

Financial Highlights for the First Quarter in FY2018/03

Pressance Corporation Co., Ltd.

August, 2017

JPX Security Code: 3254.TJPX

In the “JPX Nikkei Index 400”



Consolidated Income Statement Summary

[unit: million yen]

	1stQ in FY 2016/March		1stQ in FY 2017/March		1stQ in FY 2018/March		YoY (%)	FY 2018/March Forecast (publicly released)		
	Results	Ratio to sales	Results	Ratio to sales	Results (A)	Ratio to sales		Annual Plan (B)	Ratio to sales	Progression Rate (A/B)
Sales	41,861	100.0%	33,535	100.0%	35,799	100.0%	106.8%	126,562	100.0%	28.3%
Cost of Goods Sold	29,064	69.4%	23,504	70.1%	25,235	70.5%	107.4%	93,462	73.8%	27.0%
Gross Margin	12,797	30.6%	10,031	29.9%	10,564	29.5%	105.3%	33,100	26.2%	31.9%
SG & A expenses	2,543	6.1%	3,050	9.1%	3,744	10.5%	122.8%	14,798	11.7%	25.3%
Operating Income	10,253	24.5%	6,981	20.8%	6,819	19.0%	97.7%	18,301	14.5%	37.3%
Ordinary Income	10,220	24.4%	6,951	20.7%	6,749	18.9%	97.1%	17,818	14.1%	37.9%
Net Income Attribute to shareholders of parent company	6,815	16.3%	4,707	14.0%	4,575	12.8%	97.2%	12,176	9.6%	37.6%

Topics & Major Factors of Changes

- **The results for this 1ST Q has made sound progress to publicly announced annual plan.**
- **YoY:** Comparing to the previous year, Sales & Gross Margin slightly increased while income slightly decreased due to the increase in SG & A expenses.
- **Progress to the plan:** Making sound progress in general and on Incomes

Reference: In order to minimize construction costs, we manage constructing term as the shortest. And also we manage numbers of condominium construction at the same time As the result transfers to our customers may gather within a certain quarter term..

[i.e.] The sales during 1st Q in 2016

Main Sales Results in the Condominium Business

	FY 2016/March 1st Q Results				FY 2017/March 1st Q Results				FY 2018/March 1st Q Results				FY 2018/March Annual Sales Plan by Major Products	
	No. of units		Amount		No. of units		Amount		No. of units		Amount		Amount (million yen) (B)	Progress rate (A/B)
	(unit)	YoY (%)	(Million Yen)	YoY (%)	(unit)	YoY (%)	(Million Yen)	YoY (%)	(unit)	YoY (%)	(million yen) (A)	YoY (%)		
Single-room Condominium	748	155.5%	12,086	159.0%	770	102.9%	13,342	110.4%	978	127.0%	16,855	126.3%	29,282	57.6%
Family Type Condominium	849	172.2%	26,067	181.3%	429	50.5%	13,820	53.0%	203	47.3%	7,238	52.4%	66,577	10.9%
※Condominium Building Sales	135	337.5%	1,671	364.9%	323	239.3%	4,367	261.3%	377	116.7%	6,893	157.8%	19,300	35.7%
Hotel Sales									72	NA	1,053	NA	2,720	38.7%
Total	1,732	170.8%	39,825	177.5%	1,522	87.9%	31,530	79.2%	1,630	107.1%	32,041	101.6%	117,881	27.2%

Topics & Major Factors of Changes

- **YoY: Sales has made increase and sound progress: Unit... +108 units, Amount... +510 million yen**
- **The increase in the sales of Single room condo covered the decrease in the sales of Family-type condo due to the transfer timing. The amount of Cond-Building sales has increased.**
- **The Sales of Hotel sales started from this FY 2018**
- ※ Condominium building sales is the way to sell whole or part of condo building to the other wholesaler.

Consolidated Balance Sheet Summary

	FY 2016/March		FY 2017/March		End of June, 2017		
	Results (million yen)	Component ratio	Results (million yen)	Component ratio	Results (million yen)	Component ratio	Increase & Decrease (million yen)
Current Assets	117,887	94.9%	171,810	92.7%	176,110	92.8%	4,300
Of these, real estate for sale	4,173	3.4%	14,324	7.7%	11,930	6.3%	▲ 2,393
Of these, real estate in progress for sale	88,376	71.1%	122,174	65.9%	131,352	69.2%	9,177
Fixed Assets	6,390	5.1%	13,497	7.3%	13,633	7.2%	136
Total Assets	124,277	100.0%	185,307	100.0%	189,743	100.0%	4,436
Current Liabilities	22,171	17.8%	49,438	26.7%	54,830	28.9%	5,391
Of these, short-term interest-bearing liabilities	5,408	4.4%	25,410	13.7%	35,932	18.9%	10,522
Fixed Liabilities	51,781	41.7%	76,253	41.1%	71,414	37.6%	▲ 4,839
Of these, long-term interest-bearing liabilities	51,297	41.3%	75,691	40.8%	70,833	37.3%	4,857
Total Liabilities	73,953	59.5%	125,691	67.8%	126,244	66.5%	552
Shareholder's Net Assets	50,324	40.5%	59,615	32.2%	63,499	33.5%	3,884
Total Liabilities and Net Assets	124,277	100.0%	185,307	100.0%	189,743	100.0%	4,436

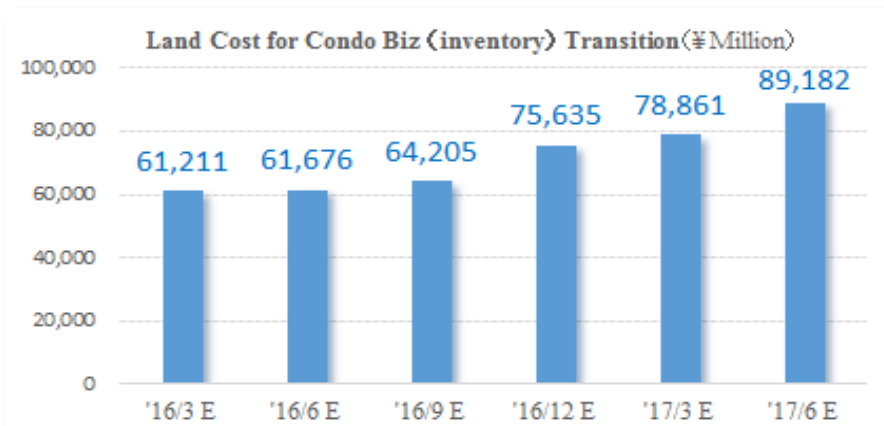
Topics & Major Factors of Changes

- **Increase in Inventory** : Continued aggressive procurement of real estate for sale. And also constructions are on schedule.
- **Fixed Liabilities** : Increased in the amortization of the acquisition of 100 % owned subsidiary, La La Place.
 - +199 million yen

※ See the next page about the number in Yellow Frame

Inventory Assets as of June, 2017

Amount (Million yen)	
Real Estate for Sale (within the yellow frame in the previous page)	11,930
Land Cast for Condominium biz (A)	2,786
Other Land Cost	284
Construction Cost	8,859
Real Estate in Progress for Sale (within the yellow frame in the previous page)	131,352
Land Cost for Condominium biz (B)	86,396
Other Land Cost	7,431
Construction Cost	37,524



	Amount (million yen)	Units	
Land Cost for Condominium biz (A+B)	89,182	15,261	Projection based on FY 2017 delivery results
Single-room Condominium	20,950	5,162	Equivalent to the sales volume for more than 3 years up to June, 2020, assuming delivery of about 1,700 units annually
Family-Type Condominium	50,084	6,130	Equivalent to the sales volume for about 3.2 years up to Aug, 2020, assuming delivery of about 1,900 units annually
Condominium building Sales	8,160	2,246	Equivalent to the sales volume for about 2 years up to June, 2019, assuming delivery of about 900 units annually
Hotel Sales	9,987	1,723	includes the portions scheduled for delivery up to Mar., 2020

- ✓ Inventory includes the lands completed procurement and registered as the company properties.
(In addition to above figures, other inventories completed sales contracts and uncompleted payments are 42 buildings with about 3,200 units.
Of these, Single-room about 2,000 units, Family-type about 1,000 units, Hotel about 200 units)
- ✓ (A)+(B) Land cost for condominiums biz (a part of inventory), 89,182 million yen, is the total number subtracting other land cost (284+7,431=7,715million yen), construction cost (8,859+37,524=46,383 million yen) from real estate for sale (11,930 million yen) and real estate in progress for sale (13,152 million yen) in the balance sheet as of the financial announcement as of the first quarter FY 2018.
- ※ Other Land Cost includes used real estates biz, hose sales biz and acquisition-related costs.

Perspective on the Annual Sales for FY 2018 as of June, 2017

Outstanding Balance of Contracts as of the End of the 1st Q

	Results as of the End of the 1st Q					
	Total Outstanding Balance of contracts (A+B)		FY 2018 (from July to Mar.) Firm Scheduled delivery (A)		From FY 2019 Firm Scheduled delivery (B)	
	Units	Amount (million yen)	Units	Amount (million yen)	Units	Amount (million yen)
Single-room	372	6,305	372	6,305	0	0
Family-type	2,374	90,700	1,335	51,522	1,039	39,177
Cong Bldg. Sales	1,267	17,662	873	12,357	394	5,304
Hotel Sales	411	7,415	111	1,674	300	5,740
Total	4,424	122,083	2,691	71,860	1,733	50,223

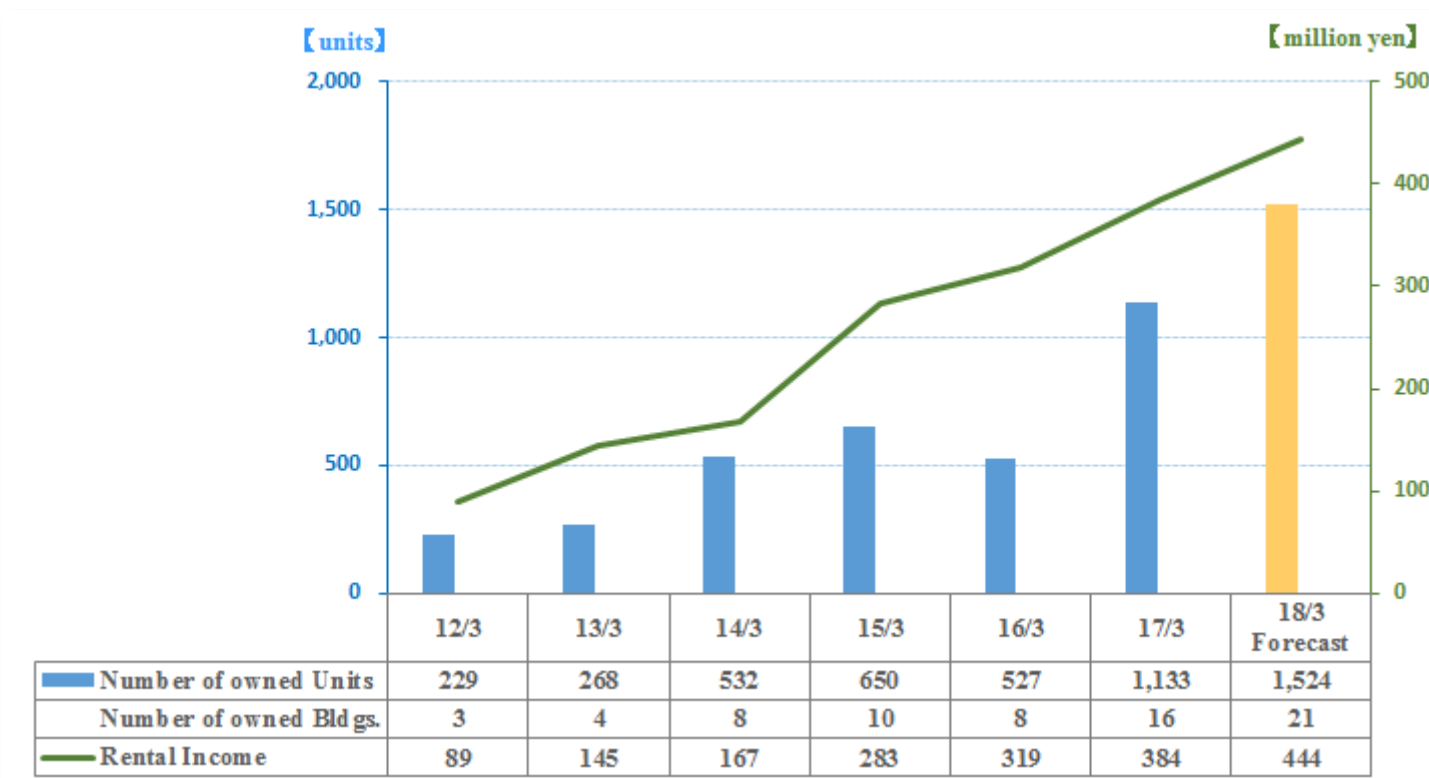
Topics

- > The sum of sales results and firm scheduled delivery indicates 88.1 % progress to the planned annual sales as of end of June, 2017
 - > Our accounting rule
 - Orders received = on closing sales contracts
 - Sales = transferring property
 - ⇒ **Outstanding Orders:**
 - Total numbers below
 - Under construction,
 - Completed sales contracts,
 - Uncompleted transfer of property (registration)
- Outstanding order changes to sales when properties are transferred from us to a customer.**

FY 2018 Progress on Outstanding Orders

	FY 2018 1st Q Results of Sales (C)		+	Outstanding Orders with Firm Scheduled Delivery (A)		=	FY 2018 Projected Annual Sales (D)=(C)+(A)		÷	Progress to the Planned Annual Sales (E)	
	Units	Amount (million yen)		Units	Amount (million yen)		Units	Amount (million yen)		Amount (E) (million yen)	Progression Rate D/E
Single-room	978	16,855		372	6,305		1,350	23,160		29,282	79.1%
Family-type	203	7,238		1,335	51,522		1,538	58,761		66,577	88.3%
Cong Bldg. Sales	377	6,893		873	12,357		1,250	19,251		19,300	99.7%
Hotel Sales	72	1,053		111	1,674		183	2,728		2,720	100.3%
Total	1,630	32,041		2,691	71,860		4,321	103,901		117,881	88.1%

Changes in the number and Rental Income of Company-owned Condo



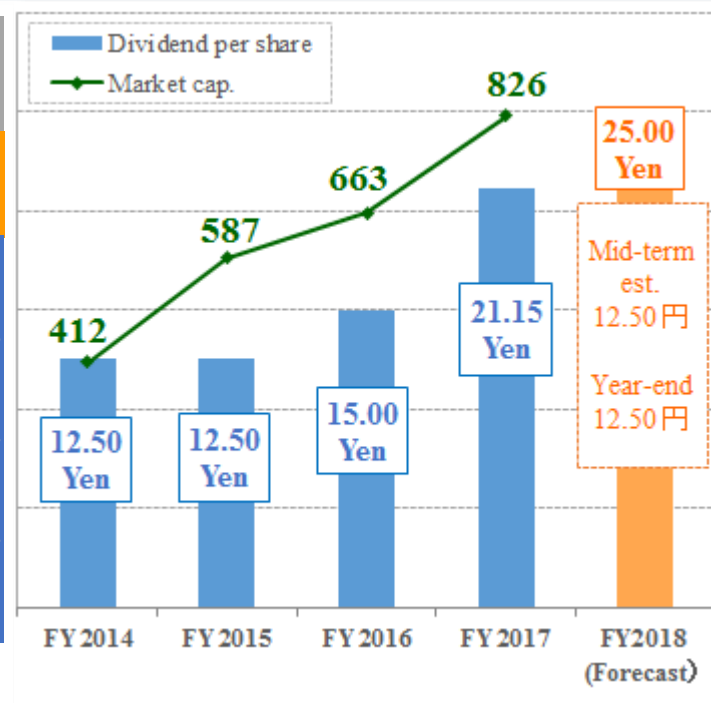
- ✓ The number of our managing units and buildings are the figures as of the final date for a certain financial term while rental income is the accumulated figures during the term. Therefore, these two numbers are not in direct proportion since.
- ✓ During FY 2016/3, we sold some owned buildings so that the number of buildings is smaller than the number generated rental income.
- ✓ Rental Income = (received rental revenue and initial fee) – (COGS such as depreciation, property tax and renovation costs)

Forecast Dividend

For FY2018, the interim dividend per share is forecasted at 12.5 yen, with the FY-end dividend is expected to be 12.5 yen. forecast at 25 yen per share, an increase of 3.85 yen.

* Our group's basic policy of profit distribution is to pay dividends in a stable manner twice a year (one interim and one year-end dividend). We balance dividend payment against internal reserves that are critical for future growth and business development. We consider business situations and conditions to provide shareholders with suitable returns.

Date	Annual Dividends (Yen)			YoY dividend growth rate	Total dividends	Dividend payout ratio
	Second Quarter	Fiscal Year End	Total			
FY2018 E (Forecast)	12.50 円	12.50 円	25.00 円	18.2%	NA	12.1%
FY2017 (after stock split)	8.75 円	12.40 円	21.15 円	41.0%	1,250	11.8%
FY2016 (converted 4-for-1)	0.00 円	15.00 円	15.00 円	20.0%	882	9.8%
FY2015 (converted 4-for-1)	0.00 円	12.50 円	12.50 円	0.0%	769	9.9%
FY2014 (converted 4-for-1)	0.00 円	12.50 円	12.50 円	42.9%	766	12.1%



※ 2016/10 4-for-1 stock split. The numbers of dividends above indicates after the split.

Pressance Legend “Sakaisuji-Honmachi” Tower



30 story Skyscraper with earthquake resilient

- **Contracts** As of June, 2017 (as of Mar. 2017)
 - Contracted units : **311 / 337 units** (289/337 戸)
 - Ratio : **92.3%** (85.8 %)
 - ※ including priority sales
- **Transferring schedule : March, 2018**
- Address: 1-chome, Kyutaromachi, Chuo-ku, Osaka city

Both sales and construction are on good progress

Pressance Legend “Biwako”



One of the largest Condo residence on the shore of Lake Biwa with lake view from all the units

- **Contracts** As of June, 2017 (as of Mar. 2017)
 - Contracted units : **425 / 486 units** (364/486 units)
 - Ratio : **87.4%** (74.9 %)
 - ※ including priority sales
- **Transferring schedule : June, 2018**
- Address: Chagasaki, Otsu city, Shiga prefecture

Both sales and construction are on good progress

Current Situation in Hotel business

Added new two properties since April, developing and constructing 16 hotel buildings, while owning one used hotel.

Hotel operating pattern ※ Patterns may be changed due to changes of plans in terms of the number of units, completion time

A: To be sold to hotel business companies 9 properties

B: To be owned by Pressance with operation outsourced to a hotel management company 4 properties

C: To be owned by Pressance and operated jointly with a hotel management company 4 properties

Scheduled completion In March, 2018	Osaka, Inari, Naniwa-ku	A	JR Namba Station	72 rooms
	Osaka, Motomachi, Naniwa-ku	A	JR Namba Station	111 rooms
	Osaka, Hirano-machi, Chuo-ku	C	Kitahama Station (Subway Sakaisuji Line)	116 rooms
Scheduled completion In March, 2019	Osaka, Shikitsu-higashi, Naniwa-ku	A	Daikokucho Station (Subway Midosuji Line)	300 rooms
	Osaka, Minami-semba, Chuo-ku	A	Shinsaibashi Station (Subway Midosuji Line)	124 rooms
	Kyoto, Omiya-dori, Shimogyo-ku	A	Hankyu Railway Omiya Station	122 rooms
	Fukuoka, Kamikawabata-machi, Hakata-ku	A	Nakasu-Kawabata Station (Fukuoka City Subway Hakozaki Line)	204 rooms
	Osaka, Nishi-miyahara, Yodogawa-ku	A	JR Shin-Osaka Station	120 rooms
	Kyoto, Nakagyo-ku	C	NA	63 rooms
	Kyoto, Yasaka-dori, Higashiyama-ku	C	Keihan Railway Kiyomizu-gojo	7 rooms
Scheduled completion In March, 2020	Osaka, Nishinakajima, Yodogawa-ku	A	Nishinakajima Station (Subway Midosuji Line)	152 rooms
	Kyoto, Aburanokouji-dori, Shimogyo-ku	B	Kyoto Municipal Subway gojo Station	137 rooms
	Hiroshima, Nobori-cho, Naka-ku	B	Hiroden Ebisu-cho Station	126 rooms
	Yokohama, Minato-cho, Naka-ku	B	JR Kannai Station	256 rooms
	Osaka, Minamihonmachi, Chuo-ku	A	Hommachi Station (Subway Midosuji Line)	215 rooms
	Kyoto, Nishikujozaecho, Minami-ku	C	JR kyoto Station	122 rooms
Purchased and owned in March, 2017	Kobe, Goko-dori, Chuo-ku	B	JR Sannomiya Station	135 rooms

※ Two hotel written in red are newly purchased and added to the list during the 1st Q of this fiscal year.



Pressance Corporation Co., Ltd.

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

<For inquiries, contact>

Management headquarters

Pressance Corporation

TEL: 06-4793-1650 (main)

FAX: 06-4793-1651

E-mail: psc@pressance.co.jp