

Financial Highlights of FY 2020/3 up to the 3rd Quarter



Pressance Corporation Co., Ltd.

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JPX Section Code: **3254.T**

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



Consolidated Income Statement Summary

- Sales and operating profit up to the third quarter of FY 2020/3 increased respectively by 32.1% and by 18.3% YoY
- Earnings: Progressed as planned at the beginning of this fiscal year
- Dividends: Expected to be in line with the forecast at the beginning of this fiscal year, 26 yen/share at end of the fiscal year and 52 yen/share for full year (DPS increases by 11.5 yen annually from the previous fiscal year)

* On a cumulative and consolidated basis	FY'18/3 3Q		FY'19/3 3Q		FY'20/3 3Q			FY'20/3 Annual Forecast		
	Results (million yen)	Ratio to sales	Results (million yen)	Ratio to sales	Results (million yen) A	Ratio to sales	YoY (%)	Forecasts (million yen) B	Ratio to sales	Progress Rate A/B
Sales	101,024	100.0%	138,987	100.0%	183,588	100.0%	132.1%	209,219	100.0%	87.7%
Cost of Sales	73,692	72.9%	99,618	71.7%	136,241	74.2%	136.8%	154,940	74.1%	87.9%
Gross Profit	27,331	27.1%	39,368	28.3%	47,346	25.8%	120.3%	54,278	25.9%	87.2%
SG&A Expenses	10,440	10.3%	12,526	9.0%	15,582	8.5%	124.4%	21,746	10.4%	71.7%
Operating Profit	16,891	16.7%	26,842	19.3%	31,763	17.3%	118.3%	32,531	15.5%	97.6%
Ordinary Profit	16,557	16.4%	26,447	19.0%	31,274	17.0%	118.3%	31,429	15.0%	99.5%
Net Income Attributable to Owners of Parent	11,247	11.1%	17,933	12.9%	21,041	11.5%	117.3%	21,520	10.3%	97.8%

- Year-on-Year change:
 - 3Q FY2019/3: Legend Biwako, our largest-scale condo (486 units), contributed to a significant increase in sales.
 - 3Q FY2020/3: Sales further increased substantially due to an expansion of studio condo sales (up 44,600 million yen)
 - Gross profit rate declined by 2.5 points due to a rise in the cost of sales and changes in product mix
 - Operating profit up by 4,921 million yen: An increase in gross profit of 7,977 million yen surpassed the increase in SG&A expenses of 3,056 million yen that preceded sales such as advertising, real estate technology related and personnel expenses.
- Progress on annual plan: • Sales concentrated up to 3Q (87.7% progress), restraining SG&A expenses. The progress rate of profit at each stage is higher than that of sales.

Sales by Core Products in the Condominium Sales Business

Core Products	FY'18/3 3Q Results				FY'19/3 3Q Results				FY'20/3 3Q Results				FY'20/3 Annual Forecast	
	No. of units		Amount		No. of units		Amount		No. of units		Amount		Amount	Progress rate
	Units	YoY (%)	Million yen	YoY (%)	Units	YoY (%)	Million yen	YoY (%)	Units	YoY (%)	Million yen A	YoY (%)	Million yen B	(%) A/B
Studio Condos	1,651	115.1%	28,350	114.3%	1,883	114.1%	34,202	120.6%	2,568	136.4%	50,679	148.2%	70,901	71.5%
Family Type Condos	1,293	125.4%	45,177	133.4%	1,839	142.2%	68,933	152.6%	1,907	103.7%	71,221	103.3%	74,757	95.3%
Condo Building Sales *	1,086	145.6%	17,073	173.4%	765	70.4%	10,872	63.7%	1,178	154.0%	22,147	203.7%	24,715	89.6%
Hotel Sales	183	NA	2,744	NA	980	535.5%	17,625	642.3%	793	80.9%	19,292	109.5%	18,292	105.5%
Total	4,213	131.2%	93,345	136.2%	5,467	129.8%	131,634	141.0%	6,446	117.9%	163,340	124.1%	188,666	86.6%

- **Year-on-Year change: Sales increased due to continued brisk dealings; up by 979 units (17.9% up), with the amount up by 31,706 million yen (24.1% up)**
 - Studio Condo: Up by 685 units (36.4% up), with sales up by 16,476 million yen (48.2% up)
 - Family-type condo: Up by 68 units, with sales up by 2,287 million yen (exceeding the result of 3Q FY2019/3, which significantly increased from 3Q FY2018/3)
 - Condominium building Sales: Up by 413 units (54.0% up), with sales up by 11,275 million yen (103.7% up)
 - Hotel Sales: Six properties delivered by the end of the 3rd quarter FY2020/3. Sales: Up by 1,666 million yen
- **Progress on annual plan: Sales made good progress up to 3Q, achieving 86.6% of the annual sales plan.**
 - Properties have been successfully delivered as planned.
 - Progress has been made successfully on studio condos as planned up to 3Q.

* Condominium building sales: Wholesaling a whole or part of a condo building to other condominium retail dealer

Consolidated Balance Sheet Summary

(million yen)

	As of March 31, 2018		As of March 31, 2019		As of December 31, 2019		
	Results (million yen)	Composition ratio	Results (million yen)	Composition ratio	Results (million yen)	Composition ratio	Change (million yen)
Current Assets	227,161	92.6%	280,591	92.9%	288,316	93.4%	7,724
Real estate for sale	11,275	4.6%	9,603	3.2%	13,677	4.4%	4,073
Real estate for sale in process	180,461	73.5%	225,302	74.6%	227,733	73.8%	2,431
Non-current Assets	18,237	7.4%	21,350	7.1%	20,238	6.6%	▲ 1,111
Total Assets	245,399	100.0%	301,942	100.0%	308,555	100.0%	6,612
Current Liabilities	67,537	27.5%	82,916	27.5%	79,499	25.8%	▲ 3,416
Short-term liabilities with interest	40,473	16.5%	54,467	18.0%	56,429	18.3%	1,962
Non-current Liabilities	102,689	41.8%	124,407	41.2%	113,220	36.7%	▲ 11,186
Long-term liabilities with interest	102,021	41.6%	123,619	40.9%	112,372	36.4%	▲ 11,246
Total Liabilities	170,226	69.4%	207,323	68.7%	192,720	62.5%	▲ 14,602
Total Net Assets	75,172	30.6%	94,618	31.3%	115,834	37.5%	21,215
Total Liabilities and Net Assets	245,399	100.0%	301,942	100.0%	308,555	100.0%	6,612

Major factors of change: Changes from the end of March 2019

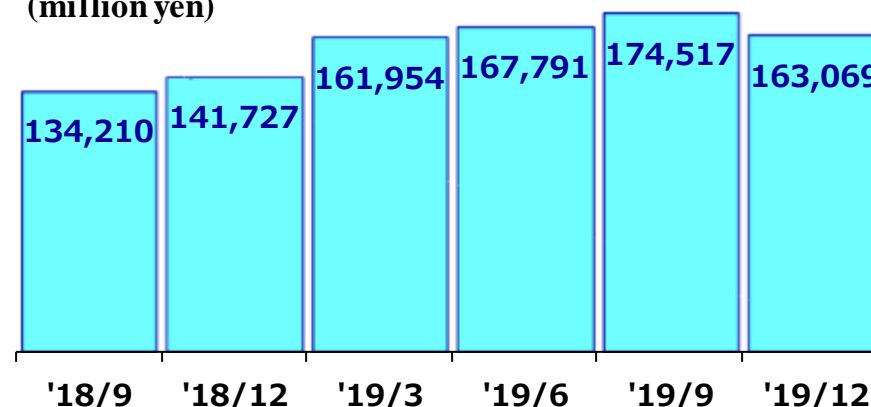
- **Current Assets:** Real estate for sale up by 4,073 million yen, Real estate for sale in process up by 2,431 million yen
- **Non-current Assets:** Real estate for rent (net) down by 2,065 million yen (new holdings: 1 property; transferred to Real estate for sale: 4 properties)
- **Liabilities:** Bank loans payable down by 5,784 million yen, and advances received down by 4,488 million yen due to an increase in delivered properties.
Accounts payable (including electronically recorded obligations) down by 2,430 million yen, bonds with share acquisition rights (exercise of rights) down by 3,500 million yen
- **Total Net Assets:** Recorded net income of 21,041 million yen

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

Land Inventory as of December 31, 2019

Breakdown of the numbers in the red frame on the previous page	Amounts (million yen)
Real Estate for Sale	13,677
Land Costs in the Condominium Biz (A)	3,709
Other Land Costs	441
Construction Costs	9,525
Real Estate for Sale in Process	227,733
Land Costs in the Condominium Biz (B)	159,359
Other Land Costs	21,501
Construction Costs	46,871

Land inventories in the condo business
(million yen)



Core Products	Amounts (million yen)	Units	Volume of procured land associated with sales plans
Land Costs in the Condominium Biz (A) + (B)	163,069	24,903	
Studio Condominiums	61,459	12,367	Equivalent to the sales volume for more than next 2 years
Family-type Condominiums	74,649	7,370	Equivalent to the sales volume for more than next 2 years
Condominium Building Sales	19,840	4,307	Equivalent to the sales volume for more than next 2 years
Hotel Sales	7,119	859	—

- ✓ Land inventory includes the lands procured and registered as the company properties.
(In addition to the numbers above, there are 15 buildings with 1,075 units for which land sales contracts have been completed but payment has not been settled. Of these, Studio condos 1,008 units, Family-type condos 67 units.)
- ✓ The sum of land costs in the condominium business (included in total inventory) of (A) + (B) of 163,069 million yen is obtained by aggregating real estate for sale (13,677 million yen) and real estate for sale in process (227,733 million yen) recorded in the balance sheet for 3Q FY 2020/3, minus other land costs (441 million yen + 21,501 million yen = 21,943 million yen) and construction costs (9,525 million yen + 46,871 million yen = 56,397 million yen).

* Other Land Costs include acquisition-related costs for planned company-owned hotels, land scheduled for sale and house sales.

Outstanding Contracts & Prospects for Achievement of Condo Sales Plan FY 2020/3 (as of Dec. 31, 2019)

Outstanding Balance of Contracts as of December 31, 2019

	Total Outstanding Balance of contracts A + B		Breakdown by delivery timing			
			During FY'20/3 Scheduled Delivery A		FY'21/3 or later Scheduled Delivery B	
	Units	Amount (million yen)	Units	Amount (million yen)	Units	Amount (million yen)
Studio	1,868	34,609	937	17,473	931	17,136
Family-type	1,827	66,502	130	4,685	1,697	61,817
Condo Bldg. Sales	1,863	29,524	200	2,650	1,663	26,873
Hotel Sales	570	13,856	-	-	570	13,856
Other Types of Housing and Other Real Estate	63	7,772	43	5,549	20	2,223
Total	6,191	152,265	1,310	30,358	4,881	121,906

As of end of the 3rd quarter of FY 2020/3 (December 31, 2019),
the sum of 3Q sales results and received orders to be posted as sales during FY 2020/3 has already achieved

103.5%

of the annual sales forecast.

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

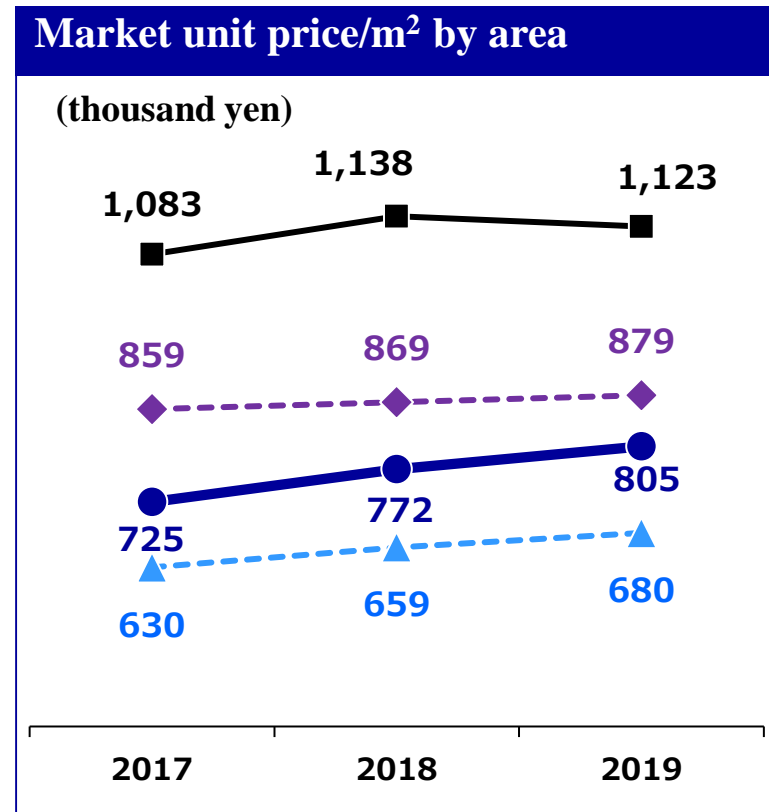
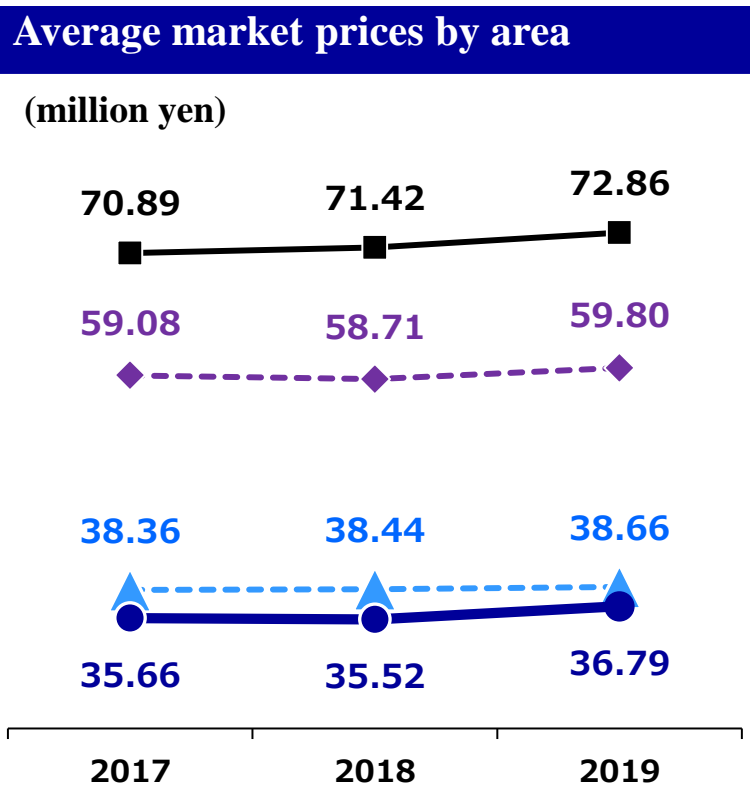
- Buildings under construction and yet to be delivered
- Completed sales contracts
- Uncompleted transfer of property (before buyers' registration)

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

Progress on Annual Sales Plan FY'20/3

	Sales Results in 3Q, FY'20/3 C		Orders Scheduled for Delivery and to Be Posted as Sales within FY'20/3 A		Sales Results & Sales to Be Posted as of the end of 3Q FY'20/3 D=C+A		Progress to Annual Sales Plan as of the end of 3Q FY'20/3 E	
	Units	Amounts (million yen)	Units	Amounts (million yen)	Units	Amounts (million yen)	Amount (million yen) E	Progress rate (%) D/E
Studio	2,568	50,679	937	17,473	3,505	68,152	70,901	96.1%
Family-type	1,907	71,221	130	4,685	2,037	75,906	74,757	101.5%
Condo Bldg. Sales	1,178	22,147	200	2,650	1,378	24,798	24,715	100.3%
Hotel Sales	793	19,292	-	-	793	19,292	18,292	105.5%
Other Types of Housing and Other Real Estate	159	14,050	43	5,549	202	19,599	12,035	162.8%
Total	6,605	177,391	1,310	30,358	7,915	207,750	200,702	103.5%

Average condominium price (Comparison of the Tokyo Metropolitan Area and Kinki Area Markets)



- **Price trends in the Kinki area:**
Both the average price and unit price/m² are estimated to remain within the range of actual demand.
- **Average monthly contract closing rate in Kinki area is 74.1%:**
Exceeding the boom-or-bust threshold of 70%, with continued strong demand.

Source: “Tokyo Metropolitan Area Condominium Market Trends” and “Trends in the Condominium Market in the Kinki Area” - Summary of 2019 - published by Real Estate Economic Institute Co., Ltd., on January 22, 2020.

- Note)
- Figures do not include studio condos for the Tokyo metropolitan area, but include those for the Kinki area.
 - Amount shows the sales price including consumption tax
 - Data for the Tokai and Chukyo areas has not been published (as of the end of January 2020).



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(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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