

August 13, 2021

Consolidated Financial Results for the First Three Months of the Fiscal Period Ending September 30, 2021 <under J-GAAP>

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 Listing: First Section of the Tokyo Stock Exchange
 Section code: 3254
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Scheduled date of filing of quarterly securities report: August 13, 2021

Scheduled date of start of dividend payment: –

Preparation of supplementary quarterly materials for financial results: Yes

Holding of quarterly financial results presentation meeting: No

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

1. Consolidated operating results for the first three months of the fiscal period ending September 30, 2021 (from April 1, 2021 to June 30, 2021)

(1) Consolidated operating results

(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 period ending September 30, 2021	53,973	(18.1)	8,642	(27.4)	8,473	(29.2)	5,328	(34.9)
First three months of the fiscal year ended March 31, 2021	65,901	(3.4)	11,906	(15.4)	11,962	(14.1)	8,181	(14.8)

Note: Comprehensive income First three months of the fiscal period ending September 30, 2021: 5,345 million yen [(35.1)%]
 First three months of the fiscal year ended March 31, 2021: 8,239 million yen [(13.8)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three months of the fiscal period ending September 30, 2021	78.38	78.37
First three months of the fiscal year ended March 31, 2021	127.19	127.15

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	253,208	144,428	56.7
As of March 31, 2021	268,762	140,132	51.8

Reference: Equity

As of June 30, 2021 143,586 million yen
 As of March 31, 2021 139,353 million yen

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Annual total
Fiscal year ended March 31, 2021	Yen —	Yen 13.00	Yen —	Yen 16.00	Yen 29.00
Fiscal period ending September 30, 2021	—				
Fiscal period ending September 30, 2021 (Forecast)		—	—	16.00	16.00

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

3. Forecasts of consolidated operating results for the fiscal period ending September 30, 2021 (from April 1, 2021 to September 30, 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
Full year	95,203	—	11,883	—	11,415	—	7,791	—	114.62

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

Note: Pursuant to the resolution of the Ordinary General Meeting of Shareholders held on June 25, 2021, we have changed the fiscal year-end from March 31 to September 30. For this reason, year on year changes (percentage) are not stated.

* 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-period pretax income for the current fiscal period, 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

a. Changes in accounting policies due to amendments to accounting standards and other regulations: Yes

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

(Change in accounting policies)

(Adoption of accounting standards for revenue recognition)

The Company adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, revised on March 31, 2020, hereinafter referred to as the “ASBJ Statement No.29”) and other related standards from the beginning of the first three months of the fiscal period ending September 30, 2021. In line with these new standards, the Company recognizes revenue at the point when the control of the promised goods or service is transferred to the customer, in the amount expected to be received in exchange for the goods or service.

For the adoption of the ASBJ Statement No.29 and other related standards, the transitional treatments stipulated in the proviso of paragraph 84 of the ASBJ Statement No.29 is followed, but there is no impact on the beginning balance of retained earnings. In addition, this change has no impact on income/loss for the first three months of the fiscal period ending September 30, 2021 either.

(Adoption of accounting standards for fair value measurement)

The Company adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, July 4, 2019, hereinafter, the “ASBJ Statement No.30”) and other related standards from the beginning of the first three months of the fiscal period ending September 30, 2021. In accordance with the transitional treatments stipulated in paragraph 19 of the ASBJ Statement No.30 and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, revised on July 4, 2019), the Company applies these new accounting policies prescribed by the ASBJ Statement No.30 and other related standards to the transactions that occur on and after the adoption date. This change has no impact on the quarterly consolidated financial statements.

(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, 2021	68,845,511 shares
As of March 31, 2021	68,845,511 shares

b. Number of treasury shares at the end of period

As of June 30, 2021	866,984 shares
As of March 31, 2021	866,984 shares

c. Average number of shares during the period

First three months of the fiscal period ending September 30, 2021	67,978,527 shares
First three months of the fiscal year ended March 31, 2021	64,328,907 shares

Note:

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” (309,860 shares for the 1st quarter of the fiscal period ending September 30, 2021 and 309,860 shares for the fiscal year ended March 31, 2021). 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 shares during the period” (309,860 shares for the 1st quarter of the fiscal period ending September 30, 2021 and 313,320 shares for the 1st quarter of the fiscal year ended March 31, 2021).

* Review of quarterly financial result reports by public accountants or auditing firms is 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 September 30, 2021” on page 2 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 on the release date of this document. (Japanese version only)

1. Quarterly Qualitative Information

(1) Business Results

During the first three months of the consolidated fiscal period ending September 30, 2021, the Japanese economy and the business environment remained challenging due to the impact of the COVID-19 pandemic. Although there are some signs of a pickup, we must pay close attention to the impact of infection trends on the economy in and outside Japan and fluctuations in the financial and capital markets, etc.

In the real estate industry to which the Group belongs, in addition to the impact of the COVID-19 pandemic, land costs in cities and construction costs remain elevated. Although these and other factors are causes for concern, the interest rates on housing loans remain low while the Japanese government's ongoing measures to help homebuyers, such as a mortgage tax breaks, are still on track, contributing to a stable economy. The demand for condominiums in the center of cities, which is our main supply area, was solid as more people or households tended to move seeking the convenience of urban living.

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

Under such business conditions, the Company posted the following consolidated performance for the first three months of the fiscal period ending September 30, 2021. Net sales amounted to 53,973 million yen (down 18.1% year on year), operating profit amounted to 8,642 million yen (down 27.4% year on year), ordinary profits amounted to 8,473 million yen (down 29.2% year on year) and profit attributable to owners of parent amounted to 5,328 million yen (down 34.9% year on year).

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

Real Estate Sale Business

In the real estate sales business, Pressance Loger Shin-Umeda (84 units), a family-type condominium in the Pressance Loger series, and Pressance THE KYOTO SUITO (128 units), a Pressance series studio condominium, have performed favorably.

However, as economic activities remain constrained by the impact of the COVID-19 pandemic, our sales activities are also affected. In addition, although this is in line with our plan, sales of family-type condominiums have decreased significantly due to the small number of completed properties.

The sales of studio condominiums amounted to 28,220 million yen (1,675 units), sales of family-type condominiums amounted to 17,278 million yen (458 units), sales of hotel properties amounted to 4,250 million yen (180 units), sales of other types of housing amounted to 1,960 million yen (99 units), and business accompanying real estate sales amounted to 340 million yen. Total sales of the real estate sales business posted 52,050 million yen (down 18.3% year on year) and segment profit amounted to 8,530 million yen (down 26.4% year on year).

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

With a decrease in rent revenue related to rent guarantees, the sales of Other business amounted to 1,922 million yen (down 11.9% year on year), and segment profit amounted to 423 million yen (down 37.3% year on year).

As stated in the "Notice Regarding Changes in Fiscal Year (Fiscal year-end)" disclosed on May 14, 2021, following the approval of "Partial Amendment of the Articles of Incorporation" at the 24th Ordinary General Meeting of Shareholders held on June 25, 2021, we have changed the fiscal year-end from March 31 to September 30. For this reason, the 25th fiscal period, which is the transitional period for changing the fiscal year, covers 6 months from April 1, 2021 to September 30, 2021.

(2) Financial Position

Current Assets

Total current assets as of the end of the first three months of the fiscal period amounted to 236,302 million yen (down 5.1%), which represents a decrease of 12,737 million yen compared to the end of the previous fiscal year. This was mainly due to a decrease in inventory of 14,620 million yen.

Non-current Assets

Total non-current assets as of the end of the first three months of the fiscal period amounted to 16,905 million yen (down 14.3%), which represents a decrease of 2,816 million yen compared to the end of the previous fiscal year. This was due mainly to a decrease in real estate for rent by 1,546 million yen following the transfer of self-owned real estate to inventory and a decrease in loans receivable from subsidiaries and associates by 762 million yen.

Liabilities

Total liabilities as of the end of the first three months of the fiscal period amounted to 108,779 million yen (down 15.4%), which represents a decrease of 19,850 million yen compared to the end of the previous fiscal year. This was mainly due to a 7,835 million yen decrease in loans payable to financial institutions, a 5,889 million yen decrease in electronically recorded obligations-operating due to an increase in settlements, and a 4,029 million yen decrease in income taxes payable due to the payment of income taxes.

Net Assets

Total net assets as of the end of the first three months of the fiscal period amounted to 144,428 million yen (up 3.1%), which represents an increase of 4,296 million yen compared to the end of the previous fiscal year. This was principally due to the increase in retained earnings of 4,235 million yen because of the posting of profit attributable to owners of parent of 5,328 million yen, which offset the cash dividends paid of 1,092 million yen.

Analysis on Cash Flows

Cash and cash equivalents as of the end of the first three months of the fiscal period ending September 30, 2021, totaled 88,799 million yen (up 1.2%), which represents an increase of 1,090 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 period ending September 30, 2021, are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities came to 10,574 million yen (Compared with 15,857 million yen provided in the first three months of the previous fiscal year).

This was mainly due to cash inflow resulting from a decrease in inventories by 16,273 million yen following the delivery of condominiums and the posting of 8,473 million yen in profit before income taxes, while there were cash outflows as a result of a payment of income tax of 6,620 million yen, a decrease in notes and accounts payable-trade by 6,144 million yen reflecting an increase in the settlement of electronically recorded obligations-operating, and other factors.

Cash Flows from Investment Activities

Net cash used in investment activities came to 567 million yen (Compared with 90 million yen used in the first three months of the previous fiscal year).

This was principally due to cash outflows resulting from the acquisition of non-current assets of 322 million yen and loans to subsidiaries and associates of 262 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities came to 8,917 million yen (Compared with 11,776 million yen used in the first three months of the previous fiscal year).

This was due mainly to cash outflows resulting from the net decrease in loans payable to financial institutions by 7,835 million yen and the dividend payment of 1,081 million yen.

(3) Explanation for the Forecast of Consolidated Financial Results ending September 30, 2021

Condominium sales, our major business, have a tendency to excessively skew or cause unevenness in specific quarterly results due to the timing of the delivery of condominiums, because condominium sales are to be posted on the basis of delivery of the condominium units. Our business results in the first three months of the fiscal period ending September 30, 2021 have been making sound progress, and there is no change in our forecasts of consolidated financial results released on May 14, 2021 for the fiscal period ending September 30, 2021.

2. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	90,799	91,889
Accounts receivable - trade	112	88
Real estate for sale	8,538	19,844
Real estate for sale in process	142,143	116,218
Raw materials and supplies	152	149
Other	7,389	8,203
Allowance for doubtful accounts	(95)	(92)
Total current assets	249,040	236,302
Non-current assets		
Property, plant and equipment		
Real estate for rent, net	13,738	12,192
Other, net	518	496
Total property, plant and equipment	14,257	12,689
Intangible assets	149	120
Investments and other assets	5,315	4,096
Total non-current assets	19,722	16,905
Total assets	268,762	253,208
Liabilities		
Current liabilities		
Notes and accounts payable - trade	280	178
Electronically recorded obligations - operating	6,641	752
Short-term loans payable	4,662	3,193
Current portion of long-term loans payable	52,318	43,217
Income taxes payable	6,670	2,641
Advances received	5,621	4,457
Provision for bonuses	212	310
Other	4,937	4,004
Total current liabilities	81,344	58,755
Non-current liabilities		
Long-term loans payable	46,469	49,204
Provision for share-based payment	231	231
Deferred tax liabilities	3	3
Other	580	584
Total non-current liabilities	47,284	50,023
Total liabilities	128,629	108,779
Net assets		
Shareholders' equity		
Capital stock:	6,880	6,880
Capital surplus	7,882	7,882
Retained earnings	125,460	129,695
Treasury shares	(883)	(883)
Total shareholders' equity	139,340	143,575
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	4
Foreign currency translation adjustment	11	7
Total accumulated other comprehensive income	13	11
Subscription rights to shares	381	425
Non-controlling interests	398	417
Total net assets	140,132	144,428
Total liabilities and net assets	268,762	253,208

(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, 2021	First three months of the fiscal period ending September 30, 2021
Net sales	65,901	53,973
Cost of sales	48,935	41,219
Gross profit	16,966	12,753
Selling, general and administrative expenses	5,060	4,111
Operating profit	11,906	8,642
Non-operating income		
Interest income	0	0
Dividend income	0	1
Purchase discounts	1	—
Share of profit of entities accounted for using equity method	11	—
Foreign exchange gains	—	0
Commission fee	21	10
Penalty income	240	30
Other	88	68
Total non-operating income	364	111
Non-operating expenses		
Interest expenses	209	182
Share of loss of entities accounted for using equity method	—	12
Foreign exchange losses	14	—
Commission fee	0	34
Other	83	50
Total non-operating expenses	307	280
Ordinary profit	11,962	8,473
Profit before income taxes	11,962	8,473
Income taxes	3,786	3,126
Net income	8,176	5,347
Profit (Loss) attributable to non-controlling interests	(5)	19
Profit attributable to owners of parent	8,181	5,328

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First three months of the fiscal year ended March 31, 2021	First three months of the fiscal period ending September 30, 2021
Net income	8,176	5,347
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	2
Foreign currency translation adjustment	46	(0)
Share of other comprehensive income of entities accounted for using equity method	18	(4)
Total other comprehensive income	63	(1)
Comprehensive income	8,239	5,345
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,245	5,326
Comprehensive income attributable to non-controlling interests	(5)	19

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First three months of the fiscal year ended March 31, 2021	First three months of the fiscal period ending September 30, 2021
Cash flows from operating activities		
Profit before income taxes	11,962	8,473
Depreciation	66	110
Amortization of goodwill	25	13
Increase (decrease) in allowance for doubtful accounts	—	(3)
Interest and dividend income	(1)	(1)
Interest expenses	209	182
Foreign exchange losses (gains)	14	(0)
Share of (profit) loss of entities accounted for using equity method	(11)	12
Decrease (increase) in inventories	16,530	16,273
Increase (decrease) in notes and accounts payable - trade	(3,956)	(6,144)
Share-based remuneration expenses	60	53
Increase (decrease) in provision for bonuses	116	97
Increase (decrease) in advances received	(5,435)	(1,171)
Decrease (increase) in consumption taxes refund receivable	280	(18)
Increase (decrease) in accrued consumption taxes	148	(707)
Other	(3,690)	227
Subtotal	16,320	17,398
Interest and dividend income received	1	1
Interest expenses paid	(211)	(204)
Income taxes paid	(252)	(6,620)
Net cash provided by operating activities	15,857	10,574
Cash flows from investing activities		
Purchase of non-current assets	(8)	(322)
Proceeds from sales of non-current assets	302	58
Purchase of investment securities	(0)	(1)
Proceeds from sales of investment securities	—	0
Purchase of shares of subsidiaries and associates	—	(40)
Payments of loans receivable from subsidiaries and associates	(383)	(262)
Net cash used in investing activities	(90)	(567)
Cash flows from financing activities		
Proceeds from long-term loans payable	948	8,746
Repayments of long-term loans payable	(15,612)	(15,112)
Cash dividends paid	(818)	(1,081)
Net increase (decrease) in short-term loans payable	3,706	(1,469)
Net cash used in financing activities	(11,776)	(8,917)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	3,990	1,090
Cash and cash equivalents at beginning of period	41,684	87,709
Cash and cash equivalents at end of period	45,674	88,799

3. Others

(1) Actual orders

First three months of the fiscal year ended 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

First three months of the fiscal period ending September 30, 2021 (from April 1, 2021 to June 30, 2021)

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	1,033	131.6	16,683	132.2	2,358	72.8	34,689	62.2
	Family-type condominiums	447	117.3	18,191	126.4	1,041	84.3	45,331	95.6
	Sale of hotel property	240	—	3,750	—	240	72.7	3,750	37.8
	Sale of other type of housing	92	219.0	2,056	243.6	89	189.4	2,675	214.1
	Sale of other real estate	—	—	—	—	—	—	400	8.1
Total amount of reportable segments		1,812	187.2	40,680	155.2	3,728	76.9	86,846	72.8

Note:

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 in 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. The total amount of contracts for the sale of hotel properties in the first three months of the previous fiscal year are negative because a contract recorded in the total amount of contracts before the commencement of the previous fiscal year was canceled in the first three months of the previous fiscal year.
8. Amounts of contracts and the outstanding balance of contracts for sale of other real estate for the first three months of the fiscal year ended March 31, 2021, refer to lands for development. Outstanding balance of contracts for sales of other real estate in the first three months of the fiscal period ending September 30, 2021, refer to lands for development.

(2) Actual sales

Name of segment	Category	First three months of the fiscal year ended March 31, 2021 (from April 1, 2020 to June 30, 2020)				First three months of the fiscal period ending September 30, 2021 (from April 1, 2021 to June 30, 2021)			
		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	1,018	60.6	17,413	54.0	1,675	164.5	28,220	162.1
	Family-type condominiums	1,202	169.1	42,668	163.3	458	38.1	17,278	40.5
	Sale of hotel property	—	—	—	—	180	—	4,250	—
	Sale of other type of housing	38	88.4	824	108.4	99	260.5	1,960	237.7
	Sale of other real estate	—	—	2,302	46.1	—	—	—	—
	Business accompanying real estate sale	—	—	509	156.5	—	—	340	66.9
Total amount of reportable segments		2,258	88.2	63,719	95.8	2,412	106.8	52,050	81.7
Other		—	—	2,182	125.9	—	—	1,922	88.1
Total		2,258	88.2	65,901	96.6	2,412	106.8	53,973	81.9

Note:

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. Sales of other real estate in the first three months of the fiscal year ended March 31, 2021, and in the first three months of the fiscal period ending September 30, 2021, refer to lands for development.