

February 7, 2018

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2018 <Under J-GAAP>

Company name: **Pressance Corporation Co., Ltd.**
 Listing: First Section of the Tokyo Stock Exchange
 Securities code: 3254
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Scheduled date of filing of quarterly securities report: February 9, 2018

Scheduled date of start of dividend payment:

Preparation of supplementary material on quarterly financial results: None

Holding of quarterly financial results presentation meeting: None

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

1. Consolidated operating results for the first nine months of the fiscal year ending March 31, 2018 (from April 1, 2017 to December 31, 2017)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	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 March 31, 2018	101,024	38.5	16,891	35.7	16,557	34.7	11,247	36.6
First nine months of the fiscal year ended March 31, 2017	72,961	4.5	12,447	(13.7)	12,292	(13.9)	8,235	(13.3)

Note: Comprehensive income First nine months of the fiscal year ending March 31, 2018: 11,247 million yen [36.7 %]
 First nine months of the fiscal year ended March 31, 2017: 8,225 million yen [(13.4) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First nine months of the fiscal year ending March 31, 2018	190.56	183.79
First nine months of the fiscal year ended March 31, 2017	140.03	—

Note: Pressance Corporation Co., Ltd. (the "Company") conducted a 4-for-1 stock split of common stock on October 1, 2016. Basic earnings per share and diluted earnings per share were calculated as though the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	224,490	71,777	31.1
As of March 31, 2017	185,307	59,615	32.0

Reference: Equity

As of December 31, 2017: 69,742 million yen

As of March 31, 2017: 59,312 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 year ended March 31, 2017	—	35.00	—	12.40	—
Fiscal year ending March 31, 2018	—	12.50	—		
Fiscal year ending March 31, 2018 (Forecast)				16.90	29.40

The Company announced revisions to the dividend forecasts on February 7, 2018. Please check the announcement, "revisions to results forecasts and dividends forecast."

The Company conducted a 4-for-1 stock split of common stock on October 1, 2016. For the 2nd quarter-end of the fiscal year ended March 31, 2017, actual dividend values before the stock split are shown. The 2nd quarter-end dividend per share for the fiscal year ended March 31, 2017 that takes the stock split into account is 8.75 yen, and the annual total of dividends per share is 21.15 yen.

3. Consolidated results forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

Full year	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
	130,664	29.3	20,144	28.7	19,572	27.0	13,368	27.0	226.16

The Company announced revisions to the results forecasts on February 7, 2018. Please check the announcement, "Revisions to results forecast and dividends forecast."

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting for preparing quarterly consolidated financial statements: Yes
- (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 other reasons 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 end of period (including treasury shares)

As of December 31, 2017	62,106,400 shares
As of March 31, 2017	61,613,600 shares

b. Number of treasury shares at end of period

As of December 31, 2017	2,799,208 shares
As of March 31, 2017	2,800,528 shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

First nine months of the fiscal year ending March 31, 2018	59,021,861 shares
First nine months of the fiscal year ended March 31, 2017	58,813,129 shares

Notes: 1. The Company conducted a 4-for-1 stock split of common stock on October 1, 2016. Number of issued shares (common stock) was calculated as though the stock split was conducted at the beginning of the previous fiscal year.

2. Due to the introduction of the share-based payment type ESOP, 315,300 shares of the Company held by the trust account are included in the "Number of treasury shares at end of period" as of March 31, 2017, and 313,980 shares of the Company held by the trust account are included in the "Number of treasury shares at end of period" as of December 31, 2017. And the 314,882 shares are included in the treasury shares that were deducted in the calculation of the "Average number of outstanding shares during the period" for the first nine months of the fiscal year ending March 31, 2018. Also the 146,758 shares are included in the treasury shares that were deducted in the calculation of the "Average number of outstanding shares during the period" for the first nine months of the fiscal year ending March 31, 2017.

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

* Explanation related to the appropriate use of the results forecasts and other items warranting special mention

Forward-looking statements in this document, including the results forecasts, are based on the information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. These statements do not purport that the Company pledges to achieve such statements. Actual business and other results may differ substantially due to various factors.

Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Thousands of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	30,534,088	31,365,242
Accounts receivable - trade	93,479	63,347
Real estate for sale	14,324,393	15,646,890
Real estate for sale in process	122,174,998	157,900,188
Raw materials and supplies	188,219	218,845
Other	4,494,898	4,132,821
Total current assets	171,810,077	209,327,336
Non-current assets		
Property, plant and equipment		
Real estate for rent, net	11,353,138	11,763,597
Other, net	512,406	547,091
Total property, plant and equipment	11,865,545	12,310,688
Intangible assets	276,890	423,381
Investments and other assets	1,354,636	2,428,838
Total non-current assets	13,497,071	15,162,907
Total assets	185,307,149	224,490,244
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,752	186,295
Electronically recorded obligations - operating	7,770,600	5,252,374
Short-term loans payable	1,440,000	8,106,000
Current portion of long-term loans payable	23,970,549	30,693,599
Income taxes payable	2,542,037	3,109,542
Advances received	10,825,594	9,955,993
Provision for bonuses	131,810	79,419
Other	2,742,147	2,854,875
Total current liabilities	49,438,492	60,238,101
Non-current liabilities		
Bonds with subscription right to shares	-	7,000,000
Long-term loans payable	75,691,200	84,846,300
Provision for directors' retirement benefits	522,650	556,325
Provision for share-based payment	39,398	62,465
Other	-	9,418
Total non-current liabilities	76,253,248	92,474,508
Total liabilities	125,691,740	152,712,610
Net assets		
Shareholders' equity		
Capital stock	1,472,694	1,801,206
Capital surplus	1,406,871	1,735,384
Retained earnings	59,308,110	69,078,306
Treasury shares	(2,869,119)	(2,867,751)
Total shareholders' equity	59,318,556	69,747,146
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(6,212)	(4,808)
Total accumulated other comprehensive income	(6,212)	(4,808)
Subscription rights to shares	287,248	238,196
Non-controlling interests	15,816	1,797,099
Total net assets	59,615,408	71,777,633
Total liabilities and net assets	185,307,149	224,490,244

(2) Quarterly consolidated statements of income and comprehensive income
 Quarterly consolidated statements of income (cumulative)

(Thousands of yen)

	First nine months of the fiscal year ended March 31, 2017	First nine months of the fiscal year ending March 31, 2018
Net sales	72,961,662	101,024,238
Cost of sales	52,169,961	73,692,429
Gross profit	20,791,701	27,331,808
Selling, general and administrative expenses	8,344,485	10,440,775
Operating profit	12,447,216	16,891,033
Non-operating income		
Interest income	2,885	2,384
Dividend income	1,498	1,350
Purchase discounts	9,337	4,246
Foreign exchange gains	39,576	37,853
Commission fee	45,798	51,040
Penalty income	52,123	86,137
Other	31,833	50,597
Total non-operating income	183,052	233,610
Non-operating expenses		
Interest expenses	300,044	458,231
Share of loss of entities accounted for using equity method	11,472	32,181
Commission fee	22,657	64,631
Other	3,841	12,232
Total non-operating expenses	338,015	567,277
Ordinary profit	12,292,253	16,557,366
Extraordinary income		
Gain on sales of non-current assets	343	3,708
Total extraordinary income	343	3,708
Extraordinary losses		
Loss on retirement of non-current assets	442	7,307
Loss on valuation of investment securities	12,739	–
Total extraordinary losses	13,182	7,307
Profit before income taxes	12,279,413	16,553,767
Income taxes	4,042,107	5,307,396
Profit	8,237,306	11,246,370
Profit attributable to non-controlling interests	1,980	(717)
Profit attributable to owners of parent	8,235,325	11,247,087

Quarterly consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	First nine months of the fiscal year ended March 31, 2017	First nine months of the fiscal year ending March 31, 2018
Profit	8,237,306	11,246,370
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,436)	1,404
Total other comprehensive income	(11,436)	1,404
Comprehensive income	8,225,869	11,247,775
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,223,889	11,248,492
Comprehensive income attributable to non- controlling interests	1,980	(717)

(3) Quarterly consolidated statements of cash flows

(Thousands of yen)

	First nine months of the fiscal year ended March 31, 2017	First nine months of the fiscal year ending March 31, 2018
Cash flows from operating activities		
Profit before income taxes	12,279,413	16,553,767
Depreciation	215,581	293,406
Amortization of goodwill	4,586	75,159
Interest and dividend income	(4,384)	(3,735)
Interest expenses	300,044	458,231
Foreign exchange losses (gains)	(39,576)	(37,853)
Share of (profit) loss of entities accounted for using equity method	11,472	32,181
Loss (gain) on sales of property, plant and equipment	(343)	(3,708)
Decrease (increase) in inventories	(21,392,060)	(37,151,633)
Increase (decrease) in notes and accounts payable – trade	(4,684,009)	(2,450,351)
Loss (gain) on valuation of investment securities	12,739	–
Share-based compensation expenses	127,554	52,091
Increase (decrease) in provision for bonuses	(38,733)	(52,390)
Increase (decrease) in provision for directors’ retirement benefits	26,423	33,675
Loss on retirement of non-current assets	442	7,307
Increase (decrease) in advances received	441,408	(853,800)
Increase (decrease) in accrued consumption taxes	321,594	290,133
Decrease (increase) in consumption taxes refund receivable	492,335	916,368
Increase decrease in provision for stocks payment	–	24,434
Other, net	(1,620,699)	(586,102)
Subtotal	(13,546,209)	(22,402,816)
Interest and dividend income received	3,875	3,735
Interest expenses paid	(297,759)	(456,724)
Income taxes paid	(5,150,827)	(4,736,623)
Net cash provided by (used in) operating activities	(18,990,920)	(27,592,429)
Cash flows from investing activities		
Purchase of non-current assets	(4,815,538)	(604,170)
Proceeds from sales of property, plant and equipment	633	3,708
Purchase of investment securities	(1,558)	(1,643)
Proceeds from sales of securities	16,656	70
Payments of loans receivable from subsidiaries and associates	(344,126)	(1,084,850)
Payments into time deposits	(35,010)	–
Proceeds from withdrawal of time deposits	–	35,010
Purchase of shares of subsidiaries and associates	(10,000)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(732,490)	(162,993)
Net cash provided by (used in) investing activities	(5,921,434)	(1,814,869)
Cash flows from financing activities		
Proceeds from long-term loans payable	44,847,000	46,506,000
Repayments of long-term loans payable	(18,670,049)	(30,781,249)
Proceeds from issuance of common stock	–	547,008
Purchase of treasury shares	(138)	–
Cash dividends paid	(1,396,155)	(1,476,293)
Increase (decrease) in short-term loans payable	720,000	6,666,000
Proceeds from share issuance to non-controlling shareholders	–	1,782,000
Proceeds from issuance of bonds with subscription rights to shares	–	6,990,279

(Thousands of yen)

	First nine months of the fiscal year ended March 31, 2017	First nine months of the fiscal year ending March 31, 2018
Other, net	–	8,873
Net cash provided by (used in) financing activities	25,500,655	30,242,617
Effect of exchange rate change on cash and cash equivalents	–	30,845
Net increase (decrease) in cash and cash equivalents	588,300	866,164
Cash and cash equivalents at beginning of period	20,827,486	28,439,078
Cash and cash equivalents at end of period	21,415,786	29,305,242

Supplementary Information

(1) Orders

First nine months of the fiscal year ended March 31, 2017 (from April 1, 2016 to December 31, 2016)

Name of segment	Category	Total amount of contracts				Outstanding balance of contracts			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Single-room condominiums	1,271	107.3	21,854,015	112.0	789	105.9	13,349,415	106.7
	Family condominiums	1,533	161.0	56,226,164	169.7	1,986	196.1	73,502,271	212.6
	Sale of condominium building	640	164.1	8,200,670	161.2	790	95.5	10,130,058	96.8
	Sale of hotel property	111	–	2,979,539	712.1	183	–	4,760,539	1,137.8
	Sale of other type of housing	26	66.7	692,518	61.2	1	12.5	32,749	13.2
	Sale of other real estate	–	–	298,380	29.2	–	–	–	–
Total amount of reportable segments		3,581	139.6	90,251,288	149.7	3,749	144.6	101,775,034	174.2

First nine months of the fiscal year ending March 31, 2018 (from April 1, 2017 to December 31, 2017)

Name of segment	Category	Total amount of contracts				Outstanding balance of contracts			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Single-room condominiums	1,738	136.7	30,473,562	139.4	880	111.5	15,545,315	116.4
	Family condominiums	1,482	96.7	55,232,147	98.2	2,245	113.0	88,871,442	120.9
	Sale of condominium building	973	152.0	13,775,007	168.0	1,044	132.2	14,123,316	139.4
	Sale of hotel property	360	324.3	6,041,444	202.8	660	360.7	11,758,748	247.0
	Sale of other type of housing	49	188.5	1,659,494	239.6	21	2,100.0	638,876	1,950.8
	Sale of other real estate	2	–	3,063,677	1,026.8	–	–	952,000	–
Total amount of reportable segments		4,604	128.6	110,245,333	122.2	4,850	129.4	131,889,699	129.6

- Notes:
- In the table above, “total amount of orders” has been replaced with “total amount of contracts.”
 - Consumption taxes are not included in the above amounts.
 - Amounts of additional constructions are included in the above amounts.
 - The sale of condominium building refers to the method of wholesaling the whole or part of each condominium building mainly to condominium dealers.
 - The sale of other type of housing refers to the sale of houses, including used houses and detached houses, other than newly built condominiums.
 - The sale of other real estate refers to the sale of real estate, including commercial stores and sites for development, other than housing.
 - “Sale of hotel property,” which was included in “Sale of other real estate” in the first nine months of the fiscal year ended March 31, 2017, has been presented separately as “Sale of hotel property” from the fiscal year ended March 31, 2017. The relevant items in “Sale of other real estate” for the first nine months of the fiscal year ended March 31, 2017 are reclassified in order to reflect this change.
 - The amount of contracts for sale of other real estate in the first nine months of the fiscal year ended March 31, 2017, is related to sites for development.
The amount of contracts for sale of other real estate in the first nine months of the fiscal year ending March 31, 2018, is related to commercial stores, 68,136 thousand yen, and sites for development, 2,995,541 thousand yen.
 - In the first nine months of the fiscal year ended March 31, 2017, 2,039,725 thousand yen out of the total amount of contracts and the outstanding balance of contracts for sale of hotel property

corresponds to settled contracts for land only. Because the associated building contracts remain unsettled, these number of units corresponding to these buildings are not included.

10. The number of units of the total amount of contracts and the outstanding balance of contracts may change due to changes to building plans, etc.

11. Business segments which are not included in the reportable segments are not applicable.

(2) Sales

Name of segment	Category	First nine months of the FY ended March 31, 2017 (from April 1, 2016 to December 31, 2016)				First nine months of the FY ending March 31, 2018 (from April 1, 2017 to December 31, 2017)			
		Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Thousands of yen)	Year on year (%)
Real estate sale business	Single-room condominiums	1,434	124.4	24,809,600	134.3	1,651	115.1	28,350,107	114.3
	Family condominiums	1,031	76.7	33,857,472	80.6	1,293	125.4	45,177,182	133.4
	Sale of condominium building	746	226.1	9,847,222	242.9	1,086	145.6	17,073,976	173.4
	Sale of hotel property	–	–	–	–	183	–	2,744,091	–
	Sale of other type of housing	33	106.5	910,828	103.3	35	106.1	1,237,829	135.9
	Sale of other real estate	–	–	498,380	28.6	2	–	2,111,676	423.7
	Business accompanying real estate sale	–	–	326,859	145.0	–	–	855,276	261.7
Total amount of reportable segments		3,244	113.5	70,250,363	104.2	4,250	131.0	97,550,141	138.9
Other		–	–	2,711,299	110.9	–	–	3,474,097	128.1
Total		3,244	113.5	72,961,662	104.5	4,250	131.0	101,024,238	138.5

- Notes:
1. Consumption taxes are not included in the above amounts.
 2. Amounts of additional constructions are included in the above amounts.
 3. The sale of condominium building refers to the method of wholesaling the whole or part of each condominium building mainly to condominium dealers.
 4. The sale of other type of housing refers to the sale of houses, including used houses and detached houses, other than newly built condominiums.
 5. The sale of other real estate refers to the sale of real estate, including commercial stores and sites for development, other than housing.
 6. Business accompanying real estate sale includes agent commission for condominium sale and paperwork accompanying real estate sale.
 7. The net sales for sale of other real estate in the first nine months of the fiscal year ended March 31, 2017 is related to sites for development. The net sales for sale of other real estate in the nine months of the fiscal year ending March 31, 2018 is related to commercial stores, 68,136 thousand yen and sites for development, 2,043, 540 thousand yen.