

## Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2020

[Japanese GAAP]

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Securities code: 3252  
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Listing: TSE/NSE, First Sections  
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Scheduled date of Annual General Meeting of Shareholders: March 25, 2021  
Scheduled date of filing of Annual Securities Report: March 26, 2021  
Scheduled date of payment of dividend: March 26, 2021  
Preparation of supplementary materials for financial results: Yes  
Holding of financial results meeting: Yes

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

### 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2020

(April 1, 2020 – December 31, 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	%
Fiscal year ended Dec. 31, 2020	29,886	-	2,420	-	2,157	-	1,644	-
Fiscal year ended Mar. 31, 2020	74,187	86.2	5,244	17.9	4,599	6.3	3,177	18.3

Note: Comprehensive income (million yen) Fiscal year ended Dec. 31, 2020: 1,976 (-%)  
Fiscal year ended Mar. 31, 2020: 2,974 (up 42.6%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
Fiscal year ended Dec. 31, 2020	89.94	-	6.8	2.9	8.1
Fiscal year ended Mar. 31, 2020	174.59	174.41	14.0	5.3	7.1

Reference: Equity in earnings of associates (million yen) Fiscal year ended Dec. 31, 2020: 130 Fiscal year ended Mar. 31, 2020: 166

The 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, for consolidated financial reporting purposes, the current fiscal year covers the period of nine months only from April 1, 2020 to December 31, 2020 as a transitional period for a change in the financial closing date. Please note that the accounting period of the Company's overseas subsidiaries with the financial closing date of December 31 is for 12 months starting on January 1 and ending on December 31, while that of the Company and its domestic subsidiaries is for nine months starting on April 1 and ending on December 31. Therefore, the year-on-year changes of results of operations for the current fiscal year have been omitted.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2020	71,220	24,841	34.9	1,358.52
As of Mar. 31, 2020	75,054	23,870	31.8	1,305.43

Reference: Shareholders' equity (million yen) As of Dec. 31, 2020: 24,841 As of Mar. 31, 2020: 23,870

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Dec. 31, 2020	3,569	(98)	(4,441)	20,897
Fiscal year ended Mar. 31, 2020	29,681	1,160	(27,820)	21,850

### 2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2020	-	0.00	-	55.00	55.00	1,005	31.5	4.4
Fiscal year ended Dec. 31, 2020	-	0.00	-	25.00	25.00	457	27.8	1.9
Fiscal year ending Dec. 31, 2021 (forecasts)	-	0.00	-	50.00	50.00		31.5	

### 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: The fiscal year ended December 31, 2020 covers the period of nine months only from April 1, 2020 to December 31, 2020 as a transitional period for a change in the financial closing date. Therefore, we have omitted the year-on-year changes in this material. Also, the Company has decided not to announce the first-half forecasts. For more details, please refer to “1. Overview of Results of Operations, (4) Outlook” on page 4 of the attachment.

#### \* 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) 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

(3) Number of outstanding shares (common shares)

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

As of Dec. 31, 2020: 18,285,800 shares As of Mar. 31, 2020: 18,285,800 shares

2) Number of treasury shares at the end of the period

As of Dec. 31, 2020: 141 shares As of Mar. 31, 2020: 141 shares

3) Average number of shares outstanding during the period

Fiscal year ended Dec. 31, 2020: 18,285,659 shares Fiscal year ended Mar. 31, 2020: 18,200,154 shares

#### Reference: Summary of Non-consolidated Financial Results

##### 1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2020

(April 1, 2020 – December 31, 2020)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Dec. 31, 2020	29,427	-	2,596	-	2,202	-	1,478	-
Fiscal year ended Mar. 31, 2020	72,827	103.0	5,660	26.3	4,861	19.9	3,375	24.5

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Dec. 31, 2020	80.87	-
Fiscal year ended Mar. 31, 2020	185.46	185.27

Note: The fiscal year ended December 31, 2020 covers the period of nine months only from April 1, 2020 to December 31, 2020 as a transitional period for a change in the financial closing date. Therefore we have omitted the year-on-year changes in this material.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2020	63,153	20,178	32.0	1,103.53
As of Mar. 31, 2020	67,545	19,710	29.2	1,077.92

Reference: Shareholders' equity (million yen) As of Dec. 31, 2020: 20,178 As of Mar. 31, 2020: 19,710

The current financial report is not subject to the audit 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. Overview of Results of Operations, (4) Outlook” on page 4 of the attachments for assumptions for forecasts and notes of caution for usage.

How to view presentation materials

The Company plans to hold a financial results meeting for institutional investors and analysts on Thursday, March 4, 2021. Materials to be distributed at this event will be available on the Company's website immediately thereafter.

## Contents of Attachments

1. Overview of Results of Operations	2
(1) Overview of Results of Operations for the Fiscal Year under Review	2
(2) Overview of Financial Position for the Fiscal Year under Review	3
(3) Overview of Cash Flows for the Fiscal Year under Review	3
(4) Outlook	4
2. Basic Approach to the Selection of Accounting Standards	5
3. Consolidated Financial Statements and Notes	6
(1) Consolidated Balance Sheet	6
(2) Consolidated Statements of Income and Comprehensive Income	8
Consolidated Statement of Income	8
Consolidated Statement of Comprehensive Income	9
(3) Consolidated Statement of Changes in Equity	10
(4) Consolidated Statement of Cash Flows	12
(5) Notes to Consolidated Financial Statements	14
Going Concern Assumption	14
Additional Information	14
Segment and Other Information	14
Per Share Information	18
Subsequent Events	18
4. Non-consolidated Financial Statements	19
(1) Balance Sheet	19
(2) Statement of Income	21
(3) Statement of Changes in Equity	22

## 1. Overview of Results of Operations

### (1) Overview of Results of Operations for the Fiscal Year under Review

The 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, for consolidated financial reporting purposes, the current fiscal year covers the period of nine months only from April 1, 2020 to December 31, 2020 as a transitional period for a change in the financial closing date. Please note that the accounting period of the Company’s overseas subsidiaries with the financial closing date of December 31 is for 12 months starting on January 1 and ending on December 31, while that of the Company and its domestic subsidiaries is for nine months starting on April 1 and ending on December 31. Therefore, the year-on-year comparison of results of operations and cash flows for the current fiscal year has been omitted.

The Japanese economy during the current fiscal year (from April 1, 2020 to December 31, 2020) could not avoid the impact of the worldwide spread of the COVID-19 infection such as the rescheduling of the Tokyo 2020 Olympic and Paralympic Games and the declaration of a state of emergency, etc. While the domestic economy once observed signs of recovery backed by the government’s efforts in maintaining social and economic activities after the lifting of a state of emergency, the economies at home and abroad are again facing an extremely severe situation through a sharp decline in corporate earnings etc. affected by the third wave of the infection. Furthermore, there was a slump in demand due to the suspension of various events and the government’s request to refrain from going out, in addition to a sharp decrease in the inbound tourism. The economy is expected to remain challenging until the COVID-19 crisis subsides.

In the Japanese real estate and real estate finance industries, we expect the expansion of the COVID-19 infection to cause the reduction in earnings at some commercial facilities and hotel accommodations. For office buildings, decline in demand, a downward trend in rental rates and increase in vacancy rates are expected through the acceleration of the work-style reform represented by the growing trend of working from home. Meanwhile, 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 as supermarkets, home improvement stores and drug stores. Such tenants are generally performing well due to the consumption from staying at home.

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.

Our financial strategy is formulated based on lessons learned from the financial crisis triggered by the collapse of Lehman Brothers. Specifically, we have obtained loans with long-term repayment periods of 5 to over 30 years as well as loans for development projects with no financial covenants and acceleration clauses (apart from scheduled repayments). Meantime, the Group’s cash and deposits on a consolidated basis at the end of the current fiscal year are 20.8 billion yen as it has increased liquidity on hand, allowing us to remain consistently aggressive in purchasing land.

On December 24, 2020, the Group resolved to start a new long-term leasing business with the use of its own funds to earn a stable rental income through holding, rather than selling, a part of real estate investment products of JINUSHI Business. We have so far recorded most of our sales and profits through JINUSHI Business, which is our proprietary real estate investment method. This business is categorized into what is called a one-time-sale business model in which we develop and sell real estate investment products that enable our clients to gain a stable income over a long period of time without additional investment. We are confident for the further market expansion of land with leasehold interest, with the strong demand for our products due to the stable earnings over a long period of time as well as the resilience against natural disasters and market volatility. Nevertheless, at the same time, with the belief

that we need to transition into a more stable business structure in preparation for unexpected changes in market environments in the future, we will promote to expand stable earnings and stabilize our business structure through a long-term holding of the real estate investment products of JINUSHI Business by using part of cash and deposits held by the Company.

As a result, for the current fiscal year (for nine months) as a transitional period for a change in the financial closing date, the Group reported net sales of 29,886 million yen, operating profit of 2,420 million yen, ordinary profit of 2,157 million yen, and profit attributable to owners of parent of 1,644 million yen.

The Company, JINUSHI Asset Management Co., Ltd. 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. On January 8, 2021, based on the Sponsor Support Agreement, the Company sold eleven real estate investment products of JINUSHI Business to JINUSHI REIT with the aggregate sales price of 12,585 million yen. JINUSHI REIT acquired the eleven properties through the issuance of new investment units (capital increase) to institutional investors and loans, and achieved the target scale at its foundation, “asset under management of over 100 billion yen within five years of its establishment” by the fifth capital increase. Please note that sales and profits associated with this sale is included in the consolidated forecast for the fiscal year ending on December 31, 2021 (from January 1, 2021 to December 31, 2021) according to a change in the financial closing date.

Results by business segment were as follows:

- i) Real Estate Investment Business  
The segment reported sales of 29,455 million yen with segment operating profit of 4,606 million yen.
- ii) Subleasing, Leasing and Fund Fee Business  
The segment reported sales of 415 million yen with segment operating profit of 250 million yen.
- iii) Planning and Brokerage Business  
The segment reported sales of 16 million yen with segment operating profit of 6 million yen.

## **(2) Overview of Financial Position for the Fiscal Year under Review**

### Assets, Liabilities and Net Assets

Total assets decreased 3,834 million yen from the end of the previous fiscal year to 71,220 million yen at the end of the fiscal year under review. This decrease was attributable mainly to a decrease of 5,105 million yen in real estate for sale. This decrease in real estate for sale was attributable to early sales to strengthen our financial position as well as the start of the long-term leasing business, in which we changed holding purposes of some real estates for sale to investment and recognized the real estate investment products as non-current assets (land).

Total liabilities decreased 4,804 million yen from the end of the previous fiscal year to 46,379 million yen. This decrease was attributable mainly to a decrease of 3,284 million yen in borrowings due to repayment of borrowings associated with the sale of real estate for sale.

Net assets increased 970 million yen from the end of the previous fiscal year to 24,841 million yen. This increase was attributable mainly to the booking of profit attributable to owners of parent of 1,644 million yen, which was partially offset by the distribution of dividends of surplus of 1,005 million yen. Consequently, the equity ratio at the end of the fiscal year under review was 34.9%.

## **(3) Overview of Cash Flows for the Fiscal Year under Review**

Cash and cash equivalents (hereinafter “net cash”) at the end of the fiscal year under review was 20,897 million yen. This result was mainly attributable to sale of real estate for sale to major leasing companies and the successful fund procurement from financial institutions for purchases of high-quality properties.

The main changes in cash flow from operating, investing, and financing activities are described as below.

#### Cash flows from operating activities

Net cash provided by operating activities totaled 3,569 million yen, given that the fiscal year under review was only nine months from April 1, 2020 to December 31, 2020 as a transitional period for a change in the financial closing date. This cash inflow was caused mainly by the booking of profit before income taxes of 2,156 million yen and a 2,578 million yen decrease in real estate for sale.

#### Cash flows from investing activities

Net cash used in investing activities totaled 98 million yen in the fiscal year under review. This cash outflow was caused mainly by the absence of proceeds from sale of investment securities, which had been recorded for the previous fiscal year.

#### Cash flows from financing activities

Net cash used in financing activities totaled 4,441 million yen in the fiscal year under review. This cash outflow was mainly attributable to the repayment of 24,581 million yen of long-term borrowings as a result of the sale of real estate for sale, which was partially offset by successful financing for new purchases of real estate for sale.

### **(4) Outlook**

Outlook for the Fiscal Year Ending December 31, 2021 (January 1, 2021 – December 31, 2021)

There is a cautious view on the outlook of the Japanese economy due to the second declaration of a state of emergency against the current spread of the COVID-19 infection, a decrease in personal consumption, and the stagnated economic activities of certain companies. Further concerns include the trends in overseas economies over trade issues, and the effects of fluctuations in the financial and capital markets. In particular, there is the concern about a long-term effect of the global spread of the COVID-19 infection not only on the Japanese economy but also on the world economy. Each country is busy coping with the COVID-19 surges, and vaccination progress across the world is greatly desired.

We expect our tenants will largely perform well supported by the “cocooning consumption,” since 80% of the tenants of our JINUSHI Business belong to the industry sectors that deal in daily necessities. As such, the Group has set a policy for the next fiscal year to continue to focus on purchasing real estate for sale mainly for JINUSHI business.

As for financial strategy, the Company is striving to make its business structure more stable in preparation for unexpected changes in the future market environment. To this end, we will make use of our own funds to hold real estate investment products over the long term in the JINUSHI Business and expand the long-term leasing business to obtain stable rental revenue.

To expand the JINUSHI business overseas (particularly in the United States), we will continue to purchase real estate properties with close attention to the global economic trends.

Furthermore, the Company has set a medium- to long-term goal of increasing the total assets of JINUSHI REIT to 300.0 billion yen or more.

Based on the above, the Group forecasts net sales of 51,000 million yen, operating profit of 5,400 million yen, ordinary profit of 4,200 million yen, and profit attributable to owners of parent of 2,900 million yen for the fiscal year ending December 31, 2021 (12 months from January 1, 2021 to December 31, 2021).

Our basic policy for dividends is to make distributions consistently while taking into consideration earnings in each fiscal year, future business development, and other factors. For the fiscal year that ended December 31, 2020, we plan to pay a year-end dividend of 25 yen per share subject to the resolution of the 21st Annual General Meeting of Shareholders, taking into account the shortened accounting period due to the change in the financial closing date. For the fiscal year ending December 31, 2021, we plan to pay a year-end dividend of 50 yen.

We refrain from announcing earnings forecast for the first half of the fiscal year ending December 31, 2021. The reason is that we have deals under negotiations and that the forecast figures will vary significantly depending on the

timing of the closure of these deals and their contract prices.

For more details on the full-year earnings forecast for the fiscal year ending December 31, 2021, please refer to “Results of Operations for the Fiscal Year Ended December 31, 2020” (available on our website (\*)), which is the supplementary materials for the Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2020.

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

## **2. Basic Approach to the Selection of Accounting Standards**

The Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being to permit comparisons with the financial data of our peer companies in Japan.

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

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	FY12/20 (As of Dec. 31, 2020)
Assets		
Current assets		
Cash and deposits	21,850,515	20,897,442
Trade accounts receivable	146,776	198,376
Real estate for sale	43,493,097	38,387,846
Advance payments-trade	1,130,891	371,095
Prepaid expenses	174,837	102,942
Other	89,429	116,734
Total current assets	66,885,548	60,074,438
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	359,588	390,000
Tools, furniture and fixtures, net	74,666	60,687
Land	3,758	2,883,518
Leased assets, net	84,342	102,742
Total property, plant and equipment	522,356	3,436,948
Intangible assets		
Trademark right	434	2,799
Other	13,540	52,097
Total intangible assets	13,975	54,896
Investments and other assets		
Investment securities	300,462	293,473
Shares of subsidiaries and associates	6,041,020	6,175,760
Investments in capital of subsidiaries and associates	4,000	4,000
Investments in capital	505,161	505,161
Leasehold and guarantee deposits	482,926	497,857
Long-term prepaid expenses	96,874	91,275
Other	291,608	175,711
Allowance for doubtful accounts	(89,160)	(89,079)
Total investments and other assets	7,632,895	7,654,159
Total non-current assets	8,169,226	11,146,004
Total assets	75,054,774	71,220,442



	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	FY12/20 (As of Dec. 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade accounts payable	224,555	187,380
Short-term borrowings	1,099,000	797,000
Current portion of long-term borrowings	2,770,374	2,034,557
Accounts payable-other	412,835	383,350
Accrued expenses	29,698	75,496
Lease obligations	20,458	31,490
Income taxes payable	1,523,866	5,595
Accrued consumption taxes	29,395	4,519
Deposits received	196,053	113,108
Advances received	45,000	20,000
Unearned revenue	97,513	111,879
Current portion of guarantee deposits received	1,404,118	1,634,203
Other	1,373	1,853
<b>Total current liabilities</b>	<b>7,854,242</b>	<b>5,400,432</b>
<b>Non-current liabilities</b>		
Long-term borrowings	42,604,523	40,357,901
Long-term leasehold and guarantee deposits received	163,955	163,955
Lease obligations	69,674	79,146
Deferred tax liabilities	448,295	234,012
Other	43,367	143,625
<b>Total non-current liabilities</b>	<b>43,329,816</b>	<b>40,978,640</b>
<b>Total liabilities</b>	<b>51,184,058</b>	<b>46,379,073</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,048,547	3,048,547
Capital surplus	4,657,957	4,657,957
Retained earnings	16,995,921	17,634,770
Treasury shares	(79)	(79)
<b>Total shareholders' equity</b>	<b>24,702,346</b>	<b>25,341,195</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(27,939)	(32,604)
Foreign currency translation adjustment	(803,690)	(467,221)
<b>Total accumulated other comprehensive income</b>	<b>(831,630)</b>	<b>(499,826)</b>
<b>Total net assets</b>	<b>23,870,716</b>	<b>24,841,369</b>
<b>Total liabilities and net assets</b>	<b>75,054,774</b>	<b>71,220,442</b>

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)
Net sales	74,187,219	29,886,985
Cost of sales	65,086,742	24,867,577
Gross profit	9,100,476	5,019,408
Selling, general and administrative expenses	3,855,806	2,599,029
Operating profit	5,244,670	2,420,379
Non-operating income		
Interest income	5,550	1,395
Dividend income	973	916
Interest on securities	5,870	4,249
Share of profit of entities accounted for using equity method	166,856	130,177
Recoveries of written off receivables	22,704	381,270
Outsourcing service income	100,475	106,553
Foreign exchange gains	79,806	-
Other	21,206	12,046
Total non-operating income	403,442	636,609
Non-operating expenses		
Interest expenses	729,090	392,310
Financing expenses	272,050	120,455
Foreign exchange losses	-	377,644
Other	47,507	9,437
Total non-operating expenses	1,048,649	899,848
Ordinary profit	4,599,463	2,157,139
Extraordinary income		
Gain on sales of investment securities	116,810	-
Gain on reversal of share acquisition rights	13,394	-
Total extraordinary income	130,204	-
Extraordinary losses		
Loss on liquidation of subsidiaries	101,691	-
Total extraordinary losses	101,691	-
Profit before distributions of profit or loss on silent partnerships and income taxes	4,627,976	2,157,139
Distributions of profit or loss on silent partnerships	-	258
Profit before income taxes	4,627,976	2,156,881
Income taxes-current	1,537,505	612,079
Income taxes-deferred	(87,005)	(99,758)
Total income taxes	1,450,500	512,321
Profit	3,177,475	1,644,560
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	3,177,475	1,644,560

**Consolidated Statement of Comprehensive Income**

	(Thousands of yen)	
	FY3/20	FY12/20
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Dec. 31, 2020)
Profit	3,177,475	1,644,560
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,722)	(4,664)
Foreign currency translation adjustment	(199,110)	336,468
Total other comprehensive income	(202,833)	331,804
Comprehensive income	2,974,642	1,976,364
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,974,642	1,976,364
Comprehensive income attributable to non-controlling interests	-	-

**(3) Consolidated Statement of Changes in Equity**

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,900,258	4,509,668	14,810,593	(79)	22,220,441
Changes during period					
Issuance of new shares	148,288	148,288			296,577
Dividends of surplus			(992,148)		(992,148)
Profit attributable to owners of parent			3,177,475		3,177,475
Net changes in items other than shareholders' equity					
Total changes during period	148,288	148,288	2,185,327	-	2,481,905
Balance at end of period	3,048,547	4,657,957	16,995,921	(79)	24,702,346

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(24,217)	(604,579)	(628,797)	20,216	21,611,860
Changes during period					
Issuance of new shares					296,577
Dividends of surplus					(992,148)
Profit attributable to owners of parent					3,177,475
Net changes in items other than shareholders' equity	(3,722)	(199,110)	(202,833)	(20,216)	(223,049)
Total changes during period	(3,722)	(199,110)	(202,833)	(20,216)	2,258,855
Balance at end of period	(27,939)	(803,690)	(831,630)	-	23,870,716

FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,048,547	4,657,957	16,995,921	(79)	24,702,346
Changes during period					
Issuance of new shares					
Dividends of surplus			(1,005,711)		(1,005,711)
Profit attributable to owners of parent			1,644,560		1,644,560
Net changes in items other than shareholders' equity					
Total changes during period	-	-	638,848	-	638,848
Balance at end of period	3,048,547	4,657,957	17,634,770	(79)	25,341,195

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(27,939)	(803,690)	(831,630)	-	23,870,716
Changes during period					
Issuance of new shares					
Dividends of surplus					(1,005,711)
Profit attributable to owners of parent					1,644,560
Net changes in items other than shareholders' equity	(4,664)	336,468	331,804		331,804
Total changes during period	(4,664)	336,468	331,804	-	970,653
Balance at end of period	(32,604)	(467,221)	(499,826)	-	24,841,369

**(4) Consolidated Statement of Cash Flows**

	(Thousands of yen)	
	FY3/20	FY12/20
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Dec. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	4,627,976	2,156,881
Depreciation	116,101	72,287
Gain on reversal of share acquisition rights	(13,394)	-
Increase (decrease) in allowance for doubtful accounts	750	-
Loss (gain) on sales of investment securities	(116,810)	-
Share of loss (profit) of entities accounted for using equity method	93,275	(3,989)
Loss on liquidation of subsidiaries	101,691	-
Gain on bad debts recovered	(22,704)	(381,270)
Interest income	(5,550)	(1,395)
Dividend income	(973)	(916)
Interest income on securities	(5,870)	(4,249)
Interest expenses	729,090	392,310
Foreign exchange losses (gains)	(79,806)	306,685
Non-deductible consumption taxes	225,779	168,012
Decrease (increase) in trade receivables	(47,377)	(51,600)
Decrease (increase) in inventories	25,947,787	2,578,891
Increase (decrease) in trade payables	122,118	(23,303)
Decrease (increase) in advance payments-trade	170,071	753,146
Decrease (increase) in prepaid expenses	26,268	56,454
Increase (decrease) in accrued expenses	6,356	(22,478)
Increase (decrease) in accounts payable-other	(33,326)	(26,280)
Increase (decrease) in accrued consumption taxes	(14,532)	(20,404)
Increase (decrease) in deposits received	36,234	(82,945)
Increase (decrease) in advances received	14,352	(25,000)
Increase (decrease) in unearned revenue	(38,291)	14,365
Increase (decrease) in leasehold and guarantee deposits received	18,240	230,085
Other, net	(450,667)	(94,228)
Subtotal	31,406,791	5,991,055
Interest and dividends received	15,433	38,432
Interest paid	(791,312)	(369,243)
Income taxes paid	(949,607)	(2,090,513)
Net cash provided by (used in) operating activities	29,681,305	3,569,731
Cash flows from investing activities		
Purchase of property, plant and equipment	(144,135)	(55,924)
Payments of leasehold and guarantee deposits	(52,218)	(18,033)
Proceeds from sales of investment securities	1,319,773	-
Other, net	37,146	(24,855)
Net cash provided by (used in) investing activities	1,160,565	(98,813)

	(Thousands of yen)	
	FY3/20	FY12/20
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Dec. 31, 2020)
Cash flows from financing activities		
Proceeds from issuance of shares	289,755	-
Net increase (decrease) in short-term borrowings	(3,868,800)	(302,000)
Proceeds from long-term borrowings	36,488,370	21,465,600
Repayments of long-term borrowings	(59,720,215)	(24,581,728)
Repayments of lease obligations	(17,540)	(20,106)
Dividends paid	(992,035)	(1,003,659)
Net cash provided by (used in) financing activities	(27,820,465)	(4,441,893)
Effect of exchange rate change on cash and cash equivalents	(27,709)	17,902
Net increase (decrease) in cash and cash equivalents	2,993,695	(953,073)
Cash and cash equivalents at beginning of period	18,856,819	21,850,515
Cash and cash equivalents at end of period	21,850,515	20,897,442

## **(5) Notes to Consolidated Financial Statements**

### **Going Concern Assumption**

Not applicable.

### **Additional Information**

Change of Holding Purpose

FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)

Due to the change of holding purposes, we transferred 2,867 million yen from real estates for sale to non-current assets (land).

### **Segment and Other Information**

Segment information

#### 1. Overview of reportable segment

Segments used for financial reporting are the Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group is primarily engaged in the real estate business with three reportable segments: Real Estate Investment Business, Subleasing, Leasing and Fund Fee Business, and Planning and Brokerage Business.

The Real Estate Investment Business segment includes activities involving real estate investments.

The Subleasing, Leasing and Fund Fee Business segment includes activities involving subleasing, leasing and fund fees.

The Planning and Brokerage Business segment includes activities involving planning and brokerage services.

#### 2. Calculation methods for net sales, profits or losses, assets, liabilities, and other items for each reportable segment

The accounting methods used for reportable segments are generally the same as those adopted for preparation of the consolidated financial statements.

Profits for reportable segments are operating profit figures.

Inter-segment sales and transfers between the segments are based on prevailing market prices.



## 3. Information related to net sales, profits or losses, assets, liabilities and other items for each reportable segment

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Reportable segment				Other (Note 1)	Adjustments (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Subtotal			
Net sales							
Sales to external customers	73,533,039	647,543	6,635	74,187,219	-	-	74,187,219
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	73,533,039	647,543	6,635	74,187,219	-	-	74,187,219
Segment profits	8,399,529	419,816	6,376	8,825,723	(2,666)	(3,578,386)	5,244,670
Segment assets	44,875,442	216,525	-	45,091,968	6,044,353	23,918,452	75,054,774
Other items							
Depreciation and amortization	56,277	1,950	-	58,227	95	57,778	116,101
Increase in property, plant and equipment and intangible assets	-	-	-	-	-	197,593	197,593

Notes: 1. The "Other" segment represents businesses not included in any reportable segments and includes the overseas PFI business.

2. The above adjustments are as follows:

To segment profits	(Thousands of yen)
Corporate expenses *	(3,578,386)
Total	(3,578,386)

\* Corporate expenses mainly include selling, general and administrative expenses that cannot be attributed to any reportable segments.

To segment assets	(Thousands of yen)
Corporate assets *	23,918,452
Total	23,918,452

\* Corporate assets mainly include assets which belong to administration department of the Company.

To depreciation and amortization	(Thousands of yen)
Corporate expenses *	57,778
Total	57,778

\* Corporate expenses mainly include expenses which belong to administration department of the Company that cannot be attributed to any reportable segments.

3. Segment profit is adjusted to be consistent with operating profit shown on the consolidated financial statements.

FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)

(Thousands of yen)

	Reportable segment				Other (Note 1)	Adjustments (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Real Estate Investment Business	Subleasing, Leasing and Fund Fee Business	Planning and Brokerage Business	Subtotal			
Net sales							
Sales to external customers	29,455,022	415,554	16,409	29,886,985	-	-	29,886,985
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	29,455,022	415,554	16,409	29,886,985	-	-	29,886,985
Segment profits	4,606,556	250,783	6,159	4,863,498	(325)	(2,442,794)	2,420,379
Segment assets	38,945,178	3,151,045	-	42,096,223	6,179,217	22,945,002	71,220,442
Other items							
Depreciation and amortization	15,544	-	-	15,544	84	56,657	72,287
Increase in property, plant and equipment and intangible assets (Note 4)	-	2,867,071	-	2,867,071	-	87,496	2,954,568

Notes: 1. The “Other” segment represents businesses not included in any reportable segments and includes the overseas PFI business.

2. The above adjustments are as follows:

To segment profits		(Thousands of yen)
Corporate expenses *		(2,442,794)
Total		(2,442,794)

\* Corporate expenses mainly include selling, general and administrative expenses that cannot be attributed to any reportable segments.

To segment assets		(Thousands of yen)
Corporate assets *		22,945,002
Total		22,945,002

\* Corporate assets mainly include assets which belong to administration department of the Company.

To depreciation and amortization		(Thousands of yen)
Corporate expenses *		56,657
Total		56,657

\* Corporate expenses mainly include expenses which belong to administration department of the Company that cannot be attributed to any reportable segments.

3. Segment profit is adjusted to be consistent with operating profit shown on the consolidated financial statements.

4. Increase in property, plant and equipment and intangible assets includes 2,867 million yen that was transferred from real estate for sale to property, plant and equipment due to the change of holding purpose.

## Related information

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

### 1. Information by product or service

This information is omitted because the same information is presented in “Segment information, 3. Information related to net sales, profits or losses, assets, liabilities and other items for each reportable segment.”

### 2. Information by region

#### (1) Net sales

This information is omitted because sales to external customers in Japan exceeded 90% of net sales presented in the consolidated statement of income.

## (2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

## 3. Information by major client

(Thousands of yen)

Company name	Net sales	Business segment
JINUSHI Private REIT Investment Corporation	26,436,943	Real Estate Investment Business Subleasing, Leasing and Fund Fee Business
SMFL MIRAI Partners Company, Limited	18,900,503	Real Estate Investment Business Subleasing, Leasing and Fund Fee Business
ML Estate Company, Limited	9,061,138	Real Estate Investment Business Subleasing, Leasing and Fund Fee Business Planning and Brokerage Business

FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)

## 1. Information by product or service

This information is omitted because the same information is presented in “Segment information, 3. Information related to net sales, profits or losses, assets, liabilities and other items for each reportable segment.”

## 2. Information by region

## (1) Net sales

This information is omitted because sales to external customers in Japan exceeded 90% of net sales presented in the consolidated statement of income.

## (2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

## 3. Information by major client

(Thousands of yen)

Company name	Net sales	Business segment
ML Estate Company, Limited	10,023,720	Real Estate Investment Business Subleasing, Leasing and Fund Fee Business Planning and Brokerage Business
Fuyo General Lease Co., Ltd.	7,182,200	Real Estate Investment Business Subleasing, Leasing and Fund Fee Business
Kyushu Leasing Service Co., Ltd.	4,014,240	Real Estate Investment Business Subleasing, Leasing and Fund Fee Business

**Per Share Information**

(Yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)
Net assets per share	1,305.43	1,358.52
Net income per share	174.59	89.94
Diluted net income per share	174.41	-

Notes 1. Diluted net income per share as of the end of FY12/20 is omitted because there is no potentially dilutive share.

2. The basis for the calculation of net income per share and diluted net income per share is as follows.

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	3,177,475	1,644,560
Profit not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	3,177,475	1,644,560
Average number of common shares outstanding during the period (Shares)	18,200,154	18,285,659
Diluted net income per share		
Adjustment to profit attributable to owners of parent	-	-
Increase in the number of common shares (Shares)	17,775	-
[Of which, share acquisition rights]	[17,775]	[-]
Summary of potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	-	-

**Subsequent Events**

Not applicable.

**4. Non-consolidated Financial Statements****(1) Balance Sheet**

(Thousands of yen)

	FY3/20 (As of Mar. 31, 2020)	FY12/20 (As of Dec. 31, 2020)
Assets		
Current assets		
Cash and deposits	20,257,088	19,263,957
Trade accounts receivable	76,271	55,919
Real estate for sale	42,101,656	36,474,801
Advance payments-trade	1,119,572	308,095
Prepaid expenses	155,347	84,804
Other	281,030	318,828
Total current assets	63,990,966	56,506,407
Non-current assets		
Property, plant and equipment		
Buildings	307,464	341,430
Tools, furniture and fixtures	52,922	42,535
Land	3,758	2,883,518
Leased assets	84,342	95,880
Total property, plant and equipment	448,487	3,363,365
Intangible assets		
Trademark right	434	2,799
Software	12,141	49,696
Other	0	0
Total intangible assets	12,576	52,496
Investments and other assets		
Investment securities	298,212	291,213
Shares of subsidiaries and associates	365,415	365,415
Investments in capital of subsidiaries and associates	232,898	232,898
Investments in capital	505,161	505,161
Long-term loans receivable from subsidiaries and associates	1,029,569	1,297,806
Leasehold and guarantee deposits	368,143	367,461
Long-term prepaid expenses	94,458	89,427
Deferred tax assets	138,816	23,009
Other	61,392	59,348
Allowance for doubtful accounts	(300)	(300)
Total investments and other assets	3,093,767	3,231,439
Total non-current assets	3,554,831	6,647,301
Total assets	67,545,797	63,153,708

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	FY12/20 (As of Dec. 31, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade accounts payable	205,366	182,030
Short-term borrowings	1,099,000	797,000
Current portion of long-term borrowings	2,770,374	2,034,557
Accounts payable-other	305,610	194,035
Accrued expenses	30,600	46,563
Lease obligations	20,458	30,385
Income taxes payable	1,467,860	463
Accrued consumption taxes	7,238	-
Deposits received	155,002	72,719
Advances received	45,000	20,000
Unearned revenue	94,102	96,362
Current portion of guarantee deposits received	1,404,118	1,617,343
<b>Total current liabilities</b>	<b>7,604,732</b>	<b>5,091,460</b>
<b>Non-current liabilities</b>		
Long-term borrowing	39,996,932	37,646,622
Long-term leasehold and guarantee received	163,955	163,955
Lease obligations	69,674	72,840
<b>Total non-current liabilities</b>	<b>40,230,563</b>	<b>37,883,417</b>
<b>Total liabilities</b>	<b>47,835,295</b>	<b>42,974,877</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,048,547	3,048,547
<b>Capital surplus</b>		
Legal capital surplus	3,026,992	3,026,992
<b>Total capital surpluses</b>	<b>3,026,992</b>	<b>3,026,992</b>
<b>Retained earnings</b>		
<b>Other retained earnings</b>		
Retained earnings brought forward	13,663,069	14,136,065
<b>Total retained earnings</b>	<b>13,663,069</b>	<b>14,136,065</b>
Treasury shares	(79)	(79)
<b>Total shareholders' equity</b>	<b>19,738,530</b>	<b>20,211,526</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	(28,028)	(32,695)
<b>Total valuation and translation adjustments</b>	<b>(28,028)</b>	<b>(32,695)</b>
<b>Total net assets</b>	<b>19,710,501</b>	<b>20,178,830</b>
<b>Total liabilities and net assets</b>	<b>67,545,797</b>	<b>63,153,708</b>

**(2) Statement of Income**

	(Thousands of yen)	
	FY3/20	FY12/20
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Dec. 31, 2020)
Net sales	72,827,432	29,427,794
Cost of sales	64,133,150	24,732,779
Gross profit	8,694,281	4,695,014
Selling, general and administrative expenses	3,033,600	2,098,062
Operating profit	5,660,681	2,596,951
Non-operating income		
Interest income	9,914	7,842
Dividend income	933	874
Interest on securities	5,870	4,249
Gain on investments in partnership	16,092	8,007
Commission income	32,854	1,800
Other	1,837	953
Total non-operating income	67,503	23,727
Non-operating expenses		
Interest expenses	543,895	283,828
Financing expenses	272,050	122,455
Other	50,614	11,455
Total non-operating expenses	866,561	417,739
Ordinary profit	4,861,623	2,202,940
Extraordinary income		
Gain on sales of investment securities	13,394	-
Total extraordinary income	13,394	-
Profit before income taxes	4,875,017	2,202,940
Income taxes-current	1,496,537	609,030
Income taxes-deferred	3,161	115,202
Total income taxes	1,499,698	724,233
Profit	3,375,318	1,478,706

**(3) Statement of Changes in Equity**

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Balance at beginning of period	2,900,258	2,878,703	2,878,703	11,279,899	11,279,899	(79)	17,058,782
Changes during period							
Issuance of new shares	148,288	148,288	148,288				296,577
Dividends of surplus				(992,148)	(992,148)		(992,148)
Profit				3,375,318	3,375,318		3,375,318
Net changes in items other than shareholders' equity							
Total changes during period	148,288	148,288	148,288	2,383,170	2,383,170	-	2,679,748
Balance at end of period	3,048,547	3,026,992	3,026,992	13,663,069	13,663,069	(79)	19,738,530

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(24,373)	(24,373)	20,216	17,054,625
Changes during period				
Issuance of new shares				296,577
Dividends of surplus				(992,148)
Profit				3,375,318
Net changes in items other than shareholders' equity	(3,655)	(3,655)	(20,216)	(23,872)
Total changes during period	(3,655)	(3,655)	(20,216)	2,655,876
Balance at end of period	(28,028)	(28,028)	-	19,710,501



FY12/20 (Apr. 1, 2020 – Dec. 31, 2020)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
Balance at beginning of period	3,048,547	3,026,992	3,026,992	13,663,069	13,663,069	(79)	19,738,530
Changes during period							
Issuance of new shares							
Dividends of surplus				(1,005,711)	(1,005,711)		(1,005,711)
Profit				1,478,706	1,478,706		1,478,706
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	472,995	472,995	-	472,995
Balance at end of period	3,048,547	3,026,992	3,026,992	14,136,065	14,136,065	(79)	20,211,526

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(28,028)	(28,028)	-	19,710,501
Changes during period				
Issuance of new shares				
Dividends of surplus				(1,005,711)
Profit				1,478,706
Net changes in items other than shareholders' equity	(4,666)	(4,666)		(4,666)
Total changes during period	(4,666)	(4,666)	-	468,329
Balance at end of period	(32,695)	(32,695)	-	20,178,830

*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.*