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November 8, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Interim) (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
 Inquiries: Yusuke Kato, Director and Senior Managing Executive Officer
 TEL: +81-3-5437-1021
 Scheduled date of submission of semiannual report: November 8, 2024
 Scheduled date to commence dividend payments: December 6, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

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

1. Consolidated financial results for the six months ended September 30, 2024 (Interim) (from April 1, 2024 to September 30, 2024)

(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	%
Six months ended September 30, 2024	14,759	24.0	1,404	55.9	1,426	57.1	960	59.9
Six months ended September 30, 2023	11,904	11.5	900	75.2	907	73.6	600	85.2

Note: Comprehensive income
 Six months ended September 30, 2024: 970 million [52.7 %]
 Six months ended September 30, 2023: 635 million [87.6 %]

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six months ended September 30, 2024	117.42	—
Six months ended September 30, 2023	74.04	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2024	14,831	7,096	47.4
As of March 31, 2024	14,899	6,403	42.6

Reference: Equity
 Six months ended September 30, 2024: 7,034 Millions of Yen
 As of March 31, 2024: 6,346 Millions of Yen

2. 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, 2024	—	16.00	—	34.00	50.00
Fiscal year ending March 31, 2025	—	33.00	—	—	—
Fiscal year ending March 31, 2025 (Forecast)	—	—	—	33.00	66.00

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

Please refer to the "Notice Concerning Revision of Forecast of Full-Year Consolidated Financial Results and Revision of Dividends of Surplus (Interim Dividend) and Year-End Dividend Forecast (Dividend Increase)" released today (November 8, 2024) for the revision of the dividend forecast.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	30,000	17.7	2,700	27.6	2,700	26.2	1,800	29.7	220.04

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

Please refer to the "Notice Concerning Revision of Forecast of Full-Year Consolidated Financial Results and Revision of Dividends of Surplus (Interim Dividend) and Year-End Dividend Forecast (Dividend Increase)" released today (November 8, 2024) for the revision of the financial results forecast.

* Notes

- (1) Significant changes in scope of consolidation during the interim period: None
(2) Application of accounting specific to the preparation of interim consolidated financial statements: Yes
Note: For details, please refer to "2. Interim Consolidated Financial Statements and Major Notes, (3) Notes to Interim Consolidated Financial Statements (Application of Accounting Specific to Preparation of Interim Consolidated Financial Statements) on page 8 of the Attachments.

- (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: Yes
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

Note: For details, please refer to "2. Interim Consolidated Financial Statements and Major Notes, (3) Notes to Interim Consolidated Financial Statements (Notes on Changes in Accounting Policies) on page 8 of the Attachments.

- (4) Number of issued shares (common shares)
(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	8,800,000 shares
As of March 31, 2024	8,800,000 shares

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

As of September 30, 2024	619,838 shares
As of March 31, 2024	619,757 shares

- (iii) Average number of shares outstanding during the period (interim)

Six months ended September 30, 2024	8,180,200 shares
Six months ended September 30, 2023	8,111,646 shares

* Financial results for the six months (interim) under review are not subject to review by certified public accountants or an audit firm.

* 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 Interim Period under Review

(1) Explanation of Operating Results

During the first six months of the fiscal year under review (April 1, 2024 to September 30, 2024), the Japanese economy showed signs of a moderate pick-up with the employment and income environment improving despite a standstill in some areas. On the other hand, the outlook remains uncertain due to the effects of the downside risks in overseas economies, conflicts in the Middle East and Ukraine, rising prices and exchange rate fluctuations, among others.

The information services industry, to which the Group belongs, is expected to see a further expansion of the DX market in the finance and manufacturing industries, as well as to face the needs for improving operational efficiency against the backdrop of labor shortages and other factors. In addition, demand for advanced IT, such as cloud computing and AI, is expected to increase as a result of these developments. The Group will continue to respond flexibly to diversifying customer needs by focusing on human resource development through means such as encouraging the acquisition of cloud-related certifications and implementing digital technology training, enhancing mid-career recruitment of work-ready personnel, utilizing near-shore operations, and creating synergies with Japan Computer Services Inc. (JCS), which has become a subsidiary. In addition, the Group continues to expand the existing client base and acquire new clients by promoting IT full outsourcing and other measures, which provides comprehensive support for the IT lifecycles of the clients.

In the bicycle-parking industry, bicycle parking lot use has remained steady, even though teleworking has taken hold to a certain degree. The Group has made steady progress in the revision of the bicycle parking lot usage fees and will continue to promote the revision in a flexible manner. Furthermore, the Group is working to further improve profitability such as withdrawal from unprofitable projects in line with the review of municipal strategies. In addition, through strengthening cooperation with its subsidiaries, the Group will work to enhance the added value of its services while focusing on the introduction of DX to bicycle parking operations such as “ECOPOOL,” a monthly bicycle parking lot management system.

During the first six months of the fiscal year under review, JCS, which has become a subsidiary of the Group, contributed in addition to the steady progress in various projects in the IT-related business (System Development Business, Support and Service Business). The Parking System Business received orders for replacement of equipment for municipal bicycle parking and for sales and installation of bicycle parking equipment as a result of station front redevelopment, which were initially scheduled for the third quarter ending December 31, 2024 onward. On the profit side, both sales and profit increased year on year due to the effect of increased sales and the progress in price revisions in both businesses, despite the wage increases and an increase in relocation expenses for the Fukuoka office in line with business expansion.

As a result, net sales for the first six months of the fiscal year under review were 14,759 million yen (up 24.0% year on year), operating profit was 1,404 million yen (up 55.9% year on year), ordinary profit was 1,426 million yen (up 57.1% year on year), and net profit attributable to owners of parent was 960 million yen (up 59.9% year on year).

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

System Development Business

Sales increased significantly year on year mainly due to the expansion of application maintenance for the insurance company and system development projects for the gas company. On the profit side, there was a significant year-on-year increase due to the improved profitability mainly as price negotiations with customers have advanced, despite an increase in expenses such as the relocation cost for the Fukuoka office. As a result, net sales were 6,165 million yen (up 25.7% year on year) and segment profit was 910 million yen (up 29.3% year on year).

Support and Service Business

Both sales and profit increased significantly year on year mainly due to the winning of system operation projects for the manufacturing company, the start of the operation of cloud-type core systems for the construction company, and the insourcing of the kitting operation by JCS. As a result, net sales were 4,619 million yen (up 29.9% year on year) and segment profit was 465 million yen (up 26.6% year on year).

Parking System Business

Sales increased year on year mainly due to the replacement of equipment for municipal bicycle parking caused by deterioration of bicycle parking equipment, the winning of orders for sales and installation of bicycle parking equipment as a result of large-scale station front redevelopment and the steady growth in bicycle parking lot usage fees. Profit increased significantly year on year as, in addition to the effect of increased sales, the profitability of self-operated bicycle parking lots greatly improved due to rate revisions and the profitability of designated management operation improved as a result of the

review of municipal strategies. As a result, net sales were 3,966 million yen (up 15.7% year on year) and segment profit was 944 million yen (up 54.3% year on year).

(2) Explanation of Financial Position

Assets at the end of the interim period under review decreased 67 million yen from the end of the previous fiscal year to 14,831 million yen. The decrease was mainly due to securities of 200 million yen. On the other hand, the main items of increase were cash and deposits of 208 million yen and work in process of 138 million yen. Liabilities decreased 760 million yen from the end of the previous fiscal year to 7,735 million yen. The decrease was mainly due to provision for bonuses of 215 million yen. Net assets increased 692 million yen from the end of the previous fiscal year to 7,096 million yen, and the equity ratio increased from 42.6% at the end of the previous fiscal year to 47.4%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Based on the financial results for the interim period under review and recent trends in financial results, the Company has revised its forecast for the fiscal year ending March 31, 2025, which was announced on May 13, 2024. For details, please refer to the "Notice Concerning Revision of Forecast of Full-Year Consolidated Financial Results and Revision of Dividends of Surplus (Interim Dividend) and Year-End Dividend Forecast (Dividend Increase)" released today.

In addition, in light of the above-mentioned revision, the Company has revised the target figures for the fiscal year ending March 31, 2026. This is for the final year of the medium-term management plan "Vision 2026" (fiscal year ending March 31, 2024 to fiscal year ending March 31, 2026), announced on May 13, 2024. For details, please refer to the "Notice Concerning Revision of Medium-Term Management Plan Target Figures" released today.

2. Interim Consolidated Financial Statements and Major Notes

(1) Interim Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	5,912,650	6,121,611
Notes and accounts receivable - trade, and contract assets	3,782,084	3,821,688
Securities	200,071	—
Merchandise and finished goods	238,498	197,012
Work in process	177,191	315,370
Other	734,249	687,844
Total current assets	11,044,746	11,143,527
Non-current assets		
Property, plant and equipment	1,508,808	1,449,845
Intangible assets		
Goodwill	114,973	94,069
Other	209,281	202,411
Total intangible assets	324,254	296,480
Investments and other assets	2,021,552	1,941,803
Total non-current assets	3,854,615	3,688,129
Total assets	14,899,361	14,831,656
Liabilities		
Current liabilities		
Accounts payable - trade	1,110,425	1,124,506
Short-term borrowings	833,200	849,901
Current portion of long-term borrowings	19,936	1,628
Income taxes payable	614,027	542,997
Provision for bonuses	1,094,050	878,480
Provision for loss on orders received	2,388	6,561
Asset retirement obligations	3,581	703
Other	2,113,485	1,820,628
Total current liabilities	5,791,095	5,225,406
Non-current liabilities		
Long-term borrowings	55,798	—
Provision for retirement benefits for directors (and other officers)	206,195	184,612
Provision for share-based payments	60,950	83,956
Retirement benefit liability	1,461,264	1,487,070
Asset retirement obligations	229,511	238,343
Other	690,825	515,913
Total non-current liabilities	2,704,546	2,509,896
Total liabilities	8,495,641	7,735,303

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	438,750	438,750
Capital surplus	1,019,556	1,019,556
Retained earnings	5,007,649	5,690,044
Treasury shares	(229,170)	(229,315)
Total shareholders' equity	6,236,785	6,919,034
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	90,522	98,791
Foreign currency translation adjustment	3,685	9,075
Remeasurements of defined benefit plans	15,857	7,928
Total accumulated other comprehensive income	110,064	115,795
Non-controlling interests	56,869	61,523
Total net assets	6,403,720	7,096,353
Total liabilities and net assets	14,899,361	14,831,656

(2) Interim Consolidated Statement of Income and Interim Consolidated Statement of Comprehensive Income
Interim Consolidated Statement of Income

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	11,904,030	14,759,824
Cost of sales	9,546,801	11,509,950
Gross profit	2,357,229	3,249,874
Selling, general and administrative expenses	1,456,811	1,845,785
Operating profit	900,417	1,404,089
Non-operating income		
Interest income	2,260	1,843
Dividend income	4,752	5,391
Insurance claim and dividend income	328	14,530
Rental income from buildings	8,302	8,295
Other	5,516	5,782
Total non-operating income	21,161	35,843
Non-operating expenses		
Interest expenses	12,069	11,679
Other	1,515	1,779
Total non-operating expenses	13,585	13,458
Ordinary profit	907,994	1,426,474
Extraordinary income		
Gain on sale of investment securities	—	23,506
Total extraordinary income	—	23,506
Profit before income taxes	907,994	1,449,981
Income taxes	302,201	484,804
Profit	605,792	965,176
Profit attributable to non-controlling interests	5,148	4,653
Profit attributable to owners of parent	600,644	960,522

Interim Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	605,792	965,176
Other comprehensive income		
Valuation difference on available-for-sale securities	19,530	8,268
Foreign currency translation adjustment	1,809	5,390
Remeasurements of defined benefit plans, net of tax	8,837	(7,928)
Total other comprehensive income	30,177	5,730
Interim comprehensive income	635,970	970,907
(Breakdown)		
Comprehensive income attributable to owners of parent	630,822	966,253
Comprehensive income attributable to non-controlling interests	5,148	4,653

(3) Notes to Interim 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 Interim 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 interim period under review, and calculates the tax expense by multiplying interim profit before income taxes or interim 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.

(Notes on Changes in Accounting Policies)

(Application of the "Accounting Standard for Current Income Taxes")

The Company has adopted the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") from the beginning of the interim period under review. For the revisions regarding the classification of income taxes (taxation on other comprehensive income), the Company follows the transitional treatment set forth in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment set forth in the proviso of Paragraph 65-2(2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Application Guidance"). The change in accounting policies has no effect on the interim consolidated financial statements.

In addition, the Company has adopted the 2022 Revised Application Guidance from the beginning of the interim period under review for the revisions related to the review of the treatment in consolidated financial statements of the deferral for tax purposes of gains or losses on sales of shares of subsidiaries among consolidated companies. The change in accounting policies has been applied retrospectively, and the interim consolidated financial statements and consolidated financial statements for the interim period in the previous fiscal year and the previous fiscal year have been prepared on a retrospective basis. The change in accounting policies has no effect on the interim consolidated financial statements for the interim period in the previous fiscal year or the consolidated financial statements for the previous fiscal year.

(Notes on Segment Information, etc.)

(Segment Information)

Six months ended September 30, 2023

Information on the amount of net sales, and profit or loss, and information on the reclassification of revenues

(Thousands of yen)

	Reportable segments				Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded on Interim Consolidated Statement of Income (Note) 3
	System Development Business	Support and Service Business	Parking System Business	Total				
Net sales								
Revenue from contracts with customers	4,903,786	3,556,355	3,421,251	11,881,393	14,658	11,896,051	—	11,896,051
Other revenue	—	—	7,979	7,979	—	7,979	—	7,979
Sales to external customers	4,903,786	3,556,355	3,429,231	11,889,372	14,658	11,904,030	—	11,904,030
Intersegment sales and transfers	6,425	—	—	6,425	—	6,425	(6,425)	—
Total	4,910,211	3,556,355	3,429,231	11,895,797	14,658	11,910,456	(6,425)	11,904,030
Segment profit (loss)	704,038	367,600	612,371	1,684,010	2,561	1,686,572	(786,154)	900,417

(Notes) 1. "Other" is a business segment not included in the reportable segments.

2. Adjustments to segment loss of 786,154 thousand yen include corporate expenses not allocated to each segment, and general and administrative expenses related to the parent company.

3. Segment profit (loss) is adjusted with operating profit in the interim consolidated statements of income.

Six months ended September 30, 2024

Information on the amount of net sales, and profit or loss, and information on the reclassification of revenues

(Thousands of yen)

	Reportable segments				Other (Note) 1	Total	Adjustment (Note) 2	Amount recorded on Interim Consolidated Statement of Income (Note) 3
	System Development Business	Support and Service Business	Parking System Business	Total				
Net sales								
Revenue from contracts with customers	6,165,889	4,619,571	3,961,088	14,746,548	8,050	14,754,599	—	14,754,599
Other revenue	—	—	5,225	5,225	—	5,225	—	5,225
Sales to external customers	6,165,889	4,619,571	3,966,314	14,751,774	8,050	14,759,824	—	14,759,824
Intersegment sales and transfers	4,021	—	—	4,021	—	4,021	(4,021)	—
Total	6,169,910	4,619,571	3,966,314	14,755,795	8,050	14,763,846	(4,021)	14,759,824
Segment profit (loss)	910,299	465,424	944,798	2,320,522	3,907	2,324,430	(920,340)	1,404,089

(Notes) 1. "Other" is a business segment not included in the reportable segments.

2. Adjustments to segment loss of 920,340 thousand yen include corporate expenses not allocated to each segment, and general and administrative expenses related to the parent company.

3. Segment profit (loss) is adjusted with operating profit in the interim consolidated statements of income.

(Notes on Consolidated Statement of Cash Flows)

Depreciation (including amortization of intangible fixed assets excluding goodwill) and amortization of goodwill for the interim period ended September 30, 2023 and 2024 are as follows:

	Six months ended September 30, 2023	Six months ended September 30, 2024
Depreciation	172,928 thousand yen	183,642 thousand yen
Amortization of goodwill	— thousand yen	20,904 thousand yen