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February 9, 2024

## Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under Japanese GAAP)

Company name: NCD Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4783  
 URL: <https://www.ncd.co.jp/>  
 Representative: Osamu Shimojo, President and Representative Director  
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 Scheduled date to file quarterly securities report: February 9, 2024  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

#### (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, 2023	18,213	10.0	1,492	52.7	1,505	52.2	988	58.8
December 31, 2022	16,563	12.3	977	21.3	989	18.3	622	13.1

Note: Comprehensive income For the nine months ended December 31, 2023: ¥1,035 million [58.8%]  
 For the nine months ended December 31, 2022: ¥652 million [19.7%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2023	121.48	—
December 31, 2022	77.11	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
December 31, 2023	13,944	5,950	42.3
March 31, 2023	12,387	5,045	40.4

Reference: Equity  
 As of December 31, 2023: ¥5,897 million  
 As of March 31, 2023: ¥5,001 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	7.00	—	13.00	20.00
Fiscal year ending March 31, 2024	—	16.00	—		
Fiscal year ending March 31, 2024 (Forecast)				34.00	50.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

## 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2024	25,000	9.4	2,100	75.6	2,100	73.2	1,350	100.8	165.72

Note: Revisions to the forecast of consolidated financial results most recently announced: Yes

### \*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: One company (Japan Computer Services, Inc.)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of December 31, 2023	8,800,000 shares
As of March 31, 2023	8,800,000 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2023	619,732 shares
As of March 31, 2023	728,932 shares

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

Nine months ended December 31, 2023	8,134,603 shares
Nine months ended December 31, 2022	8,071,068 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Appropriate use of earnings forecasts, and other special matters

The forward-looking statements, such as the financial forecast, provided in this material are based on information currently available to the Company and certain assumptions that the Company believes are reasonable, and are not intended as a guarantee that the Company will achieve the same. In addition, actual results, including financial performance, may significantly differ due to various factors.

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## 1. Qualitative Information on Financial Results for the Quarter under Review

### (1) Explanation of Operating Results

During the first nine months of the fiscal year under review (April 1, 2023 to December 31, 2023), the Japanese economy maintained a moderate pick-up, with socioeconomic activity being normalized further due to the easing of various restrictions, including the lowering of the classification of COVID-19 to Class 5. However, the outlook remains uncertain due to the effects of the prolonged war in Ukraine, rising raw materials prices and exchange rate fluctuations, among others.

In the information services industry to which the Group belongs, efforts to modernize core systems (\*1) and cloud migration (\*2) among others, are expected to accelerate as DX makes progress. The Company's customers are also making progress in the renewal of core systems in anticipation of medium to long-term business expansion and in the use of cloud services in response to heightened security awareness. In addition, we expect IT investments to grow in the future, as there is a trend toward outsourcing system maintenance, operation and other works to respond to the shortage of IT personnel and to work on BCP. The Group continues to focus on human capital management by strengthening its human resources development and recruitment activities, and promotes the use of nearshore, etc. to increase the size of orders and reduce costs, with working to expand the scope of existing customers and attract new customers by promoting full IT outsourcing as a key strategy under its medium-term management plan, "Vision 2026" (from the fiscal year ending March 2024 to March 2026). In December 2023, the Company acquired Japan Computer Services, Inc. as its subsidiary with the aim of further enhancing its corporate value by integrating its technological capabilities and customer base.

(\*1) Replacing software and hardware that are running in the system with the latest products and designs while taking advantage of the assets in operation

(\*2) Migrating the system operating environment from a physical base (on-premises environment) to a virtual base (cloud environment) on the Internet

In the bicycle-parking industry, people have more opportunities to go out due to the relaxation of various restrictions, and bicycle-parking use has been on the rise. However, due to concerns about risks arising from the external environment, such as behavioral changes resulting from the diversification of working styles, it is necessary to shift to a business model that can respond flexibly to environmental changes and fluctuations in demand. In order to stabilize profitability, the Group is accelerating structural reforms of the business, such as further promotion of rate revisions and introduction of DX into bicycle parking operations. In addition, we work to enhance the added value of our services by expanding the number of convenient unmanned bicycle parking lots that meet market needs and the number of next-generation bicycle parking lots that accommodate diverse mobility. We are working on introducing "ECOPOOL," a monthly bicycle parking lot and our new product "ES410," a fare adjustment machine for cashless payment mainly to railway companies.

During the first nine months of the fiscal year under review, both sales and profit increased year on year mainly due to the expansion of business areas in the IT-related business (System Development Business, Support and Service Business) and the increase in bicycle parking lot usage fee income in the Parking System Business.

As a result, net sales for the first nine months of the fiscal year under review were 18,213 million yen (up 10.0% year on year), operating profit was 1,492 million yen (up 52.7% year on year), ordinary profit was 1,505 million yen (up 52.2% year on year), and quarterly net profit attributable to owners of parent was 988 million yen (up 58.8% year on year).

Results by segment for the first nine months of the fiscal year under review are as follows.

#### System Development Business

Sales increased year on year mainly due to the expansion and growth of business areas in system development projects for new products of insurance companies and core system renewal project for the manufacturing company. On the profit side, we saw a significant year-on-year increase as we successfully built up profits thanks to smooth management of various projects and profitability has improved due to the steady shift to the NCD service model mainly in application maintenance. As a result, net sales were 7,540 million yen (up 12.8% year on year) and segment profit was 1,100 million yen (up 48.7% year on year).

#### Support and Service Business

Sales increased year on year due to the expansion of business areas such as cloud-related projects for insurance companies.

On the profit side, we saw a year-on-year decrease due to highly profitable spot projects in the previous year although various projects proceeded smoothly. As a result, net sales were 5,350 million yen (up 7.4% year on year) and segment profit was 536 million yen (down 6.9% year on year).

#### Parking System Business

In addition to the relaxation of various restrictions related to COVID-19, good weather contributed to an increase in opportunities to go out, in turn leading to increased pay-by-the-hour use of bicycle-parking. We continued to promote parking rate revisions mainly for directly operated bicycle parking lots, resulting in bicycle parking lot usage fee income greatly exceeding pre-COVID-19 levels. As a result, sales increased year on year. Profits significantly increased year on year as profitability of bicycle parking lots greatly improved due to a significant increase in bicycle parking lot usage fee income and efforts were made to promote insourcing of outsourced operations by using Group subsidiaries. As a result, net sales were 5,303 million yen (up 8.9% year on year) and segment profit was 1,004 million yen (up 56.2% year on year).

## (2) Explanation of future forecast information such as consolidated financial results forecast

We have revised the consolidated financial results forecast for the fiscal year ending March 31, 2024, which was announced on May 15, 2023, based on the results of the nine months of the fiscal year under the review and current business trends. For details, please refer to the "Notice Concerning Revision of Full-Year Consolidated Financial Results Forecast and Dividend Forecast (Dividend Increase)" announced today.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	3,913,476	5,288,568
Notes and accounts receivable - trade, and contract assets	3,608,452	3,342,688
Securities	-	200,159
Merchandise and finished goods	150,613	247,956
Work in process	112,706	232,830
Other	794,741	734,775
Allowance for doubtful accounts	(832)	-
Total current assets	8,579,158	10,046,979
Non-current assets		
Property, plant and equipment	1,486,419	1,535,183
Intangible assets		
Goodwill	-	125,425
Other	239,082	218,081
Total Intangible assets	239,082	343,506
Investments and other assets	2,082,861	2,019,271
Total non-current assets	3,808,363	3,897,961
Total assets	12,387,522	13,944,941
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,010,312	953,004
Short-term borrowings	807,368	1,033,300
Current portion of long-term borrowings	-	32,612
Income taxes payable	202,865	371,766
Provision for bonuses	928,640	723,588
Provision for loss on orders received	-	4,198
Provision for share-based payments	125,148	-
Asset retirement obligations	-	1,481
Other	1,811,206	2,144,790
Total current liabilities	4,885,542	5,264,742
Non-current liabilities		
Long-term borrowings	-	62,716
Provision for retirement benefits for directors (and other officers)	46,753	194,000
Provision for share-based payments	-	31,553
Retirement benefit liability	1,224,320	1,500,536
Asset retirement obligations	205,205	229,738
Other	980,384	711,498
Total non-current liabilities	2,456,662	2,730,043
Total liabilities	7,342,205	7,994,786

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	438,750	438,750
Capital surplus	954,989	1,019,556
Retained earnings	3,842,025	4,594,468
Treasury shares	(269,509)	(229,135)
Total shareholders' equity	4,966,255	5,823,639
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	50,492	73,413
Foreign currency translation adjustment	1,948	4,946
Remeasurements of defined benefit plans	(17,674)	(4,418)
Total accumulated other comprehensive income	34,766	73,941
Non-controlling interests	44,295	52,574
Total net assets	5,045,317	5,950,154
Total liabilities and net assets	12,387,522	13,944,941

## (2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

### Quarterly Consolidated Statement of Income

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	16,563,985	18,213,048
Cost of sales	13,677,168	14,545,621
Gross profit	2,886,816	3,667,426
Selling, general and administrative expenses	1,909,799	2,175,269
Operating profit	977,017	1,492,157
Non-operating income		
Interest income	79	3,281
Dividend income	5,422	6,410
Rental income from buildings	10,494	12,102
Other	20,244	12,138
Total non-operating income	36,241	33,933
Non-operating expenses		
Interest expenses	18,272	17,712
Other	5,469	2,808
Total non-operating expenses	23,741	20,520
Ordinary profit	989,517	1,505,570
Extraordinary loss		
Loss on sale of non-current assets	4,638	-
Impairment losses	14,185	-
Loss on transfer to retirement benefit plan	85,589	-
Total Extraordinary loss	104,413	-
Profit before income taxes	885,103	1,505,570
Income taxes	258,593	509,040
Profit	626,510	996,529
Profit attributable to non-controlling interests	4,070	8,279
Profit attributable to owners of parent	622,440	988,250



## Quarterly Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	626,510	996,529
Other comprehensive income		
Valuation difference on available-for-sale securities	7,096	22,920
Foreign currency translation adjustment	3,442	2,997
Remeasurements of defined benefit plans, net of tax	15,232	13,256
Total other comprehensive income	25,771	39,174
Comprehensive income	652,281	1,035,704
(Breakdown)		
Comprehensive income attributable to owners of parent	648,211	1,027,425
Comprehensive income attributable to non-controlling interests	4,070	8,279

### **(3) Notes to Quarterly Consolidated Financial Statements**

(Notes on Assumptions for Going Concerns)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Application of Accounting Specific to Preparation of Quarterly Consolidated Financial Statements)

Calculation of Tax Expense

For tax expense, the Company reasonably estimates the effective tax rate after tax effect accounting is applied to profit before income taxes for the consolidated fiscal year including the third quarter of the fiscal year under review, and calculates the tax expense by multiplying quarterly profit before income taxes or quarterly loss before income taxes by the estimated effective tax rate.

However, if the calculation of tax expense using the estimated effective tax rate leads to significantly irrational results, the statutory effective tax rate is used.

(Changes in Significant Subsidiaries during the Quarter under Review)

During the third quarter of the current consolidated fiscal year, we have included Japan Computer Services, Inc. within the scope of consolidation due to the acquisition of all its shares.

The deemed acquisition date is December 31, 2023, and only the balance sheet has been consolidated for the first nine months of the fiscal year under review.