

# Financial Highlights of FY 2020/3 up to the 1st Quarter

**Pressance Corporation Co., Ltd.**

**Released in August 2019**

JPX Section Code: **3254.T**

- JPX Nikkei Index 400 component
- JPX Nikkei Mid and Small Cap Index component



## Consolidated Income Statement Summary

- Sales for the 1st Q of FY2020/3 remain at a high level although the sales decreased relative to the same period in the previous fiscal year in which sales reached to an exceptional level due to a special factor.
- The results forecast for the full-year FY2020/3 is expected to exceed the FY2019/3 results significantly, being on a right track.  
(Results forecast for FY2020/3: sales to increase by 30.3%, operating profit by 20.0%)

【million yen】

	FY 2018/March 1 Q		FY 2019/March 1 Q		FY 2020/March 1 Q			FY 2020/March Forecast (Full year)		Progression Rate
	Amounts	Ratio to sales	Amounts	Ratio to sales	Amounts A	Ratio to sales	YoY (%)	Annual Forecast B	Ratio to sales	A/B
Sales	35,799	100.0%	81,514	100.0%	68,240	100.0%	83.7%	209,219	100.0%	32.6%
Cost of Goods Sold	25,235	70.5%	57,285	70.3%	48,436	71.0%	84.6%	154,940	74.1%	31.3%
Gross Margin	10,564	29.5%	24,229	29.7%	19,804	29.0%	81.7%	54,278	25.9%	36.5%
SG&A expenses	3,744	10.5%	4,954	6.1%	5,737	8.4%	115.8%	21,746	10.4%	26.4%
Operating Profit	6,819	19.0%	19,274	23.6%	14,066	20.6%	73.0%	32,531	15.5%	43.2%
Ordinary Profit	6,749	18.9%	19,158	23.5%	13,926	20.4%	72.7%	31,429	15.0%	44.3%
Net Income attribute to shareholders of parent company	4,575	12.8%	13,111	16.1%	9,603	14.1%	73.2%	21,520	10.3%	44.6%

### Year-on-Year change:

- 1Q FY2019/3: Legend Biwako, our largest-scale condo (470 units), contributed to exceptionally large quarterly sales.
- 1Q FY2020/3: Sales remain at an outstandingly high level despite lack of exceptional contributors unlike the previous fiscal year.
- Factors increasing SG&A expenses: An increase in sales commission, advertisement of Family-type condos, a new project Bright-related expenses, labor expenses due to increased staff, as well as corporate CM and other advertisement and promotion expenses (costs incurred prior to recording sales)

### Progression on annual plan:

- Progression rate on the annual sales plan is 32.6% for the 1st Q of FY2020/3 as planned (50.8% for the 1st Q of the previous FY).
- Larger portion of annual sales posted in the first quarter while SG&A expenses are periodically allocated, achieving a higher progression rate on the annual profit plan compared to the annual sales plan

## Sales by Major Products in Condominium Sales Business

	FY 2018/March 1 Q Results				FY 2019/March 1 Q Results				FY 2020/March 1 Q Results				FY2020/March Annual Forecast	
	No. of units		Amount		No. of units		Amount		No. of units		Amount		Amount million yen B	Progression Rate (%) A/B
	unit	YoY (%)	million yen	YoY (%)	unit	YoY (%)	million yen	YoY (%)	unit	YoY (%)	million yen A	YoY (%)		
Studio Condo	978	127.0%	16,855	126.3%	1,388	141.9%	24,979	148.2%	1,405	101.2%	28,020	112.2%	70,901	39.5%
Family Type Condo	203	47.3%	7,238	52.4%	1,164	573.4%	44,857	619.7%	711	61.1%	26,135	58.3%	74,757	35.0%
Condo Building Sales ※	377	116.7%	6,893	157.8%	297	78.8%	4,568	66.3%	275	92.6%	4,214	92.3%	24,715	17.1%
Hotel Sales	72	NA	1,053	NA	240	333.3%	4,601	436.9%	126	52.5%	2,050	44.5%	18,292	11.2%
Total	1,630	107.1%	32,041	101.6%	3,089	189.5%	79,006	246.6%	2,517	81.5%	60,420	76.5%	188,666	32.0%

**Year-on-Year change:** Sales in the 1st Q of FY2020/3 remained at a high level due to strong sales of Studio condo and Family-type condo.

- Studio Condo : Sales increased 3,040 million yen (Pressance THE Kobe 235 total units and others)
- Family-type condo : Sales in the 1st Q of the current FY remained sound, despite the decrease in sales by a similar sales volume of Legend Biwako (470 units) that were delivered and posted in the 1st Q of the previous FY.
- Condo building Sales : Progressing steadily
- Hotel Sales : Two properties delivered for the 1st Q FY2019/3 → One property for the 1st Q FY2020/3, as planned

**Progression on annual plan:** Sales in the 1st Q made good progress as per the annual forecast, achieving 32.0% of the annual sales plan

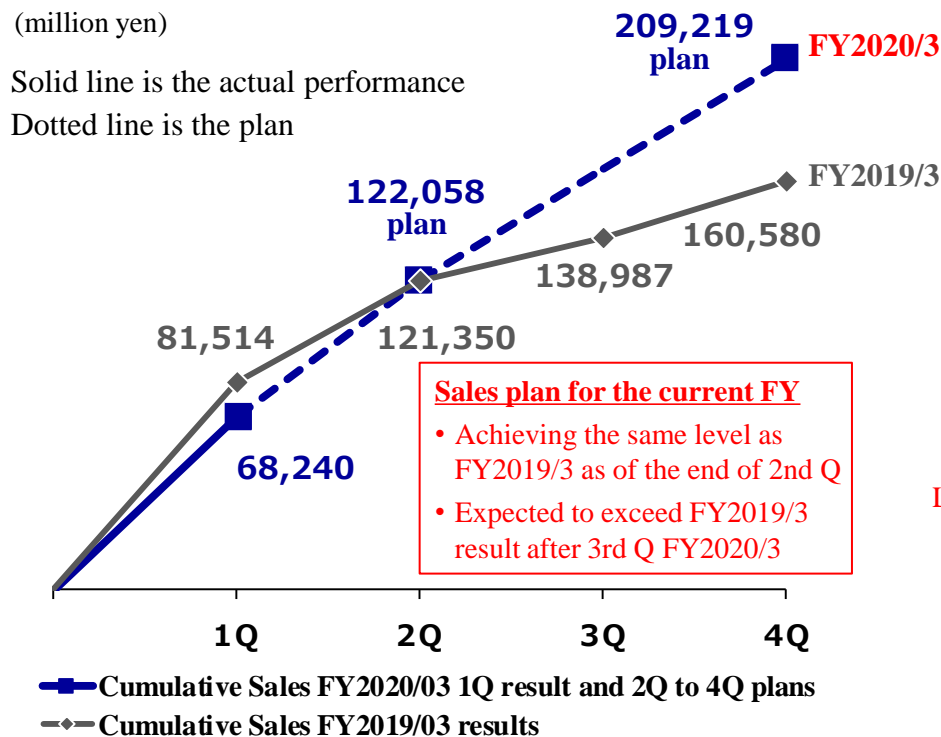
- Large number of properties has been successfully delivered as planned, fulfilling 1st Q plan of sales by major products
- Condo Building Sales and Hotel Sales progressing steadily as planned, projecting an increase in sales in 2nd Q or later

※ Condo building sales : Wholesaling a whole or part of condominium building to other condominium retail dealer.

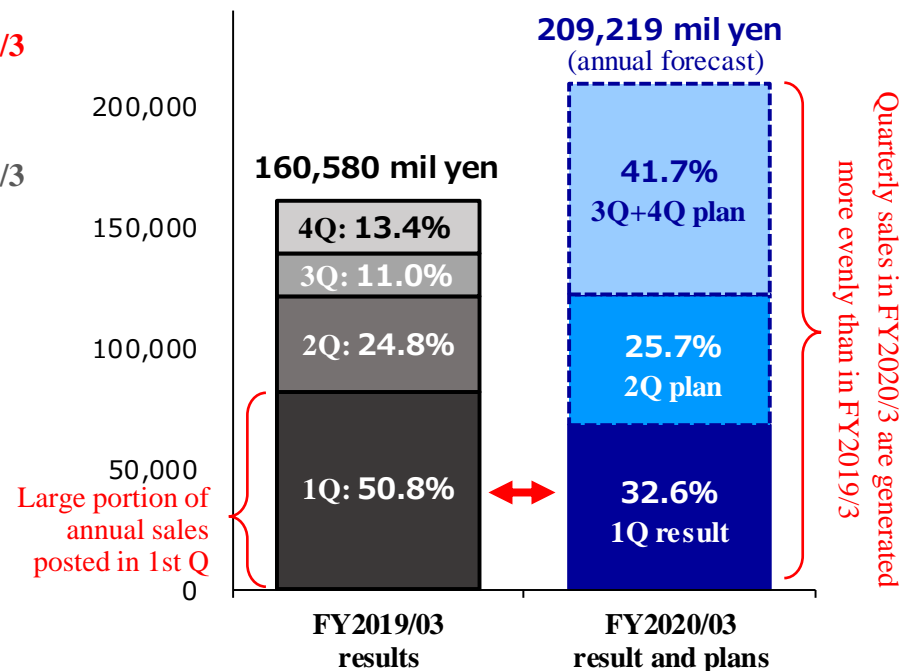
# Changes in Results and Forecasts by Each Quarter

- 1st Q results made sound progress as planned, and sales are forecast to exceed the results of the previous fiscal year after 3rd Q in the current term and to achieve 30.3 % annual growth
- Large portion of annual sales posted in 1st Q of FY2019/3, while more balanced quarterly sales are planned for FY2020/3

## (1) Quarterly cumulative sales (comparison between FY2020/3 and FY2019/3)



## (2) Percentage of quarterly sales



\* Condominium sales are posted when condos are constructed and delivered to customers. It may be posted irregularly due to the timing of land acquisition, development plan and/or construction period.

## Consolidated Balance Sheet Summary

	As of March 31, 2018		As of March 31, 2019		As of June 30, 2019		
	Result (million yen)	Composition ratio	Result (million yen)	Composition ratio	Result (million yen)	Composition ratio	Change (million yen)
<b>Current Assets</b>	<b>227,161</b>	<b>92.6%</b>	<b>280,591</b>	<b>92.9%</b>	<b>275,447</b>	<b>93.1%</b>	<b>▲ 5,144</b>
real estate for sale	11,275	4.6%	9,603	3.2%	13,420	4.5%	3,816
real estate for sale in process	180,461	73.5%	225,302	74.6%	221,883	75.0%	▲ 3,418
<b>Non-current Assets</b>	<b>18,237</b>	<b>7.4%</b>	<b>21,350</b>	<b>7.1%</b>	<b>20,317</b>	<b>6.9%</b>	<b>▲ 1,032</b>
<b>Total Assets</b>	<b>245,399</b>	<b>100.0%</b>	<b>301,942</b>	<b>100.0%</b>	<b>295,765</b>	<b>100.0%</b>	<b>▲ 6,177</b>
<b>Current Liabilities</b>	<b>67,537</b>	<b>27.5%</b>	<b>82,916</b>	<b>27.5%</b>	<b>73,498</b>	<b>24.9%</b>	<b>▲ 9,417</b>
short-term liabilities with interest	40,473	16.5%	54,467	18.0%	48,090	16.3%	▲ 6,377
<b>Non-current Liabilities</b>	<b>102,689</b>	<b>41.8%</b>	<b>124,407</b>	<b>41.2%</b>	<b>119,526</b>	<b>40.4%</b>	<b>▲ 4,880</b>
long-term liabilities with interest	102,021	41.6%	123,619	40.9%	118,727	40.1%	▲ 4,892
<b>Total Liabilities</b>	<b>170,226</b>	<b>69.4%</b>	<b>207,323</b>	<b>68.7%</b>	<b>193,024</b>	<b>65.3%</b>	<b>▲ 14,298</b>
<b>Total Net Assets</b>	<b>75,172</b>	<b>30.6%</b>	<b>94,618</b>	<b>31.3%</b>	<b>102,740</b>	<b>34.7%</b>	<b>8,121</b>
<b>Total Liabilities and Net Assets</b>	<b>245,399</b>	<b>100.0%</b>	<b>301,942</b>	<b>100.0%</b>	<b>295,765</b>	<b>100.0%</b>	<b>▲ 6,177</b>

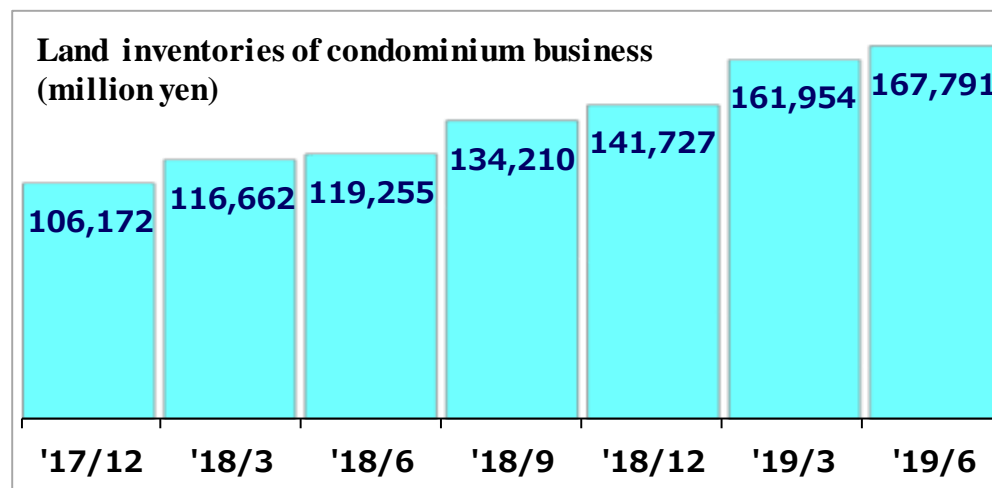
### Major factors of changes: Changes from the end of March 2019

- **Current Assets :** Real estate for sale in process down by 3,418 million yen (due to the large increase in delivered properties), Real estate for sale up by 3,816 million yen
- **Non-current Assets :** Real estate for rent (net) down by 1,114 million yen
- **Liabilities :** Bank loans payable down by 11,269 million yen, advances received down by 1,790 million yen (due to an increase in delivered properties)
- **Total Net Assets :** Recorded net income of 9,603 million yen

\* As for inventory in red frame in the matrix above, refer to the next page for details.

## Land Inventory as of June 30, 2019

Breakdown of the number in the red frame on the previous page	Amount (million yen)
<b>Real Estate for Sale</b>	<b>13,420</b>
Land Cost for Condominium Biz (A)	4,156
Other Land Cost	12
Construction Cost	9,251
<b>Real Estate for Sale in Process</b>	<b>221,883</b>
Land Cost for Condominium Biz (B)	163,635
Other Land Cost	16,286
Construction Cost	41,962



	Amount (million yen)	Units	Volume of procured land compared with sales plans
<b>Land Cost for Condominium Biz (A) + (B)</b>	<b>167,791</b>	<b>25,221</b>	
Studio Condominium	58,329	11,922	Equivalent to the sales volume for about next 3 years
Family-type Condominium	76,384	7,934	Equivalent to the sales volume for about next 3 years
Condominium Building Sales	19,419	3,779	Equivalent to the sales volume for about next 3 years
Hotel Sales	13,658	1,586	—

- Properties with settled land (registered under the Company's name) are included in land inventory. (In addition to the numbers above, there are 49 buildings with 3,735 units whose land sales contract has been completed but payment have not been settled yet. Of these, Studio condos 2,772 units, Family-type condos 963 units.)
- ✓ The sum of land cost for the condominium business (included in total inventory) of (A) + (B) of 167,791 million yen is obtained by aggregating real estate for sale (13,420 million yen) and real estate for sale in process (221,883 million yen) recoded in the balance sheet for FY 2020/3, minus other land cost (12 million yen + 16,286 million yen = 16,298 million yen) and construction cost (9,251 million yen + 41,962 million yen = 51,213 million yen),.
  - Other land cost includes land-related costs for used real estates and residential houses.

# Prospects for Achievement of Condo Sales Plan FY '20/3 & Outstanding Contracts (as of July 1, '19)

## Outstanding Balance of Contracts as of June 30, 2019

	Total Outstanding Balance of contracts <b>A+B</b>		Breakdown by delivery timing			
			During FY 2020/3 Scheduled Delivery <b>A</b>		FY 2021/3 or later Scheduled Delivery <b>B</b>	
	Units	Amount (mil yen)	Units	Amount (mil yen)	Units	Amount (mil yen)
Studio	1,570	29,701	1,570	29,701	0	0
Family-type	2,016	73,901	1,042	38,985	974	34,915
Condo Bldg. Sales	1,775	28,903	1,010	16,892	765	12,010
Hotel Sales	1,054	25,708	664	16,242	390	9,466
Sales of other residential houses and real estate	36	6,044	36	6,044	0	0
<b>Total</b>	<b>6,451</b>	<b>164,258</b>	<b>4,322</b>	<b>107,865</b>	<b>2,129</b>	<b>56,392</b>

**As of end of 1st Q of FY 2020/3 (June 30, 2019)**

the combined amount of 1Q sales result and received orders to be posted as sales during FY2020/3, 174,047 million yen, has already achieved

**86.7 %**

**of the annual sales plan of 200,702 million yen**

Outstanding orders: the sum of property contract proceeds in the following status.

- Buildings under construction and yet to be delivered
- Completed sales contracts
- Uncompleted transfer of property (before buyers' registration)

Normally, outstanding orders are transferred to sales when properties are completed and delivered to customers.

## Progress on Sales Plan FY2020/3

	Sales results in 1Q, FY2020/3 <b>C</b>		Of Outstanding Orders, Orders Scheduled for Delivery in FY 2020/3 <b>A</b>		Sales Results & Sales to Be Posted as of the end of 1Q FY2020/3 <b>D=C+A</b>		Progress to Annual Sales Plan as of the end of 1Q <b>E</b>	
	Units	Amounts (mil yen)	Units	Amounts (mil yen)	Units	Amounts (mil yen)	Amount (mil yen) <b>E</b>	Progression rate(%) <b>E/C</b>
Studio	1,405	28,020	1,570	29,701	2,975	57,721	70,901	81.4%
Family-type	711	26,135	1,042	38,985	1,753	65,120	74,757	87.1%
Condo Bldg. Sales	275	4,214	1,010	16,892	1,285	21,107	24,715	85.4%
Hotel Sales	126	2,050	664	16,242	790	18,292	18,292	100.0%
Sales of other residential houses and real estate	43	5,760	36	6,044	79	11,804	12,035	98.1%
<b>Total</b>	<b>2,560</b>	<b>66,181</b>	<b>4,322</b>	<b>107,865</b>	<b>6,882</b>	<b>174,047</b>	<b>200,702</b>	<b>86.7%</b>

## Topic of Hotel Business

### 10 hotels delivered, 11 hotels under development, 1 company-owned hotel, 1 renovating hotel = 23 hotels in total

Hotel operating pattern may be changed in terms of the patterns (A or B), the number of units and completion time due to changes of plans

A: To be sold to hotel business companies (specific buyers/candidates) 22 properties (including delivered properties)

B: To be owned by Pressance, and its operation will be outsourced to a hotel operating company 1 properties

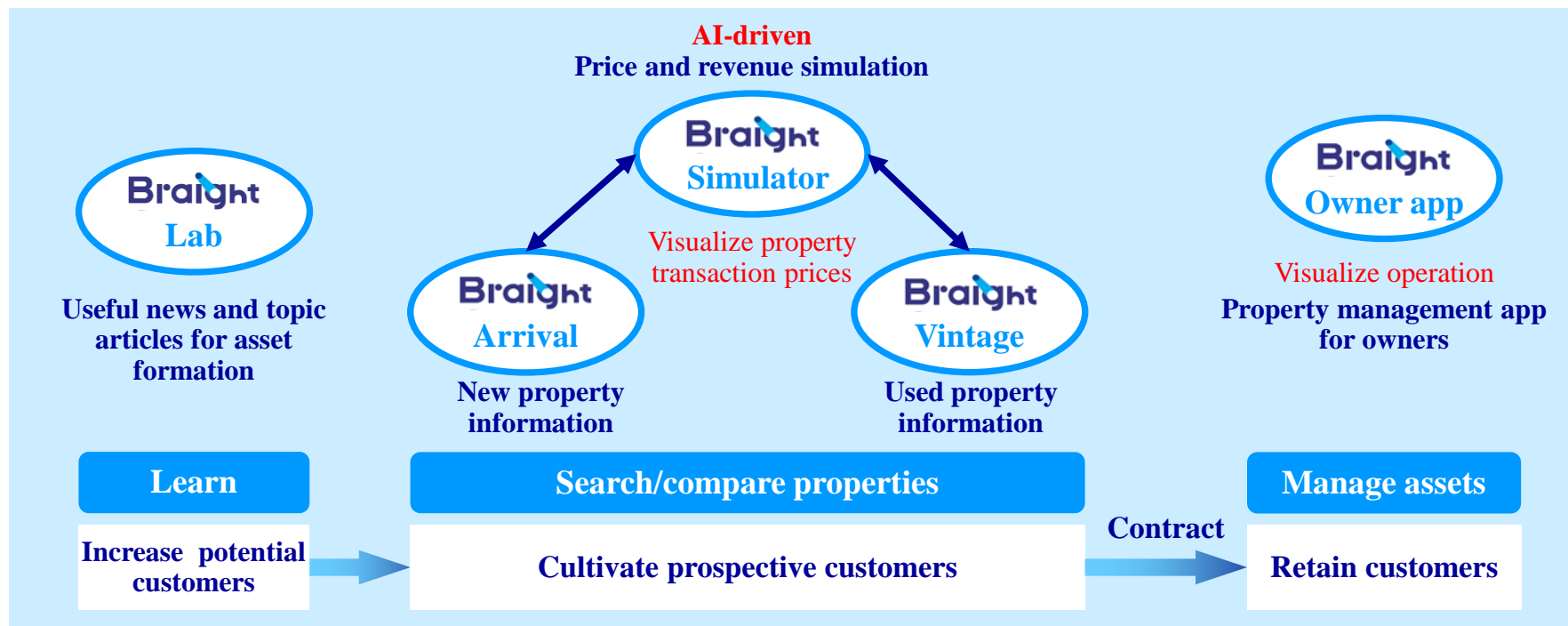
		Address	Operating pattern	Closest Railway Station	# of rooms
FY 2018 ended in March	1	Osaka-city, Naniwa-ku, Inari	Delivered Apr. '17	JR Namba	72
	2	Osaka-city, Naniwa-ku, Motomachi	Delivered Oct. '17	JR Namba	111
FY 2019 ended in March	1	Osaka-city, Chuo-ku, Minamisemba	Delivered Apr. '18	Shinsaibashi on Subway Midosuji Line	124
	2	Osaka-city, Chuo-ku, Hiranomachi	Delivered Apr. '18	Kitahama on Subway Sakaisuji Line	116
	3	Osaka-city, Yodogawa-ku, Nishimiyahara	Delivered Jul. '18	JR Shin-Osaka	120
	4	Osaka-city, Naniwa-ku, Shikitsuhigashi	Delivered Jul. '18	Daikokucho on Subway Midosuji Line	300
	5	Kyoto-city, Nakagyo-ku, Tenjinyamacho	Delivered Sep. '18	Shijo on Subway Karasuma Line	63
	6	Kyoto-city, Shimogyo-ku, Gojo-Omiyadori	Delivered Sep. '18	Ohmiya on Hankyu Kyoto Line	122
	7	Kobe-city, Chuo-ku, Gokodori	Delivered Sep. '18	JR Sannomiya	135
FY 2020 ending in March	1	Hiroshima-city, Naka-ku, Noboricho	Delivered Jun. '19	Ebisucho on Hiroshima Dentetsu	126
	2	Osaka-city, Chuo-ku, Minamihonmachi	A	Hommachi on Subway Midosuji Line	174
	3	Kyoto-city, Shimogyo-ku, Aburanokojidori	A	Gojo on Subway Karasuma Line	166
	4	Fukuoka-city, Hakata-ku, Kamikawabatamachi	A	Nakasukawabata on Subway Hakozaki Line	204
	5	Kyoto-city, Minami-ku, Nishikujozaicho	A	JR Kyoto	120
FY 2021 ending in March or later	1	Kyoto-city, Higashiyama-ku, Yasakadori	A(completed in FY '19)	Kiyomizugojo on Keihan Line	7
	2	Akita-city, Nakadori 3chome ※	B(delivery FY '21)	Akita on Akita-Shinkansen, JR Uetsu-honsen	234
	3	Kyoto-city, Nakagyo-ku, Oicho	A	Marutamachi on Subway Karasuma Line	12
	4	Yokohama-city, Naka-ku, Onoecho	A	JR Kannai	277
	5	Naha-city, Nishi 2chome	A	Asahibashi on Yui Rail	240
	6	Osaka-city, Naniwa-ku, Motomachi 2chome	A	JR Namba	300
	7	Osaka-city, Chuo-ku, Sennichimae	A	Namba on Subway Midosuji/Nankai Line	182
	8	Fukuoka-city, Hakata-ku, Tenyamachi	A	Gofukumachi on Subway Hakozaki Line	180
	9	Osaka-city, Kita-ku, Toganochi	A	Higashi Umeda on Subway Tanimachi Line	117

※ renovation



# Progress of our ReTech (1) Overall framework of Braight and launched projects

**Braight = AI-driven web marketing tool to visualize real estate investment information**



## Launch targeted advertisement and mass advertisement

Purpose	Content	Digital ad	Analog ad
Braight's ✓ Customer acquisition ✓ Awareness raising	<ul style="list-style-type: none"> <li>Braight's PR</li> <li>Reasons of why Pressance is preferred</li> <li>Introduction of recommended properties</li> <li>Application for events and campaigns</li> </ul>	<ul style="list-style-type: none"> <li>Display</li> <li>Affiliate marketing</li> <li>E-mail</li> <li>Listing</li> <li>SNS</li> </ul>	<ul style="list-style-type: none"> <li>Direct mail</li> <li>Newspaper ad (Nikkei national newspaper)</li> </ul>

## Progress of our ReTech (2) Achievement in 1st Q

### Bright's achievements during the April-June period

# of memberships	1,071		
	New properties	Used properties	Total
Orders in amount (including taxes)	¥125 mil	¥513 mil	¥638 mil
# of orders	6	37	43

Made a good start with orders increasing as memberships increases

### Install IoT devices as standard of our new condos

**Higher convenience for residents with IoT** (Sony Multifunction Light, LGTC-10 set model)

- ◎ Various smart home features:
  - Remotely controls lighting, air conditioner and others.
  - Watch out with sensors an abnormal event while the resident is away (alert sound and email notification to the resident), etc.

Properties with the device completed in 1st Q FY2020/3	Three properties including Pressance Hirokoji dori Aoi (236 units in total)
Properties with the device to be completed in FY2020/3	23 properties (about 2,300 units) besides the above-mentioned



**Pressance Corporation Co., Ltd.**

(Note) Prospective numbers listed in the earnings outlook and other materials are based on information available at the time of disclosure and largely contain uncertain factors. The actual results may be different depending on changes in business.

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