

February 14, 2022

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending September 30, 2022 <under J-GAAP>

Company name: **Pressance Corporation Co., Ltd.**
 Listing: First Section of the Tokyo Stock Exchange
 Section code: 3254
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Scheduled date of filing of quarterly securities report: February 14, 2022
 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 year ending September 30, 2022 (from October 1, 2021 to December 31, 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 year ending September 30, 2022	37,007	—	6,293	—	6,563	—	3,976	—
First three months of the fiscal period ended September 30, 2021	53,973	(18.1)	8,642	(27.4)	8,473	(29.2)	5,328	(34.9)

Note: Comprehensive income First three months of the fiscal year ending September 30, 2022: 4,951 million yen [(-)%]
 First three months of the fiscal period ended September 30, 2021: 5,345 million yen [(35.1)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three months of the fiscal year ending September 30, 2022	58.42	58.22
First three months of the fiscal period ended September 30, 2021	78.38	78.37

Note: Effective the fiscal period ended September 30, 2021, we have changed the fiscal year-end from March 31 to September 30. Year-on-year changes are not provided as the period that the first three months of this fiscal year covers (October 1, 2021 to December 31, 2021) is different from the first three months of the fiscal period ended September 30, 2021 (April 1, 2021 to June 30, 2021).

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2021	248,250	151,053	60.6
As of September 30, 2021	256,024	148,256	57.6

Reference: Equity

As of December 31, 2021 150,504 million yen
 As of September 30, 2021 147,400 million yen

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Annual total
Fiscal period ended September 30, 2021	Yen —	Yen —	Yen —	Yen 16.00	Yen 16.00
Fiscal year ending September 30, 2022	—				
Fiscal year ending September 30, 2022 (Forecast)		16.00	—	16.00	32.00

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

Note that the fiscal period ended September 30, 2021 covers six months from April 1, 2021 to September 30, 2021 due to the change to the fiscal year-end.

3. Forecasts of consolidated operating results for the fiscal year ending September 30, 2022 (from October 1, 2021 to September 30, 2022)

(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	66,427	—	8,796	—	8,377	—	4,988	—	73.38
Full year	140,834	—	16,063	—	15,205	—	9,829	—	144.56

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

The fiscal period ended September 30, 2021 covers six months from April 1, 2021 to September 30, 2021 due to the change to the fiscal year-end. For this reason, year-on-year changes are not provided.

* 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: 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 the end of each period (including treasury shares)

As of December 31, 2021	68,974,716 shares
As of September 30, 2021	68,858,316 shares

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

As of December 31, 2021	866,546 shares
As of September 30, 2021	867,061 shares

- c. Average number of shares during the period

First three months of the fiscal year ending September 30, 2022	68,067,590 shares
First three months of the fiscal period ended September 30, 2021	67,978,527 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” (309,320 shares as

of December 31, 2021 and 309,860 shares as of September 30, 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” (309,426 shares for the first three months of the fiscal year ending September 30, 2022 and 309,860 shares for the first three months of the fiscal period ended September 30, 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

Effective the fiscal period ended September 30, 2021, we have changed the fiscal year-end from March 31 to September 30. Year-on-year changes in amount and percentage are not provided as the period that the first three months of this fiscal year covers (October 1, 2021 to December 31, 2021) is different from the first three months of the fiscal period ended September 30, 2021 (April 1, 2021 to June 30, 2021).

During the first three months of the fiscal year ending September 30, 2022, the Japanese economy and the business environment remained challenging due to the impact of the COVID-19 pandemic. We must pay close attention to downside risks from the impact of infection, supply-side constraints, and the trend of raw material prices. Fluctuations in the financial and capital markets should also be watched carefully.

In the real estate industry to which the Group belongs, in addition to the impact of the COVID-19 pandemic, an increase in land costs in cities and construction costs and the like are causes for concern. Concurrently, 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 solid economy. The demand for condominiums in the center of cities, which is our main supply area, was solid as some areas saw an increase in the number of households who move seeking the convenience of urban living and the like.

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 year ending September 30, 2022. Net sales amounted to 37,007 million yen, operating profit amounted to 6,293 million yen, ordinary profits amounted to 6,563 million yen and profit attributable to owners of parent amounted to 3,976 million yen.

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

Real Estate Sale Business

In the real estate sales business, Pressance Loger Miyakojima Residence (128 units), a family-type condominium in the Pressance Loger series, and Pressance Tennoji North Viale (153 units), a Pressance series studio condominium, have performed favorably.

Furthermore, although this is in line with our plan, sales of studio condominiums and family-type condominiums have decreased significantly due to the smaller number of completed properties compared with the same period of the previous year (October 1, 2020 to December 31, 2020).

The sales of studio condominiums amounted to 10,241 million yen (619 units), sales of family-type condominiums were 16,327 million yen (392 units), sales of detached houses amounted to 876 million yen (21 units), sales of used condominiums 1,672 million yen (113 units), sales of other real estate totaled 6,058 million yen, and business accompanying real estate sales came to 277 million yen. Total sales of the real estate sales business posted 35,454 million yen and segment profit amounted to 6,054 million yen.

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 the Other business amounted to 1,553 million yen, and segment profit amounted to 495 million yen.

(2) Financial Position

Current Assets

Total current assets as of the end of the first three months of the fiscal year amounted to 228,749 million yen (down 3.6%), which represents a decrease of 8,626 million yen compared with the end of the previous fiscal period. This was due mainly to a decrease in inventory of 4,894 million yen and a decrease in short-term loans receivable from subsidiaries and associates following collection of these loans of 3,555 million yen.

Non-current assets

Total non-current assets as of the end of the first three months of the fiscal year amounted to 19,500 million yen (up 4.6%), which represents an increase of 852 million yen compared with the end of the previous fiscal period. This was due mainly to an increase in real estate for rent of 441 million yen because of the acquisition of self-

owned real estate, and an increase in shares of subsidiaries and associates of 369 million yen following the posting of share of profit of entities accounted for using the equity method.

Liabilities

Total liabilities as of the end of the first three months of the fiscal year amounted to 97,197 million yen (down 9.8%), which represents a decrease of 10,571 million yen compared with the end of the previous fiscal period. This was mainly due to a 6,374 million yen decrease in loans payable to financial institutions, a 2,053 million yen decrease in income taxes payable due to the payment of income taxes, and a 1,399 million yen decrease in electronically recorded obligations-operating due to an increase in settlements.

Net Assets

Total net assets as of the end of the first three months of the fiscal year amounted to 151,053 million yen (up 1.9%), which represents an increase of 2,796 million yen compared with the end of the previous fiscal period. This was principally due to the increase in retained earnings of 2,883 million yen because of the posting of profit attributable to owners of parent of 3,976 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 year ending September 30, 2022 totaled 99,672 million yen, which represents a decrease of 250 million yen compared with the end of the previous fiscal period.

The status and factors in each cash flow for the first three months of the fiscal year ending September 30, 2022 are as follows:

Cash flows from operating activities

Net cash provided by operating activities came to 5,148 million yen.

This was mainly due to cash inflow resulting from the posting of 6,563 million yen in profit before income taxes and a decrease in inventories of 4,659 million yen following the delivery of condominiums. Meanwhile, there were cash outflows as a result of a payment of income tax of 3,553 million yen, a decrease in notes and accounts payable-trade of 1,721 million yen reflecting an increase in the settlement of electronically recorded obligations-operating, and other factors.

Cash flows from investing activities

Net cash provided by investing activities came to 3,123 million yen.

This was principally due to cash inflow resulting from a decrease in short-term loans receivable of 3,864 million yen due to the collection of short-term loans receivable from subsidiaries and associates, while there were cash outflows resulting from the acquisition of non-current assets of 530 million yen and loans to subsidiaries and associates of 205 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities came to 8,523 million yen.

This was due mainly to cash outflows resulting from the net decrease in loans payable to financial institutions of 6,374 million yen, repayments of investments to non-controlling shareholders of 1,177 million yen, and the dividend payment of 1,087 million yen.

(3) Explanation for the Forecast of Consolidated Financial Results for the Fiscal Year Ending September 30, 2022

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 year ending September 30, 2022 have been making sound progress, and there is no change in our forecasts of consolidated financial results released on November 12, 2021 for the fiscal year ending September 30, 2022.

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

(Millions of yen)

	As of September 30, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	103,138	102,888
Accounts receivable - trade	89	85
Real estate for sale	23,491	15,329
Real estate for sale in process	102,347	105,591
Raw materials and supplies	143	167
Other	8,290	4,798
Allowance for doubtful accounts	(124)	(110)
Total current assets	237,376	228,749
Non-current assets		
Property, plant and equipment		
Real estate for rent, net	14,592	15,034
Other, net	469	461
Total property, plant and equipment	15,062	15,495
Intangible assets	101	127
Investments and other assets	3,484	3,877
Total non-current assets	18,648	19,500
Total assets	256,024	248,250
Liabilities		
Current liabilities		
Notes and accounts payable - trade	367	203
Electronically recorded obligations - operating	1,704	305
Short-term loans payable	920	2,579
Current portion of long-term loans payable	38,228	21,233
Income taxes payable	3,730	1,676
Advances received	5,024	4,860
Provision for bonuses	226	105
Other	3,929	3,907
Total current liabilities	54,131	34,869
Non-current liabilities		
Long-term loans payable	52,798	61,760
Provision for share-based payment	257	256
Other	581	310
Total non-current liabilities	53,637	62,327
Total liabilities	107,768	97,197
Net assets		
Shareholders' equity		
Capital stock	6,890	6,998
Capital surplus	7,892	8,000
Retained earnings	133,489	136,373
Treasury shares	(883)	(883)
Total shareholders' equity	147,388	150,488
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10	8
Foreign currency translation adjustment	1	6
Total accumulated other comprehensive income	11	15
Subscription rights to shares	439	409
Non-controlling interests	416	139
Total net assets	148,256	151,053
Total liabilities and net assets	256,024	248,250

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

(Millions of yen)

	First three months of the fiscal period ended September 30, 2021 (April 1, 2021 to June 30, 2021)	First three months of the fiscal year ending September 30, 2022 (October 1, 2021 to December 31, 2021)
Net sales	53,973	37,007
Cost of sales	41,219	26,780
Gross profit	12,753	10,227
Selling, general and administrative expenses	4,111	3,934
Operating profit	8,642	6,293
Non-operating income		
Interest income	0	0
Dividend income	1	1
Share of profit of entities accounted for using equity method	—	428
Foreign exchange gains	0	41
Commission fee	10	10
Penalty income	30	10
Reversal of allowance for doubtful accounts	—	13
Other	68	25
Total non-operating income	111	531
Non-operating expenses		
Interest expenses	182	168
Share of loss of entities accounted for using equity method	12	—
Commission fee	34	91
Other	50	1
Total non-operating expenses	280	261
Ordinary profit	8,473	6,563
Profit before income taxes	8,473	6,563
Income taxes	3,126	1,615
Net income	5,347	4,948
Profit attributable to non-controlling interests	19	971
Profit attributable to owners of parent	5,328	3,976

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First three months of the fiscal period ended September 30, 2021 (April 1, 2021 to June 30, 2021)	First three months of the fiscal year ending September 30, 2022 (October 1, 2021 to December 31, 2021)
Net income	5,347	4,948
Other comprehensive income		
Valuation difference on available-for-sale securities	2	(1)
Foreign currency translation adjustment	(0)	0
Share of other comprehensive income of entities accounted for using equity method	(4)	3
Total other comprehensive income	(1)	3
Comprehensive income	5,345	4,951
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,326	3,979
Comprehensive income attributable to non-controlling interests	19	971

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First three months of the fiscal period ended September 30, 2021 (April 1, 2021 to June 30, 2021)	First three months of the fiscal year ending September 30, 2021 (October 1, 2021 to December 31, 2021)
Cash flows from operating activities		
Profit before income taxes	8,473	6,563
Depreciation	110	116
Amortization of goodwill	13	9
Increase (decrease) in allowance for doubtful accounts	(3)	(13)
Interest and dividend income	(1)	(1)
Interest expenses	182	168
Foreign exchange losses (gains)	(0)	(41)
Share of (profit) loss of entities accounted for using equity method	12	(428)
Decrease (increase) in inventories	16,273	4,659
Increase (decrease) in notes and accounts payable - trade	(6,144)	(1,721)
Share-based remuneration expenses	53	9
Increase (decrease) in provision for bonuses	97	(121)
Increase (decrease) in advances received	(1,171)	11
Decrease (increase) in consumption taxes refund receivable	(18)	103
Increase (decrease) in accrued consumption taxes	(707)	(344)
Other	227	(94)
Subtotal	17,398	8,874
Interest and dividend income received	1	1
Interest expenses paid	(204)	(173)
Income taxes paid	(6,620)	(3,553)
Net cash provided by operating activities	10,574	5,148
Cash flows from investing activities		
Purchase of non-current assets	(322)	(530)
Proceeds from sales of non-current assets	58	1
Purchase of investment securities	(1)	(5)
Proceeds from sales of investment securities	0	—
Purchase of shares of subsidiaries and associates	(40)	—
Payments of loans receivable from subsidiaries and associates	(262)	(205)
Decrease (increase) in short-term loans receivable	—	3,864
Net cash used in investing activities	(567)	3,123
Cash flows from financing activities		
Proceeds from long-term loans payable	8,746	17,773
Repayments of long-term loans payable	(15,112)	(25,806)
Proceeds from issuance of shares	—	186
Purchase of treasury shares	—	(0)
Cash dividends paid	(1,081)	(1,087)
Dividends paid to non-controlling interests	—	(72)
Net increase (decrease) in short-term loans payable	(1,469)	1,659
Repayments to non-controlling shareholders	—	(1,177)
Net cash used in financing activities	(8,917)	(8,523)
Effect of exchange rate change on cash and cash equivalents	(0)	0
Net increase (decrease) in cash and cash equivalents	1,090	(250)
Cash and cash equivalents at beginning of period	87,709	99,922
Cash and cash equivalents at end of period	88,799	99,672

3. Others

Actual orders and sales

Effective the fiscal period ended September 30, 2021, the fiscal year-end has been changed from March 31 to September 30. For ease of comparison, the results for the same period of the previous year (October 1, 2020 to December 31, 2020) are provided.

(1) Actual orders

The same period of the previous year (October 1, 2020 to December 31, 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	1,986	204.5	29,981	150.3	4,000	107.2	59,793	93.2
	Family-type condominiums	401	88.4	16,616	97.5	946	51.8	38,714	58.2
	Sale of hotel property	12	7.1	453	11.8	180	31.6	4,390	31.7
	Detached houses	32	128.0	1,043	109.2	66	150.0	2,162	140.3
	Used condominiums	69	132.7	964	132.6	25	131.6	343	130.6
	Sale of other real estate	—	—	2,790	46.9	—	—	2,136	35.8
Total amount of reportable segments		2,500	149.7	51,851	107.0	5,217	84.3	107,540	70.6

First three months of the fiscal year ending September 30, 2022 (from October 1, 2021 to December 31, 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	808	40.7	13,894	46.3	2,142	53.6	33,108	55.4
	Family-type condominiums	419	104.4	17,297	104.1	1,105	116.9	48,145	124.4
	Sale of hotel property	—	—	—	—	—	—	—	—
	Detached houses	30	93.8	1,201	115.1	51	77.3	2,182	100.9
	Used condominiums	109	158.0	1,556	161.3	39	156.0	527	153.6
	Sale of other real estate	—	—	62	2.2	1	—	328	15.4
Total amount of reportable segments		1,366	54.6	34,012	65.6	3,338	64.0	84,292	78.4

Note:

- In the table above, "total amount of orders" has been replaced with "total amount of contracts."
- Amounts of additional constructions are included in the above amounts.
- Number of units in total amount of contracts and the outstanding balance of contracts may fluctuate due to changes in business plans and others.
- Until the last fiscal period ended September 30, 2021, sales of houses other than newly built condominiums, including the used houses business and detached houses business, were presented under the category of "sale of other type of housing." Starting from the first three months of this fiscal year, however, they are now presented under "detached houses" and "used condominiums." In order to reflect the change in category, "sale of other type of housing" in the same period of the previous year has been reclassified under the current presentation.
- Sale of other real estate refers to the sale of real estate other than housing, including commercial facilities, commercial stores, and land for development.
- The total amount of contracts and outstanding balance of contracts for sale of other real estate in the same period of the previous year refer to land for development.

The total amount of contracts and outstanding balance of contracts for sale of other real estate in the first three months of the fiscal year ending September 30, 2022 refer to commercial stores and land for development.

- * The total amount of contracts and the outstanding balance of contracts for studio condominiums in the first three months of the fiscal year ending September 30, 2022 have decreased significantly compared with the same period of the previous year. This is mainly due to the non-recurrence of large contracts of 14,495 million yen with two non-Group companies for 14 buildings (1,044 units) in the same period of the previous year.

(2) Actual sales

Name of segment	Category	The same period of the previous year (October 1, 2020 to December 31, 2020)				First three months of the fiscal year ending September 30, 2022 (October 1, 2021 to December 31, 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	1,175	128.7	21,275	109.7	619	52.7	10,241	48.1
	Family-type condominiums	600	118.8	23,855	129.3	392	65.4	16,327	68.4
	Sale of hotel property	289	43.5	6,240	38.4	—	—	—	—
	Detached houses	28	200.0	948	200.7	21	75.0	876	92.4
	Used condominiums	67	152.3	960	158.4	113	168.7	1,672	174.1
	Sale of other real estate	—	—	3,339	341.5	—	—	6,058	181.4
	Business accompanying real estate sale	—	—	369	137.7	—	—	277	75.0
Total amount of reportable segments		2,159	100.9	56,989	101.0	1,145	53.0	35,454	62.2
Other		—	—	1,978	111.0	—	—	1,553	78.5
Total		2,159	100.9	58,967	101.3	1,145	53.0	37,007	62.8

Note:

1. Amounts of additional constructions are included in the above amounts.
2. Until the last fiscal period ended September 30, 2021, sales of houses other than newly built condominiums, including the used houses business and detached houses business, were presented under the category of "sale of other type of housing." Starting from the first three months of this fiscal year, however, they are now presented under "detached houses" and "used condominiums." In order to reflect the change in category, "sale of other type of housing" in the same period of the previous year has been reclassified under the current presentation.
3. Sale of other real estate refers to the sale of real estate other than housing, including commercial facilities, commercial stores, and land for development.
4. 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.
5. Sale of other real estate in the same period of the previous year refers to land for development. Sale of other real estate in the first three months of the fiscal year ending September 30, 2022 refers to commercial facilities and land for development.