

Financial Highlights of Fiscal Period Ended September 30, 2021

Pressance Corporation Co., Ltd.

JPX Section Code: 3254.T

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



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Consolidated Income Statement Summary

The fiscal period ended Sep. 30, '21 covers the six months from Apr. 1, '21 to Sep. 30, '21 because we have changed the fiscal year-end.

⇒ *YoY change and rate for FP '21/9 were calculated, compared with the results for the first six months of the FY ended Mar. 31, '21 (the same period of the previous fiscal year).

	First six months of FY'20/3 Apr.1 to Sep.30, '19 results		First six months of FY'21/3 Apr. 1 to Sep. 30, '20 results		FP'21/9 (six months) Apr. 1 to Sep. 30, '21 results			Plan for FP'21/9 (six month) Apr. 1 to Sep. 30, '21 plan		Achievement ratio (%)
	Amount (million yen)	Composition ratio	Amount (million yen)	Composition ratio	Amount A (million yen)	Composition ratio	*YoY	Amount B (million yen)	Composition ratio	A/B
Net sales	125,383	100.0%	135,411	100.0%	99,752	100.0%	73.7%	95,203	100.0%	104.8%
Cost of sales	90,929	72.5%	107,767	79.6%	77,069	77.3%	71.5%	74,200	77.9%	103.9%
Gross profit	34,453	27.5%	27,643	20.4%	22,683	22.7%	82.1%	21,002	22.1%	108.0%
SG&A Expenses	10,783	8.6%	9,329	6.9%	8,457	8.5%	90.7%	9,119	9.6%	92.7%
Operating profit	23,669	18.9%	18,314	13.5%	14,225	14.3%	77.7%	11,883	12.5%	119.7%
Ordinary profit	23,398	18.7%	18,416	13.6%	13,888	13.9%	75.4%	11,415	12.0%	121.7%
Net Income	15,660	12.5%	12,769	9.4%	9,121	9.1%	71.4%	7,791	8.2%	117.1%
Net income	15,660	12.5%	12,769	9.4%	9,121	9.1%	71.4%	7,791	8.2%	117.1%

Year-on-Year change:

- Net sales: Decreased 35,658 million yen (down 26.3%) from the first six months of FY '21/3, when net sales were relatively large.
- Gross profit: Improved 2.3 pt over the same period of FY21/3, when land inventory was sold off and write-downs were accelerated.
- SG&A Expenses: SG&A Expenses decreased (sales commissions, property taxes on inventories, etc.) and other expenses fell.

Comparison of results and plan:

- Both net sales and gross profit were slightly above the plan.
- Increase in the achievement ratio of each stage profit due to a decrease in and curb on SG&A expenses.

Sales Result by Core Product in the Condominium Sales Business

Condominium Sales Business	First six months of FY'20/3 Apr. 1 to Sep. 30, '19 results				First six months of FY'21/3 Apr. 1 to Sep. 30, '20 results				FP'21/9 (six months) Apr. 1 to Sep. 30, '21 results				Plan for FP'21/9 Apr. 1 to Sep. 30, '21	
	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	YoY	million yen	Achivement ratio (%) A/B
Core Products													B	A/B
Studio Condominiums	2,833	132.3%	53,428	143.7%	2,734	96.5%	47,833	89.5%	2,924	106.9%	48,218	100.8%	44,728	107.8%
Family-type Condominiums	1,402	85.5%	52,764	85.1%	1,756	125.2%	63,079	119.5%	866	49.3%	34,383	54.5%	32,403	106.1%
Hotel Sales	129	13.2%	3,050	17.3%	150	116.3%	5,380	176.4%	420	280.0%	8,000	148.7%	8,000	100.0%
Total	4,364	91.7%	109,243	93.5%	4,640	106.3%	116,294	106.5%	4,210	90.7%	90,601	77.9%	85,131	106.4%

Year-on-Year change: Sales of family condominiums fell significantly as fewer properties were completed and delivered as planned.

- Studio condo: Up 190 units, with sales up 384 million yen
- Family-type condo: Down 890 units, with sales down 28,696 million yen.
Sales in 1Q FY'21/3 were especially high (1,202 units, 42,668 million yen).
- Hotel Sales: Two properties were delivered (one property during the same period of FY'21/3).

Comparison of results and plan: Sales of studio condominiums and family-type condominium were slightly above the plan.

- Studio condo: Achievement ratio was 107.8%. Increase in units sold was the main driver.
- Family-type condo: Achievement ratio was 106.1%. Increase in units sold was the main driver.
- Hotel Sales: Two properties were delivered as planned. Sales of hotel property had completed until FP'21/9.

Consolidated Balance Sheet Summary

	As of March 31, 2020		As of March 31, 2021		As of Sep 30, 2021		
	Results (million yen)	Composition ratio	Results (million yen)	Composition ratio	Results (million yen)	Composition ratio	Change (million yen)
Current Assets	296,066	95.3%	249,040	92.7%	237,376	92.7%	▲11,663
Cash and deposits	44,774	14.4%	90,799	33.8%	103,138	40.3%	12,338
Real estate for sale	27,074	8.7%	8,538	3.2%	23,491	9.2%	14,952
Real estate for sale in process	217,964	70.1%	142,143	52.9%	102,347	40.0%	▲39,795
Non-current Assets	14,712	4.7%	19,722	7.3%	18,648	7.3%	▲1,073
Total Assets	310,779	100.0%	268,762	100.0%	256,024	100.0%	▲12,737
Current Liabilities	107,318	34.5%	81,344	30.3%	54,131	21.1%	▲27,213
Short-term liabilities with interest	73,084	23.5%	56,980	21.2%	39,148	15.3%	▲17,832
Non-current Liabilities	86,770	27.9%	47,284	17.6%	53,637	21.0%	6,352
Long-term liabilities with interest	85,903	27.6%	46,469	17.3%	52,798	20.6%	6,328
Total Liabilities	194,088	62.5%	128,629	47.9%	107,768	42.1%	▲20,861
Total Net Assets	116,690	37.5%	140,132	52.1%	148,256	57.9%	8,123
Total Liabilities and Net Assets	310,779	100.0%	268,762	100.0%	256,024	100.0%	▲12,737

Major Factors of Changes from March 31, 2021

- **Current Assets:** Cash and deposits up 12,338 million yen, Real estate for sale up 14,952 million yen, Real estate for sale in process down 39,795 million yen
- **Non-current Assets:** Real estate for rent (net) up 853 million yen (added: 2 properties; transferred to real estate for sale: 2 properties)
- **Liabilities:** Bank loans payable down 11,503 million yen
- **Total Net Assets:** Recorded net income of 9,121 million yen
- **Equity ratio:** 57.6 % (Up 5.8 pt from March 31, 2021)

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

Land Inventory as of September 30, 2021

Breakdown of inventory

(million yen)

	Land Costs in the Condominium Biz	Other Land Costs	Construction Costs	Total <i>(The numbers in the red frame on the previous page)</i>
Real estate for sale	6,126	4,232	13,132	23,491
Real estate for sale in process	74,614	5,666	22,067	102,347
Total	80,740	9,898	35,199	125,839



Land Costs in the Condominium Biz by Product

Amount: 80,740 million yen



Units: 12,302

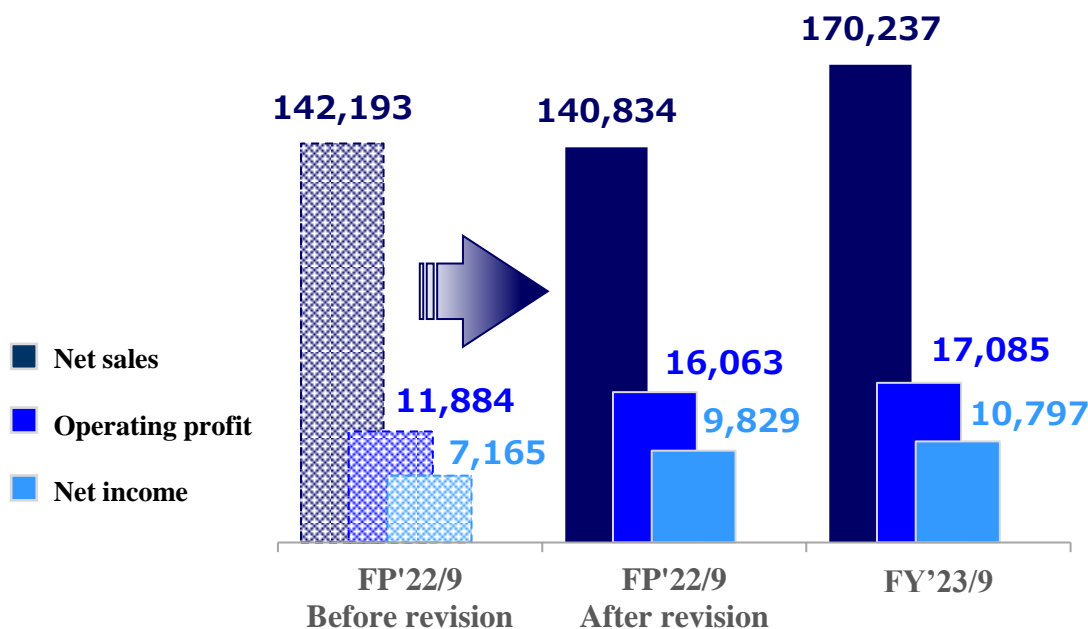


Mid-Term Management Plan

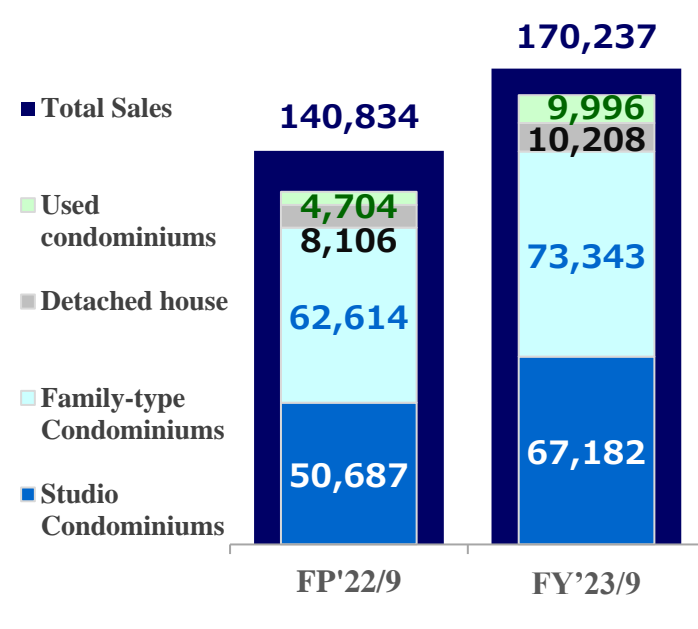
Mid-Term Management Plan from FY'22/9 to FY'23/9

- The plan for FY'22/9 has been revised from the previous plan disclosed on May 14, 2021.
 Net sales revised down 1,359 million yen (down 1.0%), operating profit revised up 4,179 million yen (up 35.2%), net income revised up 2,663 million yen (up 37.2%)
- Sales will bottom out in FY'22/9 and start to expand in FY'23/9.
- Sales of used condominiums & detached houses will grow as well as studio condominiums & family-type condominiums.

Mid-term plan (million yen)



Sales by Core Product (million yen)



New Initiatives (1) ZEH-M (Net Zero Energy House - M) Initiative

We are planning to develop environmentally friendly energy-saving condominiums (ZEH-M) to meet growing social interest and expanding customer needs.

■ Overview of Planned Project: ZEH-M Oriented Type

	Type	Location	No. of stories	Total units	Scheduled commencement date	Scheduled completion date
1	Studio condominiums for investment	Kyoto city	RC building with 7 stories	67 units	June 2022	June 2023
2	Studio condominiums for investment	Nagoya city	RC building with 15 stories	56 units	June 2022	November 2023

■ Overview of ZEH-M

ZEH (Net Zero Energy House): ZEH aims to achieve a net zero annual primary energy consumption balance through greatly improved thermal insulation performance of structure skin and by introducing renewable energy and a highly efficient equipment system to deliver significant energy-saving while maintaining the quality of the indoor environment.

ZEH in multi-family housing: Following categories exist, depending on the number of stories; ZEH-M or Nearly ZEH-M for buildings with 3 stories or less, ZEH-M Ready for buildings with 4 or 5 stories, and **ZEH-M Oriented for buildings with 6 stories or more.**

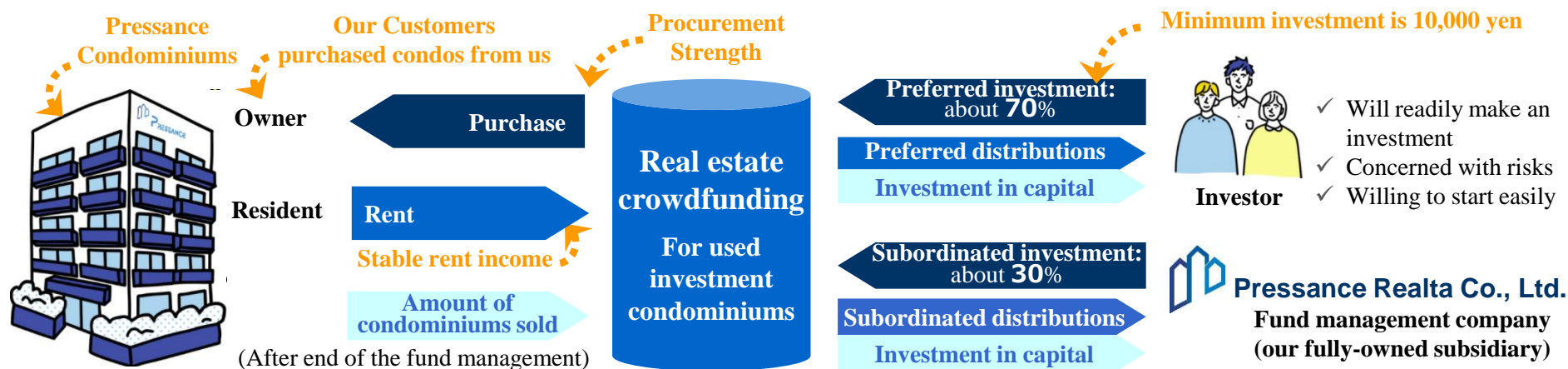
■ Evaluation Criteria for ZEH-M Oriented in which our products are categorized

Evaluation of Residential Building				Evaluation of Unit		
Thermal insulation performance of building skin *The following criteria should be achieved by all units.	Energy conservation rate *The following criteria should be achieved by the whole residential building, including common areas.		Level to be aimed at	Thermal insulation performance of building skin *The following criteria should be achieved by the units.	Energy conservation rate *The following criteria should be achieved by the units.	
	Excluding renewable energy	Including renewable energy			Excluding renewable energy	Including renewable energy
Criteria for strengthened building skin (ZEH criteria)	20% or more	No need for renewable energy	Building with 6 stories or more	Criteria for strengthened building skin (ZEH criteria)	20% or more	No need for renewable energy

(Source: "ZEH Architectural Design Guidelines for Multi-Family Housing" by ZEH for Multi-Family Housing Roadmap Follow-up Committee)

New Initiatives (2) Real Estate Crowdfunding for Used Investment Condominiums Started on November 1, 2021

Name of New Business	PREFUN
Overview	Real estate investment in used studio condominiums through crowdfunding and the Internet
Changes in External Environment	Interest in real estate investment has been extending to those who have no experience in real estate investment.
Business Aim	To create opportunities for starters, young people and small-amount-investors to experience real estate investment. To cultivate and increase future customers for new and used studio condominiums
Differentiation Point	Specializing in investment studio condominiums that are highly evaluated in the market developed, sold, and managed by the Company. Procurement strength leveraging the continuing relationship between the owner and the Group even after the sales through leasing management, etc.
Operation period	From a few months to a year
Dividend Payment	Distributions and investment in capital are paid in lump sum within 2 months after the end of fund operation.



*The first project attracted 25.39 million yen, 321% of the amount to be raised, only on the first day (November 1, 2021) of the application period.

Prospects for Achievement of Condo Sales Plan & Outstanding Orders (Contracts) <as of Oct. 1, 2021>

At the beginning of FY'22/9, **we have already secured 51.9% of the full-year sales plan of 113,302 million yen** (light yellow part) for studio and family-type condominiums based on the outstanding orders (light blue part) that are expected to be delivered in FY'22/9.

Outstanding balance of contracts as of September 30, 2021

Core Products	Total outstanding balance of contracts as of Sep. 30, 2021		Breakdown by delivery timing			
	No. of units (Units)	Amount (million yen)	During FY'22/9 Scheduled Delivery A		On or after FY'23/9 Scheduled Delivery B	
			No. of units (Units)	Amount (million yen)	No. of units (Units)	Amount (million yen)
Studio Condominiums	1,953	29,455	1,189	18,743	764	10,712
Family-type Condominiums	1,078	47,174	901	40,055	177	7,119
Total Condominium Sales Business	3,031	76,630	2,090	58,798	941	17,831

Note. Outstanding balance of contracts = 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)

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

Progress in Annual Sales Plan for FY'22/9

	Orders scheduled for delivery and to be posted as sales within FY'22/9		Progress in annual sales plan for FY22/9	
	No. of units (Units)	Amount A (million yen)	Amount B (million yen)	Progress rate A/B
Studio Condominiums	1,189	18,743	50,687	37.0%
Family-type Condominiums	901	40,055	62,614	64.0%
Total Condominium Sales Business	2,090	58,798	113,302	51.9%

Return to Shareholders

FP'21/9: Dividend payment and dispatching of gift to shareholders are planned for late December, 2021.

Dividend per share (Record date)	FP'21/9 (September 30, 2021)		Payout ratio
	16 yen		
Shareholder Benefits Once per FY (Record date)	Number of shares held (As of September 30, 2021)	Gift to be sent from late Dec. 2021	
	400 shares or more	UC Gift Card worth 2,500 yen (1,000 yen × 2,500 yen × 1)	



* Since FP'21/9 is a transitional period for changing the fiscal year-end and covers only six months, dividend payment is only once a year, and shareholder benefits are reduced to 50%.

FY22/9 forecast: dividend payment is planned for late June 2022 (interim) and late December 2022 (year-end).

Dividend per share (Record date)	Interim dividend (March 31, 2022)	Year-end dividend (September 30, 2022)	Annual total	Payout ratio
	16 yen	16 yen	32 yen	
Shareholder Benefits Once per FY (Record date)	Number of shares to be held for the gift (as of Sep. 30, 2022)	Gift to be sent from late December 2022		
	400 shares or more	VJA Gift Card worth 5,000 yen (1,000 yen × 5)		





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.

<For inquiries, contact>

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