

Presentation material for FY March 2019 financial results

I. Summary of financial results for FY March 2019

II. Upward revision to the Mid-term Business Plan and outlook for FY 2020

III. Accelerate business growth by utilizing ReTech

Released in May 2019

Pressance Corporation Co., Ltd.

Securities Code: **3254** (TSE 1st Section)

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



I. Summary of financial results for FY March 2019

Consolidated Income Statement Summary

- Operating profit, Ordinary Profit, and Net income growth of 10% or more year-on-year for nine consecutive fiscal years
- Recorded the highest sales and profits in the past (operating profit for FY 2019/3 increased by 33.2% year-on-year)

【million yen】

	FY 2018/3		FY 2019/3				
	Result		Result			Upwardly Revised Plan	
	Amount A	Ratio to sales	Amount B	Ratio to sales	YoY B/A	Amount C	Achievement ratio B/C
Sales	134,059	100.0%	160,580	100.0%	119.8%	157,851	101.7%
Cost of Goods Sold	99,575	74.3%	116,378	72.5%	116.9%	113,852	102.2%
Gross Margin	34,484	25.7%	44,201	27.5%	128.2%	43,998	100.5%
SG&A Expenses	14,121	10.5%	17,082	10.6%	121.0%	16,984	100.6%
Operating Profit	20,362	15.2%	27,118	16.9%	133.2%	27,014	100.4%
Ordinary Profit	19,858	14.8%	26,531	16.5%	133.6%	26,248	101.1%
Net Income Attributable to Owners of Parent	13,757	10.3%	18,296	11.4%	133.0%	17,856	102.5%

Year-on-Year change:

- Sound sales progress pushed up sales result by 26,520 million yen.
- Gross margin rose by 1.8 pt. due to the increased ratio of profitable products to entire sales.
- Gross margin increased by 9,717 million yen, offsetting the increase in SG&A expenses of 2,961 million yen, increasing operating profit by 6,756 million yen

Changes from the initial plan:

Sales, operating profit, and net income increased by 8,108 million yen, 2,577 million yen, and 2,163 million yen, respectively.

Changes from the revised plan:

Sales, operating profit, and net income increased by 2,728 million yen, 104 million yen, and 439 million yen, respectively.

Sales by Major Products in Condominium Sales Business

[million yen]

	FY 2018/3				FY 2019/3					
	Result				Result				Upwardly Revised Plan	
	# of units a	YoY	Amount A	YoY	# of units b	YoY b/a	Amount B	YoY B/A	Amount C	Achievement ratio B/C
Studio Condo	1,726	91.2%	29,707	91.5%	2,363	136.9%	43,011	144.8%	42,999	100.0%
Family-type Condo	1,860	120.5%	71,156	141.0%	2,078	111.7%	77,375	108.7%	75,673	102.2%
Condo Building Sales *	1,246	138.4%	19,318	161.4%	880	70.6%	12,459	64.5%	12,459	100.0%
Hotel Sales	183	NA	2,744	NA	980	535.5%	17,625	642.3%	17,625	100.0%
Total	5,015	115.7%	122,926	129.6%	6,301	125.6%	150,472	122.4%	148,759	101.2%

Year-on-Year change: Sound sales progress pushed up sales result by 1,286 units with an amount of 27,546 million yen

- Studio condo: Up by 637 units and sales up by 13,304 million yen
- Family-type condo: Up by 218 units and sales up by 6,218 million yen
- Condo building sales: Down by 366 units and sales down by 6,858 million yen
- Hotel sales: Up by five buildings (797 units) and sales up by 14,881 million yen

Changes from the initial plan:

- Plan for family-type condo sales Up by 3,347 million yen from 74,027 million yen
- Plan for hotel sales Up by 2,195 million yen from 15,429 million yen

Changes from the revised plan:

- Plan for family-type condo sales Up by 1,701 million yen from 75,673 million yen

* Condominium building sales: To sell the whole or part of a condominium building wholesale primarily to other condominium dealers

Consolidated Balance Sheet Summary

	As of March 31, 2017		As of March 31, 2018		As of March 31, 2019		
	Result (million yen)	Composition ratio	Result (million yen)	Composition ratio	Result (million yen)	Composition ratio	Change (million yen)
Current Assets	171,810	92.7%	227,161	92.6%	280,591	92.9%	53,430
real estate for sale	14,324	7.7%	11,275	4.6%	9,603	3.2%	▲ 1,672
real estate for sale in process	122,174	65.9%	180,461	73.5%	225,302	74.6%	44,840
Non-current Assets	13,497	7.3%	18,237	7.4%	21,350	7.1%	3,112
Total Assets	185,307	100.0%	245,399	100.0%	301,942	100.0%	56,543
Current Liabilities	49,438	26.7%	67,537	27.5%	82,916	27.5%	15,379
short-term liabilities with interest	25,410	13.7%	40,473	16.5%	54,467	18.0%	13,994
Non-current Liabilities	76,253	41.1%	102,689	41.8%	124,407	41.2%	21,717
long-term liabilities with interest	75,691	40.8%	102,021	41.6%	123,619	40.9%	21,597
Total Liabilities	125,691	67.8%	170,226	69.4%	207,323	68.7%	37,096
Total Net Assets	59,615	32.2%	75,172	30.6%	94,618	31.3%	19,446
Total Liabilities and Net Assets	185,307	100.0%	245,399	100.0%	301,942	100.0%	56,543

With the adoption and application of the “Partial Amendment to Accounting Standard for Tax Effect Accounting” from the beginning of the fiscal year ended March 2019 under review, Current Assets and Non-current Assets as of the end of FY 2018/3 are retroactively adjusted.

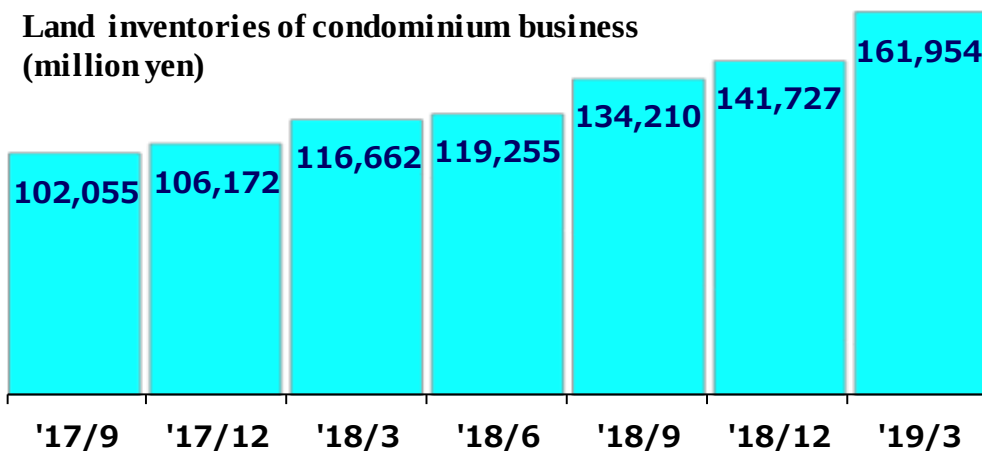
Major factors for changes: Changes from the end of March 2018

- Current assets:** Real estate for sale down by 1,672 million yen, real estate for sale in process up by 44,840 million yen
- Non-current assets:** Real estate for rent (net) up by 1,315 million yen (newly owned five properties and transfer three to Real estate for sale)
- Liabilities:** Bank loans payable up by 38,492 million yen
- Net assets:** Recorded net income of 18,296 million yen for the fiscal year under review

* As for inventory in red frame, refer to the next page for details.

Land Inventory <As of March 31, 2019>

Breakdown of the number in the red frame on the previous page	Amount (million yen)
Real Estate for Sale	9,603
Land Cost for Condominium Biz (A)	2,653
Other Land Cost	2
Construction Cost	6,947
Real Estate for Sale in Process	225,302
Land Cost for Condominium Biz (B)	159,300
Other Land Cost	20,500
Construction Cost	45,500



	Amount (million yen)	Units	Volume of procured land compared with sales plans
Land Cost for Condominium Biz (A) + (B)	161,954	24,625	
Studio Condominium	54,255	11,159	Equivalent to the sales volume for about next 3 years
Family-type Condominium	75,767	8,074	Equivalent to the sales volume for about next 3 years
Condominium Building Sales	18,881	3,699	Procured the lands for scheduled delivery up to FY March 2022
Hotel Sales	13,049	1,693	Procured the lands for scheduled delivery up to FY March 2022

- ✓ Properties with a site settled (completed registration in the Company's name) are classified as inventory.
(In addition, there are 55 buildings with 4,027 units whose land sales contract has been completed but not settled yet. Of these, studio condos account for 3,070 units, and family-type condos account for 957 units.)
- ✓ The sum of land cost for the condominium business (included in inventory total) of (A) + (B) of 161,954 million yen is obtained by aggregating real estate for sale (9,603 million yen) and real estate for sale in process (225,302 million yen), minus other land cost (2 million yen + 20,500 million yen = 20,503 million yen) and construction cost (6,947 million yen + 45,500 million yen = 52,448 million yen), recoded in the balance sheet for FY 2019/3.

* Other land cost includes acquisition-related costs for real estate planned to be owned, planned land for sale, and residential house sales business, etc.

Our Ranking in the Market (Based on the Number of Units Supplied in 2018)

Actual supply of condo units from Jan. 1 to Dec. 31, 2018 (on a launch basis)

Prepared by Pressance Corporation using data from the research of the Real Estate Economic Institute Co., Ltd.

Area	Kinki	Tokai/Chukyo	Nationwide
Our ranking	1st (for 9 consecutive years)	1st (for 7 consecutive years)	2nd (for 2 consecutive years)
Units supplied by our company	4,133	1,019	5,267
Total units supplied in the area	20,958	5,115	80,256
Our market share *	19.7%	19.9%	6.6%

# of units distributed by top 5 companies	1st	Pressance Corporation Co., Ltd.	4,133	Pressance Corporation Co., Ltd.	1,019	Sumitomo Realty & Development Co., Ltd.	7,377
	2nd	Nihon Eslead Corporation	2,401	Nomura Real Estate Development Co., Ltd.	425	Pressance Corporation Co., Ltd.	5,267
	3rd	Nissho Estem Co., Ltd.	1,053	Daikyo Incorporated	270	Nomura Real Estate Development Co., Ltd.	5,224
	4th	Hankyu Hanshin Properties Corp.	966	Shizuoka Railway Co., Ltd.	253	Mitsubishi Estate Residence Co., Ltd.	3,614
	5th	Kintetsu Real Estate Co., Ltd.	734	Takara Leben Co., Ltd.	228	Mitsui Fudosan Residential Co., Ltd.	3,198

* Calculated by Pressance Corporation using data from the research of the Real Estate Economic Institute Co., Ltd.

Quarterly Transition of Received Orders (on a Contract Basis) by Major Categories

【million yen】

	FY 2019/3				
	1Q Result	2Q Result	3Q Result	4Q Result	Total
Studio Condo	15,015	15,553	15,958	13,522	60,050
Family-type Condo	15,457	18,505	15,699	24,893	74,556
Condo building sales	9,309	1,673	8,862	5,246	25,092
Hotel Sales	12,704	7,893	2,692	3,935	27,225
Others	394	319	5,796	5,959	12,469
Total	52,881	43,944	49,010	53,557	199,395

Orders received

Orders for FY 2019/3 remained sound throughout the year.

Total orders increased by 49,017 million yen or 32.6% YoY from 150,377 million yen for FY 2018/3.

Studio condo:

Orders remained at a high level throughout the year, though 4Q orders decreased from 3Q. The total orders largely increased by 16,662 million yen or 38.4% YoY from 43,388 million yen.

Family-type condo:

4Q orders largely increased by 9,194 million yen quarter-on-quarter. Orders were acquired constantly throughout the year.

Condo building sales:

Orders were acquired constantly. Total orders increased by 6,402 million yen or 34.3% from 18,690 million yen YoY.

Hotel sales:

Orders were acquired constantly. Total orders increased by 16,834 million yen or 162.0% from 10,391 million yen YoY.

Others:

3Q and 4Q orders increased due to the decision to sell a land acquired for a condo site with a favorable deal before construction started.

II. Upward revision to the Mid-term Business Plan and outlook for FY 2020

- **FY March 2020**
(from April 2019 to March 2020, the 2nd year of the Mid-term Business Plan)
- **FY March 2021**
(from April 2020 to March 2021, the 3rd year of the Mid-term Business Plan)

Revised up 2nd & 3rd years of the Mid-term Business Plan (For 3-Years, FY 2019/3 to FY 2021/3)

【million yen】

	FY 2019/3 (1st year of the Plan) Results		FY 2020/3 (2nd year of the Plan) Upwardly Revised Plan				FY 2021/3 (3rd year of the Plan) Upwardly Revised Plan			
	Amount A	Composition ratio	Amount B	Composition ratio	YoY B/A	Changes from the plan before revision	Amount C	Composition ratio	YoY C/B	Changes from the plan before revision
Sales	160,580	100.0%	209,219	100.0%	130.3%	5,148	250,960	100.0%	120.0%	3,101
Cost of Goods Sold	116,378	72.5%	154,940	74.1%	133.1%	▲447	190,355	75.9%	122.9%	▲988
Gross Margin	44,201	27.5%	54,278	25.9%	122.8%	5,595	60,604	24.1%	111.7%	4,089
SG&A Expenses	17,082	10.6%	21,746	10.4%	127.3%	1,152	24,169	9.6%	111.1%	▲316
Operating Profit	27,118	16.9%	32,531	15.5%	120.0%	4,443	36,434	14.5%	112.0%	4,405
Ordinary Profit	26,531	16.5%	31,429	15.0%	118.5%	4,380	35,108	14.0%	111.7%	4,370
Net Income Attributable to Owners of Parent	18,296	11.4%	21,520	10.3%	117.6%	3,021	23,984	9.6%	111.4%	3,001

Both sales and profit for FY 2019/3 (1st year) exceeded the initial plans.

Plans for FY 2020/3 (2nd year) and FY 2021/3 (3rd year) have been revised upward as sales are expected to remain strong.

- Plan for FY 2020/3 (2nd year) have been replaced with those for FY 2021/3 before upward revision, to be achieved a year ahead of schedule: operating profit of 32,028 million yen; ordinary profit of 30,737 million yen; and net income of 20,982 million yen.
- We also plan to continue steady growth for FY 2021/3 (3rd year).

We forecast that we will attain the management target of 10% or more operating profit growth YoY for both FY 2020/3 and FY 2021/3.

Revised Sales Plan by Product Category in the Mid-term Business Plan

【million yen】

	FY 2019/3 (1st year of the Plan) Actual		FY 2020/3 (2nd year of the Plan) Upwardly Revised Plan				FY 2021/3 (3rd year of the Plan) Upwardly Revised Plan			
	Amount A	Composition ratio	Amount B	Composition ratio	YoY B/A	Changes from the plan before revision	Amount C	Composition ratio	YoY C/B	Changes from the plan before revision
Studio Condo	43,011	26.8%	70,901	33.9%	164.8%	21,188	70,765	28.2%	99.8%	6,286
Family-type Condo	77,375	48.2%	74,757	35.7%	96.6%	▲23,846	120,037	47.8%	160.6%	▲8,638
Condo Building Sales	12,459	7.8%	24,715	11.8%	198.4%	4,224	29,238	11.7%	118.3%	6,695
Hotel Sales	17,625	11.0%	18,292	8.7%	103.8%	▲4,239	17,888	7.1%	97.8%	▲3,495
Others	10,107	6.3%	20,552	9.8%	203.3%	7,822	13,032	5.2%	63.4%	2,254
Total	160,580	100.0%	209,219	100.0%	130.3%	5,149	250,960	100.0%	120.0%	3,102

Major details of upward revision

FY 2020/3

- Sales of studio condo increased significantly from the result for FY 2019/3 (by 64.8%)
- Sales of family-type condo generally continue to be flat from FY 2019/3.

FY 2021/3

- Sales of family-type condo increased significantly from the plan for FY 2020/3 (by 60.6%)
- Sales of studio condo generally continue to be flat from the plan for FY 2020/3

Cond buildings sales: Continued on an upward trend

Hotel sales: generally continue to be flat. Sales will peak out in FY 2021/3 in the current prospect.

Projection of achievement of sales plan for the current fiscal year and the status of orders (on a contract basis) <As of April 1, 2019>

- As of the beginning of FY 2020/3 (April 1, 2019), the planned sales to be posted **have achieved up to 73.3% of the Plan (annual sales)** in condo sales, other residential houses and real estate business.
- Outstanding orders on April 1 amount to 186,525 million yen, an increase of 45,983 million yen or 32.7% YoY from 140,541 million yen.

Outstanding Balance of Orders as of April 1, 2019

Category	Total Outstanding Balance of contracts A+B		Breakdown by delivery timing			
			Scheduled Delivery During FY 2020/3 A		Scheduled Delivery From FY 2021/3 B	
	Units	Amount (million yen)	Units	Amount (million yen)	Units	Amount (million yen)
Studio	2,238	44,142	2,238	44,142	0	0
Family-type	2,123	77,588	1,503	55,713	620	21,875
Condo Bldg. Sales	1,904	29,428	1,318	21,347	586	8,080
Hotel Sales	1,054	25,708	664	16,242	390	9,466
Sales of other residential houses and real estate	19	9,657	19	9,657	0	0
Total	7,338	186,525	5,742	147,102	1,596	39,422

As of the beginning of FY 2020/3 (April 1, 2019),

orders of 147,102 million yen to be sales for FY2020/3 have been already received and secured up to

73.3%

of the sales plan of 200,702 million yen for FY 2020/3 in condo sales, other real estate and residential houses business

Progress on Outstanding Orders as of April 1, 2019 (FY March 2020)

Category	Scheduled Delivery During FY 2020/3		Sales Plan for FY 2020/3	
	Units	Amount A (million yen)	Amount C (million yen)	Progression Rate A/C
Studio	2,238	44,142	70,901	62.3%
Family-type	1,503	55,713	74,757	74.5%
Condo Bldg. Sales	1,318	21,347	24,715	86.4%
Hotel Sales	664	16,242	18,292	88.8%
Sales of other residential houses and real estate	19	9,657	12,035	80.2%
Total	5,742	147,102	200,702	73.3%

Note: The amount of outstanding orders is the sum of property contract proceeds in the following status.

- Buildings mainly under construction and yet to be delivered
- Completed sales contracts
- Uncompleted transfer of property (before buyers' registration)

Normally, outstanding orders are transferred to sales when properties are completed and delivered to customers.

Dividend History and Policy

➤ Annual dividend per share

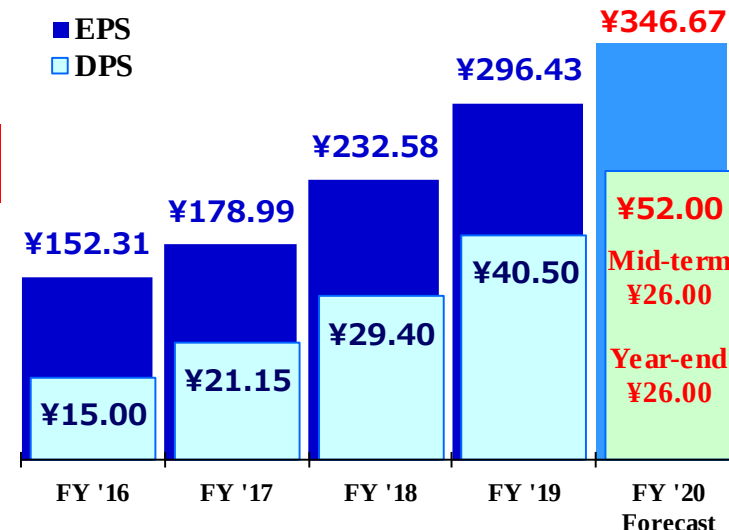
FY 2019/3: 40.5 yen per share (increased by 11.1 yen, dividend payout ratio of 13.7%)

=> FY 2020/3: 52.0 yen per share (increased by 11.5 yen, dividend payout ratio of 15.0%)

Dividend policy (reference)

- Expand the fund of dividend by increasing operating profit at an annual rate of 10% or greater every fiscal year
- Dividend payout ratio: Progressively raise the ratio to 20% by FY 2023/3
- Total dividend amount: An increase of 15% or more year-on-year

Record date	Annual dividend			Dividend growth rate YoY	Total dividend (million yen)	Dividend payout ratio
	2Q	Year-end	Total			
FY2020 (Forecast)	¥26.00	¥26.00	¥52.00	28.4%	NA	15.0%
FY2019	¥17.50	¥23.00	¥40.50	37.8%	2,524	13.7%
FY2018	¥12.50	¥16.90	¥29.40	39.0%	1,762	12.6%
FY2017	¥8.75	¥12.40	¥21.15	41.0%	1,250	11.8%
FY2016	¥0.00	¥15.00	¥15.00	20.0%	882	9.8%



Note: A 4-for-1 share split of its common shares was conducted as of October 1, 2016.

The figures in the above table take the share split into account.

Shareholder benefits (partly renewed from FY 2020/3)

FY 2019/3 (To be delivered in the end of June 2019)	100 shares or more and less than 400 shares	VJA Gift Card worth 2,000 yen
	400 shares or more	VJA Gift Card worth 5,000 yen

FY 2020/3 (To be delivered in the end of June 2020)	400 shares or more	VJA Gift Card worth 5,000 yen
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III. Accelerate Business Growth by utilizing ReTech

- **Braight business (ReTech business) launched**
- **Multifunctional Light was introduced (IoT device by Sony Corporation)**

III. Accelerate business growth by utilizing ReTech

Our ReTech

Newly established IT Solution Dept.

Bright

Website for property for investment,
Utilizing AI and technology

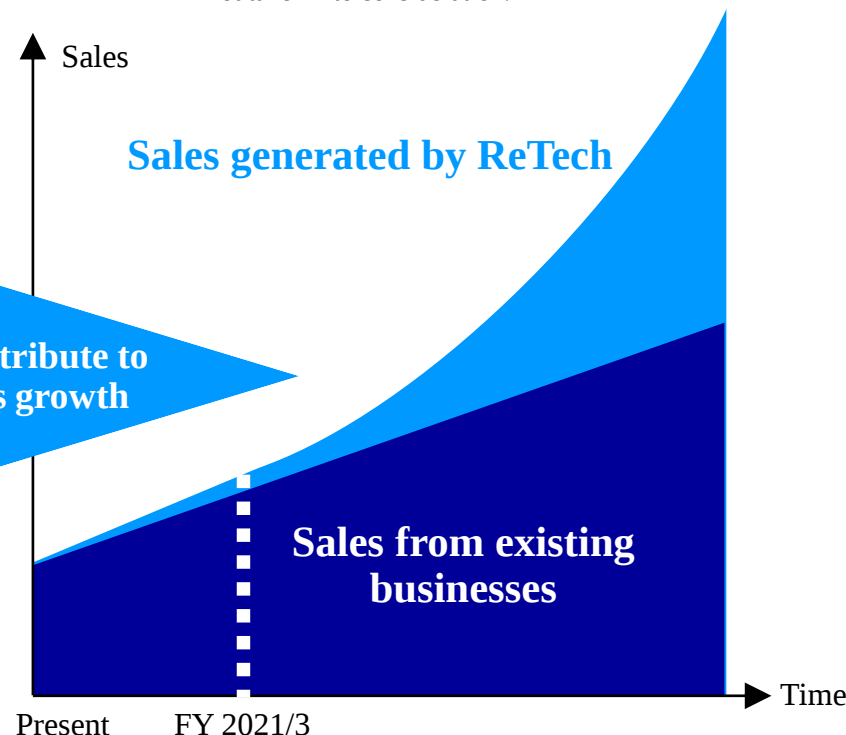
Introduce IoT equipment and devices

Introduce Multifunctional Light to studio condos for investment purposes

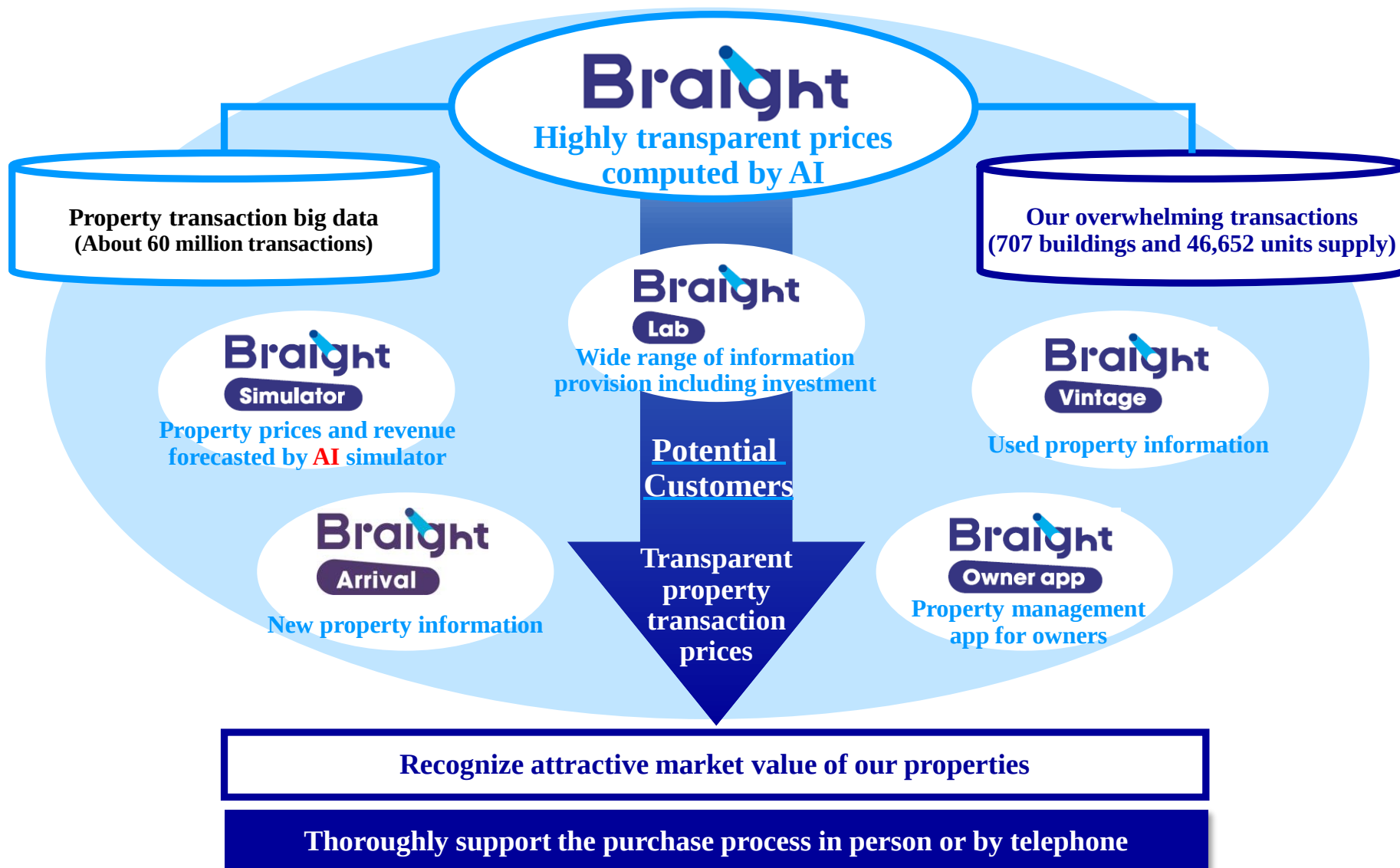
Additional sales revenues contribute to mid- and long-term earnings growth

Image of sales growth

Note: The figure has been prepared for referential purposes only. Actual time or numerical figures are not taken into consideration.



Strengths of Braight



Benefits for Customers and Effect Generated by Braight

Customers' benefits

Obtain necessary information at any time and location, and understand it at their own pace



Property pricing is more reliable because the projection is obtained by AI that takes into consideration ample transaction records.



Smooth access to proposals and services due to automation, online and paperless procedures



Projected effect on earnings

Residents across the country and abroad as well as digital native generations
Potential customer base will grow.

New customers and repeaters will increase.
Increase sales of new and used properties

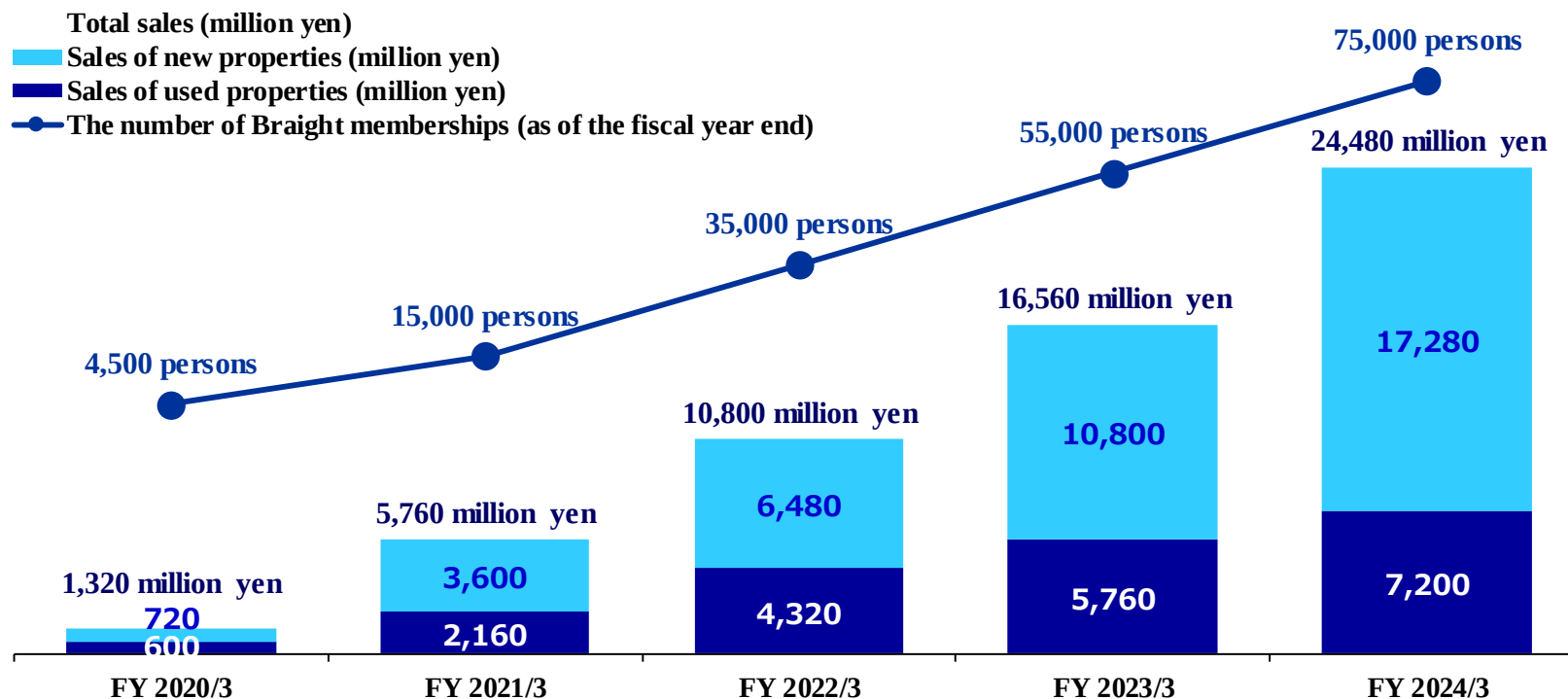
Can spend more time to advance customer service
Customer service and operational efficiency will be enriched.

Fulfill “Higher sales of new and used properties” plus “Higher operational efficiency”
⇒ Accelerate earnings growth

Higher brand power leveraged by the Synergy of Pressance and Braight
⇒ Higher corporate value

Numerical targets of Braight business

Sales plan with the existing service of Braight



Numerical targets of new website services are not included in the above figures.

Enhance the Differentiation by Introducing IoT Equipment and Devices

Major features: Multifunctional Light by Sony (LGTC-10 set model)



Alerts by sound and e-mail when the device has sensed human movement while you are away



Remotely use Multifunctional Light via a dedicated smartphone app to talk to a person in another place



Check the room condition and turn the air-conditioner and lighting on and off by remote control



Relaxing music playing from a built-in speaker



A human presence sensor gives a message to a family member back home, while e-mailing a notice to others at the same time.



Turn on the air conditioner, light and TV with a timer 15 minutes before getting up

Standardized equipment of our investment studio condos to be sold

Higher convenience of residents

Higher rent fee with better cost performance

More clearly stand out from competitors' properties

Higher value of owner's asset

Vigorously adopt other IoT equipment and devices



Pressance Corporation Co., Ltd.

Note: Future numbers presented as earnings estimates in this material are determined based on the information available at the time of disclosure, and contain a lot of uncertain factors.

Actual earnings may depend on the changes in business conditions.

<Contact for inquiries>

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