

**Summary of Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending December 31, 2021 (Nine Months Ended September 30, 2021)**

[Japanese GAAP]

Company name: Nippon Commercial Development Co., Ltd.

Listing: TSE/NSE, First Sections

Securities code: 3252

URL: <https://www.ncd-jp.com>

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Scheduled date of filing of Quarterly Report: November 15, 2021

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2021

(January 1, 2021 – September 30, 2021)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Sep. 30, 2021	39,685	-	3,594	-	3,660	-	2,591	-
Nine months ended Sep. 30, 2020	-	-	-	-	-	-	-	-

Note: Comprehensive income (million yen) Nine months ended Sep. 30, 2021: 2,678 (-%)

Nine months ended Sep. 30, 2020: - (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Sep. 30, 2021	141.71	-
Nine months ended Sep. 30, 2020	-	-

From the fiscal year ended December 31, 2020, Nippon Commercial Development Co., Ltd. (hereinafter, “the Company”) has changed its financial closing date from March 31 to December 31 upon approval of the proposal: Partial Amendments to the Articles of Incorporation at the extraordinary meeting of shareholders held on December 24, 2020. The Company has also changed the financial closing date of its domestic subsidiaries from March 31 to December 31. Accordingly, the Company did not prepare the consolidated financial statements for the third quarter of the fiscal year ended December 31, 2020. Therefore, the year-on-year changes and consolidated results of operations for the nine months ended September 30, 2020 have been omitted.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2021	77,751	27,063	34.8
As of Dec. 31, 2020	71,220	24,841	34.9

Reference: Shareholders' equity (million yen)

As of Sep. 30, 2021: 27,063

As of Dec. 31, 2020: 24,841

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Dec. 31, 2020	-	0.00	-	25.00	25.00
Fiscal year ending Dec. 31, 2021	-	0.00	-	-	-
Fiscal year ending Dec. 31, 2021 (forecasts)	-	-	-	50.00	50.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending December 31, 2021 (January 1, 2021 – December 31, 2021)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	51,000	-	5,400	-	4,200	-	2,900	-	158.59

Note: Revisions to the most recently announced consolidated forecast: None

The fiscal year ended December 31, 2020 covers the period of nine months as a transitional period for a change in the financial closing date. Therefore, we have omitted the year-on-year change figures.

*** Notes**

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

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Sep. 30, 2021:	18,285,800 shares	As of Dec. 31, 2020:	18,285,800 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2021:	141 shares	As of Dec. 31, 2020:	141 shares
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3) Average number of shares outstanding during the period

Nine months ended Sep. 30, 2021:	18,285,659 shares	Nine months ended Sep. 30, 2020:	- shares
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From the fiscal year ended December 31, 2020, the Company has changed its financial closing date from March 31 to December 31. Accordingly, the Company did not prepare the consolidated financial statements for the third quarter of the fiscal year ended December 31, 2020. Therefore, the average number of shares outstanding during the period for the nine months ended September 30, 2020 has been omitted.

* The current quarterly financial report is not subject to quarterly review by an auditing firm.

* Cautionary statement with respect to forward-looking statements, and other special items

Earnings forecasts regarding future performance in this material are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attachments for assumptions for forecasts and notes of caution for usage.

Change in presentation of monetary units

Amounts in the consolidated financial statements and segment information, presented in "thousands of yen" in prior periods, are presented in "millions of yen" effective from the first quarter of the current fiscal year.

The aforementioned amounts for the previous fiscal year are also restated in order to facilitate year-on-year comparisons.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

From the fiscal year ended December 31, 2020, Nippon Commercial Development Co., Ltd. (hereinafter “the Company”) has changed its financial closing date from March 31 to December 31 upon approval of the proposal: Partial Amendments to the Articles of Incorporation at the Extraordinary General Meeting of Shareholders held on December 24, 2020. The Company has also changed the financial closing date of its domestic subsidiaries from March 31 to December 31. Accordingly, the Company did not prepare the consolidated financial statements for the third quarter of the fiscal year ended December 31, 2020. Therefore, the year-on-year comparison of results of operations has been omitted.

In the first nine months of the fiscal year ending December 31, 2021 (hereinafter, “the period under review”), the Japanese economy experienced restraints of social and economic activities over a long period due to the preventive measures against the spread of COVID-19 infections and has only seen a gradual recovery in domestic demand, mainly personal consumption. While widespread vaccinations against COVID-19 were expected to gradually resume economic activity and boost the economic recovery trend, the economic outlook remained uncertain caused primarily by the new variants found at home and abroad.

In the Japanese real estate and real estate finance industries, an increase in vacancy rates and a decline in rental rates in urban areas have become obvious, affected by the shrinkage of office space or consolidation of bases in the background of widespread teleworking due to the expansion of the COVID-19 infection. However, the overall market for real estate investment has remained stable backed by the continued positive mindset of investors and low interest rates.

Please note that 80% of the tenants of our JINUSHI Business belong to the industry sectors (including the logistics industry) that deal in daily necessities. Such tenants are generally performing well.

Under these circumstances, the Nippon Commercial Development Group (hereinafter “the Group”) made a steady progress in selling real estate for sale to major leasing companies, backed by the growing reputation among financial institutions and investors for JINUSHI Business as a real estate investment method to generate stable profits over the long-term without a risk of closure of tenants and decrease in rent even under the COVID-19 crisis.

As a result, the Group reported net sales for the period under review of 39,685 million yen, operating profit of 3,594 million yen, ordinary profit of 3,660 million yen, and profit attributable to owners of parent of 2,591 million yen.

The Company, JINUSHI Asset Management Co., Ltd. (hereinafter “JINUSHI AM”) and JINUSHI Private REIT Investment Corporation (hereinafter “JINUSHI REIT”) are engaged in the Sponsor Support Agreement, in which the Company acts as the sponsor of JINUSHI REIT. As announced on October 15, 2021 with “Notice on Sale of Real Estate for Sale to JINUSHI Private REIT Investment Corporation” (Japanese version only), the Company has resolved to sell three properties to JINUSHI REIT in accordance with the said agreement on January 7, 2022 with the aggregate sales price of 4,915 million yen.

JINUSHI REIT plans to increase its capital for the sixth time in early January 2022 and acquire 25 properties with the total value of approximately 42.4 billion yen to increase its asset size to 151.5 billion yen. The 25 properties include those which the Company sold in accordance with the “Basic Agreements to Set a Comprehensive Facility for Trading of Real Estate for Sale (Including Beneficial Interests in Trust),” the agreements executed in 2019 by the Company and JINUSHI AM separately with two major leasing companies, SMFL MIRAI Partners Co., Ltd. and ML Estate Company, Limited.

Results by business segment were as follows:

i) Real Estate Investment Business

The segment reported sales of 38,875 million yen with segment operating profit of 5,659 million yen.

ii) Subleasing, Leasing and Fund Fee Business

The segment reported sales of 793 million yen with segment operating profit of 531 million yen.

iii) Planning and Brokerage Business

The segment reported sales of 16 million yen with segment operating profit of 8 million yen.

(2) Explanation of Financial Position

Assets, Liabilities and Net Assets

Total assets increased 6,530 million yen from the end of the previous fiscal year to 77,751 million yen at the end of the period under review. This increase was attributable mainly to increases of 4,822 million yen in real estate for sale and 813 million yen in cash and deposits.

Total liabilities increased 4,308 million yen from the end of the previous fiscal year to 50,688 million yen. This increase was attributable mainly to increases of 3,060 million yen in income taxes payable, 953 million yen in advances received and 644 million yen in deferred tax liabilities as a result of consolidating Tsunoda Corporation Limited, which were partially offset by a decrease of 601 million yen in borrowings.

Net assets increased 2,221 million yen from the end of the previous fiscal year to 27,063 million yen. This increase was attributable mainly to the profit attributable to owners of parent of 2,591 million yen. Consequently, the equity ratio at the end of the period under review was 34.8%.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Both net sales and profits for the period under review have progressed as planned. As we expect that going forward net sales and profits will progress at the same level presented in “3. Consolidated Forecast for the Fiscal Year Ending December 31, 2021 (January 1, 2021 – December 31, 2021)” in “Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2020 [Japanese GAAP]” announced on February 10, 2021, we have left the forecast unchanged.

For more details on the consolidated forecast for the fiscal year ending December 31, 2021, please refer to “Results of Operations for the First Nine Months of the Fiscal Year Ending December 31, 2021” (available on our website (*)), which is the supplementary materials for the Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021.

(*) <https://www.ncd-jp.com/> (IR Information, IR News)

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	FY12/20 (As of Dec. 31, 2020)	Third quarter of FY12/21 (As of Sep. 30, 2021)
Assets		
Current assets		
Cash and deposits	20,897	21,710
Trade accounts receivable	198	101
Real estate for sale	38,387	43,209
Advance payments-trade	371	283
Prepaid expenses	102	188
Other	116	60
Total current assets	60,074	65,553
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	390	370
Vehicles, tools, furniture and fixtures, net	60	58
Land	2,883	2,961
Leased assets, net	102	86
Total property, plant and equipment	3,436	3,476
Intangible assets		
Other	54	256
Total intangible assets	54	256
Investments and other assets		
Investment securities	293	602
Shares of subsidiaries and associates	6,175	6,373
Investments in capital of subsidiaries and associates	4	4
Investments in capital	505	673
Leasehold and guarantee deposits	497	619
Long-term prepaid expenses	91	66
Other	175	214
Allowance for doubtful accounts	(89)	(89)
Total investments and other assets	7,654	8,463
Total non-current assets	11,146	12,197
Total assets	71,220	77,751

(Millions of yen)

	FY12/20 (As of Dec. 31, 2020)	Third quarter of FY12/21 (As of Sep. 30, 2021)
Liabilities		
Current liabilities		
Trade accounts payable	187	258
Short-term borrowings	797	196
Current portion of long-term borrowings	2,034	935
Accounts payable-other	383	317
Income taxes payable	5	3,065
Accrued consumption taxes	4	40
Advances received	20	973
Current portion of guarantee deposits received	1,634	1,701
Other	333	299
Total current liabilities	5,400	7,787
Non-current liabilities		
Long-term borrowings	40,357	41,455
Long-term leasehold and guarantee deposits received	163	319
Deferred tax liabilities	234	878
Other	222	246
Total non-current liabilities	40,978	42,900
Total liabilities	46,379	50,688
Net assets		
Shareholders' equity		
Share capital	3,048	3,048
Capital surplus	4,657	4,657
Retained earnings	17,634	19,768
Treasury shares	(0)	(0)
Total shareholders' equity	25,341	27,475
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(32)	(17)
Foreign currency translation adjustment	(467)	(394)
Total accumulated other comprehensive income	(499)	(412)
Total net assets	24,841	27,063
Total liabilities and net assets	71,220	77,751

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Nine-month Period)**

	(Millions of yen)
	First nine months of FY12/21 (Jan. 1, 2021 – Sep. 30, 2021)
Net sales	39,685
Cost of sales	33,329
Gross profit	6,355
Selling, general and administrative expenses	2,761
Operating profit	3,594
Non-operating income	
Interest income	0
Interest on securities	4
Foreign exchange gains	127
Share of profit of entities accounted for using equity method	325
Outsourcing service income	84
Other	13
Total non-operating income	555
Non-operating expenses	
Interest expenses	320
Financing expenses	167
Other	1
Total non-operating expenses	489
Ordinary profit	3,660
Profit before distributions of profit or loss on silent partnerships and income taxes	3,660
Distributions of profit or loss on silent partnerships	0
Profit before income taxes	3,659
Income taxes-current	3,343
Income taxes-deferred	(2,274)
Total income taxes	1,068
Profit	2,591
Profit attributable to non-controlling interests	-
Profit attributable to owners of parent	2,591

Quarterly Consolidated Statement of Comprehensive Income
(For the Nine-month Period)

	(Millions of yen)
	First nine months of FY12/21 (Jan. 1, 2021 – Sep. 30, 2021)
Profit	2,591
Other comprehensive income	
Valuation difference on available-for-sale securities	15
Foreign currency translation adjustment	72
Total other comprehensive income	87
Comprehensive income	2,678
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	2,678
Comprehensive income attributable to non-controlling interests	-

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in the Scope of Consolidation or Application of the Equity Method**Changes in the Scope of Consolidation**

In the second quarter of the current fiscal year, Tsunoda Corporation Limited was included in the scope of consolidation following the acquisition of all of its shares by the Company.

Segment and Other Information

Segment information

First nine months of FY12/21 (Jan. 1, 2021 – Sep. 30, 2021)

1. Information related to net sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment				Other (Note 1)	Adjustment (Note 2)	Amount shown on the quarterly consolidated statement of income (Note 3)
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Total			
Net sales							
(1) Sales to external customers	38,875	793	16	39,685	-	-	39,685
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	38,875	793	16	39,685	-	-	39,685
Segment profit (loss)	5,659	531	8	6,199	-	(2,605)	3,594

- Notes: 1. The "Other" segment represents businesses not included in any of the reportable segments and represents the overseas PFI business.
2. The adjustment to segment profit (loss) includes corporate expenses that mainly consist of selling, general and administrative expenses that cannot be attributed to any reportable segments.
3. Segment profit (loss) is adjusted with operating profit shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Significant change in goodwill

In the second quarter of FY12/21, Tsunoda Corporation Limited was included in the scope of consolidation as the Company acquired all of its issued shares. Accordingly, goodwill in the "Real Estate Investment Business" increased by 225 million yen.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.