Translation

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# Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

February 13, 2020


Company name: Nippon Commercial Development Co., Ltd.
Stock exchange listing: Tokyo, Nagoya
Stock code: 3252 URL https://www.ncd-jp.com
Representative: Chief Executive Officer Tetsuya Matsuoka
Inquiries: Chief Financial Officer Kenji Irie TEL 06-4706-7501


Scheduled date to file Quarterly Securities Report: February 14, 2020
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended December 31, 2019 | 39,236 | 88.0 | 2,653 | 74.9 | 2,105 | 25.3 | 1,554 | 35.3 |
| Nine months ended December 31, 2018 | 20,875 | 73.2 | 1,517 | 76.5 | 1,680 | 240.8 | 1,148 | 268.2 |

| | Earnings per share | Diluted earnings per share |
|---|---|---|
| | Yen | Yen |
| Nine months ended December 31, 2019 | 85.55 | 85.46 |
| Nine months ended December 31, 2018 | 63.93 | 63.46 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|---|---|---|---|
| | Millions of yen | Millions of yen | % |
| As of December 31, 2019 | 94,821 | 22,279 | 23.5 |
| As of March 31, 2019 | 99,597 | 21,611 | 21.7 |

2. Cash dividends

| | Annual dividends per share | | | | |
|---|---|---|---|---|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March 31, 2019 | – | 0.00 | – | 55.00 | 55.00 |
| Year ending March 31, 2020 | – | 0.00 | – | | |
| Year ending March 31, 2020 (Forecast) | | | | 55.00 | 55.00 |

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|---|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 74,000 | 85.8 | 5,100 | 14.7 | 4,400 | 1.7 | 3,100 | 15.5 | 170.59 |

4. Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2019 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

| | |
|---|---|
| Changes in accounting policies due to revisions to accounting standards and other regulations: | No |
| Changes in accounting policies due to other reasons: | No |
| Changes in accounting estimates: | No |
| Restatement of prior period financial statements: | No |

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

| | | | |
|---|---|---|---|
| As of December 31, 2019 | 18,285,800 shares | As of March 31, 2019 | 18,039,200 shares |

Number of treasury shares at the end of the period

| | | | |
|---|---|---|---|
| As of December 31, 2019 | 141 shares | As of March 31, 2019 | 141 shares |

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|---|---|---|---|
| Nine months ended December 31, 2019 | 18,171,860 shares | Nine months ended December 31, 2018 | 17,967,735 shares |

# Quarterly consolidated financial statements
## Consolidated balance sheets

(Thousands of yen)

| | As of March 31, 2019 | As of December 31, 2019 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 18,856,819 | 18,532,210 |
| Operating accounts receivable | 99,399 | 252,482 |
| Real estate for sale | 69,516,193 | 66,820,625 |
| Advance payments - trade | 1,300,963 | 972,104 |
| Prepaid expenses | 197,713 | 94,709 |
| Other | 49,279 | 132,893 |
| Total current assets | 90,020,368 | 86,805,025 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 334,414 | 260,229 |
| Tools, furniture and fixtures, net | 52,256 | 62,327 |
| Land | 3,758 | 3,758 |
| Leased assets, net | 65,505 | 87,977 |
| Total property, plant and equipment | 455,934 | 414,292 |
| Intangible assets | | |
| Other | 9,347 | 11,159 |
| Total intangible assets | 9,347 | 11,159 |
| Investments and other assets | | |
| Investment securities | 1,520,154 | 310,343 |
| Shares of subsidiaries and associates | 6,285,426 | 6,004,260 |
| Investments in capital of subsidiaries and associates | 4,000 | 4,000 |
| Investments in capital | 505,161 | 505,161 |
| Leasehold and guarantee deposits | 452,639 | 465,722 |
| Long-term prepaid expenses | 135,107 | 170,981 |
| Other | 421,832 | 219,138 |
| Allowance for doubtful accounts | (212,582) | (88,491) |
| Total investments and other assets | 9,111,738 | 7,591,116 |
| Total non-current assets | 9,577,020 | 8,016,569 |
| Total assets | 99,597,389 | 94,821,594 |

(Thousands of yen)

| | As of March 31, 2019 | As of December 31, 2019 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Trade accounts payable | 102,436 | 80,207 |
| Short-term borrowings | 4,967,800 | 2,546,000 |
| Current portion of long-term borrowings | 3,519,042 | 2,093,535 |
| Accounts payable - other | 447,211 | 298,026 |
| Income taxes payable | 919,968 | 601,206 |
| Accrued consumption taxes | 43,928 | 10,399 |
| Advances received | 30,648 | 10,000 |
| Current portion of guarantee deposits received | 1,385,877 | 1,786,099 |
| Other | 459,470 | 346,900 |
| Total current liabilities | 11,876,383 | 7,772,374 |
| Non-current liabilities | | |
| Long-term borrowings | 65,207,001 | 63,984,875 |
| Long-term leasehold and guarantee deposits received | 178,055 | 163,955 |
| Retirement benefit liability | 43,367 | – |
| Other | 680,721 | 620,710 |
| Total non-current liabilities | 66,109,145 | 64,769,541 |
| Total liabilities | 77,985,528 | 72,541,916 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,900,258 | 3,048,547 |
| Capital surplus | 4,509,668 | 4,657,957 |
| Retained earnings | 14,810,593 | 15,373,014 |
| Treasury shares | (79) | (79) |
| Total shareholders' equity | 22,220,441 | 23,079,440 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (24,217) | (20,332) |
| Foreign currency translation adjustment | (604,579) | (779,429) |
| Total accumulated other comprehensive income | (628,797) | (799,761) |
| Share acquisition rights | 20,216 | – |
| Total net assets | 21,611,860 | 22,279,678 |
| Total liabilities and net assets | 99,597,389 | 94,821,594 |

## Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

### Consolidated statements of income (cumulative)

(Thousands of yen)

| | Nine months ended December 31, 2018 | Nine months ended December 31, 2019 |
|---|---|---|
| Net sales | 20,875,022 | 39,236,265 |
| Cost of sales | 16,712,598 | 34,060,136 |
| Gross profit | 4,162,423 | 5,176,129 |
| Selling, general and administrative expenses | 2,645,420 | 2,523,051 |
| Operating profit | 1,517,003 | 2,653,077 |
| Non-operating income | | |
| Interest income | 9,874 | 6,396 |
| Interest on securities | 4,526 | 4,396 |
| Foreign exchange gains | 111,198 | – |
| Share of profit of entities accounted for using equity method | 317,913 | 262,368 |
| Gain on bad debts recovered | 88,300 | 22,623 |
| Outsourcing service income | 78,352 | 71,741 |
| Other | 80,655 | 12,921 |
| Total non-operating income | 690,821 | 380,447 |
| Non-operating expenses | | |
| Interest expenses | 446,307 | 596,180 |
| Financing expenses | 65,591 | 180,090 |
| Foreign exchange losses | – | 147,729 |
| Other | 15,346 | 4,235 |
| Total non-operating expenses | 527,244 | 928,236 |
| Ordinary profit | 1,680,580 | 2,105,288 |
| Extraordinary income | | |
| Gain on sales of investment securities | – | 114,076 |
| Gain on reversal of share acquisition rights | – | 13,394 |
| Total extraordinary income | – | 127,470 |
| Extraordinary losses | | |
| Loss on sales of investment securities | 69,442 | – |
| Loss on valuation of investment securities | 92,378 | – |
| Office relocation expenses | 49,732 | – |
| Other | 93 | – |
| Total extraordinary losses | 211,646 | – |
| Profit before income taxes | 1,468,934 | 2,232,759 |
| Income taxes - current | 335,680 | 661,997 |
| Income taxes - deferred | (15,337) | 16,192 |
| Total income taxes | 320,342 | 678,189 |
| Profit | 1,148,591 | 1,554,569 |
| Profit attributable to non-controlling interests | – | – |
| Profit attributable to owners of parent | 1,148,591 | 1,554,569 |

## Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Nine months ended December 31, 2018 | Nine months ended December 31, 2019 |
|---|---|---|
| Profit | 1,148,591 | 1,554,569 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (8,148) | 3,885 |
| Foreign currency translation adjustment | (388,397) | (174,850) |
| Total other comprehensive income | (396,546) | (170,964) |
| Comprehensive income | 752,044 | 1,383,604 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 752,044 | 1,383,604 |
| Comprehensive income attributable to non-controlling interests | – | – |