

Financial Highlights of FY 2019/3 up to the 2nd Quarter

Pressance Corporation Co., Ltd.

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



Consolidated Income Statement Summary

- **Sales increased by 83.2%, operating profit by 134.6% year on year**
- **With strong sales, results are steadily in line with forecasts. Compared to the same period last fiscal year, both sales and profits have increased significantly**

[millions of yen]

	FY 2017/March 2 Q		FY 2018/March 2 Q		FY 2019/March 2 Q			FY 2019/March Forecast (Full year)		Progression Rate A/B
	Amounts	Ratio to sales	Amounts	Ratio to sales	Amounts A	Ratio to sales	YoY (%)	Annual Forecast B	Ratio to sales	
Sales	61,498	100.0%	66,241	100.0%	121,350	100.0%	183.2%	152,471	100.0%	79.6%
Cost of Goods Sold	43,663	71.0%	48,127	72.7%	86,788	71.5%	180.3%	110,820	72.7%	78.3%
Gross Margin	17,834	29.0%	18,114	27.3%	34,562	28.5%	190.8%	41,650	27.3%	83.0%
SG&A expenses	5,836	9.5%	7,126	10.8%	8,784	7.2%	123.3%	17,108	11.2%	51.3%
Operating Profit	11,997	19.5%	10,987	16.6%	25,777	21.2%	234.6%	24,541	16.1%	105.0%
Ordinary Profit	11,910	19.4%	10,726	16.2%	25,583	21.1%	238.5%	23,661	15.5%	108.1%
Net Income Attributable to shareholders of parent company	8,059	13.1%	7,239	10.9%	17,402	14.3%	240.4%	16,132	10.6%	107.9%

Year-on-Year change:

- Sales increased 55,108 million yen, and the COGS ratio reduced by 1.2 points due to the differences in the product mix ratio
- Gross margin increased 16,448 million yen, covering increase in SG&A expenses (mainly sales commission and payroll cost) of 1,658 million yen, and operating profit resulted in a substantial increase of 14,789 million yen

Progression on annual plan:

Progression rate on annual sales plan 79.6 %, annual operating profit plan 105.0 %, annual net income plan 107.9 %
 ⇒ Large portion of annual sales posted in 1st /2nd Q while SG&A expenses are periodically allocated, achieving high progression rate on annual profit plan

Sales by Main Products in Condominium Sales Business

	FY 2017/March 2 Q Results				FY 2018/March 2 Q Results				FY 2019/March 2 Q Results				FY2019/ March Annual Forecast	Progression Rate on Annual Forecast (%) A/B
	No. of units		Amount		No. of units		Amount		No. of units		Amount		Amount million yen B	
	unit	YoY (%)	Million Yen	YoY (%)	unit	YoY (%)	Million Yen	YoY (%)	unit	YoY (%)	Million Yen A	YoY (%)		
Studio Condo	1,361	121.6%	23,633	132.0%	1,300	95.5%	22,330	94.5%	1,638	126.0%	29,780	133.4%	41,951	71.0%
Family Type Condo	832	67.3%	27,016	70.1%	680	81.7%	23,889	88.4%	1,639	241.0%	61,985	259.5%	74,027	83.7%
Condo Building Sales ※	565	244.6%	7,540	262.0%	823	145.7%	13,378	177.4%	503	61.1%	7,392	55.3%	13,083	56.5%
Hotel Sales					72	NA	1,053	NA	980	1361.1%	17,625	1673.4%	15,429	114.2%
Total	2,758	106.6%	58,189	98.1%	2,875	104.2%	60,651	104.2%	4,760	165.6%	116,784	192.5%	144,492	80.8%

Year-on-Year change: Increase due to strong sales; Units: +1,885, amount: +56,133 million yen

- **Studio condo:** Increased by 338 units and 7,450 million yen in sales (Pressance Itachibori Park City total 148 units and others)
- **Family-type condo:** Increased significantly by 959 units and 38,096 million yen in sales (Legend Biwako total 486 units and others)
- **Condominium building sales:** Decreased compared to FY2018/3, but as planned. Number of units -320, sales -5,986 million yen
- **Hotel sales:** One property delivered as of 2nd Q FY2018/3 ⇒ Seven properties as of 2nd Q FY2019/3. Sales +16,572 million yen

Progression on annual sales plan: Soundly progressed as planned that large portion of sales and profits is posted in 1st and 2nd Q

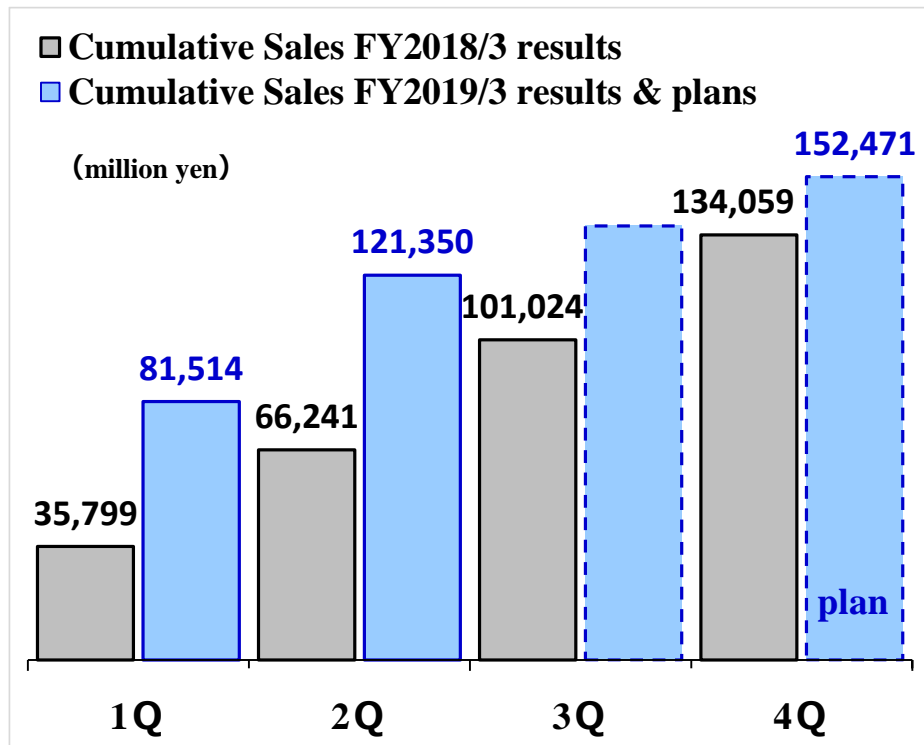
- **Studio & Family-type condo:** As planned, large number of properties has been successfully delivered
- **Condominium building sales:** Sales are posted as planned
- **Hotel sales:** Sales expansion from this fiscal year progressing steadily. This term's sales plan has been completed. One delivery planned for the following fiscal year was sold ahead of schedule.

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

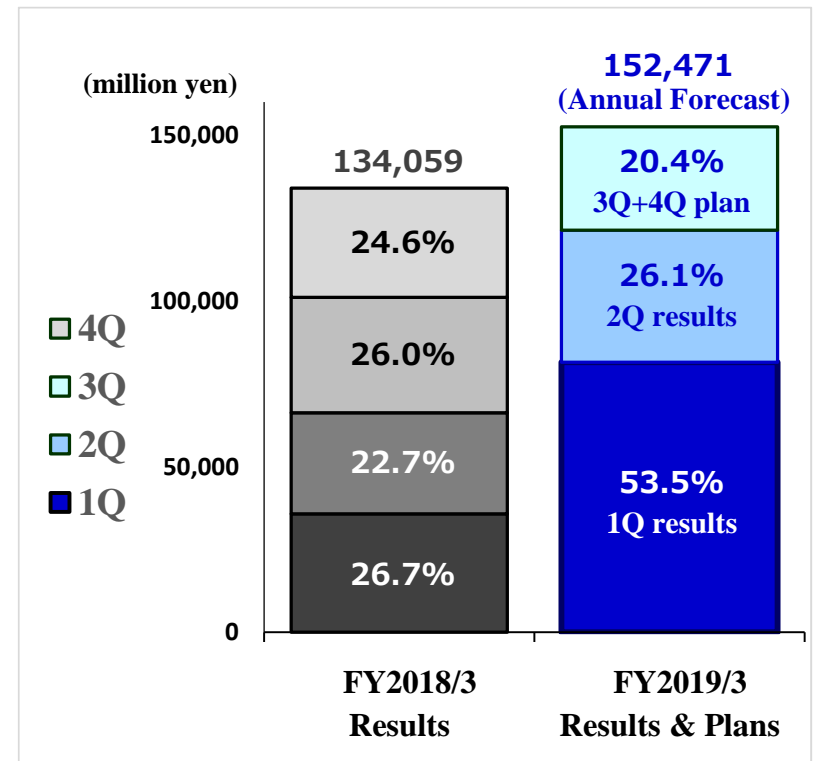
Changes in Results and Forecasts by Each Quarter (Sales)

- **FY2019/Mar.:** good progress, large sales amount had been posted during the 1st and 2nd Q as planned
- **FY2018/Mar.:** sales were evenly posted in each quarter

(1) Cumulative sales of each quarter, comparing FY2019/Mar. with FY2018/Mar.



(2) Sales proportion in each quarter



* Condominium sales are posted when condos are constructed and delivered to customers. It may be unevenly posted due to timing of land acquisition, development plan and/or construction period.

Consolidated Balance Sheet Summary

	As of March 31, 2017		As of March 31, 2018		As of September 30, 2018		
	Results (million yen)	Component ratio	Results (million yen)	Component ratio	Results (million yen)	Component ratio	Change (million yen)
Current Assets	171,810	92.7%	227,161	92.6%	242,193	92.6%	15,031
real estate for sale	14,324	7.7%	11,275	4.6%	17,737	6.8%	6,461
real estate for sale in process	122,174	65.9%	180,461	73.5%	169,961	65.0%	(10,500)
Non-current Assets	13,497	7.3%	18,237	7.4%	19,407	7.4%	1,169
Total Assets	185,307	100.0%	245,399	100.0%	261,600	100.0%	16,201
Current Liabilities	49,438	26.7%	67,537	27.5%	56,567	21.6%	(10,969)
short-term liabilities with interest	25,410	13.7%	40,473	16.5%	33,789	12.9%	(6,683)
Non-current Liabilities	76,253	41.1%	102,689	41.8%	110,357	42.2%	7,667
long-term liabilities with interest	75,691	40.8%	102,021	41.6%	109,629	41.9%	7,607
Total Liabilities	125,691	67.8%	170,226	69.4%	166,924	63.8%	(3,301)
Total Net Assets	59,615	32.2%	75,172	30.6%	94,675	36.2%	19,503
Total Liabilities and Net Assets	185,307	100.0%	245,399	100.0%	261,600	100.0%	16,201

Changes from the end of March 2018

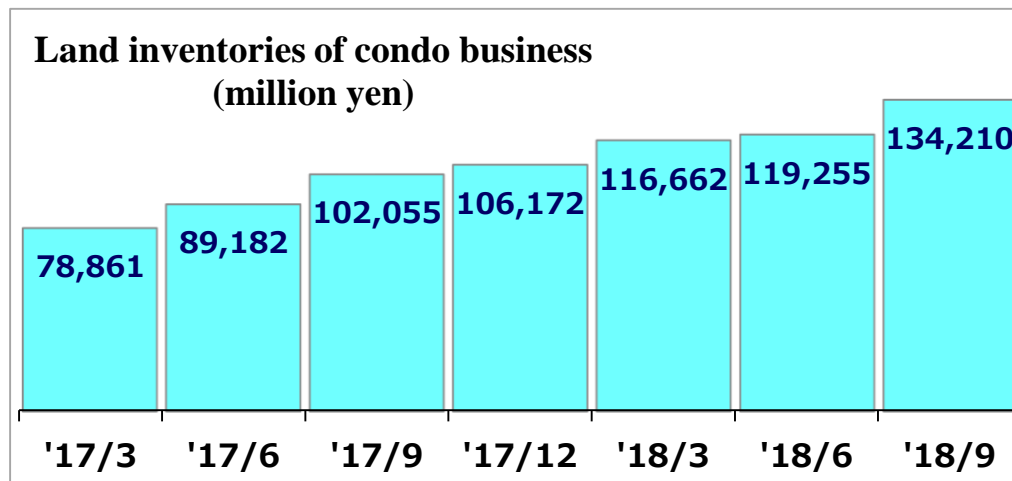
- **Current Assets:** Real estate for sale in process +10,500 million yen (due to the large increase in delivered properties),
Real estate for sale +6,461 million yen
- **Non-current Assets:** Condo property for rent purpose (net amount) +409 million yen (new holdings: +3 buildings, transfer to real estate for sale: -2 buildings)
- **Liabilities:** Accounts payable (including electronically recorded obligations) -3,286 million yen, income taxes payable +4,306 million yen, owing to banks +3,824 million yen, advances received -6,035 million yen (due to increase in delivered properties), bonds with share acquisition rights (exercise of rights) -2,900 million yen
- **Total Net Assets:** Net income +17,402 million yen

✓ With the adoption and application of the Partial Amendment to Accounting Standard for Tax Effect Accounting from the first three months of the fiscal year, Current Assets and Non-current Assets as of the previous fiscal year end above are retroactively adjusted.

* Please check the next page about the details for real-estate related inventory in current assets (numbers in red frame in the matrix).

Land Inventory as of September 30,2018

Breakdown of the number in red frame on the previous page	Amount (million yen)
Real Estate for Sale	17,737
Land Cost for Condominium biz (A)	4,265
Other Land Cost	1,116
Construction Cost	12,356
Real Estate for Sale in Process	169,961
Land Cost for Condominium biz (B)	129,945
Other Land Cost	15,903
Construction Cost	24,113



	Amount (million yen)	Units	Volume of procured lands compared with sales plans
Land Cost for Condo biz (A) + (B)	134,210	21,047	
Studio Condominium	43,337	9,159	Equivalent to the sales volume for about next 3 years
Family-Type Condominium	66,967	7,312	Equivalent to the sales volume for about next 3 years
Condominium building Sales	13,421	3,116	Procured the lands for scheduled delivery up to March 2021
Hotel Sales	10,485	1,460	Procured the lands for scheduled delivery up to March 2021

- ✓ Land inventory includes the lands procured and registered as the company properties.
- ✓ (In addition to the numbers above, other inventories whose sales contracts are completed but payment have not been settled are 60 buildings with 5,233 units. Of these, Studio condos 3,441 units, Family-type condos 1,792 units.)
- ✓ (A) + (B) Land cost for condominium biz (a part of inventory), 134,210 million yen, is the total of real estate for sale (17,737 million yen) and real estate for sale in process (169,961 million yen) that appear in the balance sheet in the financial statements as of September 30,2018 less other land cost (1,116+15,903=17,019 million yen) and construction cost (12,356+24,113=36,469 million yen).

* Other Land Cost includes acquisition-related costs for used real estates biz and house sales.

Outstanding Contracts & Prospects for Achievement of Condo Sales Plan FY '19/3 (as of Sep. 30, '18)

■ Outstanding Balance of Contracts as of September 30, 2018

	Total Outstanding Balance of contracts A+B		Breakdown by delivery timing			
			During FY 2019/3 Scheduled Delivery A		FY 2020/3 or later Scheduled Delivery B	
	Units	Amount (¥ million)	Units	Amount (¥ million)	Units	Amount (¥ million)
Studio	1,439	27,891	614	11,271	825	16,620
Family-type	1,441	52,385	281	9,787	1,160	42,597
Condo Bldg. Sales	1,448	20,385	376	5,053	1,072	15,331
Hotel Sales	694	19,080	0	0	694	19,080
Total	5,022	119,742	1,271	26,112	3,751	93,630

Condominium Sales Business

As of the end of the 2nd Q of this term (September 30, 2018), the combined amount of sales results and sales to be posted during this fiscal year achieved

98.9%

of the annual sales plan

Outstanding Orders: Total amount of the following items:

- Under construction
- Completed sales contracts
- Undelivered property

Outstanding order transfers to sales when properties are delivered to customers.

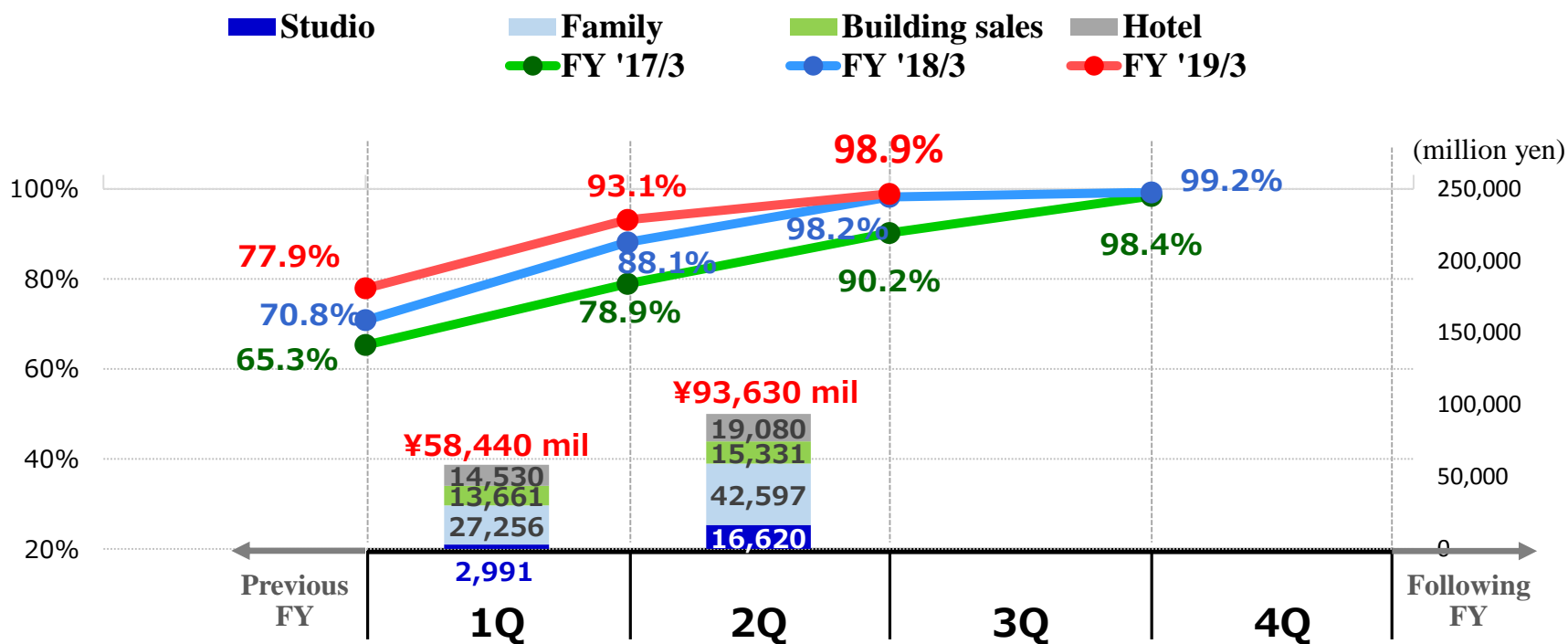
■ Progress on Sales Plan FY2019/3

	Sales in 2Q, FY2019/3 C		During FY 2019/3 Scheduled Delivery A		Outstanding Orders Firm Scheduled Delivery D=C+A		Progress to Annual Sales Plan E
	Units Amounts (¥million)		Units Amounts (¥million)		Units Amounts (¥million)		Annual Plan (¥million) Secured Sales Rate (%) E D/E
Studio	1,638 29,780	+	614 11,271	=	2,252 41,052	÷	41,951 97.9%
Family-type	1,639 61,985		281 9,787		1,920 71,772		74,027 97.0%
Condo Bldg. Sales	503 7,392		376 5,053		879 12,446		13,083 95.1%
Hotel Sales	980 17,625		0 0		980 17,625		15,429 114.2%
Total	4,760 116,784		1,271 26,112		6,031 142,897		144,492 98.9%

Secured Sales Rate on annual sales plan in condominium sales business (as of the first day of each quarter)

- **As of October 1st 2018, secured sales rate on annual sales plan is 98.9%** (condominium sales business)
- **Due to sound sales, secured sales rates of FY2019/03 are at a higher level than the past two fiscal years**

Trends for “Current term secured sales rate in condominium sales business (line graph, %)” on **1st day of each quarter**
 “Balance of orders for sales in and after next fiscal year (stacked bar chart, million yen)” on **last day of each quarter**



Sales Results to 2nd Q + Outstanding balance of orders planned to deliver in FY2019/Mar. (as of end of 2nd Q)

* **Secured sales rate** =
$$\frac{\text{Sales Results to 2nd Q + Outstanding balance of orders planned to deliver in FY2019/Mar. (as of end of 2nd Q)}}{\text{Annual Sales Plan (Net Sales)}}$$

Topic of Hotel Business

9 hotels delivered, 10 hotels under development, 1 company-owned hotel, 1 renovating hotel = 21 hotels in total

Hotel operating pattern * Patterns may be changed due to changes of plans in terms of the number of units and/or completion schedule

A: To be sold to hotel business companies (with specific sales destinations/candidates) 19 properties

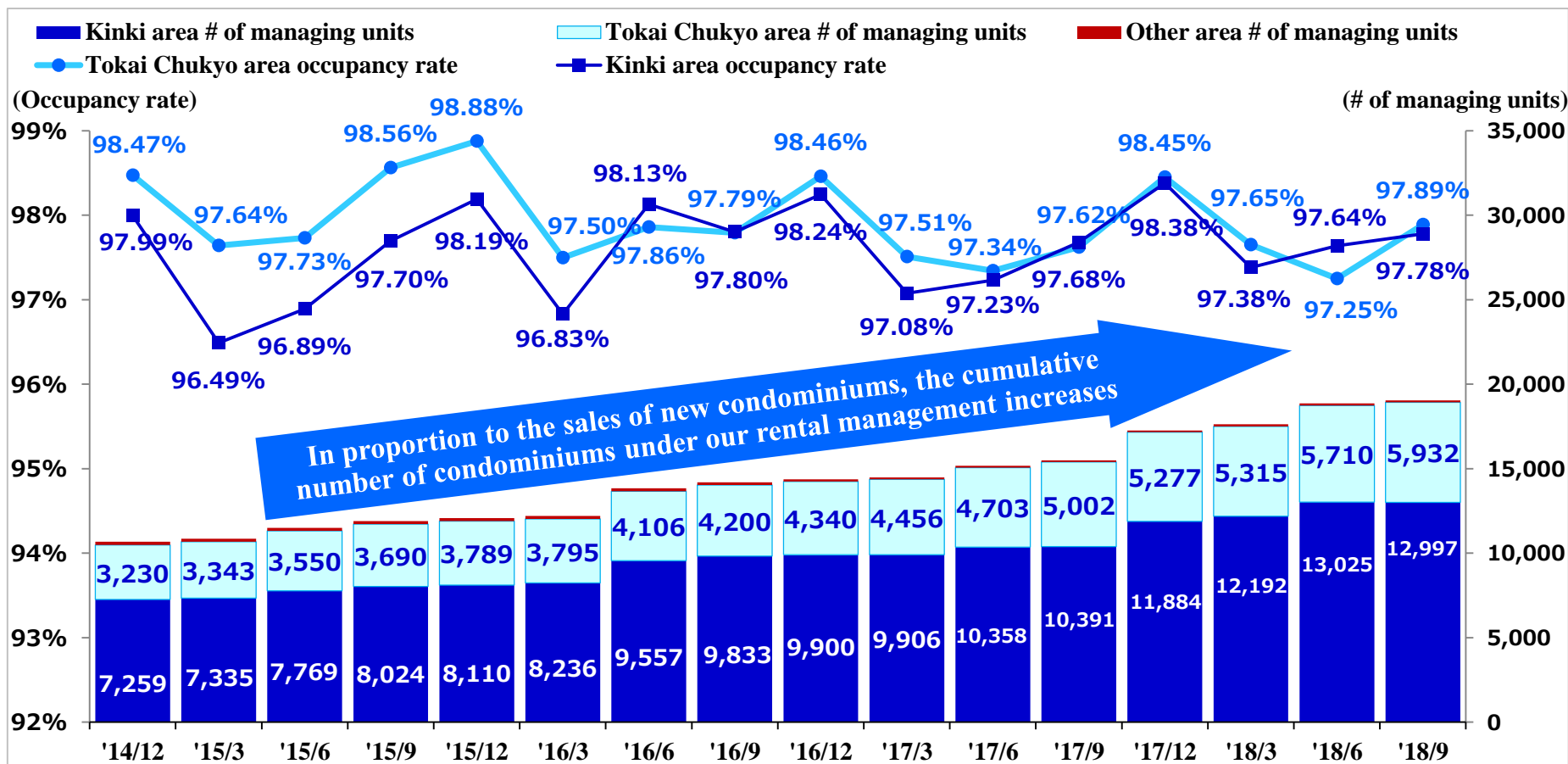
B: To be owned by Pressance, and its operation will be outsourced to a hotel operating company 2 properties

		Address	Operating pattern	Closest Railway Station	# of rooms
FY 2018 ended in March	1	Osaka-city, Naniwa-ku, Inari	Delivered Apr. '17	JR Namba	72
	2	Osaka-city, Naniwa-ku, Motomachi	Delivered Oct. '17	JR Namba	111
FY 2019 ending in March	1	Osaka-city, Chuo-ku, Minamisemba	Delivered Apr. '18	Shinsaibashi on Subway Midosuji Line	124
	2	Osaka-city, Chuo-ku, Hiranomachi	Delivered Apr. '18	Kitahama on Subway Sakaisuji Line	116
	3	Osaka-city, Yodogawa-ku, Nishimiyahara	Delivered Jul. '18	JR Shin-Osaka	120
	4	Osaka-city, Naniwa-ku, Shikitsuhigashi	Delivered Jul. '18	Daikokucho on Subway Midosuji Line	300
	5	Kyoto-city, Nakagyo-ku, Tenjinyamacho	Delivered Sep. '18	Shijo on Subway Karasuma Line	63
	6	Kyoto-city, Shimogyo-ku, Gojo-Omiyadori	Delivered Sep. '18	Ohmiya on Hankyu Kyoto Line	122
	7	Kyoto-city, Higashiyama-ku, Yasakadori	B(delivery FY '20)	Kiyomizugojo on Keihan Line	7
	8	Kobe-city, Chuo-ku, Gokodori	Delivered Sep. '18	JR Sannomiya	135
FY 2020 ending in March	1	Akita-city, Nakadori 3chome *	B(delivery FY '21)	Akita on Akita-Shinkansen, JR Uetsu-honsen	234
	2	Hiroshima-city, Naka-ku, Noboricho	A	Ebisucho on Hiroshima Dentetsu	126
	3	Osaka-city, Chuo-ku, Minamihonmachi	A	Hommachi on Subway Midosuji Line	174
	4	Kyoto-city, Shimogyo-ku, Aburanokojidori	A	Gojo on Subway Karasuma Line	166
	5	Fukuoka-city, Hakata-ku, Kamikawabatamachi	A	Nakasukawabata on Subway Hakozaki Line	204
	6	Kyoto-city, Minami-ku, Nishikujozaecho	A	JR Kyoto	120
	7	Kyoto-city, Nakagyo-ku, Oicho	A	Marutamachi on Subway Karasuma Line	12
FY 2021 ending in March	1	Yokohama-city, Naka-ku, Onoecho	A	JR Kannai	277
	2	Naha-city, Nishi 2chome	A	Asahibashi on Yui Rail	240
	3	Osaka-city, Naniwa-ku, Motomachi 2chome	A	JR Namba	300
	4	Osaka-city, Chuo-ku, Sennichimae	A	Subway Midosuji/Nankai Line Namba	182

* renovation

Topics in one-room (studio type) condominium business

Changes in the occupancy rate & the number of studio condominiums under our rental management



- ✓ The company's condominiums located in the central area of large cities can yield stable investment returns (= monthly rent revenue) due to high occupancy rates.
⇒ A factor for strong sales of the company's studio condominiums
- ✓ The occupancy rate for all properties under our rental management as of September 30, 2018 was **97.82%**



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.

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