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On May 14, 2021, Raysum Co., Ltd announced earnings results for full-year FY03/21.

Cumulative (JPYmn)	FY03/20				FY03/21				FY03/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of Est.	FY Est.
Revenue	7,802	17,806	20,100	54,938	3,242	6,882	17,277	32,219	101.0%	31,900
YoY	7.2%	-46.8%	-59.7%	-6.2%	-58.4%	-61.4%	-14.0%	-41.4%		-41.9%
Gross profit	1,685	4,521	5,252	16,747	559	1,505	4,331	6,239		
YoY	-19.6%	-43.7%	-58.7%	6.8%	-66.8%	-66.7%	-17.5%	-62.7%		
GPM	21.6%	25.4%	26.1%	30.5%	17.2%	21.9%	25.1%	19.4%		
SG&A expenses	1,016	2,072	3,105	4,504	951	1,980	3,245	4,595		
YoY	-8.7%	-14.8%	-11.4%	-3.9%	-6.4%	-4.4%	4.5%	2.0%		
SG&A ratio	13.0%	11.6%	15.4%	8.2%	29.3%	28.8%	18.8%	14.3%		
Operating profit	669	2,449	2,146	12,242	-391	-474	1,086	1,643	109.5%	1,500
YoY	-31.9%	-56.3%	-76.7%	11.4%	-	-	-49.4%	-86.6%		-87.7%
OPM	8.6%	13.8%	10.7%	22.3%	-	-	6.3%	5.1%		4.7%
Recurring profit	578	2,290	1,955	11,962	-456	-613	804	1,351	122.8%	1,100
YoY	-42.8%	-59.3%	-78.7%	9.7%	-	-	-58.9%	-88.7%		-90.8%
RPM	7.4%	12.9%	9.7%	21.8%	-	-	4.7%	4.2%		3.4%
Net income	445	1,631	1,413	7,939	-336	-295	568	663	102.0%	650
YoY	-30.9%	-56.1%	-76.6%	0.6%	-	-	-59.8%	-91.6%		-91.8%
Net margin	5.7%	9.2%	7.0%	14.5%	-	-	3.3%	2.1%		2.0%
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	10,395	14,942		
YoY	7.2%	-61.8%	-86.1%	303.5%	-58.4%	-63.6%	353.1%	-57.1%		
Gross profit	1,685	2,836	731	11,495	559	946	2,826	1,908		
YoY	-19.6%	-52.2%	-84.4%	289.4%	-66.8%	-66.6%	286.6%	-83.4%		
GPM	21.6%	28.3%	31.9%	33.0%	17.2%	26.0%	27.2%	12.8%		
SG&A expenses	1,016	1,056	1,033	1,399	951	1,029	1,265	1,350		
YoY	-8.7%	-19.9%	-3.6%	18.2%	-6.4%	-2.6%	22.5%	-3.5%		
SG&A ratio	13.0%	10.6%	45.0%	4.0%	29.3%	28.3%	12.2%	9.0%		
Operating profit	669	1,780	-303	10,096	-391	-83	1,560	557		
YoY	-31.9%	-61.5%	-	471.4%	-	-	-	-94.5%		
OPM	8.6%	17.8%	-	29.0%	-	-	15.0%	3.7%		
Recurring profit	578	1,712	-335	10,007	-456	-157	1,417	547		
YoY	-42.8%	-63.0%	-	481.5%	-	-	-	-94.5%		
RPM	7.4%	17.1%	-	28.7%	-	-	13.6%	3.7%		
Net income	445	1,186	-218	6,526	-336	41	863	95		
YoY	-30.9%	-61.4%	-	249.7%	-	-96.5%	-	-98.5%		
Net margin	5.7%	11.9%	-	18.7%	-	1.1%	8.3%	0.6%		

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.). Hyphens appearing in YoY change lines indicate a change of more than a 1,000% YoY.

Quarterly performance by segment

Segment revenue and profit (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	17,277	32,219
YoY	7.2%	-46.8%	-59.7%	-6.2%	-58.4%	-61.4%	-14.0%	-41.4%
Asset Value Creation	5,945	13,993	14,392	47,621	1,918	4,095	13,032	26,520
YoY	6.2%	-53.6%	-68.0%	-8.2%	-67.7%	-70.7%	-9.4%	-44.3%
Asset Value Improvement	1,279	2,585	3,829	5,041	1,131	2,240	3,350	4,482
YoY	28.9%	20.3%	14.7%	10.3%	-11.6%	-13.3%	-12.5%	-11.1%
Future Value Creation	577	1,226	1,878	2,275	192	546	893	1,215
YoY	80.9%	61.1%	52.1%	33.0%	-66.7%	-55.5%	-52.4%	-46.6%
Operating profit	669	2,449	2,146	12,242	-391	-474	1,086	1,643
YoY	-31.9%	-56.3%	-76.7%	11.4%	-	-	-49.4%	-86.6%
OPM	8.6%	13.8%	10.7%	22.3%	-	-	6.3%	5.1%
Asset Value Creation	608	2,270	1,919	12,221	-100	68	1,933	3,152
YoY	-24.4%	-56.5%	-78.5%	13.3%	-	-97.0%	0.7%	-74.2%
OPM	10.2%	16.2%	13.3%	25.7%	-	1.7%	14.8%	11.9%
Asset Value Improvement	320	676	989	1,250	292	541	785	1,032
YoY	-4.2%	-1.3%	7.7%	9.3%	-8.8%	-20.0%	-20.6%	-17.4%
OPM	25.0%	26.2%	25.8%	24.8%	25.8%	24.2%	23.4%	23.0%
Future Value Creation	-117	-213	-342	-645	-441	-794	-1,210	-1,971
YoY	-	-	-	-	-	-	-	-
OPM	-	-	-	-	-	-	-	-
Adjustments	-142	-283	-419	-583	-142	-290	-422	-569

Segment revenue and profit (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	10,395	14,942
YoY	7.2%	-61.8%	-86.1%	303.5%	-58.4%	-63.6%	353.1%	-57.1%
Asset Value Creation	5,945	8,048	399	33,229	1,918	2,177	8,937	13,488
YoY	6.2%	-67.3%	-97.3%	379.6%	-67.7%	-72.9%	-	-59.4%
Asset Value Improvement	1,279	1,306	1,244	1,212	1,131	1,109	1,110	1,132
YoY	28.9%	13.0%	4.5%	-1.5%	-11.6%	-15.1%	-10.8%	-6.6%
Future Value Creation	577	649	652	397	192	354	347	322
YoY	80.9%	46.8%	37.6%	-16.6%	-66.7%	-45.5%	-46.8%	-18.9%
Operating profit	669	1,780	-303	10,096	-391	-83	1,560	557
YoY	-31.9%	-61.5%	-	471.4%	-	-	-	-94.5%
OPM	8.6%	17.8%	-	29.0%	-	-	15.0%	3.7%
Asset Value Creation	608	1,662	-351	10,302	-100	168	1,865	1,219
YoY	-24.4%	-62.4%	-	448.0%	-	-89.9%	-	-88.2%
OPM	10.2%	20.7%	-	31.0%	-	7.7%	20.9%	9.0%
Asset Value Improvement	320	356	313	261	292	249	244	247
YoY	-4.2%	1.4%	34.3%	15.5%	-8.8%	-30.1%	-22.0%	-5.4%
OPM	25.0%	27.3%	25.2%	21.5%	25.8%	22.5%	22.0%	21.8%
Future Value Creation	-117	-96	-129	-303	-441	-353	-416	-761
YoY	-	-	-	-	-	-	-	-
OPM	-	-	-	-	-	-	-	-
Adjustments	-142	-141	-136	-164	-142	-148	-132	-147

Source: Shared Research based on company data

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

Hyphens appearing in YoY change lines indicate a change of more than a 1,000% YoY.

Note: Starting in FY03/22, the company renamed the Wealth Management, Property Management, and Other segments as the Asset Value Creation, Asset Value Improvement, and Future Value Creation segments respectively. The change involved the names only, and had no impact on segment data.

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	20,572	19,922
QoQ change	-3,290	1,138	-12,138	7,250	-12,121	-10,330	-8,753	-9,403
Inventories	42,646	41,677	60,093	48,390	55,723	69,289	70,452	68,154
QoQ change	958	-11	18,405	6,702	7,333	20,899	22,062	19,764
Real estate for sale	31,772	30,117	38,150	30,496	32,687	46,322	47,486	40,862
Real estate for sale in progress	10,874	11,560	21,943	17,894	23,036	22,967	22,966	27,292
Interest-bearing debt	23,787	26,536	33,344	31,177	29,974	48,641	49,718	46,930
QoQ change	283	3,032	9,840	7,673	-1,203	17,464	18,541	15,753
Short-term borrowings	-	-	-	-	-	-	-	-
Current portion of LT borrowings	1,135	1,200	1,286	1,071	1,077	1,491	1,554	1,493
Long-term borrowings	22,652	25,336	32,058	30,106	28,897	47,150	48,164	45,437

Source: Shared Research based on company data

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

Hyphens appearing in YoY change lines indicate a change of more than a 1,000% YoY.

Full-year FY03/21 results

Earnings summary

▷ Revenue:	JPY32.2bn (-41.4% YoY)
▷ Operating profit:	JPY1.6bn (-86.6% YoY)
▷ Recurring profit:	JPY1.4bn (-88.7% YoY)
▷ Net income*:	JPY663mn (-91.6% YoY)

*Net income attributable to owners of the parent

Sales and profit fell YoY. As the COVID-19 pandemic continued to constrain social and economic activities, the company also felt the impact from delayed construction, postponed property inspections, and constraints on discussions with financial institutions and customers.

Note: In FY03/21 the company renamed the Wealth Management, Property Management, and Other segments as the Asset Value Creation, Asset Value Improvement, and Future Value Creation segments respectively. The change involved the names only, and had no impact on segment data.

Performance by segment

Asset Value Creation business

▷ Revenue:	JPY26.5bn (-44.3% YoY)
▷ Segment profit:	JPY3.2bn (-74.2% YoY)

The company envisions future society, and purchases real estate that has potential with a view to creating properties that meet future societal needs, and changes their use, performs major renovations, and attracts new tenants, among other initiatives. Its focus extends beyond single properties. The company offers real estate assets to customers that are meaningful for the entire city, taking into account the surrounding community, local governments, cultural development, and environmental protection.

On the procurement side, the company was able to secure rare properties only available in the current environment. On the sales side, in 1H, there were delays to work on major renovation and development projects, constraining its ability to attract tenants. This delayed the timing of being able to offer customers commercial products, especially on large projects with significant earnings. As a result, the company was only able to sell four properties at prices of JPY2.0bn or greater, less than the previous year.

Inventory (the total of real estate for sale and real estate for sale in process) totaled JPY68.2bn (+JPY19.8bn from end-FY03/20).

Asset Value Improvement business

▷ Revenue:	JPY4.5bn (-11.1% YoY)
▷ Segment profit:	JPY1.0bn (-17.4% YoY)

In this business, the company provides rental management and building management services on properties it has provided to customers to maintain or increase their value. When tenants change, the company provides plans to improve the property's value with a view to the future, taking into account customers' wishes, with the aim of long-term improvements in asset value.

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 responded prudently and politely to each individual tenant, and such risks did not materialize in FY03/21. However, segment revenue and profit fell due to delays to moves to attract new tenants in some properties which tenants had planned to vacate prior to the onset of the pandemic.

Future Value Creation business

- ▷ Revenue: JPY1.2bn (-46.6% YoY)
- ▷ Segment loss: JPY2.0bn (versus segment loss of JPY645mn in FY03/20)

In this segment, the company mainly operates in-house businesses designed to cope with future societal issues. These businesses include community hostels, advanced medical facilities for a super-aging society, and the development of emergency power sources to cope with a rise in the number of natural disasters. The experience and expertise gained through operating these will be used to enhance the Asset Value Creation and Asset Value Improvement businesses' ability to generate new ideas and proposals for their clients.

In Q4 (January–March 2021), Asset Holdings, WeBase, and LIBERTÉ JAPON were affected by people staying at home and travel restrictions amid a renewed spread of the pandemic, but continued operating their businesses while taking preventative measures. The impact from COVID-19 in Q4 was comparatively light versus Q1.

Company forecast for FY03/22

Company forecast

(JPYmn)	FY03/21		FY03/22	
	1H Act.	2H Act.	FY Act.	FY Est.
Revenue	6,882	25,337	32,219	62,000
YoY	-61.4%	-31.8%	-41.4%	92.4%
Cost of revenue	13,284	12,696	25,980	
Gross profit	4,521	1,718	6,239	
GPM	65.7%	6.8%	19.4%	
SG&A expenses	2,072	2,523	4,595	
SG&A ratio	30.1%	10.0%	14.3%	
Operating profit	-474	2,117	1,643	8,000
YoY	-119.4%	-78.4%	-86.6%	386.9%
OPM	-6.9%	8.4%	5.1%	12.9%
Recurring profit	-613	1,964	1,351	7,450
YoY	-126.8%	-79.7%	-88.7%	451.4%
RPM	-8.9%	7.8%	4.2%	12.0%
Net income	-295	958	663	4,800
YoY	-118.1%	-84.8%	-91.6%	624.0%
Net margin	-4.3%	3.8%	2.1%	7.7%

Source: Shared Research based on company data

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

Segment forecasts

Segment revenue and profit (JPYmm)	FY03/21			FY03/22
	1H Act.	2H Est.	FY Est.	FY Est.
Revenue	6,882	25,337	32,219	62,000
YoY	-61.4%	-31.8%	-41.4%	92.4%
Asset Value Creation	4,095	22,425	26,520	55,000
YoY	-70.7%	-33.3%	-44.3%	107.4%
Asset Value Improvement	2,240	2,242	4,482	4,000
YoY	-13.3%	-8.7%	-11.1%	-10.8%
Future Value Creation	546	669	1,215	3,000
YoY	-55.5%	-36.2%	-46.6%	146.9%
Operating profit	-474	2,117	1,643	8,000
YoY	-	-78.4%	-86.6%	386.9%
OPM	-	8.4%	5.1%	12.9%
Asset Value Creation	68	3,084	3,152	9,350
YoY	-97.0%	-69.0%	-74.2%	196.6%
OPM	1.7%	13.8%	11.9%	17.0%
Asset Value Improvement	541	491	1,032	540
YoY	-20.0%	-14.5%	-17.4%	-47.7%
OPM	24.2%	21.9%	23.0%	13.5%
Future Value Creation	-794	-1,177	-1,971	-1,290
YoY	-	-	-	-
OPM	-	-	-	-
Adjustments	-290	-279	-569	-600

Source: Shared Research based on company data

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

The company forecasts FY03/22 consolidated revenue of JPY62.0bn (+92.4% YoY), operating profit of JPY8.0bn (+386.9% YoY), recurring profit of JPY7.5bn (+451.4% YoY), and net income of JPY4.8bn (+624.0% YoY).

The company said its policy was to pay out at least 20% of consolidated net income as dividends in principle, while considering future business development needs. For FY03/22, it forecast a year-end dividend per share of JPY27.0.

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

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