and our gross margin forecast is conservative with respect to past results. Therefore, we are on track to fully achieve sales and profit targets.

Reserved forecast net sales in light of current inventory levels

*Average gross profit margin for all deals (on a weighted average basis) over the past five years from FY2020/3 to FY2024/3 is 29.9%, and 31.5% for the FY ending March 2024.



Significant increase in SG&A expenses is temporary

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In the first quarter, selling, general and administrative expenses increased significantly from approximately 1.4 billion yen to approximately 2.5 billion yen. **Approximately 0.9 billion yen of the approximately 1.1 billion yen increase is due to increases in taxes and public charges.** As described below, **this is a temporary situation and is not expected to continue.**

Most of the remaining increase (approximately 0.2 billion yen) is due to increases in **personnel** and **outsourcing costs**. The company's ability to change real estate is only possible thanks to our human resources. The current situation with inflation has resulted in a slight rise in labor costs from the perspective of securing human resources. Outsourcing costs are also increasing due to the expanding nature of projects.

Selling, general and administrative expense item	Compared to the same period last year	Details of taxes and public charges, and reason for increase
Taxes and public charges	✓ Increase of approx. 0.9 billion yen (from approx. 0.1 billion yen to approx. 1 billion yen)	✓ Consumption tax on residential buildings must be recorded as taxes and public charges since such purchases are not eligible for tax credits at the time of purchase (offices and commercial real estate are eligible for purchase tax credits). ✓ Due to purchasing several residential properties, including a large residential property in the first quarter, the amount not eligible for purchase tax credits has increased significantly compared to the same period last year. ✓ If residential properties are sold by the end of the second period after purchase, most of the purchase tax can be deducted at the time of sale, so the increase in taxes and public charges is expected to be offset in the medium to long term (if sold, the purchase tax credit can be deducted from tax and public charges).

Raysum's Business Segment
(Repost from materials published in May 2024)

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	Details	FY Ending 2024/3 Net sales (Percentage of total %)	FY Ending 2024/3 Operating profit (Operating profit margin)
Value Creation Services	**Real estate sales business** ✓ The Company's core business ✓ The Company's strengths are based on the following methods of value enhancement with a focus on improving NOI. The cases below show the methods used in 106 property sales over the past 5 years (In some cases, methods overlap or do not belong to any of the categories) Increase NOI: 59 cases; Change of use/ increase floor area ratio: 6 cases; Large-scale Renovation: 26 cases; Create land for development: 19 cases; New construction development: 20 cases; Coordinate/consolidate land rights: 23 cases ✓ We can choose the optimal method from a wide range of options, including highly complex methods such as those outlined above. This a capability rare even among public companies. ✓ Our transactions have covered nearly all asset classes over the past five years in terms of value as shown below Commercial 45%; Offices 28%; Residential 14% ✓ By region, the majority of our projects are in major cities, with Tokyo accounting for about 60% of projects by value ✓ We launched a scheme to commercialize multiple properties in small lots and sell units to individual investors at the end of 2021.	**86,841** 92.1%	**23,938** 27.6%
Value-Add Services	**Real estate leasing and building management** ✓ Rental income and management fees generated from properties held by the Value Creation Services segment. ✓ Real estate management services for clients who purchased properties from the Value Creation Services segment. ✓ As of the end of March 2024 we managed 182 Properties/ 1,960 Rooms	**5,223** 5.5%	**1,427** 27.3%
Future Value Creation Services	**Various business activities leveraging our accumulated real estate expertise** ✓ 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 ✓ Currently operating at a loss, there are signs of improvement, with very limited risk of future impairments. We expect to reduce losses by the FY ending March 2025.	**2,201** 2.3%	**-1,485** (NM)

Raysum's Business Model (Value Creation Services/Value-Add Services)
(Repost from materials published in May 2024)

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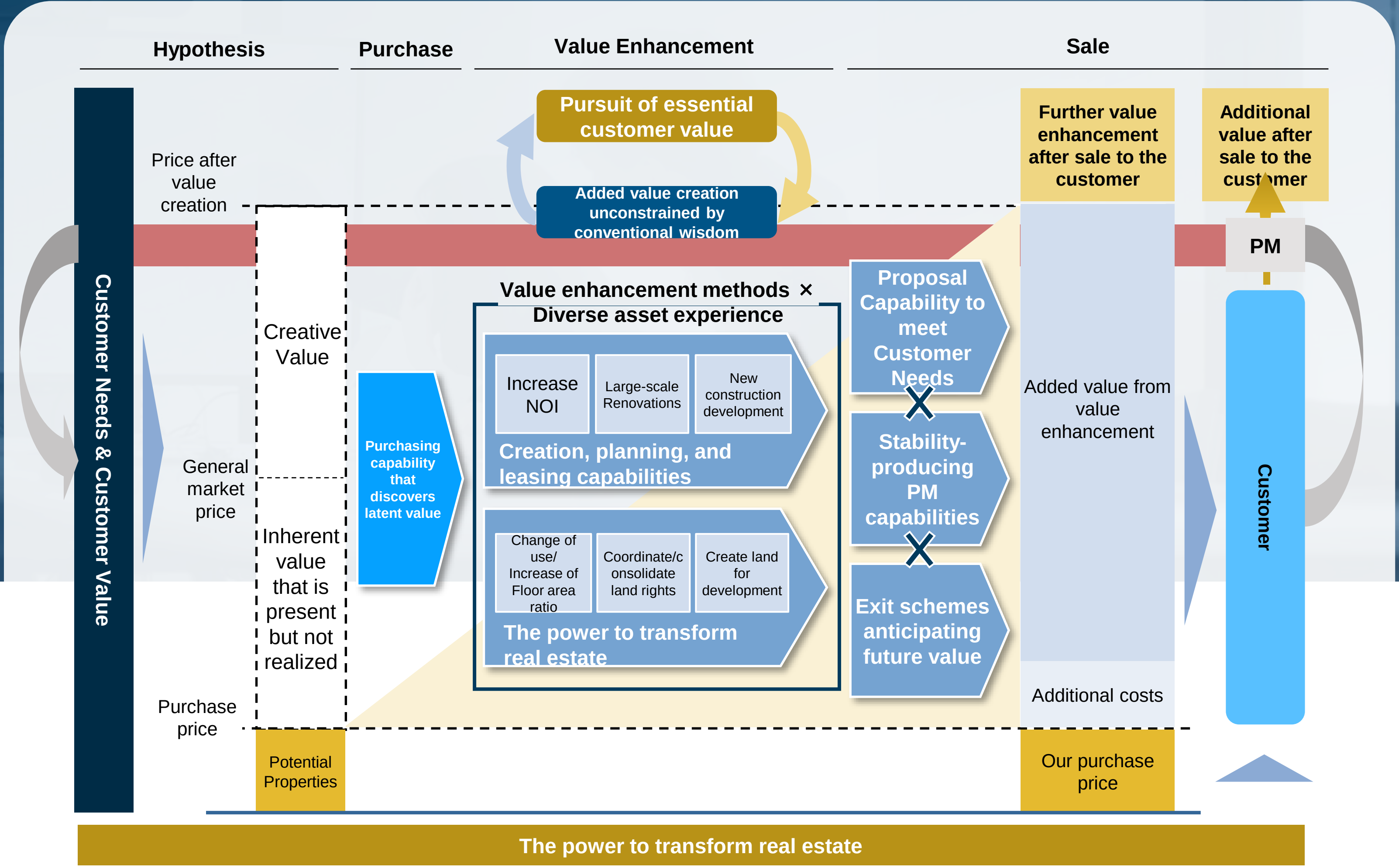
We possess the unique capability to "transform real estate", skillfully utilizing various value enhancement methods derived from the needs of customers and tenants, freely adapting to any situation.



Policy of Shareholder Return
(Repost from materials published in May 2024)

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Based on the company's projected net income of 14 billion yen for the current fiscal year and a dividend payout ratio of 40%, the anticipated dividend per share for this period is 196 yen.

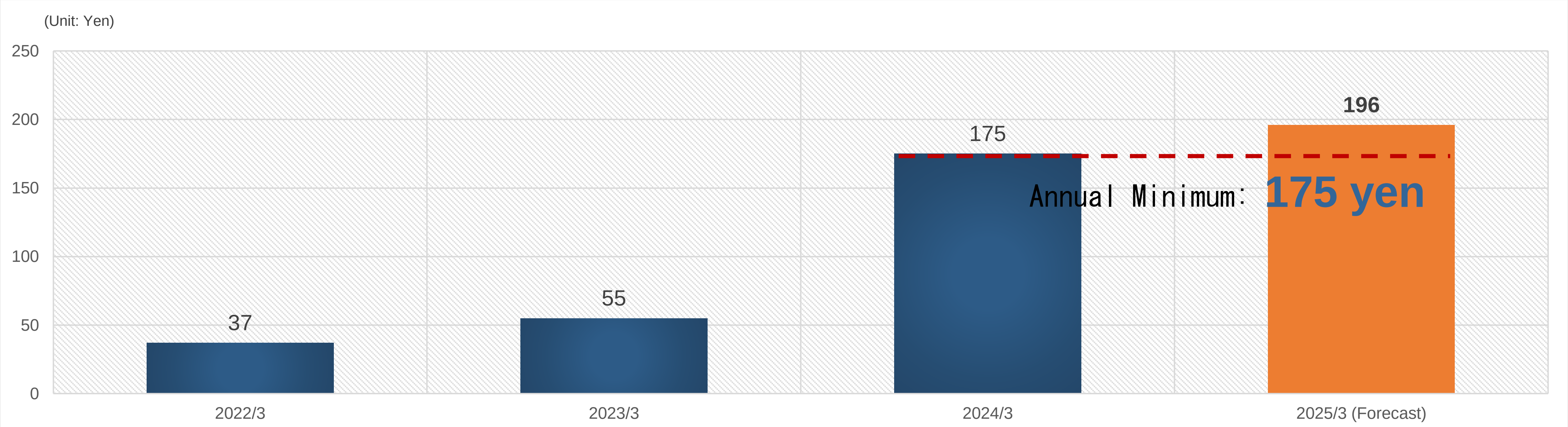
2024/3 Shareholder return strategy

- The annual dividend per share has been set with a minimum of 175 yen, increased by 120 yen from the previous fiscal year to 175 yen
- Targeted a dividend payout ratio of 40%, with the actual payout ratio settling at 43.1%.

2025/3 Direction of Shareholder Returns

- The annual dividend per share will have a minimum of 175 yen, with this fiscal year's dividend forecast increasing by 21 yen from the previous period to 196 yen.
- The dividend payout ratio is targeted at 40%.

Dividend per share



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