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On November 13, 2020, Raysum Co., Ltd. announced earnings results for 1H FY03/21.

Cumulative (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	7,802	17,806	20,100	54,938	3,242	6,882		
YoY	7.2%	-46.8%	-59.7%	-6.2%	-58.4%	-61.4%		
Gross profit	1,685	4,521	5,252	16,747	559	1,505		
YoY	-19.6%	-43.7%	-58.7%	6.8%	-66.8%	-66.7%		
GPM	21.6%	25.4%	26.1%	30.5%	17.2%	21.9%		
SG&A expenses	1,016	2,072	3,105	4,504	951	1,980		
YoY	-8.7%	-14.8%	-11.4%	-3.9%	-6.4%	-4.4%		
SG&A ratio	13.0%	11.6%	15.4%	8.2%	29.3%	28.8%		
Operating profit	669	2,449	2,146	12,242	-391	-474		
YoY	-31.9%	-56.3%	-76.7%	11.4%	-	-		
OPM	8.6%	13.8%	10.7%	22.3%	-	-		
Recurring profit	578	2,290	1,955	11,962	-456	-613		
YoY	-42.8%	-59.3%	-78.7%	9.7%	-	-		
RPM	7.4%	12.9%	9.7%	21.8%	-	-		
Net income	445	1,631	1,413	7,939	-336	-295		
YoY	-30.9%	-56.1%	-76.6%	0.6%	-	-		
Net margin	5.7%	9.2%	7.0%	14.5%	-	-		

  

Quarterly (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	7,802	10,004	2,294	34,838	3,242	3,640		
YoY	7.2%	-61.8%	-86.1%	303.5%	-58.4%	-63.6%		
Gross profit	1,685	2,836	731	11,495	559	946		
YoY	-19.6%	-52.2%	-84.4%	289.4%	-66.8%	-66.6%		
GPM	21.6%	28.3%	31.9%	33.0%	17.2%	26.0%		
SG&A expenses	1,016	1,056	1,033	1,399	951	1,029		
YoY	-8.7%	-19.9%	-3.6%	18.2%	-6.4%	-2.6%		
SG&A ratio	13.0%	10.6%	45.0%	4.0%	29.3%	28.3%		
Operating profit	669	1,780	-303	10,096	-391	-83		
YoY	-31.9%	-61.5%	-	471.4%	-	-		
OPM	8.6%	17.8%	-	29.0%	-	-		
Recurring profit	578	1,712	-335	10,007	-456	-157		
YoY	-42.8%	-63.0%	-	481.5%	-	-		
RPM	7.4%	17.1%	-	28.7%	-	-		
Net income	445	1,186	-218	6,526	-336	41		
YoY	-30.9%	-61.4%	-	249.7%	-	-96.5%		
Net margin	5.7%	11.9%	-	18.7%	-	1.1%		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Figures rounded to the nearest million yen. (The company rounds down amounts under JPY1 mn.)

## Quarterly performance by segment

Segment revenue and profit (cumulative; JPYmn)		FY03/20				FY03/21			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Revenue</b>		<b>7,802</b>	<b>17,806</b>	<b>20,100</b>	<b>54,938</b>	<b>3,242</b>	<b>6,882</b>		
YoY		7.2%	-46.8%	-59.7%	-6.2%	-58.4%	-61.4%		
Wealth Management		5,945	13,993	14,392	47,621	1,918	4,095		
YoY		6.2%	-53.6%	-68.0%	-8.2%	-67.7%	-70.7%		
Property Management		1,279	2,585	3,829	5,041	1,131	2,240		
YoY		28.9%	20.3%	14.7%	10.3%	-11.6%	-13.3%		
Other		577	1,226	1,878	2,275	192	546		
YoY		80.9%	61.1%	52.1%	33.0%	-66.7%	-55.5%		
<b>Operating profit</b>		<b>669</b>	<b>2,449</b>	<b>2,146</b>	<b>12,242</b>	<b>-391</b>	<b>-474</b>		
YoY		-31.9%	-56.3%	-76.7%	11.4%	-	-		
OPM		8.6%	13.8%	10.7%	22.3%	-	-		
Wealth Management		608	2,270	1,919	12,221	-100	68		
YoY		-24.4%	-56.5%	-78.5%	13.3%	-	-97.0%		
OPM		10.2%	16.2%	13.3%	25.7%	-	1.7%		
Property Management		320	676	989	1,250	292	541		
YoY		-4.2%	-1.3%	7.7%	9.3%	-8.8%	-20.0%		
OPM		25.0%	26.2%	25.8%	24.8%	25.8%	24.2%		
Other		-117	-213	-342	-645	-441	-794		
YoY		-	-	-	-	-	-		
OPM		-	-	-	-	-	-		
Adjustments		-142	-283	-419	-583	-142	-290		

  

Segment revenue and profit (quarterly; JPYmn)		FY03/20				FY03/21			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Revenue</b>		<b>7,802</b>	<b>10,004</b>	<b>2,294</b>	<b>34,838</b>	<b>3,242</b>	<b>3,640</b>		
YoY		7.2%	-61.8%	-86.1%	303.5%	-58.4%	-63.6%		
Wealth Management		5,945	8,048	399	33,229	1,918	2,177		
YoY		6.2%	-67.3%	-97.3%	379.6%	-67.7%	-72.9%		
Property Management		1,279	1,306	1,244	1,212	1,131	1,109		
YoY		28.9%	13.0%	4.5%	-1.5%	-11.6%	-15.1%		
Other		577	649	652	397	192	354		
YoY		80.9%	46.8%	37.6%	-16.6%	-66.7%	-45.5%		
<b>Operating profit</b>		<b>669</b>	<b>1,780</b>	<b>-303</b>	<b>10,096</b>	<b>-391</b>	<b>-83</b>		
YoY		-31.9%	-61.5%	-	471.4%	-	-		
OPM		8.6%	17.8%	-	29.0%	-	-		
Wealth Management		608	1,662	-351	10,302	-100	168		
YoY		-24.4%	-62.4%	-	448.0%	-	-89.9%		
OPM		10.2%	20.7%	-	31.0%	-	7.7%		
Property Management		320	356	313	261	292	249		
YoY		-4.2%	1.4%	34.3%	15.5%	-8.8%	-30.1%		
OPM		25.0%	27.3%	25.2%	21.5%	25.8%	22.5%		
Other		-117	-96	-129	-303	-441	-353		
YoY		-	-	-	-	-	-		
OPM		-	-	-	-	-	-		
Adjustments		-142	-141	-136	-164	-142	-148		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Figures rounded to the nearest million yen. (The company rounds down amounts under JPY1mn.)

## Cash and deposits, inventories, and interest-bearing debt

(JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cash and cash equivalents	18,785	23,213	9,937	29,325	17,204	18,995		
QoQ change	-3,290	1,138	-12,138	7,250	-12,121	-10,330		
Inventories	42,646	41,677	60,093	48,390	55,723	69,289		
QoQ change	958	-11	18,405	6,713	7,333	20,899		
Real estate for sale	31,772	30,117	38,150	30,496	32,687	46,322		
Real estate for sale in progress	10,874	11,560	21,943	17,894	23,036	22,967		
Interest-bearing debt	23,787	26,536	33,344	31,177	29,974	48,641		
QoQ change	283	3,032	9,840	7,673	-1,203	17,464		
Short-term borrowings	-	-	-	-	-	-		
Current portion of LT borrowings	1,135	1,200	1,286	1,071	1,077	1,491		
Long-term borrowings	22,652	25,336	32,058	30,106	28,897	47,150		

Source: Shared Research based on company data

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Note: Figures rounded to the nearest million yen. (The company rounds down amounts under JPY1mn.)

## 1H FY03/21 results

### Earnings summary

- ▷ Revenue: JPY6.9bn (-61.4% YoY)
- ▷ Operating loss: JPY474mn (versus 1H FY03/20 operating profit of JPY2.4bn)
- ▷ Recurring loss: JPY613mn (versus 1H FY03/20 recurring profit of JPY2.3n)
- ▷ Net loss\*: JPY295mn (versus 1H FY03/20 net income of JPY1.6bn)

\*Net loss attributable to owners of the parent

### Performance by segment

#### Wealth Management business

- ▷ Revenue: JPY4.1bn (-70.7% YoY)
- ▷ Segment profit: JPY68mn (-97.0% YoY)

In this business, the company tailors investment schemes for high-net-worth clients, taking asset types and business succession into account in the properties it provides. Raysum is involved in a wide range of property, including commercial property, offices, condominiums, hotels, educational institutions, and healthcare facilities, with properties ranging in value from hundreds of millions of yen to tens of billions. The company also has taken a development approach that aims to boost a property's rent-bearing capability by addressing future social needs. Examples of this approach include community hostels, a sophisticated medical and surgical center, and restaurants with close local ties.

The impact of the spread of COVID-19 acted to constrain economic activity in 1H FY03/21, but the company acted carefully to identify projects for purchase with the potential to create substantial value. The company has been reviewing the timing of bringing projects to market while working on development projects and construction requiring large-scale refurbishment. In terms of sales, customers were in the process of evaluating the situation, but individual customers in particular continued to have a strong appetite for investment.

Inventory (the total of real estate for sale and real estate for sale in process) totaled JPY69.3bn (+JPY20.9bn from end-FY03/20).

#### Property Management business

- ▷ Revenue: JPY2.2bn (-13.3% YoY)
- ▷ Segment profit: JPY541mn (-20.0% YoY)

Raysum generates revenue in the Property Management business by managing client properties and through rent income on property the company holds for sale. Revenue from managing client properties has tended to grow in line with an increase in the number of client properties it manages. Rent income on company-owned property decreases once that property is sold.

The company was conscious of risks relating to requests for delays, reductions or exemptions to rent, unpaid rents, and discussions concerning moving out of properties, but the company responded prudently and politely to each individual tenant, and such risks did not materialize in 1H FY03/21.

#### Other business

- ▷ Revenue: JPY546mn (-55.5% YoY)
- ▷ Segment loss: JPY794mn (versus segment loss of JPY213mn in 1H FY03/20)

In this segment, Asset Holdings, Ltd. (consolidated subsidiary) runs Raysum Golf & Spa Resort. Another consolidated subsidiary, WeBase Co., Ltd., runs community hostels. LIBERTÉ JAPON (consolidated subsidiary) operates shops of LIBERTÉ PÂTISSERIE BOULANGERIE (Paris, France) in Japan. Ray Power Co., Ltd., operator of an environmental energy business, conducts the development, manufacture, and sale of gas-fueled power generators, and Best Medical Co., Ltd. assists with the opening and operation of medical clinics to support the advanced medical care industry.

The segment loss widened YoY on lower revenue. Asset Holdings, WeBase, and LIBERTÉ JAPON were all affected in 1H by people staying home and restrictions on movement, as a result of the spread of COVID-19. The impact of the outbreak was less severe in Q2 (July–September 2020) than in Q1 (April–June 2020), bringing Q2 performance on a recovery path. The company continued to carry out business activities with countermeasures to prevent the spread of infection in place.

This note is the most recent addition to the [full report](#).

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