

August 11, 2020

**Consolidated Financial Results**  
**for the First Three Months of the Fiscal Year Ending March 31, 2021**  
**<under J-GAAP>**

Company name: **Pressance Corporation Co., Ltd.**  
 Listing: First Section of the Tokyo Stock Exchange  
 Section code: 3254  
 URL: <http://www.pressance.co.jp/>  
 Representative: Yutaka Doi, President and Representative Director  
 Contact: Kyosuke Ichikawa, Executive Officer, Deputy General Manager of Management Division,  
 and General Manager of Accounting Department  
 TEL: +81-6-4793-1650

Scheduled date of filing of quarterly securities report: August 12, 2020  
 Scheduled starting date for dividend payments: -  
 Preparation of supplementary quarterly materials for financial results: Yes  
 Holding of quarterly financial results presentation meeting: No

(Values of less than one million rounded down)

**1. Consolidated operating results for the first three months of the fiscal year ending March 31, 2021**  
**(from April 1, 2020 to June 30, 2020)**

**(1) Consolidated operating results (cumulative)** (Percentages indicate year-on-year changes compared to the same period of the previous FY)

	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 three months of the fiscal year ending March 31, 2021	65,901	(3.4)	11,906	(15.4)	11,962	(14.1)	8,181	(14.8)
First three months of the fiscal year ended March 31, 2020	68,240	(16.3)	14,066	(27.0)	13,926	(27.3)	9,603	(26.8)

Note: Comprehensive income First three months of the fiscal year ending March 31, 2021: 8,239 million yen [(13.8) %]  
 First three months of the fiscal year ended March 31, 2020: 9,556 million yen [(27.4) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three months of the fiscal year ending March 31, 2021	127.19	127.15
First three months of the fiscal year ended March 31, 2020	154.69	149.46

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	298,974	124,140	41.0
As of March 31, 2020	310,779	116,690	37.1

Reference: Equity

As of June 30, 2020: 122,659 million yen  
 As of March 31, 2020: 115,253 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, 2020	-	26.00	-	13.00	39.00
Fiscal year ending March 31, 2021	-				
Fiscal year ending March 31, 2021 (Forecast)		-	-	-	-

Note: Revisions to the dividends forecasts most recently announced: None

Note: According to the Article of Incorporation of the Company, the record dates for dividends are the end of the second quarter and the end of the fiscal year; however, at the time of the release of this document, the dividend forecast amounts for these record dates have yet to be determined. At the point when disclosure becomes possible, the Company will promptly release the amount of the interim and year-end dividends for the fiscal year ending March 31, 2021.

## 3. Forecasts of consolidated operating results for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Percentages indicate year-on-year changes.)

	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
Half year	102,288	(18.4)	16,080	(32.1)	15,469	(33.9)	10,665	(31.9)	165.79
Full year	-	-	-	-	-	-	-	-	-

Note: Revisions to the results forecasts most recently announced: None

Note: The impact of the COVID-19 outbreak is reflected in the consolidated results forecasts for the first half of the fiscal year ending March 31, 2021 based on the information available to the Company at the time of disclosure; however, the forecasts may change substantially. For the full fiscal year ending March 31, 2021, the consolidated results forecasts are not provided given that, at the time of disclosure, it is difficult to rationally estimate the impact of the future influence of the virus outbreak and the timing of when the epidemic will dissipate. At the point when estimation becomes possible, the Company will promptly release the full year forecasts.

### \* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Adoption of specific accounting policies for quarterly consolidated financial statements: Yes  
(Corporate Income Tax Calculation Standards)

Regarding taxes, a reasonable estimate of the effective tax rate for the projected full-year pretax income for the current fiscal year, including the actual income figure for the first three months of the fiscal year, has been arrived at using the tax-effect accounting method.

(3) Changes in accounting policies, changes in accounting estimates and restatement after error corrections

- Changes in accounting policies due to amendments to accounting standards and other regulations: None
- Changes in accounting policies due to other reasons than a. above: None
- Changes in accounting estimates: None
- Restatement after error corrections: None

(4) Number of issued shares (common stock)

a. Number of issued shares at the end of each period (including treasury shares)

As of June 30, 2020	65,198,961 shares
As of March 31, 2020	65,198,961 shares

b. Number of treasury shares at the end of each period

As of June 30, 2020	870,054 shares
As of March 31, 2020	870,054 shares

c. Average number of shares during the period

First three months of the fiscal year ending March 31, 2021	64,328,907 shares
First three months of the fiscal year ended March 31, 2020	62,077,641 shares

Notes:

Due to the introduction of the share-based payment type ESOP, a certain number of shares of the Company held in the trust account is included in the “Number of treasury shares at the end of period” (313,320 shares for the 1st quarter of the fiscal year ending March 31, 2021 and 313,320 shares for the fiscal year ended March 31, 2020). And a certain number of shares held in the trust account is included in the treasury shares that were deducted in the calculation of the “Average number of outstanding shares during the period” (313,320 shares for the 1st quarter of the fiscal year ending March 31, 2021 and 313,980 shares for the 1st quarter of the fiscal year ended March 31, 2020).

\* Quarterly financial results report by public accountants or auditing firms are not required

\* Explanations about the proper use of financial forecasts and other important notes

(Caution Concerning Forward-looking Statements)

Forward-looking statements in this document, including the results forecasts, are based on the information available to the Company at the time of disclosure and on certain assumptions deemed to be practicable by the Company. These statements do not purport that the Company pledges or ensures to achieve such statements. Actual business and other results may differ substantially due to various factors. For preconditions to the assumptions and other important notes concerning the financial forecasts, please refer to “1. Quarterly Qualitative Information (3) Explanation for the Forecast of Consolidated Financial Results ending March 31, 2021 on page 5 of the attachment.

(Method of Obtaining Supplementary Materials for Quarterly Financial Results)

Supplementary materials for quarterly financial results are available on the Company’s website.

## 1. Quarterly Qualitative Information

### (1) Business Results

During the first three months of the consolidated fiscal year, the Japanese economy plummeted due to the impact of the COVID-19 pandemic, and the business environment remained challenging.

In the real estate industry, the interest rates on housing loans remain low while the Japanese government's ongoing measures to support homebuyers, such as mortgage tax breaks, remain on track, and more people have tended to move into the center of cities seeking the convenience of urban living. Although these and other factors are supporting the demand for condominiums, the outlook is uncertain due to the impact of the COVID-19 pandemic.

In these business circumstances, Pressance Corporation Co, Ltd. (the "Company") has focused on supplying condominiums in selected areas in the central part of major cities in the Kinki and Tokai/Chukyo and other core regions, which are our major sales areas.

Under such business condition, the Company posted the following consolidated performance for the first three months of the fiscal year ending March 31, 2021: net sales amounted to 65,901 million yen (down 3.4% year on year), operating profit amounted to 11,906 million yen (down 15.4% year on year), ordinary profit amounted to 11,962 million yen (down 14.1% year on year) and profit attributable to shareholders of the parent company amounted to 8,181 million yen (down 14.8% year on year).

An overview of operating results by product segment is as follows:

#### **Real Estate Sale Business**

In the real estate sales business, Pressance Loger Kyoto Nishioji Gojo (64 units), a family-type condominium in the Pressance Loger series, and Pressance OSAKA DOME CITY BEATS (154 units), a Pressance series studio condominium, have performed favorably.

However, as economic activities have been constrained by the COVID-19 pandemic, the Company's business has also been impacted, resulting in a significant decline in the sales of studio condominiums, among others. The sales of studio condominium amounted to 17,413 million yen (1,018 units), sales of family-type condominium amounted to 42,668 million yen (1,202 units), sales of other type of housing amounted to 824 million yen (38 units), sales of other real estate amounted to 2,302 million yen, business accompanying real estate sales amounted to 509 million yen. Total sales of real estate sale business posted 63,719 million yen (down 4.2% year on year) and, operating profit amounted to 11,595 million yen (down 15.5% year on year). Starting from the first three months of the fiscal year ending March 31, 2021, "sales of condominium building" is included in "sales of studio condominiums."

Since sales from the condominium business, our main business, are recorded on a delivery basis that is later than completion, there may be fluctuation in the quarterly sales results depending on the timing of land acquisition, development plans and/or construction schedules.

#### **Other Business**

The sales of other business, such as the Rental property business and the Real estate management fee business, amounted to 2,182 million yen (up 25.9% year on year) due to an increase in rents revenue with an increase in guaranteed rent properties, while segment profit amounted to 676 million yen (down 2.7% year on year) due to an increase in rent payments related to rent guarantees.

### (2) Financial Position

#### **Current Assets**

Total current assets as of the end of the first three months of the fiscal year amounted to 284,230 million yen (down 4.0%), which represents a decrease of 11,836 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in inventory of 16,524 million yen, while there was an increase in cash and deposits of 3,990 million yen.

#### **Fixed Assets**

Total fixed assets as of the end of the first three months of the fiscal year amounted to 14,743 million yen (up 0.2%), which represents an increase of 31 million yen compared to the end of the previous fiscal year. This increase was mainly due to an increase in loans to affiliates of 381 million yen, while there was a decrease in real estate for rent by 337 million yen, selling a self-owned real estate for rent.

### **Liabilities**

Total liabilities as of the end of the first three months of the fiscal year amounted to 174,833 million yen (down 9.9%), which represents a decrease of 19,255 million yen compared to the end of the previous fiscal year. This was mainly due to decreases in “Loan payable to bank” of 10,958 million yen and “Advances received” of 5,422 million yen along with the delivery of the condominiums.

### **Net Assets**

Total net assets as of the end of the first three months of the fiscal year amounted to 124,140 million yen (up 6.4%), which represents an increase of 7,499 million yen compared to the end of the previous fiscal year. This was principally due to the increase in retained earnings by 7,341 million yen because of the posting of quarterly profit attributable to the shareholders of the parent company.

### **Analysis on Cash Flows**

Cash and cash equivalents as of the end of the first three months of the fiscal year ending March 31, 2021, totaled 45,674 million yen (up 9.6%), which represents an increase of 3,990 million yen compared to the end of the previous fiscal year.

The status and factors in each cash flow for the first three months of the fiscal year are as follows:

#### **Cash Flows from Operating Activities**

Net cash provided by operating activities came to 15,857 million yen (Compared with 7,184 million yen provided in the first quarter of the previous fiscal year).

This was mainly due to cash inflow resulting from a decrease in inventories by 16,530 million following the delivery of condominiums and the posting of 11,962 million yen in profit before income taxes, while there were cash outflows as a result of a decrease in advances received by 5,435 million yen following the delivery of condominiums and a decrease in notes and accounts payable - trade by 3,956 million yen reflecting an increase in the settlement of electronically recorded obligations - operating.

#### **Cash Flows from Investment Activities**

Net cash used in investment activities came to 90 million yen (Compared with 104 million yen used in the same period of the previous fiscal year).

The decrease was mainly due to cash outflows by 383 million yen of loans to affiliates, while there were cash inflows by 302 million yen of revenue from the sale of fixed assets.

#### **Cash Flows from Financing Activities**

Net cash used in financing activities came to 11,776 million yen (Compared with 12,679 million yen used in the same period of the previous fiscal year).

The decrease was due to the net decrease in bank loans by 10,958 million yen and the dividend payment of 818 million yen, resulting in a decrease in capital.

### **(3) Explanation for the Forecast of Consolidated Financial Results ending March 31, 2020**

Condominium sales, our major business, have a tendency to give an excessive skewness or deformations in a specific quarter results due to the timing of delivery of condominium, since sale of condominium is to be posted on the basis of delivery of the condominium unit.

With respect to the results forecasts, it is extremely difficult to foresee the magnitude of the impacts caused by the COVID-19 outbreak and the timing of when the epidemic will dissipate, and uncertainty is clouding the economic and market outlook. Under such circumstances, it is difficult to rationally estimate the results forecasts. Therefore, the Company has suspended full year forecasting for the fiscal year ending March 31, 2021 but is announcing forecasts limited to the first half of the fiscal year, for which we can obtain a relatively clearer picture. At the point when estimation becomes possible, we will promptly release the results forecasts for the full fiscal year.

**Quarterly Consolidated Financial Statements**  
**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	44,774	48,764
Accounts receivable - trade	142	196
Real estate for sale	27,074	31,385
Real estate for sale in process	217,964	197,185
Raw materials and supplies	293	236
Other	5,817	6,461
<b>Total current assets</b>	<b>296,066</b>	<b>284,230</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Real estate for rent, net	6,993	6,655
Other, net	647	597
<b>Total property, plant and equipment</b>	<b>7,640</b>	<b>7,253</b>
Intangible assets	254	225
Investments and other assets	6,817	7,264
<b>Total non-current assets</b>	<b>14,712</b>	<b>14,743</b>
<b>Total assets</b>	<b>310,779</b>	<b>298,974</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	324	864
Electronically recorded obligations - operating	8,923	4,638
Short-term loans payable	1,904	5,610
Current portion of long-term loans payable	71,180	65,909
Income taxes payable	7,428	10,830
Advances received	10,788	5,365
Provision for bonuses	254	370
Other	6,514	3,909
<b>Total current liabilities</b>	<b>107,318</b>	<b>97,499</b>
<b>Non-current liabilities</b>		
Long-term loans payable	85,903	76,511
Provision for share-based payment	196	196
Other	669	626
<b>Total non-current liabilities</b>	<b>86,770</b>	<b>77,334</b>
<b>Total liabilities</b>	<b>194,088</b>	<b>174,833</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,290	4,290
Capital surplus	5,292	5,292
Retained earnings	106,609	113,951
Treasury shares	(887)	(887)
<b>Total shareholders' equity</b>	<b>115,306</b>	<b>122,647</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(1)	(2)
Foreign currency translation adjustment	(50)	14
<b>Total accumulated other comprehensive income</b>	<b>(52)</b>	<b>11</b>
Subscription rights to shares	264	315
Non-controlling interests	1,172	1,166
<b>Total net assets</b>	<b>116,690</b>	<b>124,140</b>
<b>Total liabilities and net assets</b>	<b>310,779</b>	<b>298,974</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
**Quarterly Consolidated Statements of Income**

(Millions of yen)

	First three months of the fiscal year ended March 31, 2020	First three months of the fiscal year ending March 31, 2021
<b>Net sales</b>	68,240	65,901
Cost of sales	48,436	48,935
<b>Gross profit</b>	19,804	16,966
Selling, general and administrative expenses	5,737	5,060
<b>Operating profit</b>	14,066	11,906
Non-operating income		
Interest income	0	0
Dividend income	0	0
Purchase discounts	0	1
Share of profit of entities accounted for using equity method	31	11
Commission fee	13	21
Penalty income	34	240
Other	30	88
Total non-operating income	110	364
Non-operating expenses		
Interest expenses	227	209
Foreign exchange losses	23	14
Commission fee	0	0
Other	0	83
Total non-operating expenses	250	307
<b>Ordinary profit</b>	13,926	11,962
<b>Profit before income taxes</b>	13,926	11,962
Income taxes	4,324	3,786
<b>Net income</b>	9,601	8,176
(Loss) attributable to non-controlling interests	(1)	(5)
Profit attributable to owners of parent	9,603	8,181

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First three months of the fiscal year ended March 31, 2020	First three months of the fiscal year ending March 31, 2021
<b>Net income</b>	9,601	8,176
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	1	(1)
Foreign currency translation adjustment	(49)	46
Share of other comprehensive income of entities accounted for using equity method	2	18
Total other comprehensive income	(45)	63
<b>Comprehensive income</b>	<b>9,556</b>	<b>8,239</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,557	8,245
Comprehensive income attributable to non-controlling interests	(1)	(5)

**(3) Quarterly Consolidated Statements of Cash Flows**

(Millions of yen)

	First three months of the fiscal year ended March 31, 2020	First three months of the fiscal year ending March 31, 2021
<b>Cash flows from operating activities</b>		
Income before income taxes	13,926	11,962
Depreciation	118	66
Amortization of goodwill	25	25
Interest and dividend income	(0)	(1)
Interest expenses	227	209
Foreign exchange losses (gains)	20	14
Share of (profit) loss of entities accounted for using equity method	(31)	(11)
Decrease (increase) in inventories	579	16,530
Increase (decrease) in notes and accounts payable - trade	(381)	(3,956)
Share-based remuneration expenses	–	60
Increase (decrease) in provision for bonuses	82	116
Increase (decrease) in provision for directors' retirement benefits	(623)	–
Increase (decrease) in advances received	(1,806)	(5,435)
Decrease (increase) in consumption taxes refund receivable	59	280
Increase (decrease) in accrued consumption taxes	(178)	148
Other	592	(3,690)
Subtotal	12,610	16,320
Interest and dividend income received	0	1
Interest expenses paid	(204)	(211)
Income taxes paid	(5,221)	(252)
Net cash provided by (used in) operating activities	7,184	15,857
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	(49)	(8)
Proceeds from sales of non-current assets	–	302
Purchase of investment securities	(0)	(0)
Payments for investments in capital of subsidiaries and associates	(54)	(383)
Net cash provided by (used in) investing activities	(104)	(90)
<b>Cash flows from financing activities</b>		
Proceeds from long-term loans payable	15,226	948
Repayments of long-term loans payable	(26,572)	(15,612)
Cash dividends paid	(1,409)	(818)
Net increase (decrease) in short-term loans payable	77	3,706
Net cash provided by (used in) financing activities	(12,679)	(11,776)
Effect of exchange rate change on cash and cash equivalents	(4)	0
Net increase (decrease) in cash and cash equivalents	(5,602)	3,990
Cash and cash equivalents at beginning of period	39,400	41,684
Cash and cash equivalents at end of period	33,797	45,674

## Others

### (1) Orders and sales

#### a. Actual orders

First three months of the fiscal year ended March 31, 2020 (from April 1, 2019 to June 30, 2019)

Name of segment	Category	Total amount of contracts				Outstanding balance of contracts			
		Number of units	Year on year (%)	Amount (Millions of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Millions of yen)	Year on year (%)
Real estate sale business	Studio condominiums	883	59.7	17,269	71.0	3,345	137.3	58,604	151.5
	Family-type condominiums	604	144.8	22,448	145.2	2,016	144.3	73,901	144.9
	Sale of hotel property	126	26.5	2,050	16.1	1,054	98.5	25,708	106.2
	Sale of other type of housing	60	333.3	1,170	509.4	36	600.0	867	721.2
	Sale of other real estate	–	–	976	594.2	–	–	5,176	–
Total amount of reportable segments		1,673	70.0	43,914	83.0	6,451	131.4	164,258	144.1

First three months of the fiscal year ending March 31, 2021 (from April 1, 2020 to June 30, 2020)

Name of segment	Category	Total amount of contracts				Outstanding balance of contracts			
		Number of units	Year on year (%)	Amount (Millions of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Millions of yen)	Year on year (%)
Real estate sale business	Studio condominiums	785	88.9	12,618	73.1	3,238	96.8	55,761	95.1
	Family-type condominiums	381	63.1	14,386	64.1	1,236	61.3	47,432	64.2
	Sale of hotel property	(240)	–	(3,935)	–	330	31.3	9,920	38.6
	Sale of other type of housing	42	70.0	844	72.1	47	130.6	1,249	144.1
	Sale of other real estate	–	–	2,296	235.1	–	–	4,966	95.9
Total amount of reportable segments		968	57.9	26,209	59.7	4,851	75.2	119,331	72.6

#### Notes:

1. In the table above, “total amount of orders” has been replaced with “total amount of contracts.
2. Consumption taxes are not included in the above amounts.
3. Amounts of additional constructions are included in the above amounts.
4. Number of units in total amount of contracts and the outstanding balance of contracts may fluctuate due to change of business plan and others.
5. The sale of other type of housing refers to the sale of houses other than newly built condominiums, including used houses and detached houses.
6. The sale of other real estate refers to the sale of real estate other than housing, including commercial stores and lands for development.
7. Starting from the first three months of the fiscal year ending March 31, 2021, “sale of condominium building” is included in “studio condominiums.” For ease of comparison, the figures for the first three months of the fiscal year ended March 31, 2020 have been recast to conform to the current presentation.
8. The total amount of contracts for the sale of hotel property in the first three months of the fiscal year ending March 31, 2021 turned out to be negative as a result of cancellation during the first three months under review of the sale contracts recorded in or before the fiscal year ended March 31, 2020.
9. The contract amounts of other real estate sales for the first three months of the previous fiscal year are related to land for development (335 million yen) and office buildings (641 million yen), while outstanding contract amounts are related to land for development (4,535 million yen) and office buildings (641 million yen). Amounts of contracts and the outstanding balance of contracts for sale of other real estate for the first three months of the fiscal year ending March 31, 2021 refer to lands for development.

**b. Actual sales**

Name of segment	Category	The first three months of FY ended March 31, 2020 (from April 1, 2019 to June 30, 2019)				The first three months of FY ending March 31, 2021 (from April 1, 2020 to June 30, 2020)			
		Number of units	Year on year (%)	Amount (Millions of yen)	Year on year (%)	Number of units	Year on year (%)	Amount (Millions of yen)	Year on year (%)
Real estate sale business	Studio condominiums	1,680	99.7	32,235	109.1	1,018	60.6	17,413	54.0
	Family-type condominiums	711	61.1	26,135	58.3	1,202	169.1	42,668	163.3
	Sale of hotel property	126	52.5	2,050	44.5	—	—	—	—
	Sale of other type of housing	43	215.0	760	321.6	38	88.4	824	108.4
	Sale of other real estate	—	—	5,000	3,041.4	—	—	2,302	46.1
	Business accompanying real estate sale	—	—	325	84.2	—	—	509	156.5
Total amount of reportable segments		2,560	82.3	66,506	83.3	2,258	88.2	63,719	95.8
Other		—	—	1,734	100.8	—	—	2,182	125.9
Total		2,560	82.3	68,240	83.7	2,258	88.2	65,901	96.6

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 other type of housing refers to the sale of houses other than newly built condominiums, including used houses and detached houses.
4. The sale of other real estate refers to the sale of real estate other than housing, including commercial stores and lands for development.
5. Business accompanying real estate sale includes income from post-delivery optional construction work such as floor coating and income from intermediation fees from real estate sales.
6. Other real estate sales for the first three months of the previous fiscal year and for the first three months of the fiscal year ending March 31, 2021 are related to land for development.
7. Starting from the first three months of the fiscal year ending March 31, 2021, “sale of condominium building” is included in “studio condominiums.” For ease of comparison, the figures for the first three months of the fiscal year ended March 31, 2020 have been recast to conform to the current presentation.