

Financial Highlights for 2Q of FY2022/9

Pressance Corporation Co., Ltd.



JPX Section Code: 3254

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

Released on May 13, 2022



Upward Revision to FY'22/9 1H and Full-Year Earnings Forecasts

	1H (million yen)			
	Before revision	After revision	Change	%
Net sales	66,427	71,700	5,273	7.9%
Operating profit	8,796	10,900	2,104	23.9%
Ordinary profit	8,377	11,100	2,723	32.5%
Net income	4,988	6,900	1,912	38.3%

• Revision to the earnings forecasts for 1H was released on May 9.

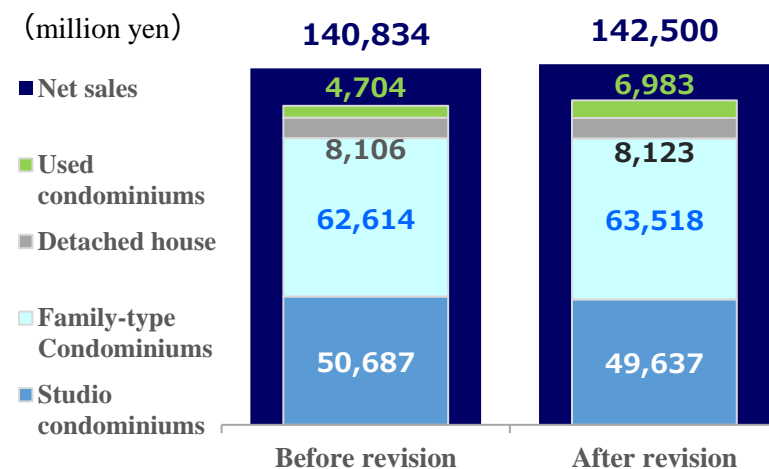
	Full year (million yen)			
	Before revision	After revision	Change	%
Net sales	140,834	142,500	1,666	1.2%
Operating profit	16,063	18,000	1,937	12.1%
Ordinary profit	15,205	17,800	2,595	17.1%
Net income	9,829	11,700	1,871	19.0%

• Revision to the full-year earnings forecasts was released on May 13.
From the next page onwards, the full-year plan uses revised values.

Reasons for revision

- **Net Sales:** Deliveries to customers that were initially planned for 2H were partially brought forward, resulting in a shift in sales from 2H to 1H.
- **SG&A expenses:** Selling expenses were curbed due to strong sales, and general and administrative expenses remained lower than the initial forecast.
- As a result, operating profit, ordinary profit and net income are expected to exceed the initial forecast.

Full-year earnings outlook by core product



Consolidated Income Statement Summary

Although sales, profits and net income declined YoY, results for the first six months of FY'22/9 outpaced the plan.

* YoY change was calculated by comparing the results for the first six months of FY'22/9 with the results for the six months from October 1 to March 31 of FY '20/3 and FY '21/3 since we have changed the fiscal year-end in the previous fiscal period.

	Last six months of FY'20/3 Oct.1 to Mar. 31, '20 results		Last six months of FY'21/3 Oct.1 to Mar. 31, '21 results		First six months of FY'22/9 Oct. 1 to Mar. 31, '22 results			Revised Full-Year Plan for FY'22/9 Oct. 1 to Sep. 30, '22 plan		Achievement ratio (%) A/B
	Amount (million yen)	Composition ratio	Amount (million yen)	Composition ratio	Amount A (million yen)	Composition ratio	*YoY	Amount B (million yen)	Composition ratio	
Net sales	98,628	100.0%	108,402	100.0%	71,785	100.0%	66.2%	142,500	100.0%	50.4%
Cost of sales	79,957	81.1%	88,774	81.9%	53,012	73.8%	59.7%	108,500	76.1%	48.9%
Gross profit	18,671	18.9%	19,627	18.1%	18,772	26.2%	95.6%	34,000	23.9%	55.2%
SG&A Expenses	9,731	9.9%	8,179	7.5%	7,783	10.8%	95.2%	16,000	11.2%	48.6%
Operating profit	8,939	9.1%	11,448	10.6%	10,988	15.3%	96.0%	18,000	12.6%	61.0%
Ordinary profit	8,586	8.7%	10,663	9.8%	11,178	15.6%	104.8%	17,800	12.5%	62.8%
Net income	6,232	6.3%	7,763	7.2%	6,907	9.6%	89.0%	11,700	8.2%	59.0%

Note: The results for 2H of FY'20/3 and FY'21/3 were calculated by simply subtracting the results for 1H of each fiscal year from the full-year results.

Year-on-Year change:

- Net sales: The number of completions of newly built condominiums decreased in FY'22/9. In addition, hotel sales ended in the previous fiscal period.
- Gross margin: Up 8.1 pt
Factors: Differences in product mix, more projects with higher profit margins in FY'22/9, valuation loss recorded in the same period of FY'21/3, etc.
- SG&A expenses: Decrease in selling expenses due to lower sales, decrease in general and administrative expenses

Comparison of results and plan:

- The number of units sold outpaced the plan mainly due to the front-loading of deliveries, and sales, profits and net income ended up exceeding the plan.
- Full-year plan (full-year earnings forecasts) was revised upward.

Sales Result of Core Products

Core Products	Last six months * of FY'20/3 Oct.1 to Mar. 31, '20				Last six months* of FY'21/3 Oct.1 to Mar. 31, '21				First six months of FY'22/9 Oct. 1 to Mar. 31, '22				Revised Plan for FY'22/9 Oct, 1 to Sep. 30, '22	
	No. of units		Amount		No. of units		Amount		No. of units		Amount		Amount	
	Units	YoY	million yen	YoY	Units	YoY	million yen	YoY	Units	YoY	million yen A	YoY	million yen B	Achievement ratio (%) A/B
Studio Condominiums	2,178	197.6%	41,127	224.8%	3,214	147.6%	52,026	126.5%	1,588	49.4%	27,243	52.4%	49,637	54.9%
Family-type Condominiums	707	161.0%	25,822	167.8%	939	132.8%	36,601	141.7%	702	74.8%	29,315	80.1%	63,518	46.2%
Detached houses	39	487.5%	1,303	454.1%	69	176.9%	2,299	176.4%	55	79.7%	2,276	99.0%	8,123	28.0%
Used condominiums	108	203.8%	1,606	218.0%	172	159.3%	2,479	154.4%	193	112.2%	2,765	111.5%	6,983	39.6%
Total	3,032	189.3%	69,859	201.3%	4,394	144.9%	93,407	133.7%	2,538	57.8%	61,601	65.9%	128,263	48.0%

* Note: The results for 2H of FY'20/3 and FY'21/3 were calculated by simply subtracting the results for 1H of each fiscal year from the full-year results.

Year-on-Year change: Sales of studio condos and family-type condos fell as fewer properties were completed and delivered.

- Studio condominiums: Down 1,626 units, with sales down 24,782 million yen
- Family-type condominiums: Down 237 units, with sales down 7,286 million yen
- Detached houses: Down 14 units, with sales down 22 million yen
- Used condo: Up 21 units, with sales up 285 million yen

Comparison of results and plan: The number of units sold of studio condominiums and family-type condominiums were above the plan.

- The number of units sold in 1H increased because the sales of some properties that were initially planned to be sold in 2H were brought forward to 1H.

Consolidated Balance Sheet Summary

	As of March 31, 2021		As of Sep 30, 2021		As of March 31, 2022		
	Amounts (million yen)	Composition ratio	Amounts (million yen)	Composition ratio	Amounts (million yen)	Composition ratio	Change (million yen)
Current Assets	249,040	92.7%	237,376	92.7%	233,561	92.5%	▲3,814
Cash and deposits	90,799	33.8%	103,138	40.3%	107,168	42.4%	4,030
Real estate for sale	8,538	3.2%	23,491	9.2%	14,269	5.6%	▲9,221
Real estate for sale in process	142,143	52.9%	102,347	40.0%	107,443	42.5%	5,096
Non-current Assets	19,722	7.3%	18,648	7.3%	19,023	7.5%	375
Total Assets	268,762	100.0%	256,024	100.0%	252,585	100.0%	▲3,439
Current Liabilities	81,344	30.3%	54,131	21.1%	35,910	14.2%	▲18,220
Short-term liabilities with interest	56,980	21.2%	39,148	15.3%	21,576	8.5%	▲17,572
Non-current Liabilities	47,284	17.6%	53,637	21.0%	62,402	24.7%	8,765
Long-term liabilities with interest	46,469	17.3%	52,798	20.6%	61,809	24.5%	9,011
Total Liabilities	128,629	47.9%	107,768	42.1%	98,312	38.9%	▲9,455
Total Net Assets	140,132	52.1%	148,256	57.9%	154,272	61.1%	6,016
Total Liabilities and Net Assets	268,762	100.0%	256,024	100.0%	252,585	100.0%	▲3,439

Major Factors of Change: Changes from September 30, 2021

Current Assets: Cash and deposits up 4,030 million yen, Real estate for sale down 9,221 million yen, Real estate for sale in process up 5,096 million yen, Short-term loans receivable down 3,960 million yen

Liabilities: Bank loans payable down 8,560 million yen

Total Net Assets: Recorded net income of 6,907 million yen

Equity Ratio: 60.9% (Up 3.3 pt from September 30, 2021)

*Details of inventory in the red frame in the matrix above are provided on the next page.

Land Inventory as of March 31, 2022

Breakdown of inventory

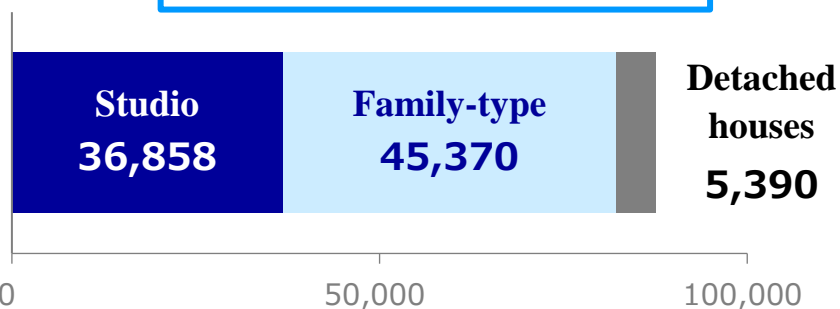
(million yen)

	Land Costs in Core Products	Other Land Costs	Construction Costs	Total <i>(The numbers in the red frame on the previous page)</i>
Real estate for sale	4,393	331	9,545	14,269
Real estate for sale in process	83,225	835	23,382	107,443
Total	87,618	1,167	32,927	121,713

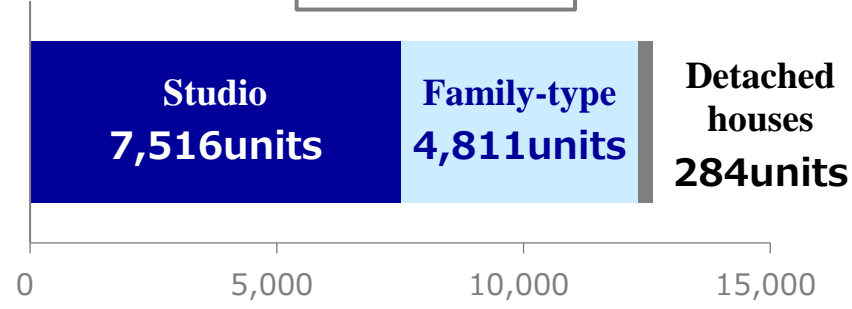


Breakdown of Inventory and Land Costs by Core Product

Amount: 87,618 million yen



Units: 12,611



Prospects for Achieving FY'22/9 Core Products Sales Plan & Outstanding Orders (Contracts) <as of Apr. 1, 2022>

Outstanding balance of contracts as of Mar. 31, 2022	Total outstanding balance of contracts A+B		Breakdown by delivery timing			
			During FY'22/9 Scheduled Delivery A		FY'23/9 or later Scheduled Delivery B	
	Number of units	Amount (million yen)	Number of units	Amount (million yen)	Number of units	Amount (million yen)
Studio Condo	2,028	31,062	637	11,437	1,391	19,625
Family-type Condos	1,196	51,905	643	29,413	553	22,491
Detached Houses	60	2,594	60	2,594	0	0
Used Condos	80	1,125	80	1,125	0	0
Sales of other real estate	0	499	0	499	0	0
Total	3,364	87,186	1,420	45,069	1,944	42,116

At the end of 2Q of FY'22/9 (March 31, 2022), compared with the full-year sales forecasts, **we have already secured**

83.6% of sales for FY'22/9

based on 2Q sales results (C) and the outstanding orders that are scheduled for delivery and to be posted as sales within FY'22/9 (A).

Outstanding balance of contracts represents sum of property contract proceeds with 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 in Annual Sales Plan	Sales Results at end of 2Q, FY'22/9 C	
	Number of units	Amount (million yen)
Studio Condo	1,588	27,243
Family-type Condos	702	29,315
Detached Houses	55	2,276
Used Condos	193	2,765
Sales of other real estate	1	6,135
Total	2,539	67,736

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Orders Scheduled for Delivery and to be Posted as Sales within FY'22/9 A	
Number of units	Amount (million yen)
637	11,437
643	29,413
60	2,594
80	1,125
0	499
1,420	45,069

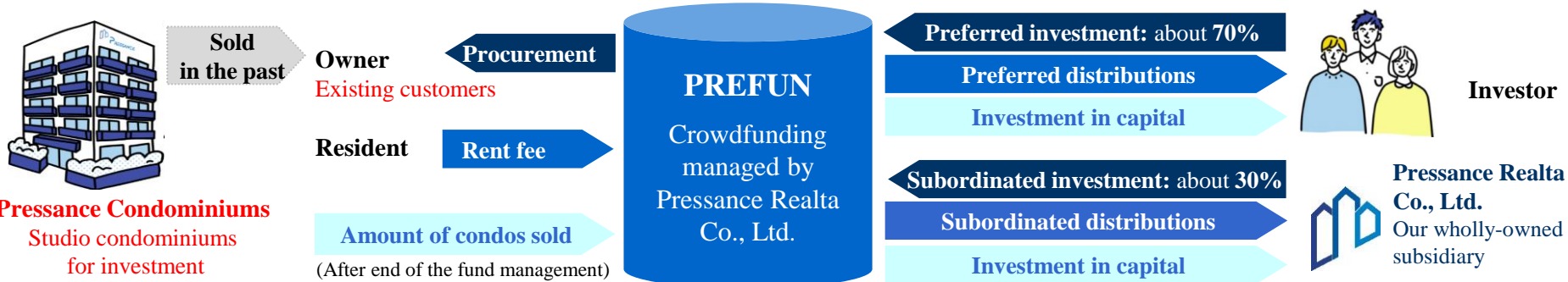
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Sales Results & Sales to Be Posted within FY'22/9 at end of 2Q D = C+A	
Number of units	Amount (million yen)
2,225	38,681
1,345	58,729
115	4,870
273	3,890
1	6,634
3,959	112,805

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Progress to "Revised" Full-year Sales Forecasts (E) at end of 2Q	
Amount E (million yen)	Progress rate D/E
49,637	77.9%
63,518	92.5%
8,123	60.0%
6,983	55.7%
6,634	100.0%
134,897	83.6%

PREFUN: Real Estate Crowdfunding for Used Investment Condominiums



Application Results

		<u>Nearest Station</u>	<u>Application Period</u>	<u>Target Amount</u> (million yen)	<u>Amount Raised</u> (million yen)	<u>Application Ratio</u> (times)	<u>Situation</u>
1	Osaka City	2 minutes on foot from Morinomiya Station, JR Osaka Loop Line, Osaka Metro Nagahori Tsurumi-ryokuchi Line and Chuo Line	Nov. 1 to 21, 2021	7.91	64.41	8.14	in operation
2	Osaka City	1 minute on foot from Tamatsukuri Station, JR Osaka Loop Line	Dec. 1 to 14, 2021	8.54	65.46	7.67	in operation
3	Nagoya City	1 minute on foot from Kokusai Center-mae Station, Sakura-dori Line (subway)	Jan. 5 to 19, 2022	8.96	90.46	10.10	in operation
4	Kyoto City	3 minutes on foot from Gojo Station, Karasuma Line (subway)	Jan. 26 to Feb. 9, 2022	9.92	118.44	11.94	in operation
5	Nagoya City	5 minutes on foot from Kokusai Center-mae Station, Sakura-dori Line (subway)	Feb. 17 to 23, 2022	10.35	123.46	11.93	in operation
6	Osaka City	2 minutes on foot from Namba Station, JR Kansai Main Line 3 minutes on foot from Namba Station, Osaka Metro Yotsubashi Line	Mar. 3 to 9, 2022	9.90	130.81	13.21	in operation
7	Osaka City	2 minutes on foot from Temma Station, JR Osaka Loop Line 3 minutes on foot from Ogimachi Station, Osaka Metro Sakaisuji Line	Mar. 24 to 30, 2022	10.35	126.39	12.21	in operation
8	Osaka City	3 minutes on foot from Daikokucho Station, Osaka Metro Midosuji Line	Apr. 7 to 20, 2022	19.98	96.57	*4.83	in operation
9	Osaka City	4 minutes on foot from Nagahoribashi Station, Nagahori Tsurumi-ryokuchi Line and Sakaisuji Line, Osaka Metro	Apr. 28 to May 4, 2022	11.34	136.95	12.08	application closed
10	Osaka City	3 minutes on foot from Nakazakicho Station, Osaka Metro Tanimachi Line	May 12 to 18, 2022	11.00	-	-	application is ongoing

* Since the application target was limited to newly registered members, the ratio was low.

Our Market Position (based on the number of units supplied in 2021)

Condominium supply (sales) results from Jan. 1, '21 to Dec. 31, '21

The table below was created by the Company based on "Real Estate Economic Institute Co., Ltd. Research Data."

Area	Kinki	Tokai/Chukyo	Total
Our ranking	Ranked No. 1 for 12 consecutive years	Ranked No. 1 for 10 consecutive years	Ranked No. 3
Our supply results	2,453 units	1,320 units	3,950 units
Total number of units supplied	18,951 units	7,481 units	77,552 units
Our market share*	12.9%	17.6%	5.1%

Top 5 ranking in the number of units supplied	No. 1	Pressance Corporation	2,453 units	Pressance Corporation	1,320 units	Nomura Real Estate Development	4,014 units
	No. 2	Kanden Realty & Development	1,145 units	Eslead Corporation	1,194 units	Mitsui Fudosan Residential	3,982 units
	No. 3	Nissho Estem	1,073 units	Open House Development	655 units	Pressance Corporation	3,950 units
	No. 4	Eslead Corporation	1,004 units	Nissho Estem	394 units	Daiwa House Industry	3,634 units
	No. 5	Sumitomo Realty & Development	825 units	Nomura Real Estate Development	355 units	Mitsubishi Estate Residence	2,214 units

*Calculated by the Company based on "Real Estate Economic Institute Co., Ltd. Data released on February 24, 2022."



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.

Contact for inquiries

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