

November 6, 2019

**Consolidated Financial Results**  
**for the First Six Months of the Fiscal Year Ending March 31, 2020**  
**<under J-GAAP>**

Company name: **Pressance Corporation Co., Ltd.**  
 Listing: First Section of the Tokyo Stock Exchange  
 Section code: 3254  
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Scheduled date of filing of quarterly securities report: November 8, 2019  
 Scheduled starting date for dividend payments: -  
 Preparation of supplementary quarterly materials for financial results: Yes  
 Holding of quarterly financial results presentation meeting: No

(Values of less than one million rounded down)

**1. Consolidated operating results for the first six months of the fiscal year ending March 31, 2020**  
**(from April 1, 2019 to September 30, 2019)**

**(1) Consolidated operating results (cumulative)**

(Percentages indicate year-on-year changes compared to the same period of the previous FY)

	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 six months of the fiscal year ending March 31, 2020	125,383	3.3	23,669	(8.2)	23,398	(8.5)	15,660	(10.0)
First six months of the fiscal year ended March 31, 2019	121,350	83.2	25,777	134.6	25,583	138.5	17,402	140.4

Note: Comprehensive income First six months of the fiscal year ending March 31, 2020: 15,619 million yen [(10.3) %]  
 First six months of the fiscal year ended March 31, 2019: 17,408 million yen [140.3 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First six months of the fiscal year ending March 31, 2020	252.10	243.53
First six months of the fiscal year ended March 31, 2019	283.21	271.24

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	313,251	108,980	34.2
As of March 31, 2019	301,942	94,618	30.7

Reference: Equity

As of September 30, 2019: 107,048 million yen  
 As of March 31, 2019: 92,715 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, 2019	-	17.50	-	23.00	40.50
Fiscal year ending March 31, 2020	-	26.00			
Fiscal year ending March 31, 2020 (Forecast)			-	26.00	52.00

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

## 3. Forecasts of consolidated operating results for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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
Full year	209,219	30.3	32,531	20.0	31,429	18.5	21,520	17.6	346.67

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) Adoption of specific accounting policies for quarterly consolidated financial statements: Yes  
(Corporate Income Tax Calculation Standards)

Regarding taxes, a reasonable estimate of the effective tax rate for the projected full-year pretax income for the current fiscal year, including the actual income figure for the first six months of the fiscal year, has been arrived at using the tax-effect accounting method.

(3) Changes in accounting policies, changes in accounting estimates and restatement after error corrections

- Changes in accounting policies due to amendments to accounting standards and other regulations: None
- Changes in accounting policies due to other reasons than a. above: None
- Changes in accounting estimates: None
- Restatement after error corrections: None

(4) Number of issued shares (common stock)

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

As of September 30, 2019	63,043,721 shares
As of March 31, 2019	62,941,385 shares

b. Number of treasury shares at the end of each period

As of September 30, 2019	863,744 shares
As of March 31, 2019	863,744 shares

c. Average number of shares during the period

First six months of the fiscal year ending March 31, 2020	62,118,478 shares
First six months of the fiscal year ended March 31, 2019	61,445,940 shares

Notes:

Due to the introduction of the share-based payment type ESOP, a certain number of shares of the Company held in the trust account is included in the "Number of treasury shares at the end of period" (313,980 shares for the 2<sup>nd</sup> quarter of the fiscal year ending March 31, 2020 and the 313,980 shares for the fiscal year ended March 31, 2019). And a certain number of shares held in the trust account is included in the treasury shares that were deducted in the calculation of the "Average number of outstanding shares during the period" (313,980 shares for the 2<sup>nd</sup> quarter of the fiscal year ending March 31, 2020 and 313,980 shares for the 2<sup>nd</sup>

quarter of the fiscal year ended March 31, 2019).

\* Quarterly financial result reports by public accountants or auditing firms are not required

\* Explanations about the proper use of financial forecasts and other important notes

(Caution Concerning Forward-looking Statements)

Forward-looking statements in this document, including the results forecasts, are based on the information available to the Company at the time of disclosure and on certain assumptions deemed to be practicable by the Company. These statements do not purport that the Company pledges or ensures to achieve such statements. Actual business and other results may differ substantially due to various factors. For preconditions to the assumptions and other important notes concerning the financial forecasts, please refer to “1. Quarterly Qualitative Information (3) Explanation for the Forecast of Consolidated Financial Results ending March 31, 2020 on page 5 of the attachment.

(Method of Obtaining Supplementary Materials for Quarterly Financial Results)

Supplementary materials for quarterly financial results are available on the Company’s website.

(Change in the unit of amount)

Although the amounts of accounts and other items reported in our quarterly consolidated financial statements were previously shown in thousands of yen, they are shown in millions of yen from the first quarter and the cumulative first three months of the consolidated fiscal year ending March 31, 2020.

The figures for the previous consolidated fiscal year and the first six months of the previous consolidated fiscal year are also shown in millions of yen for easy comparison.

## 1. Quarterly Qualitative Information

### (1) Business Results

During the first six months of the consolidated fiscal year ending March 31, 2020, the Japanese economy remained on a gradual recovery track as consumer spending was fueled by improving income and employment conditions.

In the real estate industry, on top of mounting construction costs, publicly assessed land values continued to rise in Japan's three largest cities of Tokyo, Osaka, and Nagoya, as well as in other large cities. Although this and other factors remain causes for concern, the interest rates on housing loans remain low while the Japanese government's ongoing measures to help homebuyers, such as a mortgage tax breaks, are still on track, contributing to a stable economy. The demand for condominiums has also remained healthy as more people tend to move to cities seeking the convenience of urban living.

In these business circumstances, Pressance Corporation Co, Ltd. (the "Company") has strived to purchase land for business in the central part of the Kinki and Tokai/Chukyo regions and core regional cities, which are our major sales areas, and focus on supplying condominiums in those areas.

Under such business condition, the Company posted the following consolidated performance for the first six months of the fiscal year ending March 31, 2020, net sales amounted to 125,383 million yen (up 3.3% year on year), operating profit amounted to 23,669 million yen (down 8.2% year on year), ordinary profits amounted to 23,398 million yen (down 8.5% year on year) and profit attributable to shareholders of the parent company amounted to 15,660 million yen (down 10.0% year on year).

While the results for the first six months of the fiscal year ending March 31, 2020 show a year-on-year increase in revenue and a year-on-year decrease in profit, we have been on track with the full-year forecast for higher revenue and profit, which we announced on May 10, 2019.

An overview of operating results by product segment is as follows:

#### **Real Estate Sale Business**

The real estate sales business enjoyed steady condominium unit sales at Pressance Loger Ogaki-ekimae, a 137-unit condominium designed for families, and Pressance The Kobe, a condominium featuring 235 studio units, etc. The sales of studio condominium amounted to 43,462 million yen (2,161 units), sales of family-type condominium amounted to 52,764 million yen (1,402 units), sales of condominium building amounted 9,965 million yen (672 units), sales of hotel property amounted to 3,050 million yen (129 units), sales of other type of housing amounted to 1,815 million yen (101 units), sales of other real estate amounted to 10,177 million yen, business accompanying real estate sales amounted to 719 million yen. Total sales of real estate sale business posted 121,955 million yen (up 2.9% year on year) and, operating profit amounted to 23,276 million yen (down 8.2% year on year).

In regard to condominium sales, which is the Pressance Group's core business, since sales of condominiums are posted upon delivery following their completion, quarterly financial results may vary significantly depending on land purchases, development plans, and construction periods.

#### **Other Business**

There was an increase in the rent revenue with a high occupancy rate of the owned real estate for rent. As a result, sales in other business amounted to 3,427 million yen (up 20.2% year on year) and operating profit came to 1,124 million yen (up 7.6% year on year).

### (2) Financial Position

#### **Current Assets**

Total current assets as of the end of the first six months of the fiscal year amounted to 292,246 million yen (up 4.2%), which represents an increase of 11,654 million yen compared to the end of the previous fiscal year. This was mainly due to a 9,253-million-yen increase in inventory as a result of actively acquiring land for development.

#### **Fixed Assets**

Total fixed assets as of the end of the first six months of the fiscal year amounted to 21,005 million yen (down 1.6%), which represents a decrease of 345 million yen compared to the end of the previous fiscal year. This was mainly due to an 850-million-yen decrease in real estate for rent as a result of the change of company-owned properties to for-sale properties despite a 443-million-yen increase in long-term loans receivable from

subsidiaries and associates.

### **Liabilities**

Total liabilities as of the end of the first six months of the fiscal year amounted to 204,271 million yen (down 1.5%), which represents a decrease of 3,052 million yen compared to the end of the previous fiscal year. This was mainly due to a 3,168-million-yen decrease in loans payable to banks, as well as a 2,922-million-yen decrease in advances received due to the delivery of condominiums, despite a 2,455-million-yen increase in income taxes payable.

### **Net Assets**

Total net assets as of the end of the first six months of the fiscal year amounted to 108,980 million yen (up 15.2%), which represents an increase of 14,361 million yen compared to the end of the previous fiscal year. This was principally due to the increase in retained earnings by 14,225 million yen because of the posting of quarterly profit attributable to the shareholders of the parent company.

### **Analysis on Cash Flows**

Cash and cash equivalents as of the end of the first six months of the fiscal year ending March 31, 2020, totaled 40,974 million yen (up 4.0%), which represents an increase of 1,574 million yen compared to the end of the previous fiscal year.

The status and factors in each cash flow for the second consolidated cumulative period of the fiscal year are as follows:

#### **Cash Flows from Operating Activities**

Net cash provided by operating activities came to 7,129 million yen (Compared with 18,430 million yen provided in the second quarter of the previous fiscal year).

This was mainly due to a cash inflow resulting from the posting of income before income taxes amounting to 23,398 million yen. On the other hand, there were cash outflows as a result of actively acquiring land for development, etc., which increased inventories by 8,645 million yen, a payment of income taxes totaling 5,391 million yen, as well as a 2,911-million-yen decrease in advances received due to delivery of condominiums.

#### **Cash Flows from Investment Activities**

Net cash used in investment activities came to 1,023 million yen (Compared with 1,253 million yen used in the same period of previous fiscal year).

This was principally due to the outflows that resulted from payments into time deposits of 500 million yen and loans to affiliates of 454 million yen.

#### **Cash Flows from Financing Activities**

Net cash used by financing activities came to 4,527 million yen (Compared with 3,020 million yen provided in the same period of previous fiscal year).

The main reason for this was a cash outflow resulting from a 3,168-million-yen net decrease in loans payable to banks as well as a dividend payment totaling 1,434 million yen.

### **(3) Explanation for the Forecast of Consolidated Financial Results ending March 31, 2020**

Condominium sales, our major business, have a tendency to give an excessive skewness or deformations in a specific quarter results due to the timing of delivery of condominium, since sale of condominium is to be posted on the basis of delivery of the condominium unit.

Our business results in the second quarter of the fiscal year ending March 31, 2020 have been making sound progress, and there is no change on our forecasts of consolidated financial results in the fiscal year released on May 10, 2019.

**Quarterly Consolidated Financial Statements**  
**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	41,990	44,064
Accounts receivable - trade	64	141
Real estate for sale	9,603	12,651
Real estate for sale in process	225,302	231,506
Raw materials and supplies	278	279
Other	3,352	3,602
<b>Total current assets</b>	<b>280,591</b>	<b>292,246</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Real estate for rent, net	15,251	14,400
Other, net	596	598
<b>Total property, plant and equipment</b>	<b>15,848</b>	<b>14,999</b>
Intangible assets	332	302
Investments and other assets	5,170	5,702
<b>Total non-current assets</b>	<b>21,350</b>	<b>21,005</b>
<b>Total assets</b>	<b>301,942</b>	<b>313,251</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	117	808
Electronically recorded obligations - operating	7,085	7,462
Short-term loans payable	9,920	7,465
Current portion of long-term loans payable	44,547	39,971
Income taxes payable	5,417	7,872
Advances received	11,503	8,580
Provision for bonuses	218	243
Other	4,106	3,556
<b>Total current liabilities</b>	<b>82,916</b>	<b>75,960</b>
<b>Non-current liabilities</b>		
Bonds with share acquisition rights	3,500	3,500
Long-term loans payable	120,119	123,981
Provision for directors' retirement benefits	623	-
Provision for share-based payment	146	176
Other	17	652
<b>Total non-current liabilities</b>	<b>124,407</b>	<b>128,310</b>
<b>Total liabilities</b>	<b>207,323</b>	<b>204,271</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,404	2,476
Capital surplus	3,406	3,478
Retained earnings	87,777	102,002
Treasury shares	(887)	(887)
<b>Total shareholders' equity</b>	<b>92,699</b>	<b>107,069</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	0	2
Foreign currency translation adjustment	15	(23)
<b>Total accumulated other comprehensive income</b>	<b>15</b>	<b>(20)</b>
Subscription rights to shares	123	155
Non-controlling interests	1,779	1,775
<b>Total net assets</b>	<b>94,618</b>	<b>108,980</b>
<b>Total liabilities and net assets</b>	<b>301,942</b>	<b>313,251</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
 Quarterly Consolidated Statements of Income

(Millions of yen)

	First six months of the fiscal year ended March 31, 2019	First six months of the fiscal year ending March 31, 2020
<b>Net sales</b>	121,350	125,383
Cost of sales	86,788	90,929
<b>Gross profit</b>	34,562	34,453
Selling, general and administrative expenses	8,784	10,783
<b>Operating profit</b>	25,777	23,669
Non-operating income		
Interest income	0	11
Dividend income	0	0
Purchase discounts	-	0
Share of profit of entities accounted for using equity method	-	23
Foreign exchange gains	151	-
Commission fee	40	28
Penalty income	31	60
Other	36	60
Total non-operating income	261	186
Non-operating expenses		
Interest expenses	331	435
Share of loss of entities accounted for using equity method	81	-
Foreign exchange losses	-	20
Financing expenses	28	1
Other	13	0
Total non-operating expenses	454	457
<b>Ordinary profit</b>	25,583	23,398
Extraordinary income		
Gain on sales of non-current assets	0	-
Total extraordinary income	0	-
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	0	-
Total extraordinary losses	1	-
<b>Profit before income taxes</b>	25,582	23,398
Income taxes	8,182	7,741
<b>Net income</b>	17,400	15,656
Loss attributable to non-controlling interests	(1)	(3)
Profit attributable to owners of parent	17,402	15,660

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First six months of the fiscal year ended March 31, 2019	First six months of the fiscal year ending March 31, 2020
<b>Net income</b>	17,400	15,656
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	0	2
Foreign currency translation adjustment	6	(48)
Share of other comprehensive income of entities accounted for using equity method	-	10
Total other comprehensive income	7	(36)
<b>Comprehensive income</b>	17,408	15,619
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,409	15,623
Comprehensive income attributable to non-controlling interests	(1)	(3)



### (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First six months of the fiscal year ended March 31, 2019	First six months of the fiscal year ending March 31, 2020
<b>Cash flows from operating activities</b>		
Income before income taxes	25,582	23,398
Depreciation	234	239
Amortization of goodwill	50	50
Interest and dividend income	(1)	(12)
Interest expenses	331	435
Foreign exchange losses (gains)	(151)	18
Share of (profit) loss of entities accounted for using equity method	81	(23)
Decrease (increase) in inventories	3,472	(8,645)
Increase (decrease) in notes and accounts payable - trade	(2,996)	1,153
Share-based compensation expenses	-	60
Increase (decrease) in provision for bonuses	2	25
Increase (decrease) in provision for directors' retirement benefits	26	(623)
Increase (decrease) in provision for share-based payment	28	30
Loss (gain) on sales of non-current assets	0	-
Loss on retirement of non-current assets	0	-
Increase (decrease) in advances received	(6,035)	(2,911)
Decrease (increase) in consumption taxes refund receivable	669	55
Increase (decrease) in accrued consumption taxes	1,007	(439)
Other	484	143
Subtotal	22,788	12,954
Interest and dividend income received	1	12
Interest expenses paid	(329)	(445)
Income taxes paid	(4,029)	(5,391)
Net cash provided by (used in) operating activities	18,430	7,129
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	(43)	(69)
Proceeds from sales of non-current assets	0	-
Purchase of investment securities	(1)	(1)
Payments of loans receivable from subsidiaries and associates	(253)	(454)
Payments for investments in capital of subsidiaries and associates	(455)	-
Payments into time deposits	(500)	(500)
Other	0	1
Net cash provided by (used in) investing activities	(1,253)	(1,023)
<b>Cash flows from financing activities</b>		
Proceeds from long-term loans payable	48,008	37,142
Repayments of long-term loans payable	(39,291)	(37,856)
Proceeds from issuance of common shares	167	75
Cash dividends paid	(1,017)	(1,434)
Net increase (decrease) in short-term loans payable	(4,892)	(2,454)
Proceeds from disposal of treasury shares	46	-
Net cash provided by (used in) financing activities	3,020	(4,527)
Effect of exchange rate change on cash and cash equivalents	27	(3)
Net increase (decrease) in cash and cash equivalents	20,224	1,574
Cash and cash equivalents at beginning of period	29,314	39,400
Cash and cash equivalents at end of period	49,538	40,974

## Others

### (1) Orders and sales

#### a. Actual orders

First six months of the fiscal year ended March 31, 2019 (from April 1, 2018 to September 30, 2018)

Name of segment	Category	Total amount of contracts				Outstanding balance of contracts			
		Number of units	Year on year (%)	Amount (Millions of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Millions of yen)	Year on year (%)
Real estate sale business	Studio condominiums	1,575	142.0	30,569	157.1	1,439	239.0	27,891	264.5
	Family-type condominiums	936	87.3	33,963	85.2	1,441	58.9	52,385	55.3
	Sale of condominium building	811	93.9	10,983	89.3	1,448	120.9	20,385	124.7
	Sale of hotel property	840	344.3	20,597	490.6	694	106.0	19,080	164.4
	Sale of other type of housing	40	114.3	547	54.0	11	47.8	189	26.6
	Sale of other real estate	-	-	166	7.9	-	-	-	-
Total amount of reportable segments		4,202	126.3	96,826	122.6	5,033	102.2	119,932	89.5

First six months of the fiscal year ending March 31, 2020 (from April 1, 2019 to September 30, 2019)

Name of segment	Category	Total amount of contracts				Outstanding balance of contracts			
		Number of units	Year on year (%)	Amount (Millions of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Millions of yen)	Year on year (%)
Real estate sale business	Studio condominiums	1,471	93.4	27,812	91.0	1,548	107.6	28,492	102.2
	Family-type condominiums	1,157	123.6	43,085	126.9	1,878	130.3	67,908	129.6
	Sale of condominium building	893	110.1	15,634	142.3	2,125	146.8	35,096	172.2
	Sale of hotel property	141	16.8	3,595	17.5	1,066	153.6	26,254	137.6
	Sale of other type of housing	126	315.0	2,558	467.6	44	400.0	1,200	634.0
	Sale of other real estate	-	-	1,977	1,191.1	-	-	1,000	-
Total amount of reportable segments		3,788	90.1	94,663	97.8	6,661	132.3	159,952	133.4

#### Notes:

- In the table above, "total amount of orders" has been replaced with "total amount of contracts."
- Consumption taxes are not included in the above amounts.
- Amounts of additional constructions are included in the above amounts.
- The sale of condominium building refers to the method of wholesaling the whole or part of each condominium building mainly to condominium dealers.
- The sale of other type of housing refers to the sale of houses other than newly built condominiums, including used houses and detached houses.
- The sale of other real estate refers to the sale of real estate other than housing, including commercial stores and lands for development.
- Amounts of contracts for sale of other real estate in the first six months of the previous fiscal year refers to lands for development.  
Amounts of contracts for sale of other real estate in the first six months of this fiscal year refer to land for development (1,335 million yen) and office buildings (641 million yen). The outstanding balance of contracts refers to land for development.
- Number of units in total amount of contracts and the outstanding balance of contracts may fluctuate due to change of business plan and others.

## b. Actual sales

Name of segment	Category	The first six months of FY ended March 31, 2019 (from April 1, 2018 to September 30, 2018)				The first six months of FY ending March 31, 2020 (from April 1, 2019 to September 30, 2019)			
		Number of units	Year on year (%)	Amount (Millions of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Millions of yen)	Year on year (%)
Real estate sale business	Studio condominiums	1,638	126.0	29,780	133.4	2,161	131.9	43,462	145.9
	Family-type condominiums	1,639	241.0	61,985	259.5	1,402	85.5	52,764	85.1
	Sale of condominium building	503	61.1	7,392	55.3	672	133.6	9,965	134.8
	Sale of hotel property	980	1,361.1	17,625	1,673.4	129	13.2	3,050	17.3
	Sale of other type of housing	37	194.7	484	93.7	101	273.0	1,815	374.5
	Sale of other real estate	-	-	166	7.9	-	-	10,177	6,130.8
	Business accompanying real estate sale	-	-	1,062	213.5	-	-	719	67.6
Total amount of reportable segments		4,797	165.6	118,498	185.8	4,465	93.1	121,955	102.9
Other		-	-	2,851	115.8	-	-	3,427	120.2
Total		4,797	165.6	121,350	183.2	4,465	93.1	125,383	103.3

※

### Notes:

- Consumption taxes are not included in the above amounts.
- Amounts of additional constructions are included in the above amounts.
- The sale of condominium building refers to the method of wholesaling the whole or part of each condominium building mainly to condominium dealers.
- The sale of other type of housing refers to the sale of houses other than newly built condominiums, including used houses and detached houses.
- The sale of other real estate refers to the sale of real estate other than housing, including commercial stores and lands for development.
- Business accompanying real estate sale includes income from post-delivery optional construction work such as floor coating and income from intermediation fees from real estate sales.
- Sales of other real estate in the first six months of the previous fiscal year refer to lands for development. Sales of other real estate in the first six months of this fiscal year refer to lands for development (9,535 million yen) and office buildings (641 million yen).

※ Sales of family-type condominiums for the first six months of the fiscal year ending March 31, 2020 declined year on year on a consolidated basis because a large number of family-type condominiums, including Pressance Legend Biwako, a large-scale condominium, were completed and delivered during the first six months of the previous fiscal year.