

**Summary of Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2021 (Three Months Ended June 30, 2020)**

[Japanese GAAP]

Company name: Nippon Commercial Development Co., Ltd.
Securities code: 3252
Representative: Tetsuya Matsuoka, President
Contact: Kenji Irie, Chief Financial Officer
Tel: +81-(0) 6-4706-7501

Listing: TSE/NSE, First Sections
URL: <https://www.ncd-jp.com>

Scheduled date of filing of Quarterly Report: August 14, 2020
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 Three Months Ended June 30, 2020
(April 1, 2020 – June 30, 2020)**

(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	%
Three months ended Jun. 30, 2020	9,239	7.2	699	47.0	861	179.5	685	233.1
Three months ended Jun. 30, 2019	8,615	(51.1)	475	(76.0)	308	(85.7)	205	(86.6)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2020: 609 (up 123.5%)
Three months ended Jun. 30, 2019: 272 (down 71.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2020	37.49	-
Three months ended Jun. 30, 2019	11.41	11.38

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2020	74,195	23,474	31.6
As of Mar. 31, 2020	75,054	23,870	31.8

Reference: Shareholders' equity (million yen) As of Jun. 30, 2020: 23,474 As of Mar. 31, 2020: 23,870

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	-	0.00	-	55.00	55.00
Fiscal year ending Mar. 31, 2021	-	-	-	-	-
Fiscal year ending Mar. 31, 2021 (forecasts)	-	0.00	-	55.00	55.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 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	75,000	1.1	5,600	6.8	4,600	0.0	3,200	0.7	175.00

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

*** 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 Jun. 30, 2020:	18,285,800 shares	As of Mar. 31, 2020:	18,285,800 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2020:	141 shares	As of Mar. 31, 2020:	141 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2020:	18,285,659 shares	Three months ended Jun. 30, 2019:	18,046,213 shares
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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.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the fiscal year ending March 31, 2021 (hereinafter, “the period under review”), personal spending and corporate activities have been severely restricted due to the spread of COVID-19 infections. Moreover, the economy has rapidly deteriorated because of a sharp decrease in inbound tourism in addition to a slump in demand resulting from event suspensions or stay-at-home requests from the central and local governments. The future outlook remains challenging, although we are at the stage of ratcheting up the level of socio-economic activity while taking measures to prevent the spread of infections.

In the Japanese real estate and real estate finance industries, business confidence worsened affected by the global spread of COVID-19 infections. Demand in commercial areas took a turn for the worse from the end of the last fiscal year, which had been firm backed by the strong inbound market.

Under these economic circumstances, the Nippon Commercial Development Group (hereinafter, “the Group”) has promoted market expansion by exploiting the JINUSHI Business, a stable real estate investment method. Specifically, we focused on purchasing real estate for sale while paying close attention to fluctuations in the financial and capital markets. Consequently, the balance of real estate for sale at the end of the period under review amounted to 46,096 million yen, showing a steady increase in the purchase of real estate that will generate earnings in the future.

Albeit the global economic impact of the corona shock, the business performances of the JINUSHI Business tenants are generally strong, owing to “*Sugomori* (or nesting in English, which means staying home in this context)” consumption. That is because they are mostly supermarkets, home improvement stores, and drug stores, and about 80% of them are within industries (including logistics) that handle daily necessities.

As the impact of the COVID-19 crisis on the businesses of the Group was minimal, the Group reported a year-on-year growth in both sales and profits for the period under review: net sales of 9,239 million yen (up 7.2%), operating profit of 699 million yen (up 47.0%), ordinary profit of 861 million yen (up 179.5%), and profit attributable to owners of parent of 685 million yen (up 233.1%).

It is noted that, during the current fiscal year, the Group plans to sell properties to JINUSHI Private REIT Investment Corporation (hereinafter “JINUSHI REIT”) and other firms and it expects the sales will be concentrated in the fourth quarter.

Results by business segment were as follows:

i) Real Estate Investment Business

The segment reported sales of 9,100 million yen (up 7.2% year on year) with segment operating profit of 1,335 million yen (up 11.8% year on year).

ii) Subleasing, Leasing and Fund Fee Business

The segment reported sales of 137 million yen (up 12.0% year on year) with segment operating profit of 82 million yen (up 37.5% year on year).

iii) Planning and Brokerage Business

The segment reported sales of 1 million yen (up 718.2% year on year) with segment operating profit of 1 million yen (up 718.2% year on year).

(2) Explanation of Financial Position

Total assets decreased 859 million yen from the end of the previous fiscal year to 74,195 million yen at the end of the period under review. This decrease was attributable mainly to decreases of 1,864 million yen in cash and deposits due to payment of income taxes and dividends, 756 million yen in advance payments-trade, and 676 million yen in shares of subsidiaries and associates impacted by exchange rate fluctuation, which were partially offset by an increase of 2,603 million yen in real estate for sale due to purchases of land.

Total liabilities decreased 463 million yen from the end of the previous fiscal year to 50,720 million yen. This decrease was attributable mainly to a decrease of 1,421 million yen in income taxes payable, which was partially offset by an increase of 1,103 million yen in borrowings used for purchases of land.

Net assets decreased 395 million yen from the end of the previous fiscal year to 23,474 million yen. This decrease was attributable mainly to the distribution of dividends of surplus of 1,005 million yen, which was partially offset by the booking of profit attributable to owners of parent of 685 million yen. Consequently, the equity ratio at the end of the period under review was 31.6%.

(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 “Consolidated Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)” in “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP]” announced on May 14, 2020, we have left the forecast unchanged.

Although the Group sold properties to firms other than JINUSHI REIT during the period under review, we expect that sales primarily to JINUSHI REIT will be concentrated in the fourth quarter. For more details, please refer to “Results of Operations for the First Quarter of the Fiscal Year Ending March 31, 2021,” which is the supplementary material for this quarterly earnings report (available on our website (*)).

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

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

(Thousands of yen)

	FY3/20 (As of Mar. 31, 2020)	First quarter of FY3/21 (As of Jun. 30, 2020)
Assets		
Current assets		
Cash and deposits	21,850,515	19,985,552
Operating accounts receivable	146,776	166,888
Real estate for sale	43,493,097	46,096,208
Advance payments-trade	1,130,891	374,780
Prepaid expenses	174,837	139,453
Other	89,429	41,733
Total current assets	66,885,548	66,804,617
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	359,588	353,430
Tools, furniture and fixtures, net	74,666	70,167
Land	3,758	3,758
Leased assets, net	84,342	102,110
Total property, plant and equipment	522,356	529,466
Intangible assets		
Other	13,975	12,699
Total intangible assets	13,975	12,699
Investments and other assets		
Investment securities	300,462	307,024
Shares of subsidiaries and associates	6,041,020	5,364,478
Investments in capital of subsidiaries and associates	4,000	4,000
Investments in capital	505,161	505,161
Leasehold and guarantee deposits	482,926	482,466
Long-term prepaid expenses	96,874	98,143
Other	291,608	176,777
Allowance for doubtful accounts	(89,160)	(89,160)
Total investments and other assets	7,632,895	6,848,890
Total non-current assets	8,169,226	7,391,056
Total assets	75,054,774	74,195,673

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	First quarter of FY3/21 (As of Jun. 30, 2020)
Liabilities		
Current liabilities		
Trade accounts payable	224,555	121,683
Short-term borrowings	1,099,000	726,000
Current portion of long-term borrowings	2,770,374	1,908,705
Accounts payable-other	412,835	376,571
Income taxes payable	1,523,866	101,983
Accrued consumption taxes	29,395	10,962
Advances received	45,000	-
Current portion of guarantee deposits received	1,404,118	1,350,007
Other	345,097	443,355
Total current liabilities	7,854,242	5,039,269
Non-current liabilities		
Long-term borrowings	42,604,523	44,942,955
Long-term leasehold and guarantee deposits received	163,955	163,955
Other	561,337	574,678
Total non-current liabilities	43,329,816	45,681,590
Total liabilities	51,184,058	50,720,860
Net assets		
Shareholders' equity		
Share capital	3,048,547	3,048,547
Capital surplus	4,657,957	4,657,957
Retained earnings	16,995,921	16,675,825
Treasury shares	(79)	(79)
Total shareholders' equity	24,702,346	24,382,251
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(27,939)	(20,998)
Foreign currency translation adjustment	(803,690)	(886,438)
Total accumulated other comprehensive income	(831,630)	(907,437)
Total net assets	23,870,716	23,474,813
Total liabilities and net assets	75,054,774	74,195,673

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

(Thousands of yen)

	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)
Net sales	8,615,691	9,239,046
Cost of sales	7,313,330	7,778,853
Gross profit	1,302,361	1,460,192
Selling, general and administrative expenses	826,669	761,101
Operating profit	475,691	699,091
Non-operating income		
Interest income	3,069	604
Interest on securities	1,482	1,451
Share of profit of entities accounted for using equity method	145,484	122,266
Recoveries of written off receivables	42	381,190
Outsourcing service income	25,558	22,098
Other	2,526	1,870
Total non-operating income	178,162	529,481
Non-operating expenses		
Interest expenses	196,905	134,913
Financing expenses	84,058	46,321
Foreign exchange losses	64,296	185,630
Other	418	280
Total non-operating expenses	345,678	367,146
Ordinary profit	308,175	861,426
Extraordinary income		
Gain on reversal of share acquisition rights	13,394	-
Total extraordinary income	13,394	-
Profit before income taxes	321,569	861,426
Income taxes-current	74,527	66,023
Income taxes-deferred	41,196	109,787
Total income taxes	115,723	175,811
Profit	205,846	685,615
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	205,846	685,615

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

(Thousands of yen)

	First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)	First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)
Profit	205,846	685,615
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,490)	6,940
Foreign currency translation adjustment	71,526	(82,748)
Total other comprehensive income	67,035	(75,807)
Comprehensive income	272,881	609,808
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	272,881	609,808
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.

Segment and Other Information

Segment information

I. First three months of FY3/20 (Apr. 1, 2019 – Jun. 30, 2019)

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

(Thousands 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	8,493,151	122,400	138	8,615,691	-	-	8,615,691
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	8,493,151	122,400	138	8,615,691	-	-	8,615,691
Segment profit (loss)	1,194,623	59,781	138	1,254,543	(353)	(778,498)	475,691

Notes: 1. The “Other” represents businesses not included in any of the reportable segments and includes 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

Not applicable.

II. First three months of FY3/21 (Apr. 1, 2020 – Jun. 30, 2020)

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

(Thousands 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	9,100,827	137,082	1,136	9,239,046	-	-	9,239,046
(2) Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	9,100,827	137,082	1,136	9,239,046	-	-	9,239,046
Segment profit (loss)	1,335,900	82,186	1,136	1,419,223	(274)	(719,857)	699,091

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

Not applicable.

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.