

Involved in the revitalization of old buildings from renovation to operation

This report is an English translation of part of the report issued on June 23, 2023.
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[5532 REALGATE Sector : Real Estate]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Sep. 2021	3,810	-	281	-	264	-	53	-	27.0	347.7	0.0
Sep. 2022	5,843	-	429	-	387	-	36	-	18.0	365.8	0.0
Sep. 2023 f	6,900	18.1	510	18.9	435	12.4	292	8.1x	133.8	-	0.0

Note: Non-consolidated basis. Figures for the fiscal year ending September 2023 are the company's forecasts.
It conducted 1:100 stock split on February 28, 2023. Per share indices are adjusted retroactively.

Solving Social Issues through Effective Utilization of Idle Real Estate

REALGATE is engaged in the flexible workspace business of providing small offices and shared offices.

In order to maximize the use of offices, commercial facilities and other real estate properties whose utilization value has declined, the company makes drastic improvements, such as quake-resistance reinforcement, expanding their size and converting them for other uses, to improve the profitability of these properties. This approach sets the company apart from its peers. REALGATE solves the problem of vacant buildings by revitalizing old buildings with high vacancy rates.

REALGATE carries out radical renovations to enhance the asset value for revitalization targeting buildings that are around 30 years old. The advantages of working with old buildings include low initial investment, the ability to start operations quickly and low impact from premiums related to new buildings. For development of new buildings, the company aims to enhance facility value by incorporating small offices and shared offices into properties. Of net sales for fiscal year ended September 2022, revitalization projects accounted for 88.6% and development projects accounted for 11.4%.

REALGATE's real estate management consists of three forms: master lease contracts, property management contracts and in-house ownership. All these forms of management are centered on stock-type revenue consisting primarily of rents received from tenants and management fees received from real estate owners for property management operations. Stock-type revenue accounted for 75.8% of net sales in fiscal year ended September 2022.

Other revenues are the flow-type revenue and include those associated with property operations, such as design and construction subcontracts and the sale of properties owned by the company.

Properties under Management

As of the end of March 2023, REALGATE had an aggregate total of 90 projects, with 69 in operation and 55 occupied properties. The company adopts a dominant strategy, mainly expanding in Shibuya Ward, where there is high demand and relatively higher rents can be expected. Familiar with the characteristics of the area, REALGATE offers properties with creative additions that contribute to the development of attractive urban landscapes.

Financial Statements

Statement of income	Fiscal Year	Sep. 2021		Sep. 2022		Six months to Mar.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		3,810	100.0	5,843	100.0	3,894	100.0
Cost of sales		3,240	85.0	5,054	86.5	3,273	84.1
Gross profit		570	15.0	788	13.5	620	15.9
Selling, general and administrative expenses		289	7.6	359	6.1	207	5.3
Operating profit		281	7.4	429	7.3	413	10.6
Non-operating income		0	-	0	-	1	-
Non-operating expenses		17	-	42	-	21	-
Ordinary profit		264	6.9	387	6.6	393	10.1
Profit before income taxes		72	1.9	40	0.7	380	9.8
Net profit		53	1.4	36	0.6	249	6.4

Balance sheet	Fiscal Year	Sep. 2021		Sep. 2022		Mar.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		1,102	22.5	2,043	26.3	1,368	14.5
Cash and deposits		394	8.0	642	8.3	309	3.3
Accounts receivable-trade		426	8.7	490	6.3	560	5.9
Inventories		-	-	5	0.1	144	1.5
Non-current assets		3,805	77.5	5,716	73.7	8,078	85.5
Property, plant and equipment		2,267	46.2	3,799	49.0	6,082	64.4
Intangible assets		30	0.6	74	1.0	71	0.8
Investments and other assets		1,507	30.7	1,842	23.7	1,924	20.4
Total assets		4,908	100.0	7,760	100.0	9,447	100.0
Current liabilities		1,763	35.9	1,973	25.4	4,042	42.8
Non trade payables		398	8.1	435	5.6	588	6.2
Short-term borrowings		157	3.2	-	-	1,842	19.5
Current portion of long-term borrowings.		405	8.3	574	7.4	613	6.5
Current portion of bonds payable		20	0.4	20	0.3	10	0.1
Non-current liabilities		2,449	49.9	5,049	65.1	4,418	46.8
Bonds payable		20	0.4	-	-	-	-
Long-term borrowings		1,174	23.9	3,563	45.9	2,885	30.5
Guarantee deposits		1,122	22.9	1,338	17.2	1,341	14.2
Net assets		695	14.2	736	9.5	986	10.4
Owners' equity		695	14.2	731	9.4	981	10.4

Statement of cash flows	Fiscal Year	Sep. 2021	Sep. 2022	Six months to Mar.2023
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		865	410	1,012
Depreciation		280	372	176
Cash flows from investing activities		-1,039	-2,528	-2,537
Cash flows from financing activities		121	2,376	1,191
Dividends paid		-	-	-
Net increase in cash and cash equivalents		-53	258	-333
Cash and cash equivalents		384	642	309

Note: Non-consolidated

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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