

August 12, 2022

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending September 30, 2022 <under J-GAAP>

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 Listing: Standard Market of the Tokyo Stock Exchange
 Section Code: 3254
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Scheduled date of filing of quarterly securities report: August 12, 2022

Scheduled date of start of dividend payment: -

Preparation of supplementary quarterly materials for financial results: Yes

Holding of quarterly financial results presentation meeting: No

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

1. Consolidated operating results for the first nine months of the fiscal year ending September 30, 2022 (from October 1, 2021 to June 30, 2022)

(1) Consolidated operating results

(Percentages indicate year on year changes compared with 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 nine months of the fiscal year ending September 30, 2022	105,036	—	14,733	—	14,978	—	9,547	—
First nine months of the fiscal period ended September 30, 2021	—	—	—	—	—	—	—	—

Note: Comprehensive income First nine months of the fiscal year ending September 30, 2022: 10,552 million yen [-%]

First nine months of the fiscal period ended September 30, 2021: - million yen [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First nine months of the fiscal year ending September 30, 2022	139.87	139.51
First nine months of the fiscal period ended September 30, 2021	—	—

Note: Effective the fiscal period ended September 30, 2021, we have changed the fiscal year-end from March 31 to September 30. We did not have a fiscal year that includes the nine-month period from October 1, 2020 to June 30, 2021 as the first nine months of the fiscal year; thus, consolidated operating results for the first nine months of the fiscal period ended September 30, 2021 and year-on-year changes are not provided.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	248,581	156,208	62.7
As of September 30, 2021	256,024	148,256	57.6

Reference: Equity

As of June 30, 2022 155,875 million yen

As of September 30, 2021 147,400 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 period ended September 30, 2021	—	—	—	16.00	16.00
Fiscal year ending September 30, 2022	—	16.00			
Fiscal year ending September 30, 2022 (Forecast)			—	19.00	35.00

Note: Revisions to the dividend forecasts most recently announced: Yes

For details of the revision to dividend forecasts, please refer to "Revision to Dividend Forecasts (Dividend Increase)" released on August 12, 2022.

Note that the fiscal period ended September 30, 2021 covers six months from April 1, 2021 to September 30, 2021 due to the change to the fiscal year-end.

3. Forecasts of consolidated operating results for the fiscal year ending September 30, 2022 (from October 1, 2021 to September 30, 2022)

(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	142,500	—	18,000	—	17,800	—	11,700	—	171.40

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

The fiscal period ended September 30, 2021 covers six months from April 1, 2021 to September 30, 2021 due to the change to the fiscal year-end. For this reason, year on year changes are not stated.

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None
- (2) Adoption of specific accounting policies for quarterly consolidated financial statements: Yes
(Adoption of specific accounting policies for quarterly consolidated financial statements)
(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 nine 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
 - a. Changes in accounting policies due to amendments to accounting standards and other regulations: None
 - b. Changes in accounting policies due to reasons other 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 the end of each period (including treasury shares)

As of June 30, 2022	69,272,816 shares
As of September 30, 2021	68,858,316 shares

b. Number of treasury shares at the end of period

As of June 30, 2022	575,921 shares
As of September 30, 2021	867,061 shares

c. Average number of shares during the period

First nine months of the fiscal year ending September 30, 2022	68,259,909 shares
First nine months of the fiscal period ended September 30, 2021	- shares

Note:

Due to the introduction of the share-based, payment-type employee stock ownership plan (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” (- shares as of June 30, 2022 and 309,860 shares as of September 30, 2021). And, a certain number of shares held in the trust account is included in the treasury shares that were deducted in calculating the “Average number of shares during the period” (299,363 shares for the first nine months of the fiscal year ending September 30, 2022).

*Review of quarterly financial result reports by public accountants or auditing firms is 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 it will achieve such statements Actual business results 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 “(3) Explanation of the Forecast of Consolidated Financial Results for the Fiscal Year Ending September 30, 2022” in “1. Quarterly Qualitative Information” on page 2 of the attachment.

(Method of Obtaining Supplementary Materials for Quarterly Financial Results)

Supplementary materials for quarterly financial results are available on TDnet and the Company’s website on the release date of this document. (Japanese version only.)

1. Quarterly Qualitative Information

(1) Business Results

Effective the fiscal period ended September 30, 2021, we have changed the fiscal year-end from March 31 to September 30. Year-on-year changes in amount and percentage are not provided because the fiscal period ended September 30, 2021 did not have a comparative period that corresponds to the first nine months of this fiscal year (October 1, 2021 to June 30, 2022).

The Japanese economy showed signs of picking up during the first nine months of the fiscal year ending September 30, 2022. However, it is necessary to pay close attention to downside risks to the economy due to supply constraints of raw materials, price hikes, and fluctuations in the financial and capital markets amid the ongoing global monetary tightening and other factors.

In the real estate industry to which the Group belongs, in addition to the risk of a resurgence in the COVID-19 pandemic, an increase in land costs in cities and construction costs and the like are causes for concern. However, the interest rates on housing loans remain low while the Japanese government continues with its measures to help homebuyers, such as mortgage tax breaks, contributing to a resilient economy. The demand for condominiums in the center of cities, which is our main supply area, remained resilient as some areas saw an increase in the number of households who are moving seeking the convenience of urban living and the like.

In these business circumstances, Pressance Corporation Co., Ltd. (the “Company”) has focused on supplying condominiums in selected places in the central part of major cities in the Kinki, Tokai/Chukyo, and Tokyo metropolitan areas, and other core regions including Okinawa, which are its major sales areas.

Under such business conditions, the Company posted the following consolidated performance for the first nine months of the fiscal year ending September 30, 2022. Net sales amounted to 105,036 million yen, operating profit was 14,733 million yen, ordinary profit came to 14,978 million yen and profit attributable to owners of parent posted 9,547 million yen.

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

Real Estate Sales Business

In the real estate sales business, Pressance Loger Miyakojima Residence (128 units), a family-type condominium in the Pressance Loger series, and Pressance Sakaisuji Hommachi Destiny (196 units), a Pressance series studio condominium, have performed favorably.

In addition, although this is in line with our plan, sales of studio condominiums and family-type condominiums have decreased significantly due to the smaller number of completed properties compared with the same period of the previous year (October 1, 2020 to June 30, 2021).

The sales of studio condominiums amounted to 37,963 million yen (2,178 units), sales of family-type condominiums were 45,465 million yen (1,103 units), sales of detached houses amounted to 3,826 million yen (93 units), sales of used condominiums amounted to 5,093 million yen (356 units), sales of other real estate totaled 6,634 million yen, and business accompanying real estate sales came to 669 million yen. Total sales of the real estate sales business posted 99,653 million yen and segment profit amounted to 14,086 million yen.

Since sales from the condominium business, our main business, are recorded on a delivery basis that is later than completion, there may be fluctuation in the quarterly sales results depending on the timing of land acquisition, development plans and/or construction schedules.

Other Business

With a decrease in rent revenue related to rent guarantees, the sales of the Other business amounted to 5,383 million yen, and segment profit was 1,400 million yen.

(2) Financial Position

Current Assets

Total current assets as of the end of the first nine months of this fiscal year amounted to 228,961 million yen (down 3.5%), which represents a decrease of 8,415 million yen compared with the end of the previous fiscal period. This was due mainly to a decrease in cash and deposits of 3,220 million yen, a decrease in inventory of 2,427 million yen, and a fall in short-term loans receivable from subsidiaries and associates following collection of these loans of 3,784 million yen.

Non-current Assets

Total non-current assets as of the end of the first nine months of the fiscal year came to 19,619 million yen (up 5.2%), which represents an increase of 971 million yen compared with the end of the previous fiscal period.

This was due mainly to an increase in real estate for rent of 842 million yen because of the acquisition of self-owned real estate.

Liabilities

Total liabilities as of the end of the first nine months of the fiscal year amounted to 92,372 million yen (down 14.3%), which represents a decrease of 15,395 million yen compared with the end of the previous fiscal period. This was mainly due to a 13,664 million yen decrease in loans payable to financial institutions and a 2,903 million yen drop in income taxes payable due to the payment of income taxes.

Net Assets

Total net assets as of the end of the first nine months of the fiscal year amounted to 156,208 million yen (up 5.4%), which represents an increase of 7,952 million yen compared with the end of the previous fiscal period. This was principally due to the increase in retained earnings of 7,356 million yen because of the posting of profit attributable to owners of parent of 9,547 million yen, which offset the cash dividends paid of 2,191 million yen.

Analysis of Cash Flows

Cash and cash equivalents as of the end of the first nine months of the fiscal year ending September 30, 2022 totaled 96,701 million yen, which represents a decrease of 3,220 million yen compared with the end of the previous fiscal period.

The status and factors in each cash flow for the first nine months of the fiscal year ending September 30, 2022 are as follows:

Cash flows from operating activities

Net cash provided by operating activities came to 10,956 million yen.

This was mainly due to cash inflow resulting from the posting of 14,858 million yen in profit before income taxes and a decrease in inventories of 2,583 million yen following the delivery of condominiums, while there was a cash outflow as a result of paying income tax of 7,135 million yen.

Cash flows from investing activities

Net cash provided by investing activities came to 2,397 million yen.

This was principally due to a cash inflow resulting from a decrease in short-term loans receivable of 4,303 million yen due to the collection of short-term loans receivable from subsidiaries and associates, while there were cash outflows resulting from the acquisition of non-current assets of 1,714 million yen and loans to subsidiaries and associates of 205 million yen.

Cash flows from financing activities

Net cash used in financing activities came to 16,581 million yen.

This was due mainly to cash outflows resulting from the net decrease in loans payable to financial institutions of 13,664 million yen, repayments of investments to non-controlling shareholders of 1,182 million yen, and the dividend payment of 2,189 million yen.

(3) Explanation of the Forecast of Consolidated Financial Results for the Fiscal Year Ending September 30, 2022

Since sales from the condominium business, our main business, are recorded upon delivery to customers, there may be fluctuation in the quarterly sales results depending on the timing of the delivery. The consolidated earnings remained steady in the first nine months of the fiscal year ending September 30, 2022, and at this time, there are no changes to the earnings forecasts announced on May 13, 2022.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	103,138	99,917
Accounts receivable - trade	89	97
Real estate for sale	23,491	11,860
Real estate for sale in process	102,347	111,537
Raw materials and supplies	143	157
Other	8,290	5,524
Allowance for doubtful accounts	(124)	(133)
Total current assets	237,376	228,961
Non-current assets		
Property, plant and equipment		
Real estate for rent, net	14,592	15,435
Other, net	469	500
Total property, plant and equipment	15,062	15,935
Intangible assets	101	122
Investments and other assets	3,484	3,560
Total non-current assets	18,648	19,619
Total assets	256,024	248,581
Liabilities		
Current liabilities		
Notes and accounts payable - trade	367	687
Electronically recorded obligations - operating	1,704	3,062
Short-term loans payable	920	1,152
Current portion of long-term loans payable	38,228	18,494
Income taxes payable	3,730	826
Advances received	5,024	5,480
Provision for bonuses	226	301
Other	3,929	3,471
Total current liabilities	54,131	33,475
Non-current liabilities		
Long-term loans payable	52,798	58,636
Provision for share-based payment	257	-
Other	581	260
Total non-current liabilities	53,637	58,896
Total liabilities	107,768	92,372
Net assets		
Shareholders' equity		
Capital stock	6,890	7,275
Capital surplus	7,892	8,294
Retained earnings	133,489	140,845
Treasury shares	(883)	(582)
Total shareholders' equity	147,388	155,833
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10	12
Foreign currency translation adjustment	1	28
Total accumulated other comprehensive income	11	41
Subscription rights to shares	439	333
Non-controlling interests	416	-
Total net assets	148,256	156,208
Total liabilities and net assets	256,024	248,581

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

(Millions of yen)

	First nine months of the fiscal year ending September 30, 2022 (October 1, 2021 to June 30, 2022)
Net sales	105,036
Cost of sales	78,041
Gross profit	26,995
Selling, general and administrative expenses	12,262
Operating profit	14,733
Non-operating income	
Interest income	60
Dividend income	1
Share of profit of entities accounted for using equity method	406
Foreign exchange gains	241
Commission fee	33
Penalty income	46
Other	86
Total non-operating income	875
Non-operating expenses	
Interest expenses	479
Provision of allowance for doubtful accounts	9
Commission fee	108
Other	34
Total non-operating expenses	630
Ordinary profit	14,978
Extraordinary losses	
Loss on sale of shares of subsidiaries and associates	119
Total extraordinary losses	119
Profit before income taxes	14,858
Income taxes	4,334
Net income	10,523
Profit attributable to non-controlling interests	975
Profit attributable to owners of parent	9,547

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First nine months of the fiscal year ending September 30, 2022 (October 1, 2021 to June 30, 2022)
Net income	10,523
Other comprehensive income	
Valuation difference on available-for-sale securities	2
Foreign currency translation adjustment	6
Share of other comprehensive income of entities accounted for using equity method	20
Total other comprehensive income	29
Comprehensive income	10,552
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	9,577
Comprehensive income attributable to non-controlling interests	975

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First nine months of the fiscal year ending September 30, 2022 (October 1, 2021 to June 30, 2022)
Cash flows from operating activities	
Profit before income taxes	14,858
Depreciation	356
Amortization of goodwill	9
Increase (decrease) in allowance for doubtful accounts	9
Interest and dividend income	(62)
Interest expenses	479
Foreign exchange losses (gains)	(241)
Share of (profit) loss of entities accounted for using equity method	(406)
Decrease (increase) in inventories	2,583
Increase (decrease) in notes and accounts payable - trade	1,689
Share-based remuneration expenses	27
Increase (decrease) in provision for bonuses	74
Increase (decrease) in provision for share-based payment	26
Loss (gain) on sale of shares of subsidiaries and associates	119
Increase (decrease) in advances received	535
Decrease (increase) in consumption taxes refund receivable	(773)
Increase (decrease) in accrued consumption taxes	(892)
Other	(84)
Subtotal	18,310
Interest and dividend income received	269
Interest expenses paid	(487)
Income taxes paid	(7,135)
Net cash provided by operating activities	10,956
Cash flows from investing activities	
Payments into time deposits	(0)
Purchase of non-current assets	(1,714)
Proceeds from sales of non-current assets	3
Purchase of investment securities	(5)
Proceeds from sale of shares of subsidiaries and associates	16
Payments of loans receivable from subsidiaries and associates	(205)
Decrease (increase) in short-term loans receivable	4,303
Net cash provided by investing activities	2,397
Cash Flows from Financing Activities	
Proceeds from long-term loans payable	35,164
Repayments of long-term loans payable	(49,060)
Proceeds from issuance of shares	664
Purchase of treasury shares	(0)
Cash dividends paid	(2,189)
Dividends paid to non-controlling interests	(210)
Net increase (decrease) in short-term loans payable	232
Repayments to non-controlling shareholders	(1,182)
Net cash used in financing activities	(16,581)
Effect of exchange rate change on cash and cash equivalents	6
Net increase (decrease) in cash and cash equivalents	(3,220)
Cash and cash equivalents at beginning of period	99,922
Cash and cash equivalents at end of period	96,701

3. Others

Actual orders and sales

Effective the fiscal period ended September 30, 2021, the fiscal year-end has been changed from March 31 to September 30. For ease of comparison, the results for the same period a year ago (October 1, 2020 to June 30, 2021) are provided.

(1) Actual orders

The same period a year ago (October 1, 2020 to June 30, 2021)

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 sales business	Studio condominiums	4,058	147.0	63,849	125.9	2,358	72.8	34,689	62.2
	Family-type condominiums	1,294	102.2	53,258	110.9	1,041	84.3	45,331	95.6
	Sale of hotel property	252	—	4,063	—	240	72.7	3,750	37.8
	Detached houses	88	191.3	3,281	197.3	54	207.7	2,146	231.2
	Used condominiums	256	180.3	3,727	175.7	35	166.7	529	164.8
	Sale of other real estate	—	—	1,875	13.0	—	—	400	8.1
Total amount of reportable segments		5,948	143.6	130,055	111.3	3,728	76.9	86,846	72.8

First nine months of the fiscal year ending September 30, 2022 (from October 1, 2021 to June 30, 2022)

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 sales business	Studio condominiums	2,554	* 62.9	43,306	* 67.8	2,329	98.8	34,797	100.3
	Family-type condominiums	1,230	95.1	50,542	94.9	1,205	115.8	52,251	115.3
	Sale of hotel property	—	—	—	—	—	—	—	—
	Detached houses	136	154.5	5,598	170.6	85	157.4	3,630	169.1
	Used condominiums	382	149.2	5,431	145.7	69	197.1	982	185.8
	Sale of other real estate	2	—	395	21.1	2	—	86	21.6
Total amount of reportable segments		4,304	72.4	105,274	80.9	3,690	99.0	91,748	105.6

Notes:

1. In the table above, "total amount of orders" has been replaced with "total amount of contracts."
2. Amounts of additional constructions are included in the above amounts.
3. Number of units in total amount of contracts and the outstanding balance of contracts may fluctuate due to changes in business plans and others.
4. Until the last fiscal period ended September 30, 2021, sales of houses other than newly built condominiums, including the used houses business and detached houses business, were presented under the category of "sale of other type of housing." Starting from the first three months of this fiscal year, however, they are now presented under "detached houses" and "used condominiums." In order to reflect the change in category, "sale of other type of housing" in the same period of the previous year has been reclassified under the current presentation.
5. Sale of other real estate refers to the sale of real estate other than housing, including commercial facilities, commercial stores, and land for development.
6. The total amount of contracts and outstanding balance of contracts for sale of other real estate in the same period of the previous year refer to land for development.
The total amount of contracts and outstanding balance of contracts for sale of other real estate in the first nine months of the fiscal year ending September 30, 2022 refer to commercial stores and land for development.

- * The total amount of contracts for studio condominiums in the first nine months of the fiscal year ending September 30, 2022 has decreased significantly compared with the same period of the previous year. This is mainly due to the non-recurrence of large contracts of 14,495 million yen with two non-Group companies for 14 buildings (1,044 units) in the same period of the previous year.

(2) Actual sales

Name of segment	Category	The same period a year ago (October 1, 2020 to June 30, 2021)				First nine months of the fiscal year ending September 30, 2022 (October 1, 2021 to June 30, 2022)			
		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 sales business	Studio condominiums	4,889	153.0	80,247	137.1	2,178	* 44.5	37,963	* 47.3
	Family-type condominiums	1,397	73.2	53,879	78.7	1,103	79.0	45,465	84.4
	Sale of hotel property	469	70.6	10,490	64.6	—	—	—	—
	Detached houses	96	181.1	3,201	178.6	93	96.9	3,826	119.5
	Used condominiums	244	184.8	3,538	182.2	356	145.9	5,093	144.0
	Sale of other real estate	—	—	4,160	39.7	1	—	6,634	159.4
	Business accompanying real estate sale	—	—	990	104.4	—	—	669	67.6
Total amount of reportable segments		7,095	119.2	156,508	98.8	3,731	52.6	99,653	63.7
Other		—	—	5,867	96.5	—	—	5,383	91.8
Total		7,095	119.2	162,375	98.7	3,731	52.6	105,036	64.7

Notes:

- Amounts of additional constructions are included in the above amounts.
- Until the last fiscal period ended September 30, 2021, sales of houses other than newly built condominiums, including the used houses business and detached houses business, were presented under the category of "sale of other type of housing." Starting from the first three months of this fiscal year, however, they are now presented under "detached houses" and "used condominiums." In order to reflect the change in category, "sale of other type of housing" in the same period of the previous year has been reclassified under the current presentation.
- Sale of other real estate refers to the sale of real estate other than housing, including commercial facilities, commercial stores, and land 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.
- Sale of other real estate in the same period of the previous year refers to land for development.
Sale of other real estate in the first nine months of the fiscal year ending September 30, 2022 refers to commercial facilities, commercial stores, and land for development.

- * The total amount of sales for studio condominiums in the first nine months of the fiscal year ending September 30, 2022 has decreased significantly compared with the same period of the previous year. This is mainly due to the large number of sales to plural non-Group companies.