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**Consolidated Financial Results for the
Six Months Ended September 30, 2024
[Japanese GAAP]**

November 8, 2024

Company name: Raysum Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
Code number: 8890 URL: <http://www.raysum.co.jp/en/>
Representative: Tsuyoshi Komachi, President and Representative Director
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Scheduled date for filing of quarterly securities report: November 8, 2024
Scheduled date of commencing dividend payments: —
Availability of supplementary briefing material on financial results: None
Schedule of financial results briefing session: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(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	%
Six months ended September 30, 2024	48,162	24.0	5,478	(43.1)	4,609	(51.2)	3,325	(46.5)
Six months ended September 30, 2023	38,828	105.6	9,631	209.3	9,440	196.1	6,212	178.2

(Note) Comprehensive income: Six months ended September 30, 2024: 3,288 million yen (-48.0%)
Six months ended September 30, 2023: 6,323 million yen (165.9%)

	Profit per share	Diluted profit per share
	yen	yen
Six months ended September 30, 2024	115.78	—
Six months ended September 30, 2023	216.87	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2024	154,083	60,870	39.5
As of March 31, 2024	130,513	62,452	47.8

(Reference) Equity: As of September 30, 2024: 60,791 million yen
As of March 31, 2024: 62,389 million yen

2. Dividends

	Annual dividends				
	Q1 end	Q2 end	Q3 end	Year end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2024	—	0.00	—	175.00	175.00
Fiscal year ending March 31, 2025	—	0.00	—	—	—
Fiscal year ending March 31, 2025 (Forecast)	—	—	—	0.00	0.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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	115,000	22.0	23,000	0.8	21,500	(1.7)	14,000	21.6	487.78

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

*Notes

- (1) Significant changes of subsidiaries in the first six months 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: Yes
 - 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 shares):

Six months ended September 30, 2024	29,081,400 shares
Fiscal year ended March 31, 2024	29,081,400 shares

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

Six months ended September 30, 2024	334,544 shares
Fiscal year ended March 31, 2024	379,744 shares

- 3) Average number of shares during the period:

Six months ended September 30, 2024	28,721,663 shares
Six months ended September 30, 2023	28,645,796 shares

* This quarterly financial report is not subject to 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.

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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 48,162 million yen (year-on-year increase of 24.0%), operating profit of 5,478 million yen (year-on-year decrease of 43.1%), ordinary profit of 4,609 million yen (year-on-year decrease of 51.2%) and profit attributable to owners of parent of 3,325 million yen (year-on-year decrease of 46.5%). Although revenue increased and profit decreased compared with the previous fiscal year, in which we sold multiple properties with high gross profit margins, we have been steadily making progress toward achieving our full-year performance targets, thanks in part to the sale of properties in our mainstay business of Value Creation Services.

Business results by segment are as follows.

(Value Creation Services)

In this business, we pursue the potential value of each real estate asset tailored to the individual needs of our customers. By becoming owners ourselves, we undertake usage changes, major renovations, and attract new tenants to create and provide valuable real estate assets for our customers. We redefine valuable, high-quality assets for our customers as rare real estate properties that offer long-term stable profitability and high liquidity. Based on this premise, we are committed to our business.

In the first six months of the fiscal year under review, we managed to deliver a wide range of properties to customers including land with a leasehold interest in Chiyoda-ku, Tokyo, an office building in Hakata-ku, Fukuoka City, a commercial building in Suginami-ku, Tokyo, a large commercial building located near Omotesando Station in Minato-ku, Tokyo, a business hotel near Fukushima Station in Fukushima Prefecture, a large office building and medium-sized residence near Urawa Station in Saitama Prefecture, and a large office building in Shoto, Shibuya-ku. In the first six months of the fiscal year under review, Value Creation Services posted net sales of 43,659 million yen (year-on-year increase of 23.8%) and segment profit of 5,916 million yen (year-on-year decrease of 42.0%).

We are earnestly carrying out necessary repair works, conversion preparations, tenant leasing, and sales activities. Our inventories, which include real estate for sale and real estate for sale in process, exceeded 100 billion yen for the first time at the end of the first six months of the fiscal year under review. We are progressing extremely smoothly with the procurement of properties that will lead to sales in the next and subsequent fiscal years.

(Value-Add Services)

In this business, we conduct leasing management, building management and other services to maintain and enhance the value of the properties we have provided to clients. We listen to clients' requests in detail and aim to improve the long-term asset value in ways such as proposing measures to increase property value for the future, taking advantage of opportunities such as tenant replacement.

In the first six months of the fiscal year under review, Value-Add Services posted net sales of 3,216 million yen (year-on-year increase of 27.2%) and segment profit of 926 million yen (year-on-year increase of 35.3%). This improvement was thanks to rental income from properties held being higher than in the same period of the previous fiscal year.

(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 frequent natural disasters, under our own operation. The experience and knowledge gained through these business operations will be utilized in conceiving and proposing ideas for Value Creation Services and Value-Add Services in the future.

The full recovery of inbound demand and other factors contributed to sales and profit both increasing year-on-year in the accommodation business. Therefore, in the first six months of the fiscal year under review, Future Value Creation Services posted net sales of 1,286 million yen (year-on-year increase of 25.6%) and segment loss of 718 million yen (segment loss of 742 million yen in the same period of the previous fiscal year).

(2) Explanation of Financial Position

1) Changes in Financial Position

(Assets)

Current assets increased 24,397 million yen compared with the end of the previous fiscal year to 142,940 million yen. This was primarily attributable to cash and deposits decreasing 1,180 million yen to 34,548 million yen, real estate for sale increasing 2,023 million yen to 54,237 million yen, and real estate for sale in process increasing 20,978 million yen to 50,216 million yen.

Non-current assets decreased 827 million yen compared with the end of the previous fiscal year to 11,142 million yen. This was attributable to a decrease of 117 million yen in property, plant and equipment from an increase due to acquisition and a decrease due to depreciation, etc.; an increase of 7 million yen in intangible assets; and an decrease of 702 million yen in investments and other assets.

As a result, total assets as at the end of the second quarter of the fiscal year under review increased 23,569 million yen compared with the end of the previous fiscal year to 154,083 million yen.

(Liabilities)

Liabilities increased 25,152 million yen compared with the end of the previous fiscal year to 93,212 million yen. This was primarily attributable to an increase of 26,507 million yen in borrowings due to the difference between new fundraising and repayment of borrowings, an decrease of 2,709 million yen in income taxes payable, and an increase of 653 million yen in accounts payable due to construction work on properties, etc.

(Net assets)

Total net assets decreased 1,582 million yen compared with the end of the previous fiscal year to 60,870 million yen. This was primarily attributable to an increase of 3,325 million yen in retained earnings following the recording of profit attributable to owners of parent, and a decrease of 5,022 million yen due to dividends of surplus.

Furthermore, the equity ratio as of the end of the second quarter of the fiscal year under review has become 39.5%.

2) Cash Flows

Cash and cash equivalents (hereinafter, “funds”) at the end of the second quarter of the fiscal year under review decreased 1,184 million yen compared with the end of the previous fiscal year to 34,526 million yen.

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

(Cash flows from operating activities)

Net cash used in operating activities amounted to 22,271 million yen. The main factor for inflow was the increase in funds related to 43,659 million yen in net sales in Value Creation Services. The main factors for outflow were the decrease in funds related to 57,890 million yen of payment for purchases of real estate for sale, 3,132 million yen of 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; the expenditure of selling, general and administrative expenses.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 375 million yen. The main factors for outflow were purchase of investment securities of 155 million yen, purchase of property, plant and equipment of 121 million yen, and loan advances of 96 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 21,463 million yen. The main factor for inflow was the difference of 26,507 million yen between new fundraising and repayment of borrowings, and the main factor for outflow was dividends paid of 4,998 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 in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024” announced on May 10, 2024.

2. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	35,728	34,548
Trade accounts receivable	306	344
Real estate for sale	52,214	54,237
Real estate for sale in process	29,237	50,216
Raw materials	13	16
Advance payments to suppliers	169	625
Income taxes refund receivable	31	26
Other	985	2,933
Allowance for doubtful accounts	△145	△8
Total current assets	118,542	142,940
Non-current assets		
Property, plant and equipment		
Buildings, net	2,668	2,563
Land	840	840
Construction in progress	—	29
Other, net	523	480
Total property, plant and equipment	4,032	3,914
Intangible assets		
Other	210	203
Total intangible assets	210	203
Investments and other assets		
Investment securities	2,728	1,826
Deferred tax assets	1,583	1,694
Investments in capital	1,119	1,119
Long-term loans receivable	2,401	2,488
Other	1,623	1,766
Allowance for doubtful accounts	△1,729	△1,870
Total investments and other assets	7,727	7,025
Total non-current assets	11,970	11,142
Total assets	130,513	154,083

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Short-term borrowings	990	4,722
Current portion of long-term borrowings	1,475	1,961
Accounts payable - other	1,051	1,704
Income taxes payable	4,222	1,513
Advances received	672	937
Provision for bonuses for directors (and other officers)	298	0
Provision for bonuses	109	15
Other	1,111	1,130
Total current liabilities	9,932	11,984
Non-current liabilities		
Long-term borrowings	52,353	74,643
Deferred tax liabilities	238	—
Other	5,535	6,583
Total non-current liabilities	58,127	81,227
Total liabilities	68,060	93,212
Net assets		
Shareholders' equity		
Share capital	4,242	4,242
Capital surplus	11,041	11,063
Retained earnings	47,873	46,176
Treasury shares	△1,098	△967
Total shareholders' equity	62,059	60,514
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	246	201
Foreign currency translation adjustment	82	74
Total accumulated other comprehensive income	329	276
Non-controlling interests	63	79
Total net assets	62,452	60,870
Total liabilities and net assets	130,513	154,083

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

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	38,828	48,162
Cost of sales	26,238	38,590
Gross profit	12,589	9,572
Selling, general and administrative expenses	2,958	4,094
Operating profit	9,631	5,478
Non-operating income		
Interest income	7	23
Rental income from buildings	2	1
Benefits income	1	0
Insurance claim income	0	19
Foreign exchange gains	244	—
Other	18	1
Total non-operating income	274	46
Non-operating expenses		
Interest expenses	259	547
Commission for a financial loan	108	221
Foreign exchange losses	—	126
Provision of allowance for doubtful accounts	84	6
Other	13	13
Total non-operating expenses	465	914
Ordinary profit	9,440	4,609
Extraordinary income		
Gain on sale of non-current assets	—	2
Reversal of provision for loss on liquidation of subsidiaries and associates	123	—
Gain on capital reduction with compensation of subsidiaries and affiliates	67	—
Total extraordinary income	190	2
Extraordinary losses		
Loss on retirement of non-current assets	—	3
Impairment losses	—	35
Loss on liquidation of subsidiaries and affiliates' investments	—	12
Total extraordinary losses	—	51
Profit before income taxes	9,631	4,560
Income taxes - current	3,383	1,527
Income taxes - deferred	39	△308
Total income taxes	3,423	1,218
Profit	6,208	3,341
Profit (loss) attributable to non-controlling interests	△4	16
Profit attributable to owners of parent	6,212	3,325

(Quarterly Consolidated Statements of Comprehensive Income – Second Quarter of Consolidated Fiscal Year)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	6,208	3,341
Other comprehensive income		
Valuation difference on available-for-sale securities	104	△45
Foreign currency translation adjustment	10	△7
Total other comprehensive income	115	△53
Comprehensive income	6,323	3,288
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,328	3,272
Comprehensive income attributable to non-controlling interests	△4	16

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	9,631	4,560
Depreciation	236	209
Amortization of goodwill	—	9
Impairment losses	—	35
Loss on liquidation of subsidiaries and affiliates' investments	—	12
Increase (decrease) in provision for bonuses	153	△94
Increase (decrease) in provision for bonuses for directors (and other officers)	—	△297
Increase (decrease) in allowance for doubtful accounts	86	4
Gain on sale of non-current assets	—	△2
Loss on retirement of non-current assets	—	3
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	△123	—
Gain on capital reduction with compensation of subsidiaries and affiliates	△67	—
Interest and dividend income	△7	△23
Insurance claim income	△0	△19
Interest expenses	259	547
Decrease (increase) in trade receivables	△60	△37
Decrease (increase) in real estate for sale	5,212	△2,084
Decrease (increase) in real estate for sale in process	△19,200	△20,978
Decrease (increase) in advance payments to suppliers	294	△456
Decrease (increase) in deposits paid	158	△1,072
Increase (decrease) in advances received	102	264
Increase (decrease) in accounts payable - other	423	641
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	959	△649
Increase (decrease) in lease deposits received	921	1,107
Decrease (increase) on investments in silent partnership	—	△77
Other, net	△150	565
Subtotal	△1,172	△17,833
Interest and dividends received	6	23
Interest paid	△253	△525
Proceeds from insurance income	0	19
Income taxes refund (paid)	△4,088	△3,954
Net cash provided by (used in) operating activities	△5,507	△22,271
Cash flows from investing activities		
Purchase of property, plant and equipment	△522	△121
Proceeds from sale of property, plant and equipment	—	3
Purchase of intangible assets	△10	△22
Proceeds from liquidation of subsidiaries and associates	—	18
Proceeds from capital reduction of affiliated company stock	259	—
Payments for investments in capital	△0	—
Loan advances	△213	△96
Proceeds from collection of loans receivable	5	6
Purchase of investment securities	—	△155
Other, net	△33	△7
Net cash provided by (used in) investing activities	△516	△375
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	3,732
Proceeds from long-term borrowings	25,730	55,555

Repayments of long-term borrowings	△17,084	△32,779
Purchase of treasury shares	△0	—
Dividends paid	△1,569	△4,998
Repayments of finance lease liabilities	△45	△45
Net cash provided by (used in) financing activities	7,029	21,463
Effect of exchange rate change on cash and cash equivalents	143	△0
Net increase (decrease) in cash and cash equivalents	1,148	△1,184
Cash and cash equivalents at beginning of period	27,511	35,710
Cash and cash equivalents at end of period	28,660	34,526

(4) Notes on Quarterly Consolidated Financial Statements

(Notes to changes of accounting policies)

(Application of the Accounting Standard for Current Income Taxes)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27; October 28, 2022; hereinafter “2022 Revised Accounting Standard”) has been applied since the beginning of the second-quarter period.

Revisions concerning the recognition classification of income taxes (tax on other comprehensive income) follow the transitional treatment set forth in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and in the proviso of paragraph 65-2(2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28; October 28, 2022; hereinafter “2022 Revised Guidance”). This change in accounting policy has no impact on the quarterly consolidated financial statements.

Furthermore, the 2022 Revised Guidance has been applied since the beginning of the second-quarter period to revisions related to the review of treatment in consolidated financial statements when conducting a tax deferral of gains or losses on sale arising from the sale of subsidiary shares, etc. between consolidated companies. This change in accounting policy is applied retrospectively, and the consolidated financial statements for the previous year’s quarters and the previous consolidated fiscal year are after retrospective application. This change in accounting policy has no impact on the consolidated financial statements for the previous year’s quarters and the previous consolidated fiscal year.

(Segment Information)

Information on net sales and profit (loss) by reporting segment and breakdown information on revenues

I. Six Months Ended September 30, 2023 (April 1, 2023 to September 30 2023)

(Millions of yen)

	Reportable segments			Total	Reconciling items	Per quarterly consolidated financial statements
	Value Creation Services	Value-Add Services	Future Value Creation Services			
Sales						
Revenues generated from contracts with customers	35,275	413	926	36,614	—	36,614
Other revenues	—	2,115	97	2,213	—	2,213
Revenues from external customers	35,275	2,528	1,024	38,828	—	38,828
Transactions with other segments	—	46	3	49	(49)	—
Net sales	35,275	2,574	1,027	38,877	(49)	38,828
Operating profit (loss)	10,192	685	(742)	10,135	(504)	9,631

(Note) 1. The amount of -504 million yen in adjustments of segment profit (loss) is the company-wide expenses of administrative expenses (-504 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 9,631 million yen of operating profit stated in the quarterly consolidated statements of income.

2. Other revenues mostly consist of rental revenue based on the Accounting Standard for Lease Transactions.

II. Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(Millions of yen)

	Reportable segments			Total	Reconciling items	Per quarterly consolidated financial statements
	Value Creation Services	Value-Add Services	Future Value Creation Services			
Sales						
Revenues generated from contracts with customers	43,659	658	1,188	45,506	—	45,506
Other revenues	—	2,558	97	2,656	—	2,656
Revenues from external customers	43,659	3,216	1,286	48,162	—	48,162
Transactions with other segments	—	43	3	46	(46)	—
Net sales	43,659	3,259	1,290	48,209	(46)	48,162
Operating profit (loss)	5,916	926	(718)	6,124	(646)	5,478

(Note) 1. The amount of -646 million yen in adjustments of segment profit (loss) is the company-wide expenses of administrative expenses (-646 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 5,478 million yen of operating profit stated in the quarterly consolidated statements of income.

2. Other revenues mostly consist of rental revenue based on the Accounting Standard for Lease Transactions.

(Notes in the Event of Material Change in the Amount of Shareholders' Equity)

Not applicable.

(Notes on the Going Concern Assumption)

Not applicable.