

August 7, 2017

## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2018 <under J-GAAP>

Company name: **Pressance Corporation Co., Ltd.**  
 Listing: First Section of the Tokyo Stock Exchange  
 Securities code: 3254  
 URL: <http://www.pressance.co.jp/>  
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Scheduled date of filing of quarterly securities report: August 9, 2017

Scheduled date of start of dividend payment: –

Preparation of supplementary material on quarterly financial results: None

Holding of quarterly financial results presentation meeting: None

(Amounts less than one million yen have been omitted.)

### 1. Consolidated operating results for the first three months of the fiscal year ending March 31, 2018 (from April 1, 2017 to June 30, 2017)

#### (1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months of the fiscal year ending March 31, 2018	35,799	6.8	6,819	(2.3)	6,749	(2.9)	4,575	(2.8)
First three months of the fiscal year ended March 31, 2017	33,535	(19.9)	6,981	(31.9)	6,951	(32.0)	4,707	(30.9)

Note: Comprehensive income First three months of the fiscal year ending March 31, 2018: 4,579 million yen [(2.7)%]  
 First three months of the fiscal year ended March 31, 2017: 4,707 million yen [(30.9)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three months of the fiscal year ending March 31, 2018	77.80	77.41
First three months of the fiscal year ended March 31, 2017	80.04	–

Note: Pressance Corporation Co., Ltd. (the “Company”) conducted a 4-for-1 stock split of common stock on October 1, 2016. Basic earnings per share and diluted earnings per share were calculated as though the stock split was conducted at the beginning of the previous fiscal year.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	189,743	63,499	33.3
As of March 31, 2017	185,307	59,615	32.0

Reference: Equity

As of June 30, 2017: 63,155 million yen  
 As of March 31, 2017: 59,312 million yen

### 2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	–	35.00	–	12.40	–
Fiscal year ending March 31, 2018	–				
Fiscal year ending March 31, 2018 (Forecast)		12.50	–	12.50	25.00

Note: Revisions to the dividends forecasts most recently announced: None

The Company conducted a 4-for-1 stock split of common stock on October 1, 2016. For the 2nd quarter-end of the fiscal year ended March 31, 2017, actual dividend values before the stock split are shown. The 2nd quarter-end dividend per share for the fiscal year ended March 31, 2017 that takes the stock split into account is 8.75 yen, and the annual total of dividends per share is 21.15 yen.

### 3. Consolidated results forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Half year	63,930	4.0	9,424	(21.4)	9,216	(22.6)	6,297	(21.9)	107.08
Full year	126,562	25.2	18,301	17.0	17,818	15.6	12,176	15.7	207.04

Note: Revisions to the results forecasts most recently announced: None

#### \* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement after error corrections
  - a. Changes in accounting policies due to amendments to accounting standards and other regulations: None
  - b. Changes in accounting policies due to other reasons than a. above: None
  - c. Changes in accounting estimates: None
  - d. Restatement after error corrections: None

#### (4) Number of issued shares (common stock)

##### a. Number of issued shares at end of period (including treasury shares)

As of June 30, 2017	61,613,600 shares
As of March 31, 2017	61,613,600 shares

##### b. Number of treasury shares at end of period

As of June 30, 2017	2,800,528 shares
As of March 31, 2017	2,800,528 shares

##### c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

First three months of the fiscal year ending March 31, 2018	58,813,072 shares
First three months of the fiscal year ended March 31, 2017	58,813,212 shares

- Notes: 1. The Company conducted a 4-for-1 stock split of common stock on October 1, 2016. Number of issued shares (common stock) was calculated as though the stock split was conducted at the beginning of the previous fiscal year.
2. Due to the introduction of the share-based payment type ESOP, 315,300 shares of the Company held by the trust account are included in the "Number of treasury shares at end of period" as of June 30, 2017, and the 315,300 shares are included in the treasury shares that were deducted in the calculation of the "Average number of outstanding shares during the period" for the first three months of the fiscal year ending March 31, 2018.

\* Quarterly financial results reports are not required to be subjected to quarterly reviews.

#### \* Explanation related to the appropriate use of the results forecasts and other items warranting special mention

Forward-looking statements in this document, including the results forecasts, are based on the information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. These statements do not purport that the Company pledges to achieve such statements. Actual business and other results may differ substantially due to various factors.

## Quarterly Consolidated Financial Statements

### (1) Quarterly consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of June 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	30,534,088	29,054,411
Accounts receivable - trade	93,479	45,169
Real estate for sale	14,324,393	11,930,818
Real estate for sale in process	122,174,998	131,352,697
Raw materials and supplies	188,219	191,426
Other	4,494,898	3,535,834
<b>Total current assets</b>	<b>171,810,077</b>	<b>176,110,358</b>
Non-current assets		
Property, plant and equipment		
Real estate for rent, net	11,353,138	11,277,945
Other, net	512,406	541,509
<b>Total property, plant and equipment</b>	<b>11,865,545</b>	<b>11,819,454</b>
Intangible assets		
Investments and other assets	1,354,636	1,336,928
<b>Total non-current assets</b>	<b>13,497,071</b>	<b>13,633,177</b>
<b>Total assets</b>	<b>185,307,149</b>	<b>189,743,536</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	15,752	244,175
Electronically recorded obligations - operating	7,770,600	3,551,202
Short-term loans payable	1,440,000	3,160,000
Current portion of long-term loans payable	23,970,549	32,772,599
Income taxes payable	2,542,037	2,244,610
Advances received	10,825,594	9,699,574
Provision for bonuses	131,810	181,179
Other	2,742,147	2,976,700
<b>Total current liabilities</b>	<b>49,438,492</b>	<b>54,830,042</b>
Non-current liabilities		
Long-term loans payable	75,691,200	70,833,600
Provision for directors' retirement benefits	522,650	535,275
Provision for share-based payment	39,398	39,398
Other	-	5,803
<b>Total non-current liabilities</b>	<b>76,253,248</b>	<b>71,414,076</b>
<b>Total liabilities</b>	<b>125,691,740</b>	<b>126,244,119</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,472,694	1,472,694
Capital surplus	1,406,871	1,406,871
Retained earnings	59,308,110	63,150,617
Treasury shares	(2,869,119)	(2,869,119)
<b>Total shareholders' equity</b>	<b>59,318,556</b>	<b>63,161,064</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(6,212)	(5,196)
<b>Total accumulated other comprehensive income</b>	<b>(6,212)</b>	<b>(5,196)</b>
Subscription rights to shares	287,248	324,969
Non-controlling interests	15,816	18,580
<b>Total net assets</b>	<b>59,615,408</b>	<b>63,499,417</b>
<b>Total liabilities and net assets</b>	<b>185,307,149</b>	<b>189,743,536</b>

(2) Quarterly consolidated statements of income and comprehensive income  
 Quarterly consolidated statements of income (cumulative)

(Thousands of yen)

	First three months of the fiscal year ended March 31, 2017	First three months of the fiscal year ending March 31, 2018
Net sales	33,535,870	35,799,998
Cost of sales	23,504,027	25,235,139
Gross profit	10,031,842	10,564,858
Selling, general and administrative expenses	3,050,087	3,744,982
Operating profit	6,981,755	6,819,876
Non-operating income		
Interest income	168	796
Dividend income	383	265
Purchase discounts	4,635	2,648
Commission fee	21,150	22,451
Penalty income	28,299	27,701
Other	13,653	35,736
Total non-operating income	68,289	89,601
Non-operating expenses		
Interest expenses	95,201	131,150
Share of loss of entities accounted for using equity method	–	27,125
Other	3,841	1,968
Total non-operating expenses	99,042	160,243
Ordinary profit	6,951,001	6,749,233
Extraordinary losses		
Loss on retirement of non-current assets	–	5,986
Loss on valuation of investment securities	34,283	–
Total extraordinary losses	34,283	5,986
Profit before income taxes	6,916,718	6,743,247
Income taxes	2,208,722	2,164,784
Profit	4,707,995	4,578,463
Profit attributable to non-controlling interests	351	2,763
Profit attributable to owners of parent	4,707,644	4,575,699

Quarterly consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	First three months of the fiscal year ended March 31, 2017	First three months of the fiscal year ending March 31, 2018
Profit	4,707,995	4,578,463
Other comprehensive income		
Valuation difference on available-for-sale securities	(812)	1,016
Total other comprehensive income	(812)	1,016
Comprehensive income	4,707,183	4,579,480
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,706,832	4,576,716
Comprehensive income attributable to non- controlling interests	351	2,763

## (3) Quarterly consolidated statements of cash flows

(Thousands of yen)

	First three months of the fiscal year ended March 31, 2017	First three months of the fiscal year ending March 31, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,916,718	6,743,247
Depreciation	62,642	91,540
Amortization of goodwill	–	25,053
Share-based compensation expenses	40,909	37,720
Share of (profit) loss of entities accounted for using equity method	–	27,125
Increase (decrease) in provision for bonuses	45,525	49,369
Increase (decrease) in provision for directors' retirement benefits	11,750	12,625
Interest and dividend income	(551)	(1,062)
Interest expenses	95,201	131,150
Foreign exchange losses (gains)	–	(7,277)
Loss on retirement of non-current assets	–	5,986
Loss (gain) on valuation of investment securities	34,283	–
Decrease (increase) in inventories	3,587,435	(6,561,690)
Increase (decrease) in notes and accounts payable - trade	(1,521,069)	(3,989,402)
Increase (decrease) in advances received	(2,224,077)	(1,124,933)
Increase (decrease) in accrued consumption taxes	362,622	365,730
Decrease (increase) in consumption taxes refund receivable	491,453	993,392
Other, net	(618,869)	(316,716)
Subtotal	7,283,973	(3,518,140)
Interest and dividend income received	714	1,062
Interest expenses paid	(96,090)	(134,904)
Income taxes paid	(2,602,702)	(2,416,333)
Net cash provided by (used in) operating activities	4,585,895	(6,068,315)
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	(4,797,949)	(44,688)
Purchase of investment securities	(311)	(299)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(162,993)
Other, net	–	62
Net cash provided by (used in) investing activities	(4,798,261)	(207,919)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans payable	–	1,720,000
Proceeds from long-term loans payable	12,130,000	12,585,000
Repayments of long-term loans payable	(5,717,249)	(8,793,949)
Cash dividends paid	(863,997)	(719,110)
Net cash provided by (used in) financing activities	5,548,752	4,791,939
Effect of exchange rate change on cash and cash equivalents	–	4,610
Net increase (decrease) in cash and cash equivalents	5,336,386	(1,479,684)
Cash and cash equivalents at beginning of period	20,827,486	28,439,078
Cash and cash equivalents at end of period	26,163,872	26,959,393

## Supplementary Information

### (1) Orders

First three months of the fiscal year ended March 31, 2017 (from April 1, 2016 to June 30, 2016)

Name of segment	Category	Total amount of contracts				Outstanding balance of contracts			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Single-room condominiums	412	109.6	7,199,800	120.8	594	174.2	10,162,500	189.7
	Family condominiums	394	140.7	14,097,591	149.7	1,299	155.2	46,793,114	174.5
	Sale of condominium building	233	211.8	2,850,572	200.6	806	108.6	10,259,723	111.7
	Sale of hotel property	–	–	–	–	72	–	1,781,000	–
	Sale of other type of housing	20	333.3	511,704	265.6	10	250.0	250,349	190.6
	Sale of other real estate	–	–	298,380	–	–	–	35,380	–
Total amount of reportable segments		1,059	137.2	24,958,048	146.9	2,781	144.5	69,282,066	167.0

First three months of the fiscal year ending March 31, 2018 (from April 1, 2017 to June 30, 2017)

Name of segment	Category	Total amount of contracts				Outstanding balance of contracts			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Single-room condominiums	557	135.2	9,738,950	135.3	372	62.6	6,305,492	62.0
	Family condominiums	521	132.2	19,122,910	135.6	2,374	182.8	90,700,700	193.8
	Sale of condominium building	487	209.0	7,133,937	250.3	1,267	157.2	17,662,398	172.2
	Sale of hotel property	–	–	7,277	–	411	570.8	7,415,396	416.4
	Sale of other type of housing	18	90.0	501,071	97.9	21	210.0	606,493	242.3
	Sale of other real estate	–	–	1,991,540	667.5	–	–	–	–
Total amount of reportable segments		1,583	149.5	38,495,687	154.2	4,445	159.8	122,690,480	177.1

- Notes:
1. In the table above, “total amount of orders” has been replaced with “total amount of contracts.”
  2. Consumption taxes are not included in the above amounts.
  3. Amounts of additional constructions are included in the above amounts.
  4. The sale of condominium building refers to the method of wholesaling the whole or part of a condominium building mainly to condominium dealers.
  5. The sale of other type of housing refers to the sale of houses, including used houses and detached houses, other than newly built condominiums.
  6. The sale of other real estate refers to the sale of real estate, including commercial stores and sites for development, other than housing.
  7. “Sale of hotel property,” which was included in “Sale of other real estate” in the first three months of the fiscal year ended March 31, 2017, has been presented separately as “Sale of hotel property” from the fiscal year ended March 31, 2017. The relevant items in “Sale of other real estate” for the first three months of the fiscal year ended March 31, 2017 are reclassified in order to reflect this change.
  8. The total amount of contracts and the outstanding balance of contracts for sale of other real estate in the first three months of the fiscal year ended March 31, 2017, and the first three months of the fiscal year ending March 31, 2018, are both related to sites for development.
  9. In the first three months of the fiscal year ended March 31, 2017, 735,000 thousand yen included in the outstanding balance of contracts for sale of hotel property corresponds to settled contracts for land only. As the associated building contracts remain unsettled in these cases, the number of units corresponding to these buildings is not included.

The number of units of the total amount of contracts for sale of hotel property in the first three months of the fiscal year ending March 31, 2018, is not included due to the relevant contract being for additional construction. Furthermore, 1,038,565 thousand yen included in the outstanding balance of contracts for sale of hotel property corresponds to settled contracts for land only. As the associated building contracts remain unsettled in these cases, the number of units corresponding to these buildings is not included.

10. The number of units of the total amount of contracts and the outstanding balance of contracts may change due to changes to building plans, etc.

11. Business segments which are not included in the reportable segments are not applicable.

## (2) Sales

Name of segment	Category	First three months of the FY ended March 31, 2017 (from April 1, 2016 to June 30, 2016)				First three months of the FY ending March 31, 2018 (from April 1, 2017 to June 30, 2017)			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Single-room condominiums	770	102.9	13,342,300	110.4	978	127.0	16,855,317	126.3
	Family condominiums	429	50.5	13,820,554	53.0	203	47.3	7,238,687	52.4
	Sale of condominium building	323	239.3	4,367,459	261.3	377	116.7	6,893,824	157.8
	Sale of hotel property	–	–	–	–	72	–	1,053,277	–
	Sale of other type of housing	18	900.0	512,414	836.1	4	22.2	111,788	21.8
	Sale of other real estate	–	–	463,000	50.3	–	–	1,991,540	430.1
	Business accompanying real estate sale	–	–	106,633	108.9	–	–	203,845	191.2
Total amount of reportable segments		1,540	88.8	32,612,362	79.7	1,634	106.1	34,348,281	105.3
Other		–	–	923,508	96.5	–	–	1,451,716	157.2
Total		1,540	88.8	33,535,870	80.1	1,634	106.1	35,799,998	106.8

- Notes:
1. Consumption taxes are not included in the above amounts.
  2. Amounts of additional constructions are included in the above amounts.
  3. The sale of condominium building refers to the method of wholesaling the whole or part of a condominium building mainly to condominium dealers.
  4. The sale of other type of housing refers to the sale of houses, including used houses and detached houses, other than newly built condominiums.
  5. The sale of other real estate refers to the sale of real estate, including commercial stores and sites for development, other than housing.
  6. Business accompanying real estate sale includes agent commission for condominium sale and paperwork accompanying real estate sale.
  7. The net sales for sale of other real estate in the first three months of the fiscal year ended March 31, 2017, and the first three months of the fiscal year ending March 31, 2018, are both related to sites for development.