

**Non-consolidated Financial Results for the Third Quarter  
of the Fiscal Year Ending June 30, 2022  
(Nine Months Ended March 31, 2022)**



[Japanese GAAP]

May 13, 2022

Company name: Nihon Jyoho Create Co., Ltd. Listing: Tokyo Stock Exchange  
 Stock code: 4054 URL: <https://www.n-create.co.jp/>  
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 Scheduled date of filing of Quarterly Report: May 13, 2022  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for financial results: Yes  
 Holding of financial results meeting: None

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

**1. Financial Results for the Third Quarter of the Fiscal Year Ending June 30, 2022  
(July 1, 2021 to March 31, 2022)**

(1) Results of operations (Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Mar. 31, 2022	2,197	13.2	449	(0.9)	487	(3.4)	339	(3.4)
Nine months ended Mar. 31, 2021	1,942	11.4	453	19.9	504	27.2	351	34.7

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Mar. 31, 2022	23.80	23.40
Nine months ended Mar. 31, 2021	25.94	24.71

Notes: 1. Nihon Jyoho Create conducted a 2-for-1 common stock split on December 1, 2020. The amounts of net income per share and diluted net income per share were calculated as if the stock split had taken place at the beginning of the fiscal year ended June 30, 2021.

2. The shares of Nihon Jyoho Create were listed on the Tokyo Stock Exchange Mothers market on July 31, 2020. As a result, diluted net income per share for the nine months ended March 31, 2021 is calculated by using the average stock price from the date of listing to the end of the third quarter of the previous fiscal year as the average stock price during the period.

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Mar. 31, 2022	4,585	3,256	71.0
As of Jun. 30, 2021	4,323	2,983	69.0

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2022: 3,256 As of Jun. 30, 2021: 2,983

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2021	-	0.00	-	5.00	5.00
Fiscal year ending Jun. 30, 2022	-	0.00	-	-	-
Fiscal year ending Jun. 30, 2022 (forecast)	-	-	-	5.00	5.00

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

**3. Earnings Forecast for the Fiscal Year Ending June 30, 2022 (July 1, 2021 to June 30, 2022)**

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	3,084	17.8	450	(23.2)	495	(22.8)	325	(21.5)	22.91

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

**\* Notes**

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: Yes

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

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

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

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of shares outstanding (common shares)

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

As of Mar. 31, 2022:	14,260,440 shares	As of Jun. 30, 2021:	14,226,440 shares
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2) Number of treasury shares as of the end of the period

As of Mar. 31, 2022:	30 shares	As of Jun. 30, 2021:	30 shares
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3) Average number of outstanding shares during the period

Nine months ended Mar. 31, 2022:	14,247,915 shares	Nine months ended Mar. 31, 2021:	13,533,298 shares
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Note: Nihon Jyoho Create conducted a 2-for-1 common stock split on December 1, 2020. The number of outstanding shares as of the end of the period and the average number of outstanding shares during the period were calculated as if the stock split had taken place at the beginning of the fiscal year ended June 30, 2021.

\* This quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

\* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on estimates and assumptions judged to be valid and information available at the time these materials were prepared, but are not guarantees by Nihon Jyoho Create regarding future performance. Actual results may differ from these forecasts for various reasons.

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## **1. Qualitative Information on Quarterly Financial Performance**

### **(1) Explanation of Results of Operations**

Forward-looking statements stated herein are based on the estimates and assumptions of Nihon Jyoho Create as of March 31, 2022.

During the nine-month period ended March 31, 2022, the Japanese economy was in a challenging environment because of the impact of the COVID-19 pandemic but there are expectations for a recovery because of various preventive measures and the upturn in overseas economies. However, there is a risk of an economic downturn because of uncertainty created by the Ukraine crisis, the high cost of raw materials, financial market volatility and limitations on the supply of many items. Furthermore, caution is still required regarding the pandemic. In the market for real estate support services, including the SaaS-type cloud services and other services that we provide, opportunities for the digital transformation of the entire real estate industry are increasing ahead of the May 2022 start of the use of electronic formats (elimination of seal impressions) for all real estate contracts. In addition, demand for IT capital expenditures is growing for the increasing use of telework for safety during the pandemic and improving productivity. As a result, the business climate is remaining favorable for operations of Nihon Jyoho Create.

Under the circumstances we are implementing various strategies to build optimum platforms for the real estate industry and achieve the goals of our Three-Year Plan Growth Strategy that lays down the plan for the next three years.

\* Details of the Three-Year Growth Strategy can be found in the “Results of Operations for the Fiscal Year Ended June 30, 2021” posted on our IR website.

Our basic strategy is to propose the introduction of free of charge services such as “Fudosan BB,” a B-to-B property listing platform, and “Electronic Rent Application” to increase contact with real estate agents throughout Japan, and then to sell value-added paid solutions. The significant feature of our service is that it offers integrated lineup of services that cover all operations of the real estate companies. Selection of optimum combinations of services offers additional benefits. In addition, we have been proactively proposing solutions to new customers and upsells and cross-sells to existing customers since many services have a billing system that matches the growth of customers.

In one step involving the May 2022 start of electronic real estate contracts, we established an agreement with Century 21 Real Estate of Japan Ltd. for the OEM provision of our e-contract system. This will give the 991 member stores (as of December 31, 2021) of this company access to this system. Nihon Jyoho Create and Century 21 Real Estate of Japan plan to use this alliance for creating new synergies that result in progress involving the goals of both companies as well as more progress of the real estate industry. Furthermore, we will continue to conduct extensive e-contract sales activities that leverage our ability to develop products internally in order to increase the number of new customers for this service and the number of current customers who use this service.

Creating platforms is the central theme of our medium-term vision. As in the fiscal year’s first half, we continued activities for forging alliances with many companies in order to accomplish this vision. One step is the start of data linkage involving the Fudosan BB free B-to-B property listing platform service and the property information of Daikyo Anabuki Real Estate Inc. This adds more value to Fudosan BB. We also started an alliance with AIG General Insurance Co., Ltd. that facilitates a data link with an insurance company. In addition, we started an alliance with Credit Saison Co., Ltd. involving rent guarantees. There are now rent guarantee alliances with more than 30 companies. These alliances will expand the scope of our platform, and, with our partners, we will continue to contribute to the digital transformation of the real estate industry.

The increase in the number of sales consultants, which are critically important elements of the Three-Year Plan, is progressing generally as planned, although there are delays in when some new employees are starting their jobs. Recently hired sales consultants are already working at one of our 29 sales offices. Recruiting activities are

continuing in order to achieve the goal of adding 60 people to our sales consultant team during the current fiscal year. A department dedicated solely to education and training activities is providing highly effective support for new employees. We are upgrading education tools and taking other steps to make these new employees productive quickly.

The impact of the COVID-19 pandemic on our financial results was not significant.

Our results of operations for the first nine-month period from July 1, 2021 to March 31, 2022 were as follows:

Net sales: 2,197 million yen, an increase of 255 million yen (13.2%) over the same period last year

Operating profit: 449 million yen, a decrease of 4 million yen (0.9%) over the same period last year

Ordinary profit: 487 million yen, a decrease of 16 million yen (3.4%) over the same period last year

Profit: 339 million yen, a decrease of 11 million yen (3.4%) over the same period last year

The performance by service category is as follows.

### **Solutions for Brokers**

In the Solutions for Brokers segment, there are many sales activities involving our tools and services to solve issues, such as promotions using our website, web advertisements and solutions related to real estate portal sites.. In addition, we are using many activities for the conversion of customers from free services to services with fees. Our freemium strategy (see note) involves giving customers currently using the free B-to-B property listing platform service to start using services for the secondary use of data.

This has led to significant upselling, making the sales of this category to 682 million yen.

Note: Business model in which basic services or products are provided free of charge, and a fee is charged for the use of more advanced functions or services.

### **Solutions for Property Management**

Sales to new customers, sales of version upgrades to existing customers, additions of options and other activities are going well. Monthly fees continued to increase as the result of promotions involving IT investment subsidies and of the demand for upgrading “Chintai Kakumei” to its cloud-based version. The sales of this category was 1,487 million yen.

\* In addition to above sales of 2,170 million yen from the Solutions for Brokers and the Solutions for Property Management, sales of 27 million yen were recorded from other activities.

## **(2) Explanation of Financial Position**

### 1) Assets

Total assets at the end of the third quarter of the current fiscal year increased by 261 million yen from the end of the previous fiscal year to 4,585 million yen. The balance of current assets decreased by 17 million yen from the end of the previous fiscal year to 3,396 million yen. The balance of non-current assets increased by 279 million yen from the end of the previous fiscal year to 1,189 million yen.

The decrease in current assets is primarily attributable to a decrease in accounts receivable-trade. The increase in non-current assets is primarily attributable to an increase in intangible assets involving pre-release software that was developed internally.

### 2) Liabilities

Total liabilities at the end of the third quarter decreased by 11 million yen from the end of the previous fiscal year to 1,328 million yen. The balance of current liabilities decreased by 10 million yen from the end of the previous fiscal year to 1,323 million yen.

This is mainly attributable to a decrease in income taxes payable as income taxes for the previous fiscal year were paid and an increase in the provision for bonuses for the payment of summer bonuses.

3) Net assets

Net assets at the end of the third quarter increased by 273 million yen from the end of the previous fiscal year to 3,256 million yen.

This is primarily attributable to an increase in retained earnings due to the booking of profit.

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

There are no revisions to the forecast for the fiscal year ending June 30, 2022 that was announced on August 16, 2021 with “Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2021 [Japanese GAAP]” because the effects of COVID-19 on results of operations is not material at this time.

An announcement will be made promptly if the forecast is revised.

**2. Quarterly Non-consolidated Financial Statements and Notes****(1) Quarterly Non-consolidated Balance Sheet**

(Thousands of yen)

	FY6/21 (As of Jun. 30, 2021)	Third quarter of FY6/22 (As of Mar. 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	2,990,952	2,917,904
Accounts receivable-trade	302,738	275,281
Merchandise	1,405	647
Work in process	9,859	13,762
Supplies	1,712	1,643
Other	114,490	195,250
Allowance for doubtful accounts	(7,169)	(8,418)
Total current assets	3,413,988	3,396,072
Non-current assets		
Property, plant and equipment	220,745	220,745
Land	200,247	203,282
Other, net	420,992	424,028
Total property, plant and equipment	257,391	463,643
Intangible assets		
Investments and other assets		
Other	271,355	335,317
Allowance for doubtful accounts	(40,116)	(33,871)
Total investments and other assets	231,239	301,446
Total non-current assets	909,623	1,189,117
Total assets	4,323,611	4,585,190
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	8,493	8,927
Income taxes payable	140,127	28,559
Contract liabilities	-	929,146
Advances received	848,677	-
Provision for bonuses	-	93,152
Provision for loss on order received	226	1,700
Other	336,571	262,159
Total current liabilities	1,334,095	1,323,644
Non-current liabilities		
Asset retirement obligations	4,804	4,571
Other	1,542	385
Total non-current liabilities	6,346	4,957
Total liabilities	1,340,442	1,328,601
<b>Net assets</b>		
Shareholders' equity		
Share capital	719,408	722,128
Capital surplus	689,408	692,128
Retained earnings	1,574,318	1,842,289
Treasury shares	(66)	(66)
Total shareholders' equity	2,983,068	3,256,478
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	101	109
Total valuation and translation adjustments	101	109
Total net assets	2,983,169	3,256,588
Total liabilities and net assets	4,323,611	4,585,190

**(2) Quarterly Non-consolidated Statement of Income**  
**(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY6/21 (Jul. 1, 2020 – Mar. 31, 2021)	First nine months of FY6/22 (Jul. 1, 2021 – Mar. 31, 2022)
Net sales	1,942,099	2,197,644
Cost of sales	523,314	572,348
Gross profit	1,418,785	1,625,296
Selling, general and administrative expenses	965,026	1,175,626
Operating profit	453,758	449,669
Non-operating income		
Interest income	24	10
Dividend income	12	12
Commission income	6,437	-
Insurance return	57,274	38,947
Other	2,326	1,221
Total non-operating income	66,075	40,191
Non-operating expenses		
Going public expenses	14,519	-
Foreign exchange losses	625	2,157
Other	0	-
Total non-operating expenses	15,145	2,157
Ordinary profit	504,689	487,703
Extraordinary income		
Gain on sale of property, plant and equipment	8	197
Total extraordinary income	8	197
Extraordinary losses		
Loss on retirement of property, plant and equipment	32	346
Total extraordinary losses	32	346
Profit before income taxes	504,665	487,554
Income taxes	153,665	148,452
Profit	351,000	339,102



### **(3) Notes to Quarterly Non-consolidated Financial Statements**

#### **Going Concern Assumption**

Not applicable.

#### **Significant Changes in Shareholders' Equity**

Not applicable.

#### **Application of Special Accounting Methods for Preparing Quarterly Non-consolidated Financial Statements**

Calculation of tax expense

Tax expense was calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes for the fiscal year, and then multiplying such rate by the quarterly profit before income taxes.

#### **Changes in Accounting Policies**

Application of the Accounting Standard for Revenue Recognition

Nihon Jyoho Create has applied the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year.

Due to the application of the Accounting Standard for Revenue Recognition, "Advances received" that were presented under the current liabilities in the non-consolidated balance sheet in the previous fiscal year is, from the first quarter of the current fiscal year, included in "Contract liabilities." In accordance with the transitional treatment prescribed in Paragraph 89-4 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the prior year's financial statements to conform to the new presentation.

Application of the Accounting Standard for Fair Value Measurement

Nihon Jyoho Create has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting standard set forth by the Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect of the application of these standards on the quarterly non-consolidated financial statements.

## Subsequent Events

### Purchase of Stock and Simple Exchange of Stock for the Acquisition of RealNetPro

The Nihon Jyoho Create Board of Directors approved a resolution on April 25, 2022 to purchase part of the stock of RealNetPro Co., Ltd. in order to make this company a subsidiary. Following the purchase of this stock, Nihon Jyoho Create will conduct a simple exchange of stock that will make RealNetPro a wholly owned subsidiary. On April 25, 2022, Nihon Jyoho Create concluded an agreement with RealNetPro for stock purchase and simple exchange of stock. In accordance with the provisions of Article 796 Paragraph 2 of the Companies Act, by using the procedure for a simple exchange of stock, Nihon Jyoho Create plans to conduct the exchange of stock without the approval of a resolution for this exchange at a shareholders meeting.

#### 1. Summary of the business combination

##### (1) Profile of RealNetPro

Name	RealNetPro Co., Ltd.
Activities	Software development, sale and support

##### (2) Purpose of making RealNetPro a wholly owned subsidiary

Nihon Jyoho Create and RealNetPro operate in the same business domain, which involves the provision of cloud business support services for the digital transformation of the real estate industry. Since its inception in 2008, RealNetPro has been a nationwide source of business support for the real estate industry by providing ReaPro, which links property management companies and real estate brokers. As of April 2022, 2,753 property management companies and 35,192 real estate brokers were registered users of ReaPro.

Nihon Jyoho Create and RealNetPro plan to use their mutually complementary strengths to provide services that further increase the speed of the digital transformation of the real estate industry.

##### (3) Business combination dates

- 1) Purchase of stock: May 25, 2022 (tentative)
- 2) Exchange of stock: June 27, 2022 (tentative)

##### (4) Legal format for business combination

Purchase of stock and exchange of stock making RealNetPro a wholly owned subsidiary of Nihon Jyoho Create.

- 1) Purchase of stock: Purchase with cash payment
- 2) Exchange of stock: Simple exchange of stock using Nihon Jyoho Create common stock  
(Nihon Jyoho Create plans to purchase treasury shares and then use these treasury shares for the allocation of stock for the exchange of stock.)

##### (5) Name after the business combination

No change after the business combination

##### (6) Percentage of RealNetPro voting rights to be acquired

Pct. before the business combination	-%
Pct. after the cash purchase of stock	80.00%
Pct. after additional acquisition using an exchange of stock	20.00%
Pct. after the purchase and exchange of stock	100.00%

##### (7) Basis for the determination of the acquiring company

Nihon Jyoho Create will make RealNetPro a wholly owned subsidiary by acquiring 100% of RealNetPro stock through a cash purchase and exchange of stock.

## 2. Acquisition cost and payments

Acquisition payment – Cash	1,353 million yen
Acquisition payment – Market value of Nihon Jyoho Create common stock to be used for the exchange of stock	338 million yen
Total acquisition cost	1,692 million yen

## 3. Exchange ratio and calculation method for classes of stock

## (1) Exchange ratio for classes of stock

For the exchange of stock, Nihon Jyoho Create will exchange its common stock for the RealNetPro common stock of shareholders registered as RealNetPro shareholders immediately prior to the time that Nihon Jyoho Create completes the acquisition of all shares issued by RealNetPro. The number of shares held by RealNetPro shareholders will be multiplied by the exchange ratio calculated as follows to determine the number of shares of Nihon Jyoho Create stock that will be received.

Nihon Jyoho Create plans to purchase treasury shares and then use these treasury shares for the allocation of stock for the exchange of stock.

Ratio for the exchange of stock = 56,400 yen / Average price of Nihon Jyoho Create common stock

## (2) Method used to calculate the exchange ratio

The price of RealNetPro common stock cannot be determined by using the market stock price method because this company is privately owned. Furthermore, the market stock price method and the comparable listed company method cannot be used because there are no comparable listed companies. The source of the value of RealNetPro stock is the company's ability to generate earnings in the future. As a result, the discounted cash flow method, rather than the net asset method using adjusted book values, was used to calculate the value of RealNetPro stock in order to reflect the value of the company's ability to generate future earnings from its business activities.

Nihon Jyoho Create asked M&A Research Institute Inc., which is an independent third party that is not a related party of Nihon Jyoho Create or RealNetPro, and does not have any relationship of interest with the two companies, to calculate the value of RealNetPro stock. The resulting value determined by M&A Research Institute (between 1,307,727 thousand yen and 2,012,838 thousand yen) was used as the basis for discussions by Nihon Jyoho Create and RealNetPro to determine the value by taking into consideration the financial condition, assets, outlook for performance and all other applicable factors involving RealNetPro.

## 4. Major expenses associated with the acquisition of stock

Advisory expenses, etc.: 86 million yen (approximate)

## 5. Goodwill, cause of goodwill, and amortization method and period

Items concerning goodwill have not yet been determined.

## 6. Assets, liabilities and major items received on the business combination date

This information has not yet been confirmed.

## 7. Procurement of funds and payment method for the business combination

Nihon Jyoho Create plans to use internal funds for business combination payments.

### Acquisition of treasury shares

The Nihon Jyoho Create Board of Directors approved a resolution on April 25, 2022 to purchase treasury shares as follows pursuant to Article 156 of the Companies Act as applied by replacing Article 165 Paragraph 3 of this act.

#### 1. Reason for acquisition of treasury shares

The reason is to acquire stock for distribution to eligible parties in accordance with the contract for making RealNetPro a wholly owned subsidiary by purchasing stock and using a simple exchange of stock.

#### 2. Information concerning the acquisition of treasury shares

- (1) Class of stock acquired: Nihon Jyoho Create common stock
- (2) Number of shares: Up to 400,000  
(About 2.8% of all Nihon Jyoho Create shares issued, except treasury shares)
- (3) Total cost of acquiring treasury shares: Up to 400,000,000 yen
- (4) Acquisition period: May 17 to June 23, 2022
- (5) Acquisition method: Purchases on the Tokyo Stock Exchange

### 3. Other

#### Important Information about Going Concern Assumption

Not applicable.

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