

**Non-consolidated Financial Results for the First Quarter
of the Fiscal Year Ending June 30, 2022
(Three Months Ended September 30, 2021)**



[Japanese GAAP]

November 15, 2021

Company name: Nihon Jyoho Create Co., Ltd. Listing: Tokyo Stock Exchange (Mothers)
 Stock code: 4054 URL: <https://www.n-create.co.jp/>
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 Scheduled date of filing of Quarterly Report: November 15, 2021
 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 First Quarter of the Fiscal Year Ending June 30, 2022
(July 1, 2021 to September 30, 2021)**

(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	%
Three months ended Sep. 30, 2021	743	14.7	176	8.2	214	42.4	149	42.4
Three months ended Sep. 30, 2020	648	-	163	-	150	-	104	-

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Sep. 30, 2021	10.51	10.31
Three months ended Sep. 30, 2020	8.09	7.71

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 three months ended September 30, 2020 is calculated by using the average stock price from the date of listing to the end of the first 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 Sep. 30, 2021	4,348	3,063	70.5
As of Jun. 30, 2021	4,323	2,983	69.0

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2021: 3,063 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	-	-	-	-	-
Fiscal year ending Jun. 30, 2022 (forecast)	-	0.00	-	5.00	5.00

Note: 1. 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 Sep. 30, 2021:	14,238,440 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 Sep. 30, 2021:	30 shares	As of Jun. 30, 2021:	30 shares
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3) Average number of outstanding shares during the period

Three months ended Sep. 30, 2021:	14,230,797 shares	Three months ended Sep. 30, 2020:	12,983,106 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 September 30, 2021.

During the three-month period ended September 30, 2021, 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. Nevertheless, we need to keep an eye on the pandemic situation at home and abroad and effects of supply chain issues as these pose downside risk to the economy, fluctuations in the financial and capital markets and other factors.

Nihon Jyoho Create provides IT solutions like SaaS-type cloud services to the real estate industry. The passage of the Digital Reform Bill and establishment of Digital Agency means that digital transformation (DX) (elimination of seal impressions) of real estate transactions is just around the corner and will accelerate. In addition, there is a growing movement to promote IT-related investment in the industry, such as in the “real estate tech” that combines real estate transactions and technology. There is a growing number of companies that are enhancing operational efficiency through digital transformation.

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 follow up with proposals for 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.

We plan to release on November 19, 2021 the “Chintai Kakumei E-Contract Option” developed inhouse for complete digitalization of the real estate industry. The new user-friendly product offers enhanced operability and advanced screen design. We have received positive responses from existing customers. In addition, the expansion of sales office network is progressing smoothly. While we are running somewhat behind on our annual recruiting plan for salesforce (consultants), we have received many applications nationwide and are working to achieve the target.

As for alliances with partner companies for creation of platform to best fit real estate industry, we have started alliances with SBI Nihon SSI Co., Ltd. and Nihon Kyosai Co.,Ltd. regarding application for rental property insurance. We also have collaboration agreements with rent guarantee companies and lifeline agents. Going forward, we will actively promote business alliances with insurance companies.

We were concerned that the impact of the COVID-19 pandemic would be prolonged because of the issuance of a state of emergency to curb the spread of infections nationwide. However, the impact on our financial results was not significant as infections in Miyazaki were limited, and thanks to the utilization of video- and teleconference as before for our sales activities.

We have received a notification from Tokyo Stock Exchange on July 9, 2021, that Nihon Jyoho Create has met the listing maintenance standards for the Growth Market of the Tokyo Stock Exchange based on the initial assessment of compliance with the listing requirements for the new market segment. After a Board resolution based on this assessment, we will proceed with the application for the selection of new market segment.

Our results of operations for the first three-month period from July 1, 2021 to September 30, 2021 were as follows:

Net sales: 743 million yen, increase of 95 million yen (14.7%) over the same period last year

Operating profit: 176 million yen, an increase of 13 million yen (8.2%) over the same period last year

Ordinary profit: 214 million yen, an increase of 64 million yen (42.4%) over the same period last year

Profit: 149 million yen, an increase of 44 million yen (42.4%) over the same period last year

The performance by service category is as follows.

Solutions for Brokers

In the Solutions for Brokers segment, we have actively made proposals of our tools and services such as promotion with own website, operation of web advertisement, and solutions related to real estate portal sites to address the needs and solve issues facing real estate companies that use our products. We have also taken actions as a freemium strategy (see note) to increase values of our product by adding links of services with rent guarantee companies to our “Electronic Rent Application” function of inter-agent platform that we currently provide free of charge. This has led to significant upselling, making the sales of this category to 220 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

Both the sales to new and existing customers were strong. Earnings from 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 515 million yen.

* In addition to above sales of 735 million yen from the Solutions for Brokers and the Solutions for Property Management, sales of 8 million yen were recorded from other activities.

(2) Explanation of Financial Position

1) Assets

Total assets at the end of the first quarter of the current fiscal year increased by 24 million yen from the end of the previous fiscal year to 4,348 million yen. The balance of current assets decreased by 68 million yen from the end of the previous fiscal year to 3,345 million yen. The balance of non-current assets increased by 92 million yen from the end of the previous fiscal year to 1,002 million yen.

The decrease in current assets is primarily attributable to a decrease in cash and deposits due to dividend payments. The increase in non-current assets is primarily attributable to an increase in intangible assets and an increase in investments and other assets resulting from the opening of new sales offices.

2) Liabilities

Total liabilities at the end of the first quarter decreased by 55 million yen from the end of the previous fiscal year to 1,284 million yen. The balance of current liabilities decreased by 55 million yen from the end of the previous fiscal year to 1,278 million yen.

This is primarily attributable to a decrease in other current liabilities (accrued expenses).

3) Net assets

Net assets at the end of the first quarter increased by 80 million yen from the end of the previous fiscal year to 3,063 million yen.

This is primarily attributable to an increase of 149 million yen in retained earnings due to the booking of profit and a decrease of 71 million yen due to dividends of surplus.

(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)	First quarter of FY6/22 (As of Sep. 30, 2021)
Assets		
Current assets		
Cash and deposits	2,990,952	2,909,500
Accounts receivable-trade	302,738	298,090
Merchandise	1,405	291
Work in process	9,859	6,823
Supplies	1,712	1,469
Other	114,490	138,915
Allowance for doubtful accounts	(7,169)	(9,164)
Total current assets	3,413,988	3,345,926
Non-current assets		
Property, plant and equipment		
Land	220,745	220,745
Other, net	200,247	201,452
Total property, plant and equipment	420,992	422,197
Intangible assets	257,391	333,552
Investments and other assets		
Other	271,355	283,578
Allowance for doubtful accounts	(40,116)	(37,096)
Total investments and other assets	231,239	246,481
Total non-current assets	909,623	1,002,231
Total assets	4,323,611	4,348,158
Liabilities		
Current liabilities		
Accounts payable-trade	8,493	8,998
Income taxes payable	140,127	65,449
Contract liabilities	-	875,764
Advances received	848,677	-
Provision for bonuses	-	59,532
Provision for loss on order received	226	-
Other	336,571	269,198
Total current liabilities	1,334,095	1,278,943
Non-current liabilities		
Asset retirement obligations	4,804	4,571
Other	1,542	1,156
Total non-current liabilities	6,346	5,728
Total liabilities	1,340,442	1,284,671
Net assets		
Shareholders' equity		
Share capital	719,408	720,368
Capital surplus	689,408	690,368
Retained earnings	1,574,318	1,652,693
Treasury shares	(66)	(66)
Total shareholders' equity	2,983,068	3,063,363
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	101	123
Total valuation and translation adjustments	101	123
Total net assets	2,983,169	3,063,486
Total liabilities and net assets	4,323,611	4,348,158

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

(Thousands of yen)

	First three months of FY6/21 (Jul. 1, 2020 – Sep. 30, 2020)	First three months of FY6/22 (Jul. 1, 2021 – Sep. 30, 2021)
Net sales	648,448	743,801
Cost of sales	174,699	194,789
Gross profit	473,749	549,012
Selling, general and administrative expenses	310,330	372,176
Operating profit	163,419	176,835
Non-operating income		
Interest income	7	0
Commission income	1,664	-
Insurance return	-	38,947
Other	673	199
Total non-operating income	2,346	39,147
Non-operating expenses		
Going public expenses	14,519	-
Foreign exchange losses	303	1,027
Other	0	-
Total non-operating expenses	14,822	1,027
Ordinary profit	150,943	214,955
Extraordinary losses		
Loss on retirement of non-current assets	11	-
Total extraordinary losses	11	-
Profit before income taxes	150,931	214,955
Income taxes	45,956	65,449
Profit	104,975	149,506

(3) Notes to Quarterly Non-consolidated Financial Statements

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

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.