

Business Plan and Growth Potential

Nihon Jyoho Create Co., Ltd.

| Tokyo Stock Exchange Mothers Market: 4054



December 22, 2021

Mission

**Dedicated to the happiness of
everyone we serve!**

Vision

**Use technology to create innovative
platforms for the real estate sector**

Making real estate transactions an even greater source of happiness

Our goal

Real estate transactions produce happiness and appreciation by fulfilling customers' dreams in the form of a property that precisely matches their requirements. This is our belief. Real estate companies are dedicated to achieving the simple goal of transforming customers' dreams into reality and making them happy. We play a role in this happiness by using the latest technologies to create extremely convenient platforms for real estate companies.

Yonetsu Kenichi, Representative Director, President



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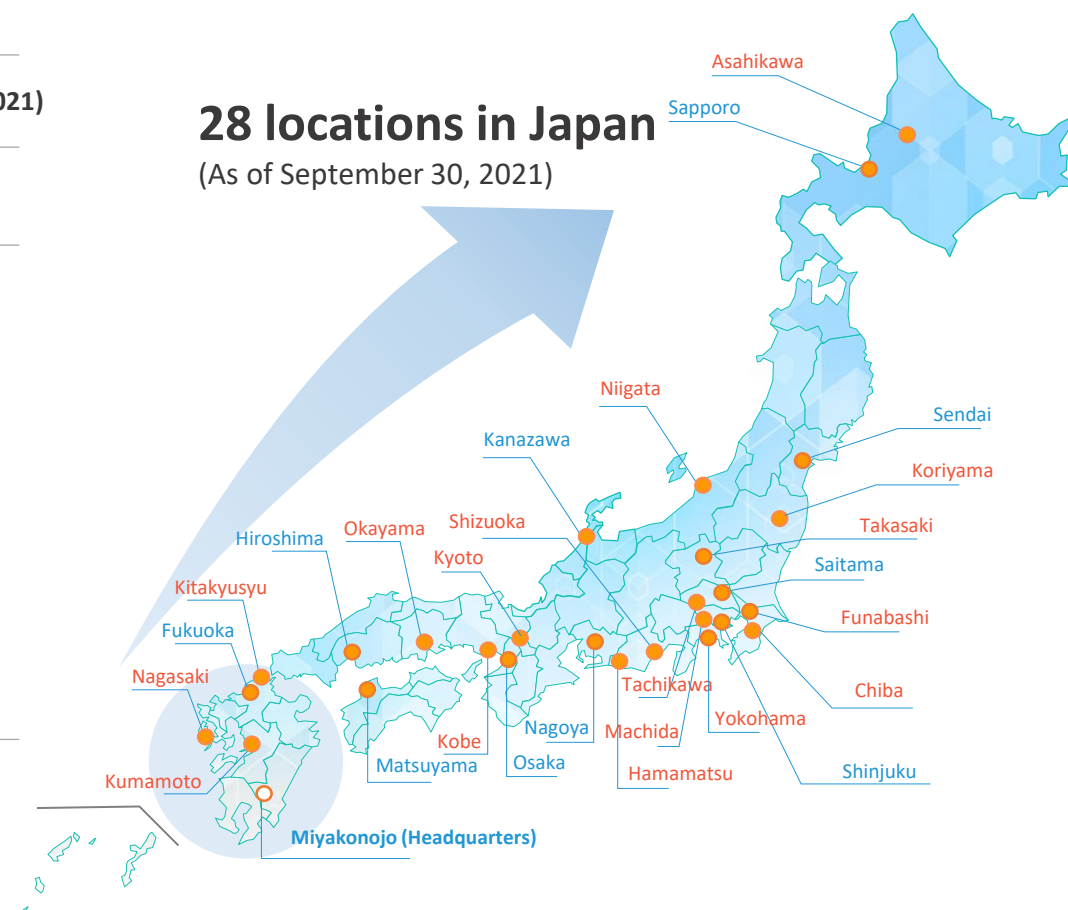
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Business Activities

Company Profile

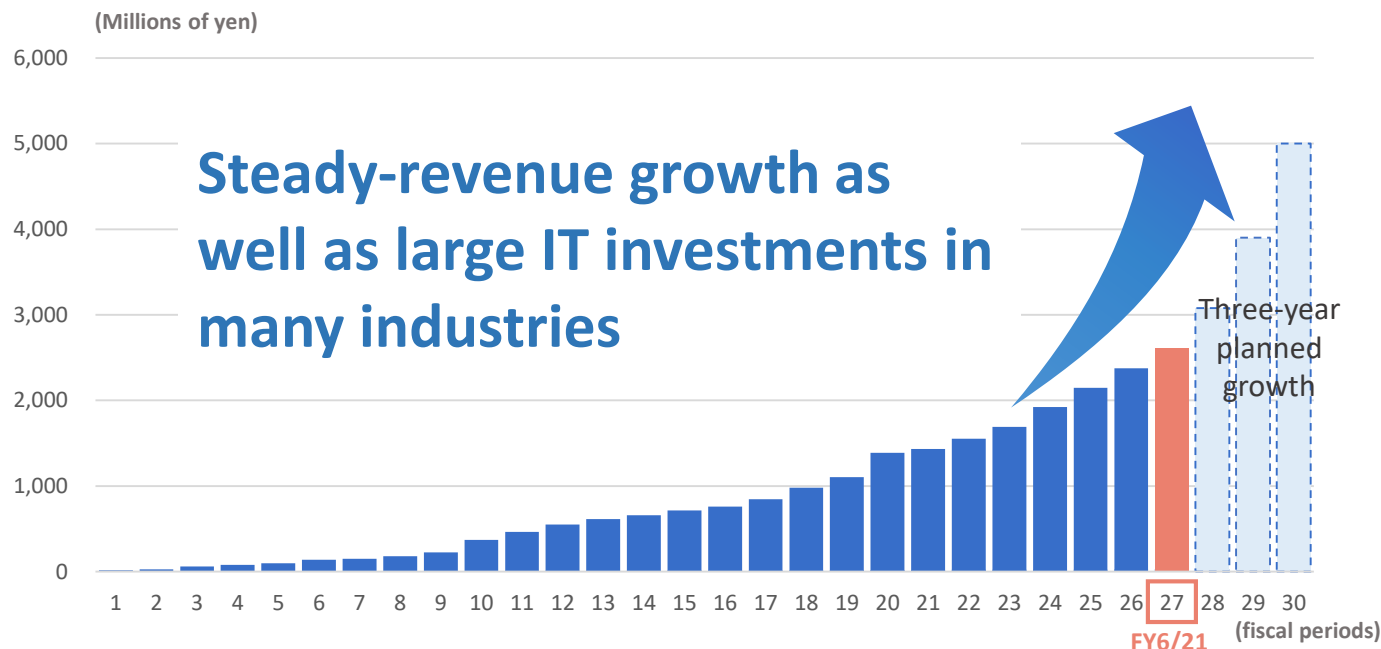
Company name	Nihon Jyoho Create Co., Ltd.
Establishment	August 1994
Location	13-18 Kanmachi, Miyakonojo-shi, Miyazaki prefecture
Number of employees	266 including 242 full-time employees (As of June 30, 2021)
Business activities	Development and sales of application systems and services for real estate industry
Executive officers	<p>Yonetsu Kenichi, Representative Director, President</p> <p>Maruta Hideaki, Director, Head of Development Dept</p> <p>Arai Atsushi, Director, Head of Sales Dept</p> <p>Senokuchi Naohiro, Director, Head of Administration Dept</p> <p>Umino Daisuke, Director, Chair of Audit & Supervisory Committee</p> <p>Miura Hiroshi, External Director, Audit & Supervisory Committee member</p> <p>Yamamoto Osamu, External Director, Audit & Supervisory Committee member</p>
Listed market	Tokyo Stock Exchange (Mothers) code: 4054

Offices Sapporo/Asahikawa/Sendai/Koriyama/Takasaki/Niigata
Shinjuku/Tachikawa/Saitama/Funabashi/Chiba/Yokohama/Machida
Osaka/Kyoto/Kobe/Kanazawa/Nagoya/Hamamatsu/Shizuoka
Hiroshima/Okayama/Matsuyama/
Fukuoka/Kitakyusyu/Nagasaki/Kumamoto/Miyazaki (Headquarters)



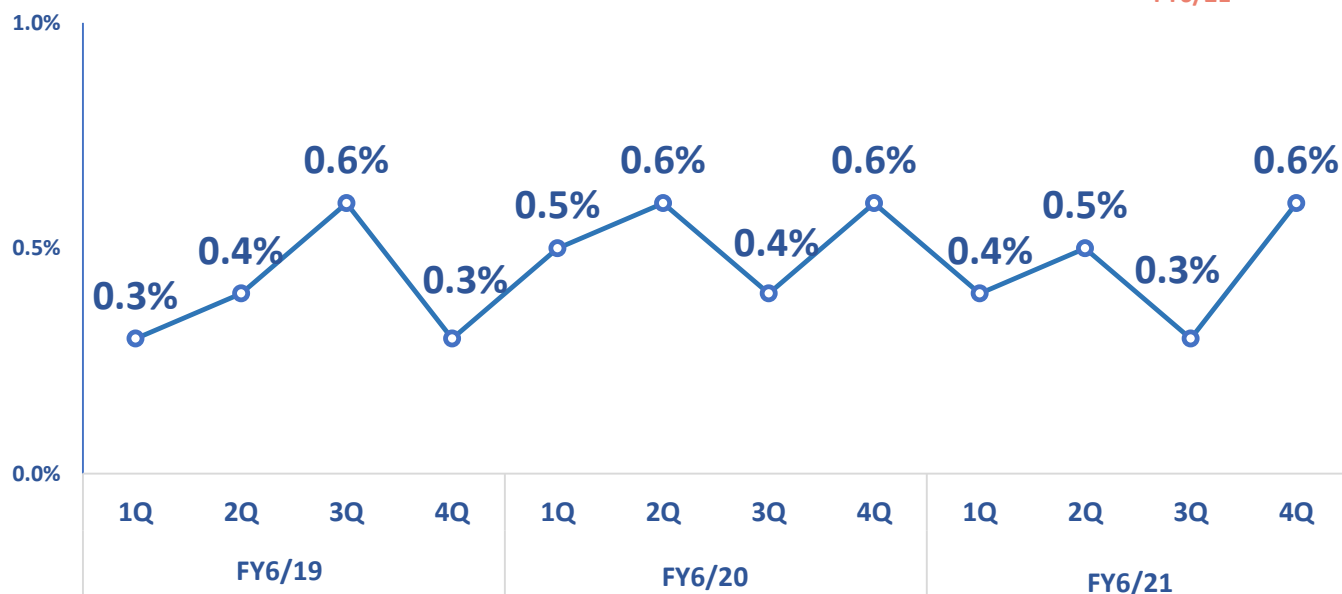
A Record of Continuous Growth

Consecutive sales growth for 27 years since the founding in 1994



FY6/21 cancellation rate: 0.5%

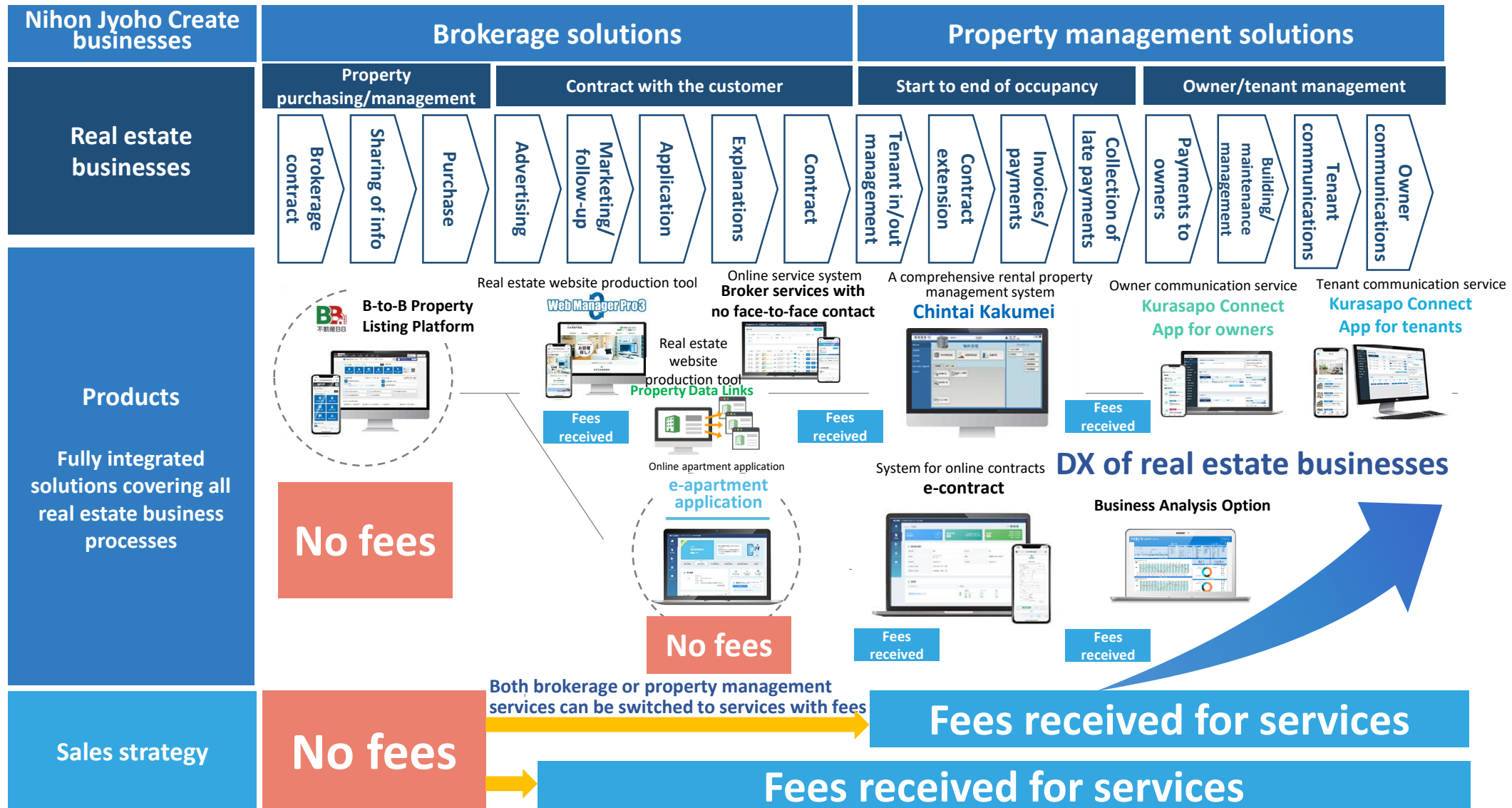
*Average of monthly cancellation rates



The cancellation rate is the decrease in monthly fees caused by contract cancellations divided by fees in that month from existing contracts.

One-stop Solutions for the DX of the Real Estate Industry

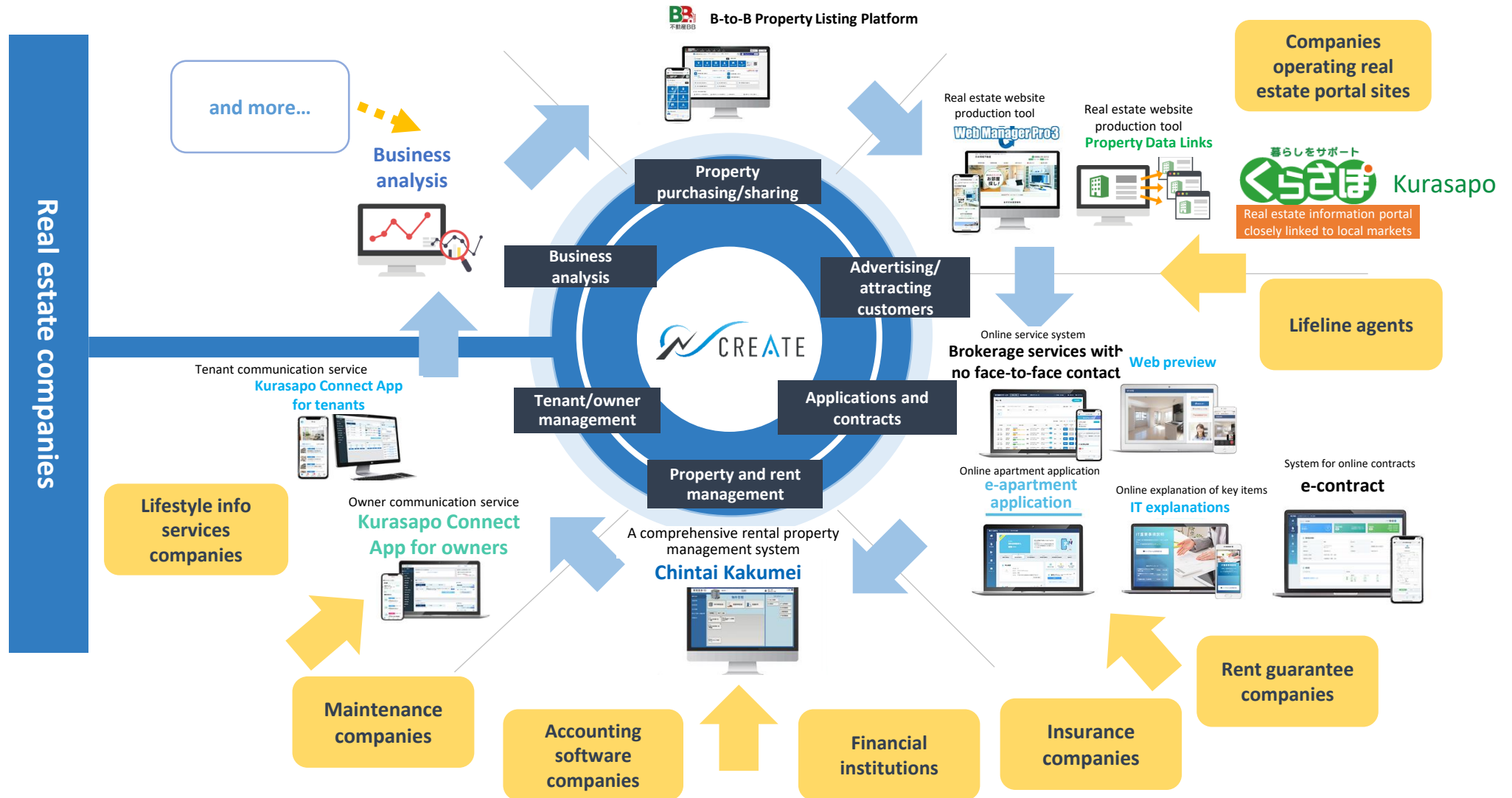
The Fudosan BB property listing platform for real estate brokers, which is offered at no charge, is used to attract customers and provide an entry point for cross-selling and upselling activities.



Platform Strategy

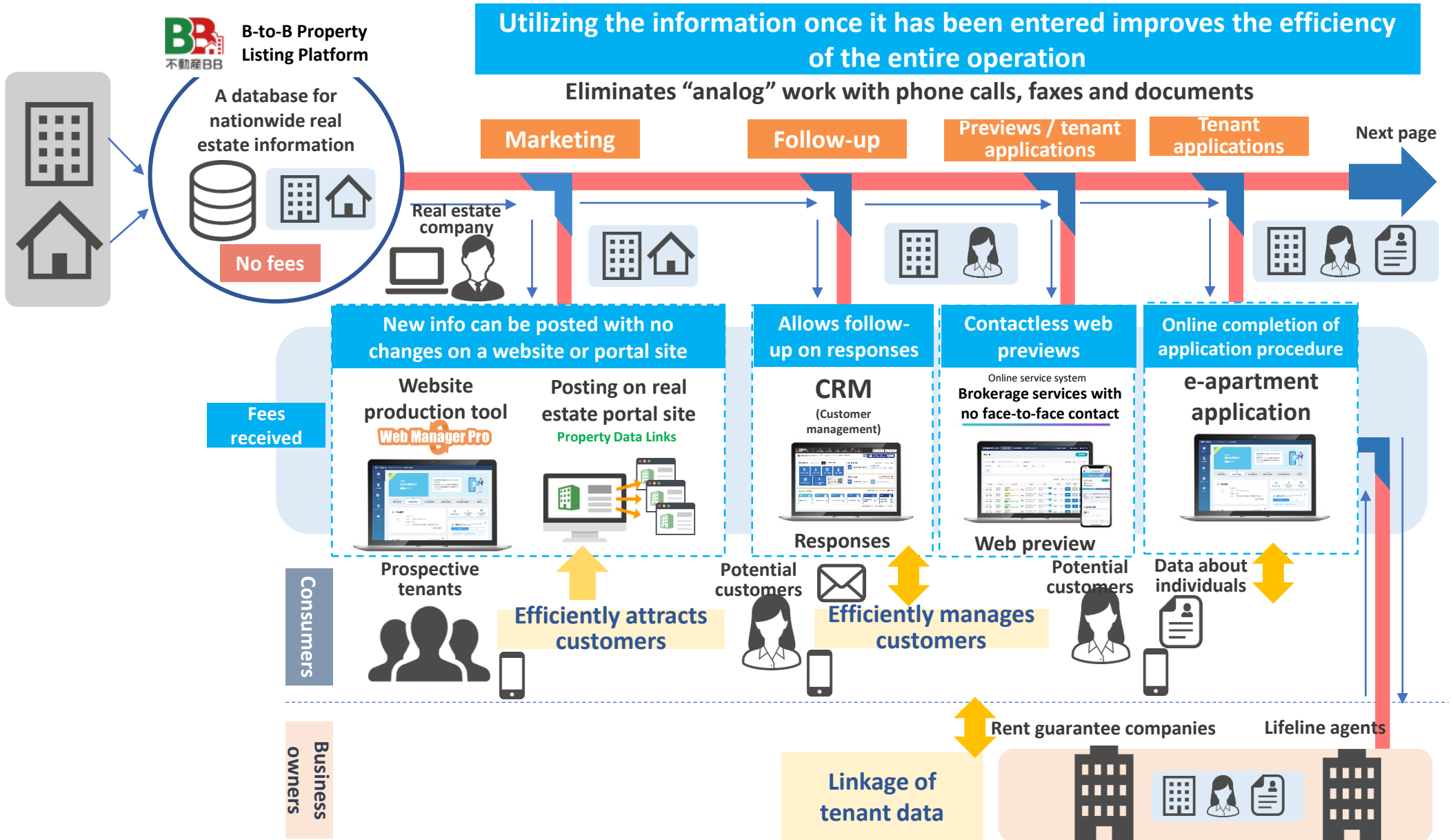
Platform
Full coverage of real estate business processes

Stepping up the pace of growth of a platform with substantial added value by forging alliances with a variety of companies associated with the real estate industry



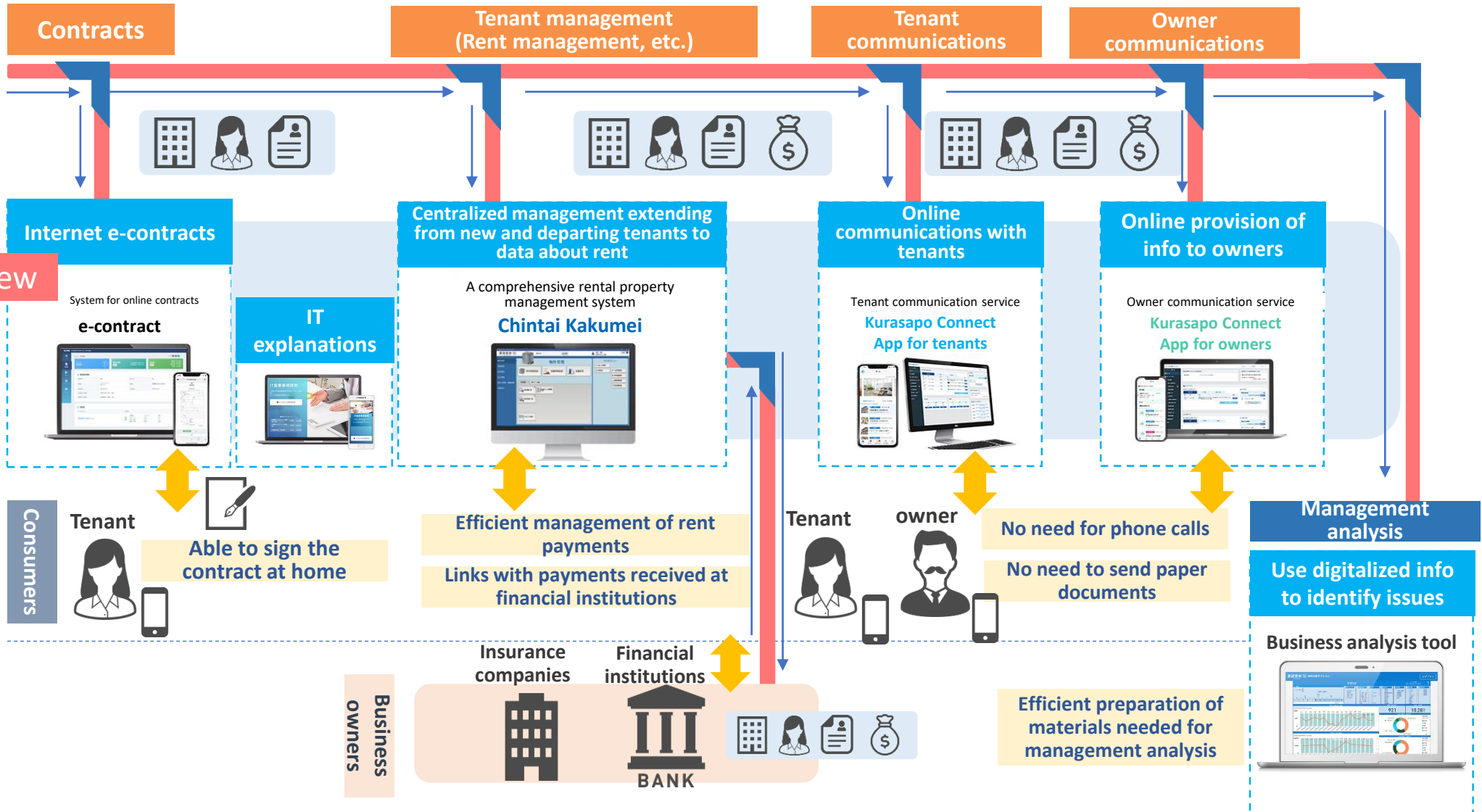
Why Customers Choose Our Services First

Seamless data linkage for efficiency of all real estate business processes



Why Customers Choose Our Services First

Data encompasses every step from purchasing properties to managing new and departing tenants



Products and Services

Internet platform for B-to-B sharing of property listings

Fudosan BB

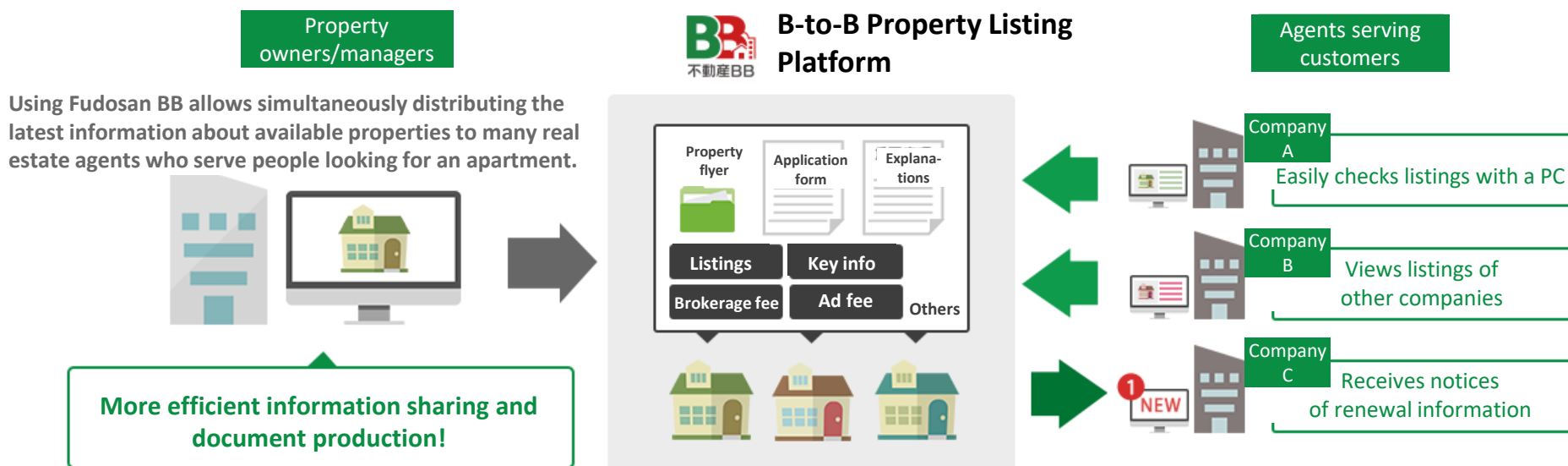


B-to-B Property Listing Platform



A **free** internet service for the **real-time sharing** among real estate agents **of their listings**

Fudosan BB allows real estate agents to view listings any time of the day, resulting in the more efficient sharing of information among property management companies and real estate brokers



Products and Services

Real estate website production tool

WebManagerPro Series

WebManagerPro was created specifically to produce real estate websites designed to attract more customers. Many templates are available for the simple production of original websites.



- Compatible with mobile phones
- Responsive web design template
- Entry form optimization (EFO)
- Long tail optimization (LTO)
- SSL for secure internet communications

■ Drag-and-drop website production

This format allows even real estate companies with no website production experience to create a website with ease. Using the management screen allows performing tasks that would normally require a website production company.



■ Allows simultaneous PC/Smartphone editing

PC and smartphone editing at the same time cuts the time needed for website production. Websites easy to view on a smartphone are also useful for searches.



■ Linkage with NJC's real estate system makes businesses tasks more efficient

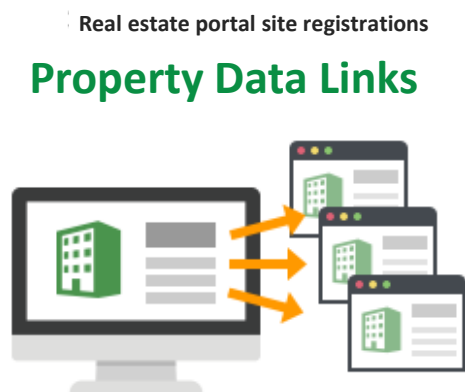
Linkage with Chintai Kakumei and Fudosan BB allows incorporating registered properties in the website. Efficiency is higher due to elimination of the need for manual input of data.



Products and Services

Real estate portal site registrations

Property Data Links



New property information entries are automatically incorporated in the portal site



Property Data Links

This service can post property information registered on Fudosan BB, Chintai Kakumei and Baibai Kakumei simultaneously on many types of portal sites. Using this service saves time and prevents input errors because there is no need to use the input forms of each site.

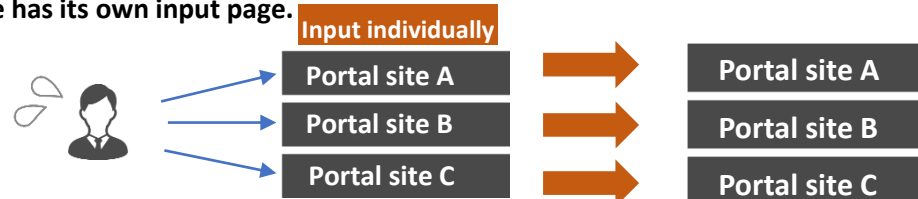
With Property Data Links

Linkage with Fudosan BB and Chintai Kakumei allows posting real estate information on many portal sites simultaneously with no need for the re-entry of data. Time for inputting data is reduced.



Conventional method

Normally, data about a property must be input individually because every portal site has its own input page.



Products and Services

A comprehensive rental property management system

Chintai Kakumei 10

Centralizes every property management task from tenant changes to rent

賃貸革命10

Chintai Kakumei



Survey
Based on perception of rental management systems of individuals nationwide between the ages of 20 and 59.
Date: May 2018
Method: Internet questionnaire

Centralized management of rent invoicing, collection and payment processing significantly reduces data processing errors and lost data.

Efficient rent management raises the value of companies



Chintai Kakumei facilitates the centralized management of information about properties, owners and tenants. The scale of this information makes it possible to use Chintai Kakumei for many other tasks. Examples include property management and the management of leases, rent payments, tenant inquiries, repairs and maintenance, and other items. Eliminating wasted time and reducing mistakes helps companies become a more trusted partner for owners and customers.

Products and Services

Communication Service

Kurasapo Connect

A smartphone app with a link to Chintai Kakumei for simple communications with tenants and owners

Tenant communication service

Kurasapo Connect App for tenants



This tenant app allows tenants to use a smartphone to submit questions about their residences, receive notices, apply for lease renewals or terminations, confirm date and amount of rent payment, and perform other activities.

Owner communication service

Kurasapo Connect App for owners



This app is used by a property management company to send owners payment remittance notices, income and expense reports, and reports following visits to buildings. Communications also include notices sent to owners and questions and other messages from owners to property management companies.

Products and Services

Online service system

Contactless brokerage services

Use **contactless brokerage services** to attract customers
Fully integrated: Web preview - e-apartment application - IT explanations



Web sales activities



Web preview



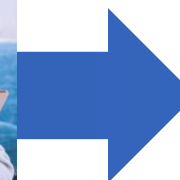
e-apartment application



IT explanations

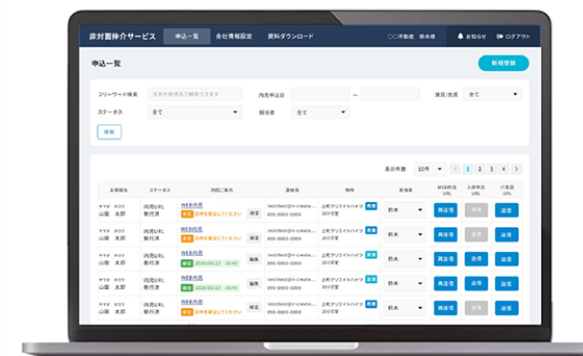


e-contract



An online customer interaction service for fully contactless activities for sales, previews, tenant applications and explanation of key items.

Online communication tools for previews and explanation of key items are also products developed by **Nihon Jyoho Create**. This ensures easy and efficient communications with customers with no need to switch to a different tool.

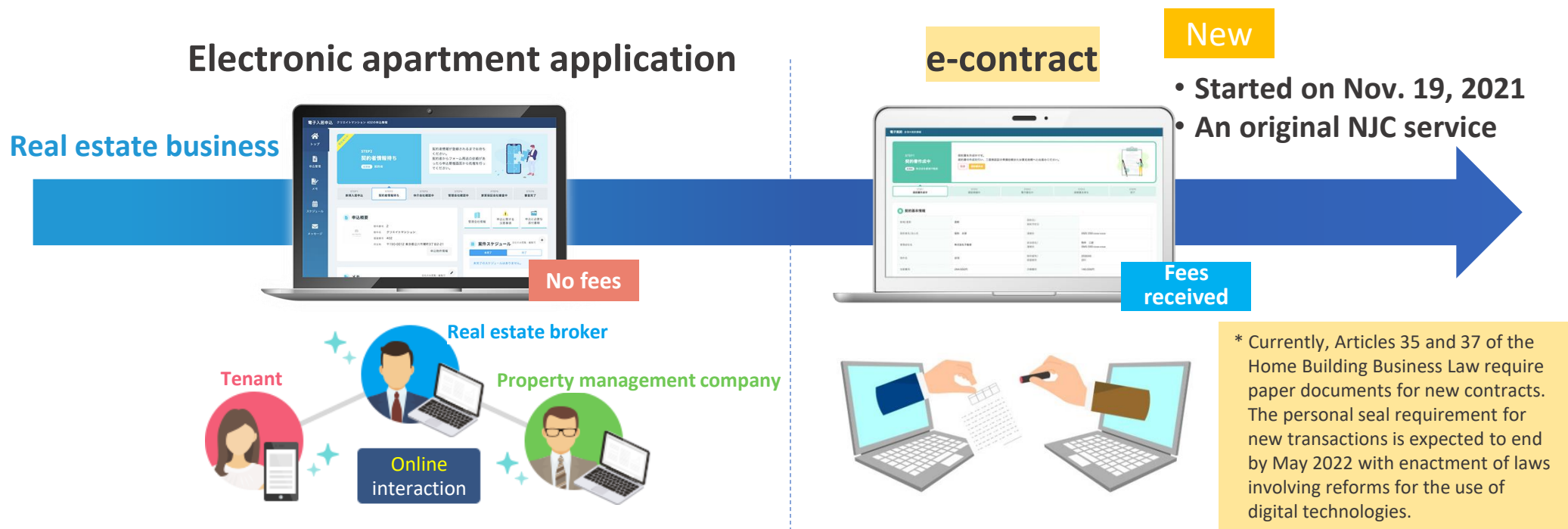


Products and Services

Online service system

Electronic apartment application/e-contract

Combining e-applications with the new e-contract service further raises the speed of the digitalization of real estate transactions



Electronic apartment applications are a function provided to property management companies using Fudosan BB (no fee) in order to perform every step of the application process online. No need for paper applications, faxes and phone calls. These e-applications reduce tasks and are ideal for telework.

Customers pay a fee for the online signing of agreements for the renewal of a real estate lease or a rented parking space. This online service improves the ease and safety of some procedures for rental agreements that previously required face-to-face meetings and sending documents by postal mail.

Financial Results and Growth of Our Services

Financial Highlights

In FY6/21, both sales and earnings increased to a record high

(Millions of yen)	FY6/20	FY6/21	YoY change
Net sales	2,375	2,617	+10.2%
Brokerage solutions	789	850	+7.8%
Property management solutions	1,563	1,743	+11.6%
Gross profit	1,744	1,895	+8.7%
Gross profit margin	73.4%	72.4%	+0.4pt
Operating profit	524	585	+11.6%
Operating margin	22.1%	22.4%	+0.3pt
EBITDA	567	633	-
Ordinary profit	565	642	+13.5%
Profit	367	414	+12.9%

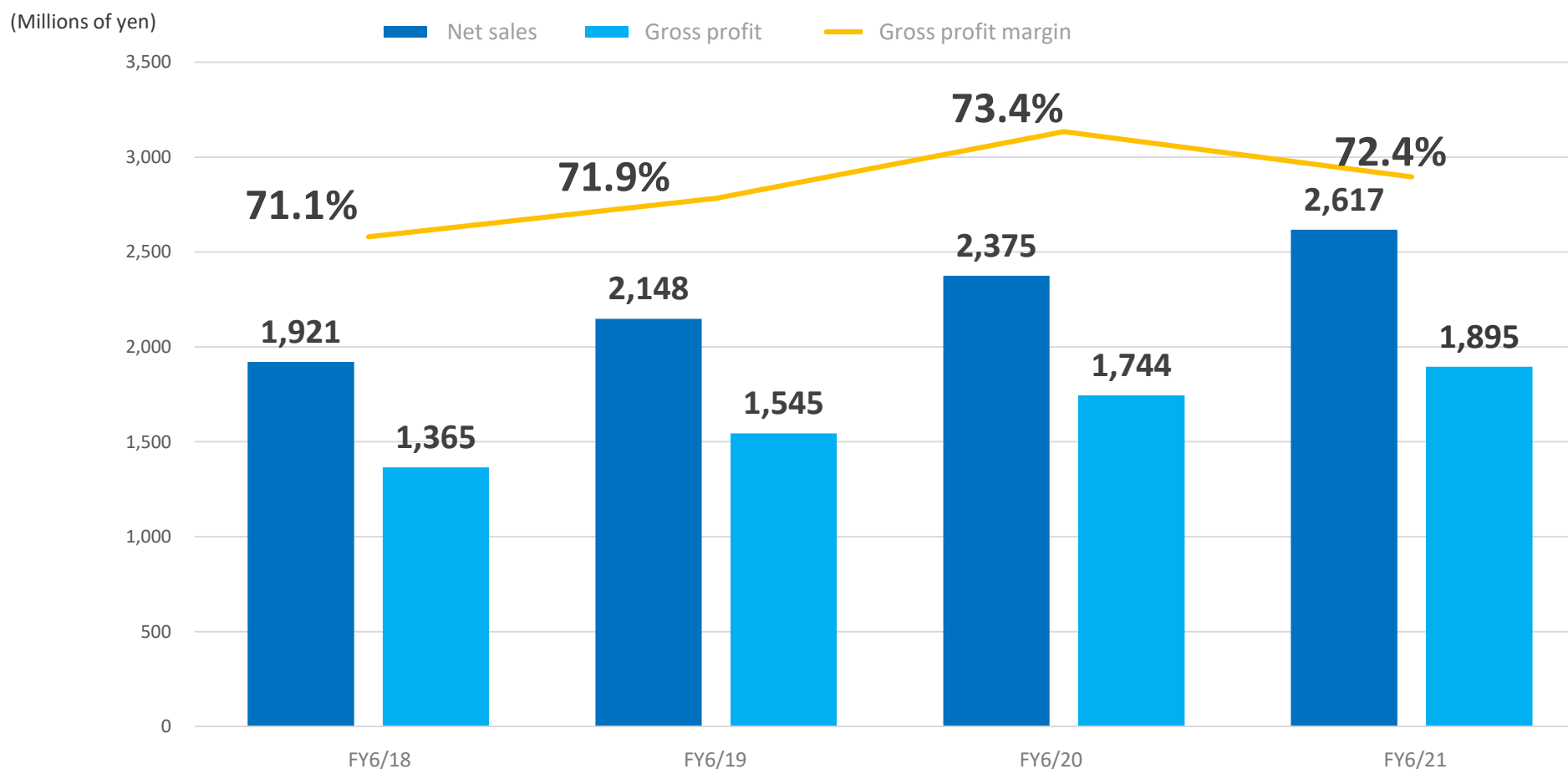
Brokerage solutions is sales of brokerage support services provided to real estate brokers.

Property management solutions is sales of administration support services provided to rental management companies.

High Levels of Profitability and Financial Soundness

A high profit margin due to products and services with substantial added value

Gross profit margin

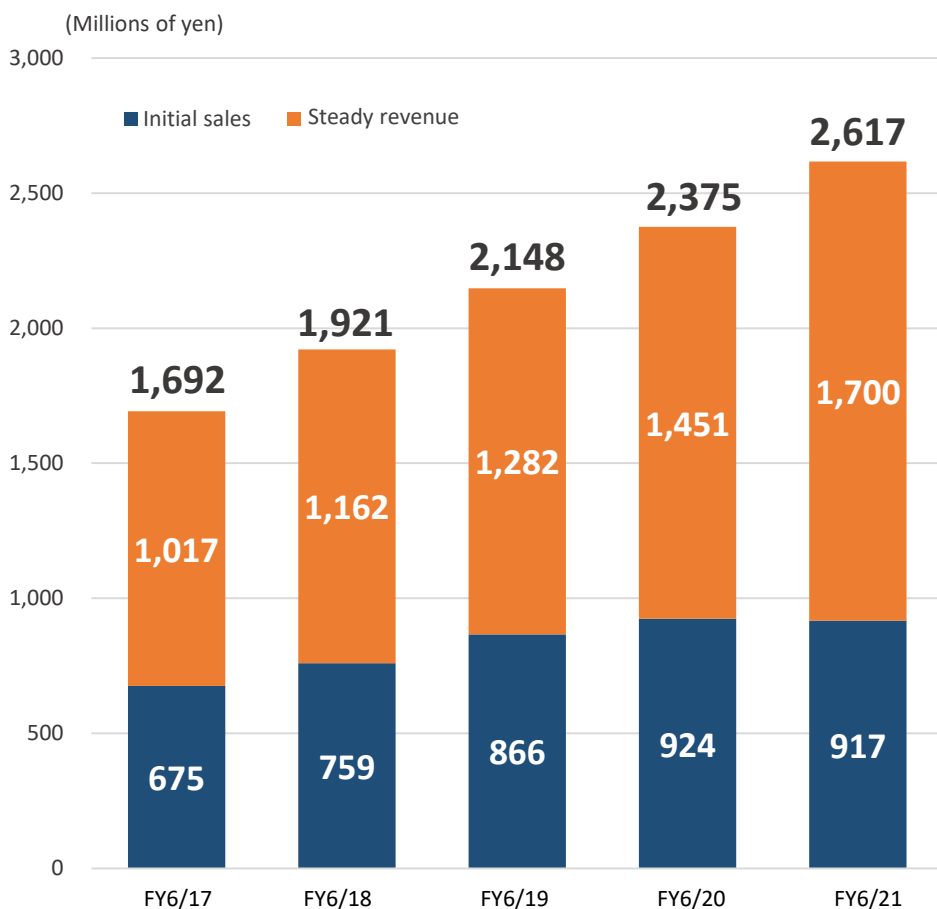


High Levels of Profitability and Financial Soundness

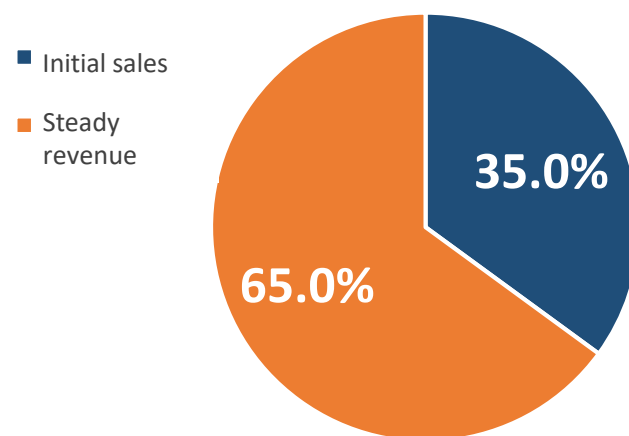
Financial soundness backed by consistent growth of steady revenue

■ Growth of initial sales and steady revenue

FY6/21 net sales **¥2,617 million**



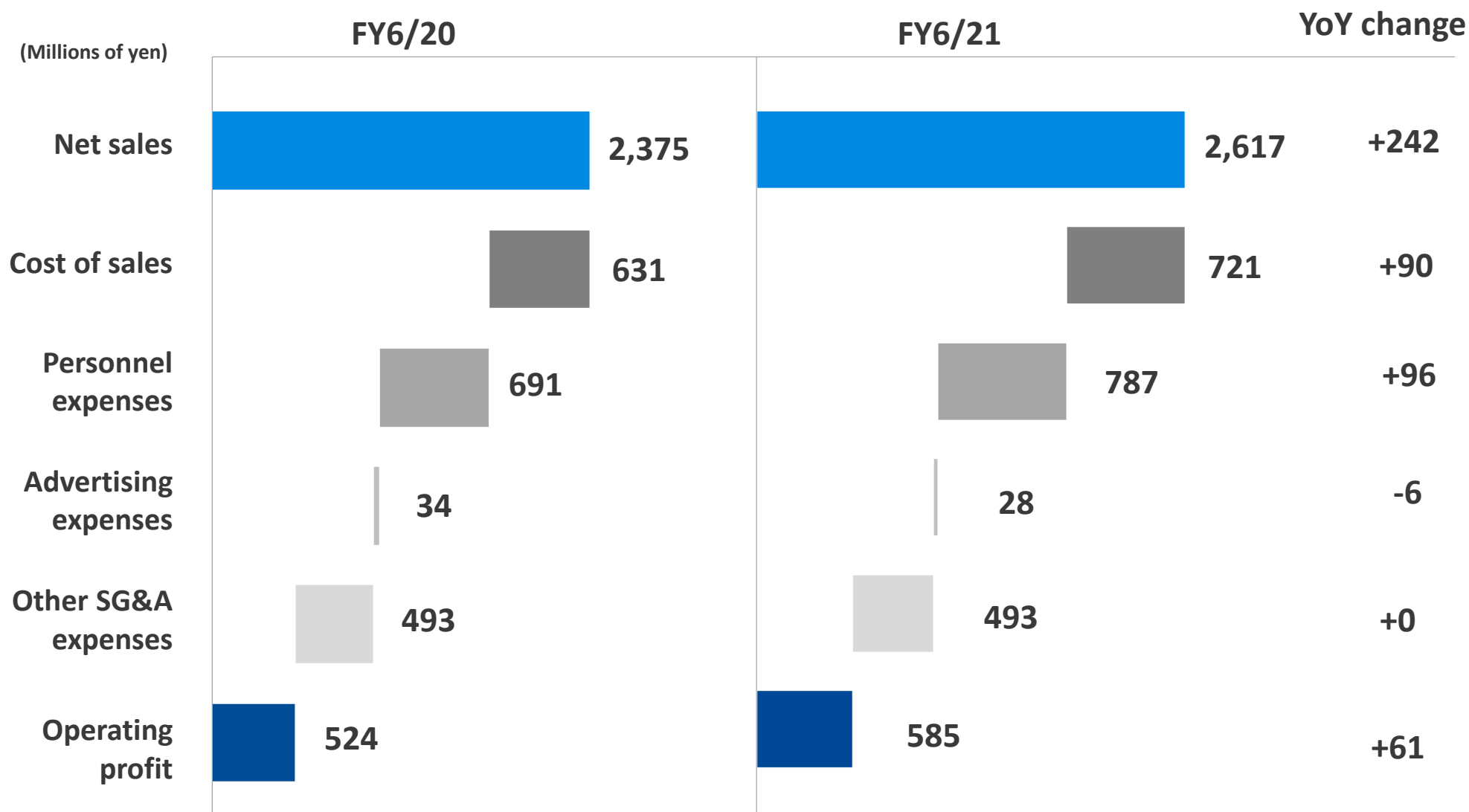
65% are steady revenue



- Initial sales**
 The cost of starting to use software and the software license, which are all recorded at the time of the sale.
- Steady revenue**
 License fees and service utilization fees that are recognized as sales during the corresponding maintenance and utilization periods.

Operating Profit

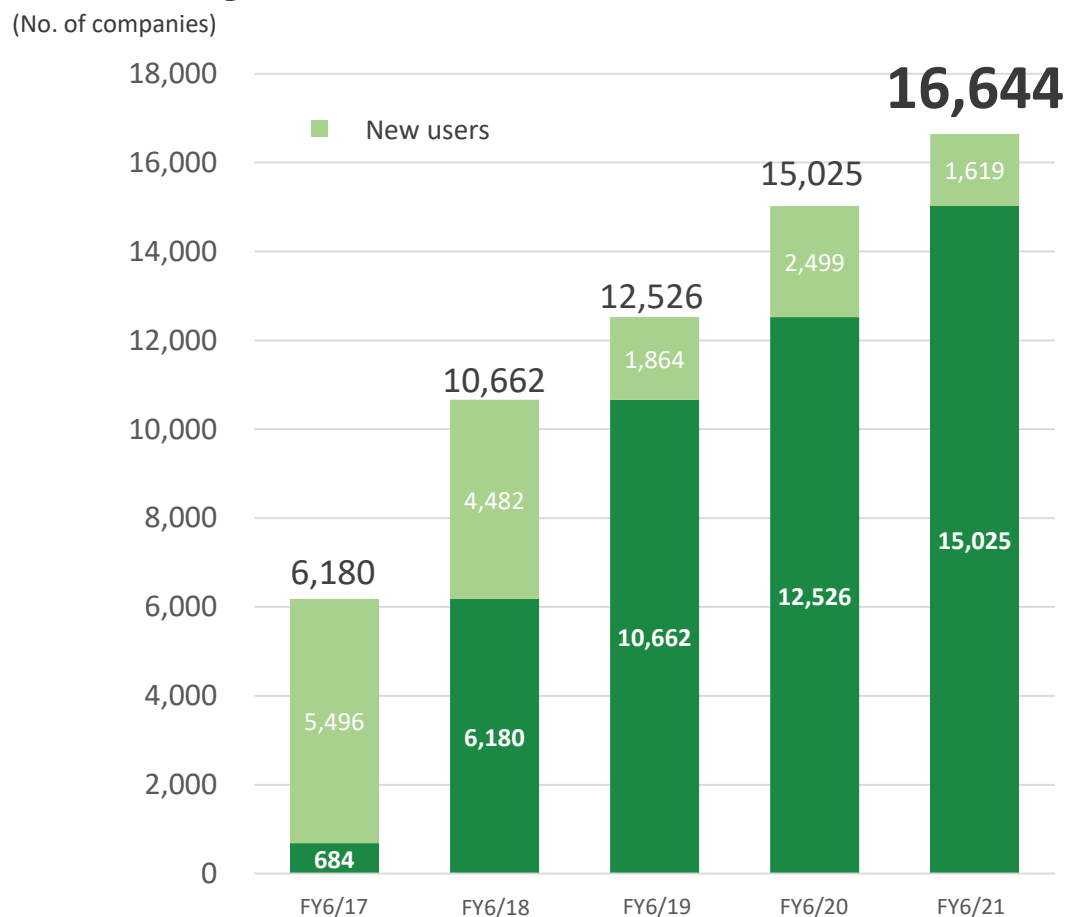
Steady operating profit growth as investments in people and R&D continue



Companies Using NJC Products and Services

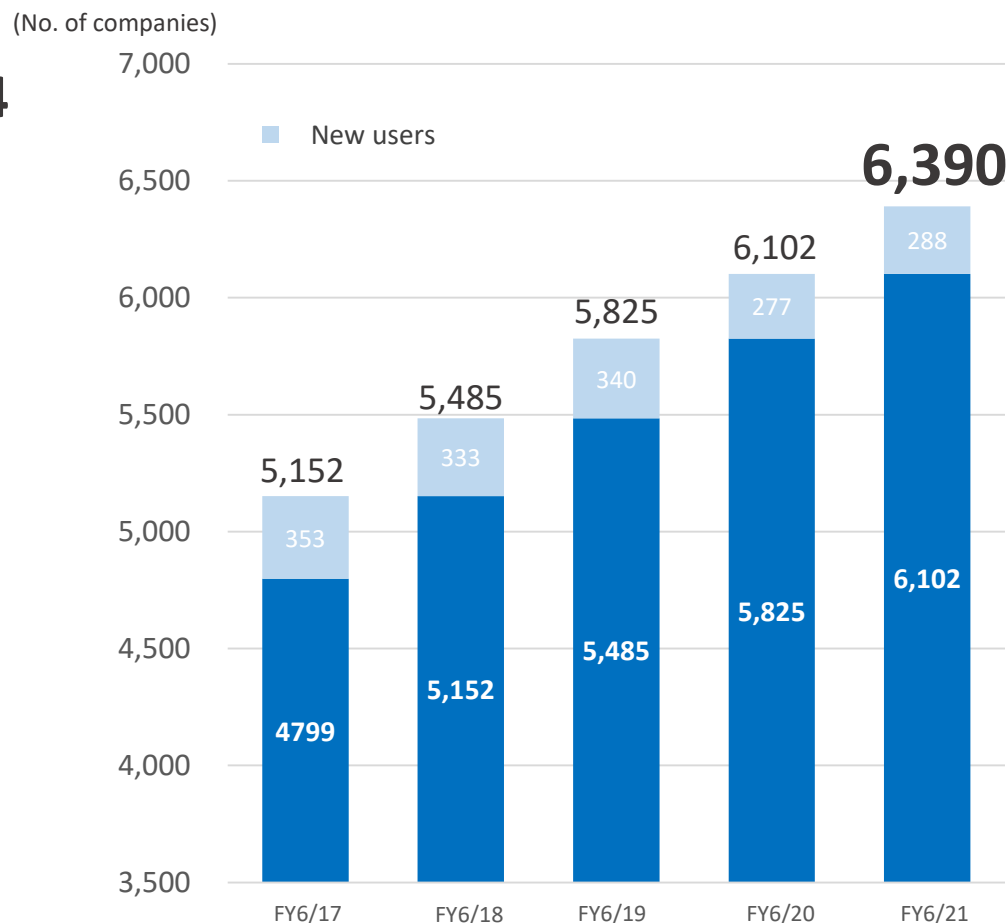
Companies using the free B-to-B Property Listing Platform (Fudosan BB)

Focusing on cross-selling and upselling current customers while continuing to increase the number of companies using the free service



Companies using services provided for a fee

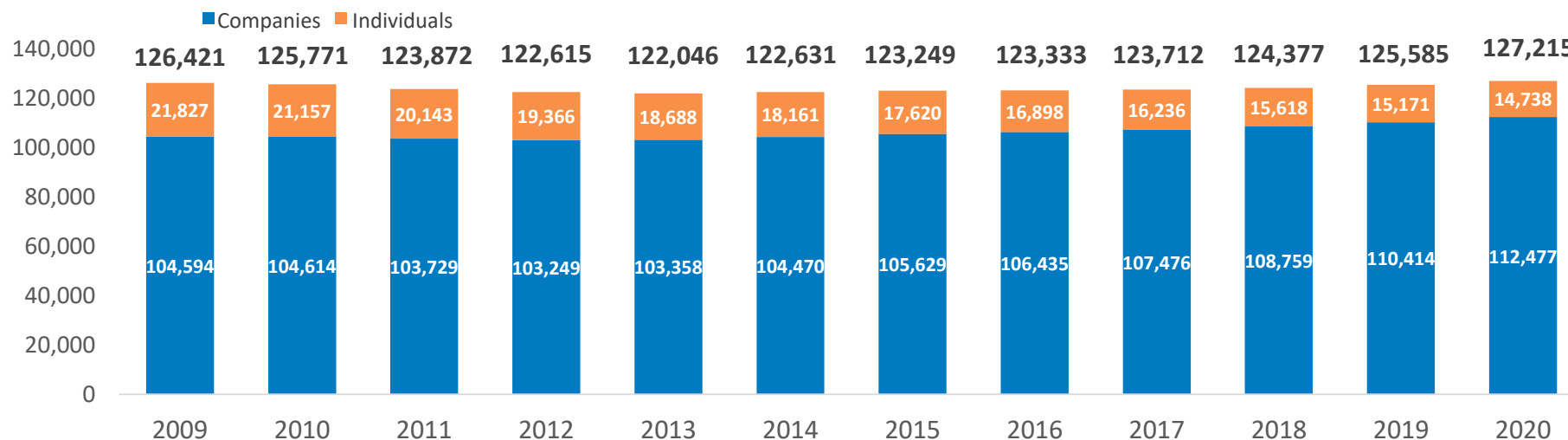
Steady growth in the number of companies paying a fee for services as companies switch from free services to services with fees



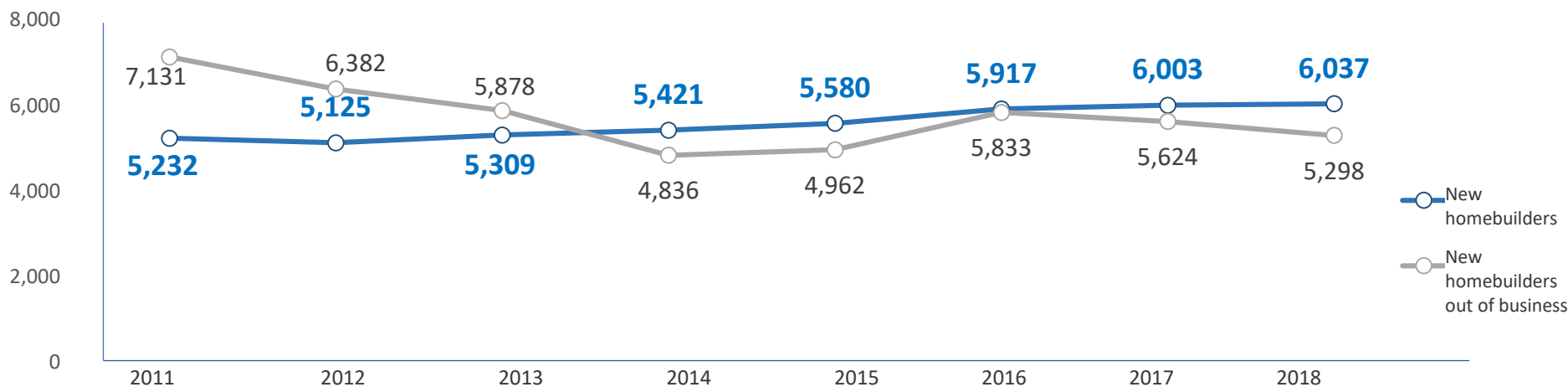
Market Environment

Homebuilders in Japan

Consistently about 120,000 homebuilders with 6,000 new businesses every year



Source: Statistics for Homebuilders and Residential Land and Building Transaction Brokers, end of fiscal 2020, Real Estate Transaction Improvement Organization

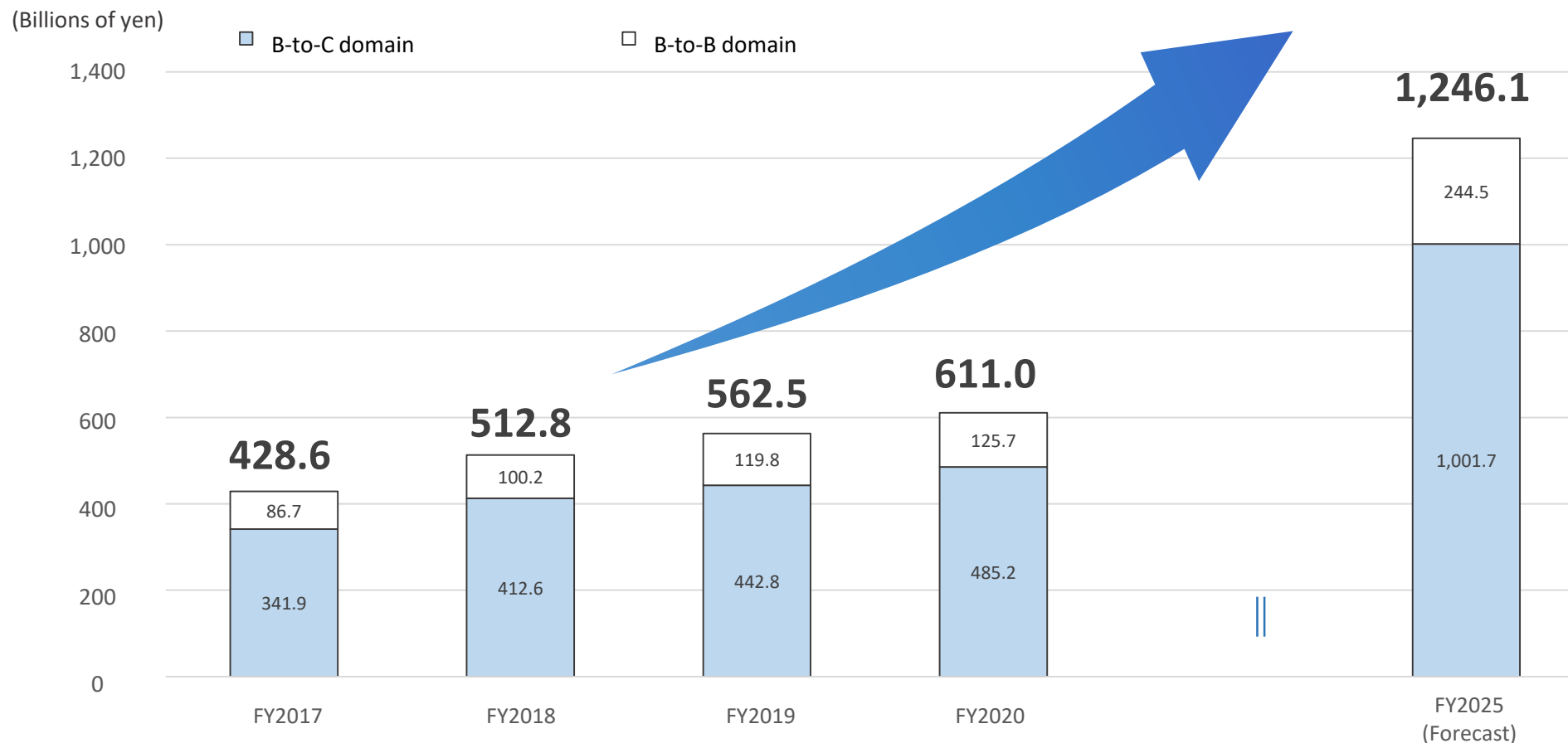


Source: Statistics for Homebuilders and Residential Land and Building Transaction Brokers, end of fiscal 2018, Real Estate Transaction Improvement Organization and Number of Residential Land and Building Transaction Companies, Ministry of Land, Infrastructure, Transport and Tourism

Japan's Growing Real Estate Technology Industry

Rapid growth of **Japan's real estate technology industry** is expected, which will increase the need for the products of **Nihon Jyoho Create**

Japanese Real Estate Technology Market Survey (2021)



Source: 2021 Japanese Real Estate Technology Market Survey by Yano Research Institute, August 17, 2021

A Favorable Business Climate Too

Acceleration of the DX due to new laws involving digital reforms

Establishment of a Digital Agency and faster move to fully electronic real estate transactions

Digital technology reform laws passed in May 2021 allow an electronic format (e-contract) for important items and contracts for real estate transactions. Enactment is planned for no later than May 2022.



In Japan's enormous real estate sector, which has a GDP of about ¥65 trillion, the real estate industry's labor productivity index is still lower than the average for all industries. The establishment of a Digital Agency and a legal framework for fully electronic real estate transactions are expected to increase the pace of the DX in all markets.

Law for Proper Management of Rental Housing

Start of registration system for rental management companies (Enacted on June 15, 2021)

Companies managing at least 200 rental housing units must be registered with the Minister of Land, Infrastructure, Transport and Tourism.

Japan is more closely overseeing rental property management to ensure the proper operation of this business. The even greater need to conduct operations properly is expected to increase demand for support services for property management tasks at rental management companies.

In Japan, about 6,000 homebuilding companies start operating every year

The constantly changing residential construction sector is creating many potential new customers every year.

The establishment of companies by young people who grew up with digital technologies is expected to generate an even higher level of demand for the use of IT systems.

Competitive Superiority

Market share growth backed by **superior products, sales and support capabilities, accomplishments, and experience**

1	2	3	4	5
Products encompass all steps	A large sales network	Support	Market share	Expertise acquired over 27 years

A broad lineup of products for solving many issues for customers, resulting in one-stop solutions extending from brokerage to property management tasks.

Consulting closely linked to regional needs and characteristics for real estate companies nationwide; earns customers' trust by providing proposals as well as valuable support.

A nationwide IT system advisory network to assist customers after starting to use Nihon Jyoho Create's service; support includes remote assistance by Nihon Jyoho Create's own call center and other forms of support.

The rental management system market has high barriers to new entrants because of the complexity of rental management tasks. Nihon Jyoho Create has a large share of this market. Furthermore, up-to-date property data is used for new analysis services.

As the speed of the DX increases, regional rules are emerging in the real estate sector and each company uses its own method for digitalization. With 27 years of experience, Nihon Jyoho Create has the knowledge needed to implement the DX in the best possible manner for the real estate industry.

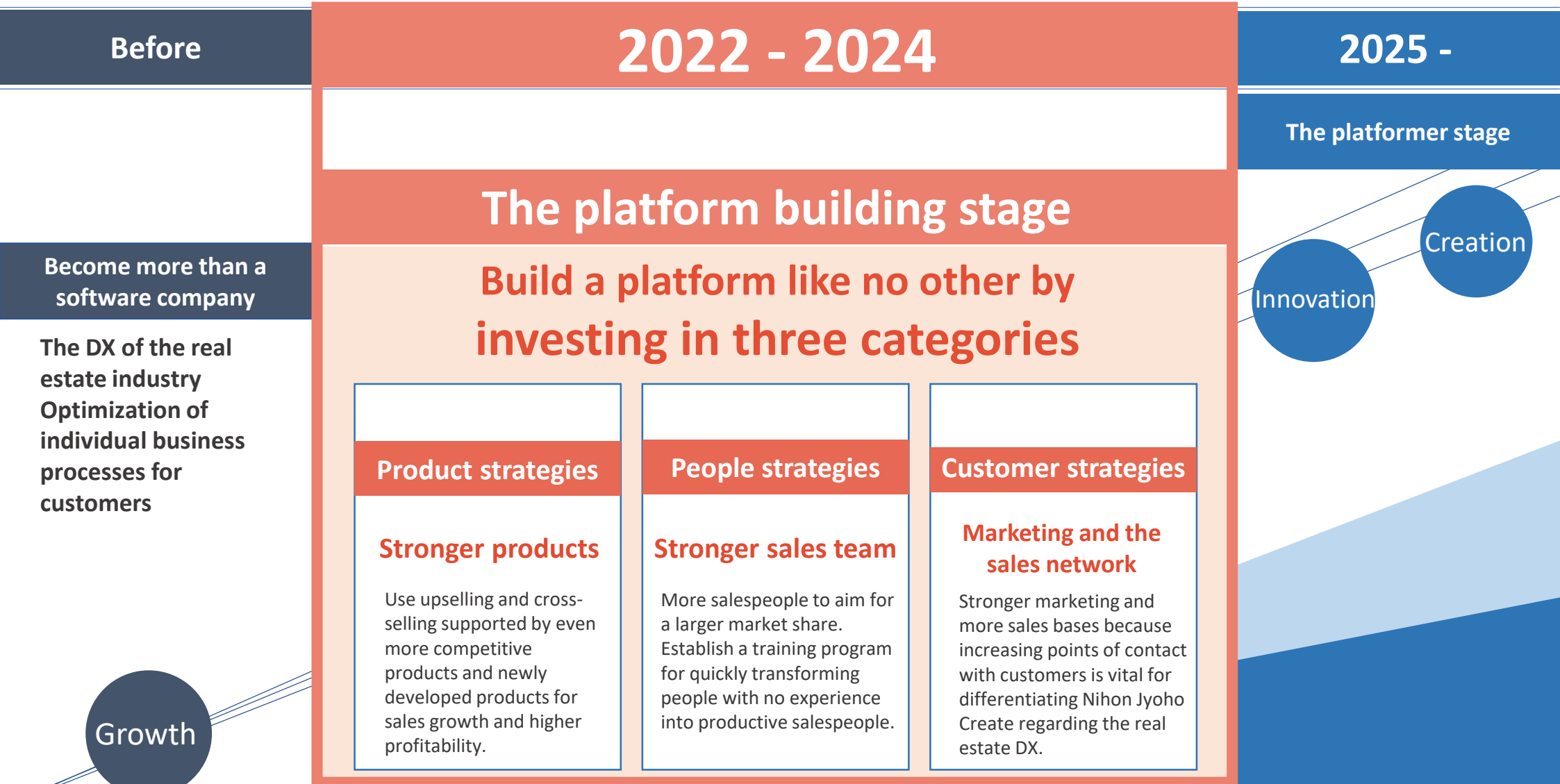
Three-year Growth Strategy

Targets of the Three-year Growth Strategy

Use investments for building platforms for the following goals:

- (1) Advance to overall optimization of customers' business processes rather than for only some processes.
- (2) Use upselling and cross-selling backed by a larger customer base and stronger lineup of products and services for the growth of sales and earnings as well as corporate value.
- (3) Step up to a First Section (Prime Market) Tokyo Stock Exchange listing by becoming a company that plays vital roles in Japan's real estate industry.

Structure of the Three-year Growth Strategy



Vision : Dedicated to the happiness of everyone we serve!

Three-year Growth Strategy - The First Year -

Faster growth to build platforms

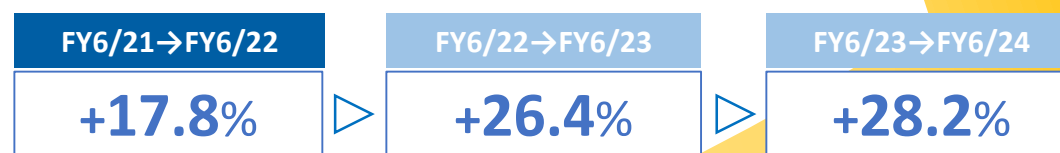
	FY6/21 results	FY6/22 plan	FY6/23 plan	FY6/24 plan
Net sales	¥ 2,610 million	¥ 3,080 million	¥ 3,900 million	¥ 5,000 million
Gross profit	¥ 580 million	¥ 450 million	¥ 850 million	¥ 1,560 million
EBITDA	¥ 630 million	¥ 580 million	¥ 980 million	¥ 1,700 million
Ordinary profit	¥ 640 million	¥ 490 million	¥ 920 million	¥ 1,600 million

Advance to overall optimization of customers' business processes

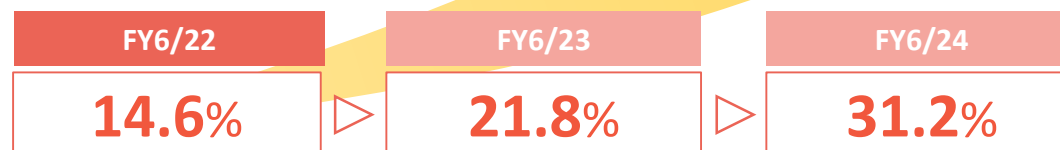
Growth of sales and earnings as well as corporate value

Aiming for a Prime Market listing

■ Plan for increasing sales growth



■ Plan for operating margin growth

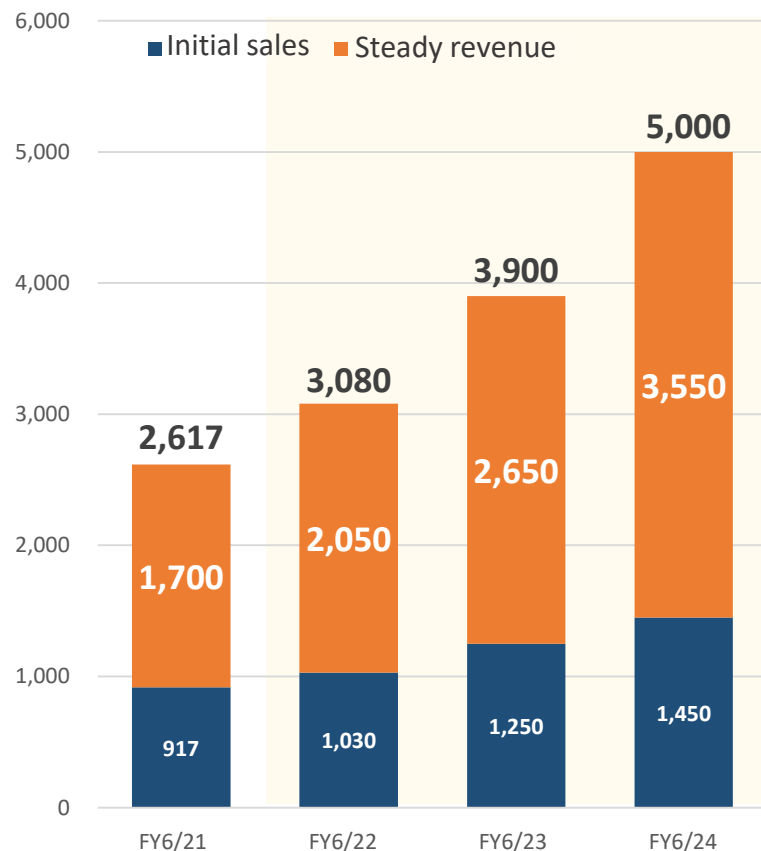


Additional Three-year Plan Information

■ Sales plan

More sales from steady revenue due to hiring more people, launching new services and increasing brokerage solution sales

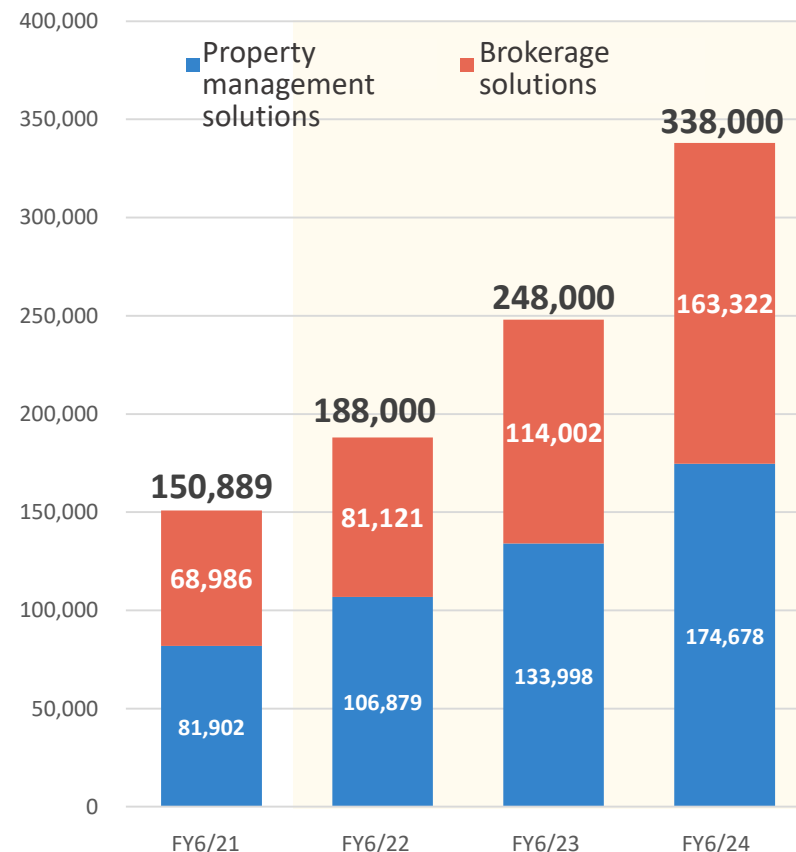
(Millions of yen)



■ Monthly recruiting revenue plan

Upselling and cross-selling supported by more marketing activities, sales offices and salespeople

(Thousands of yen)

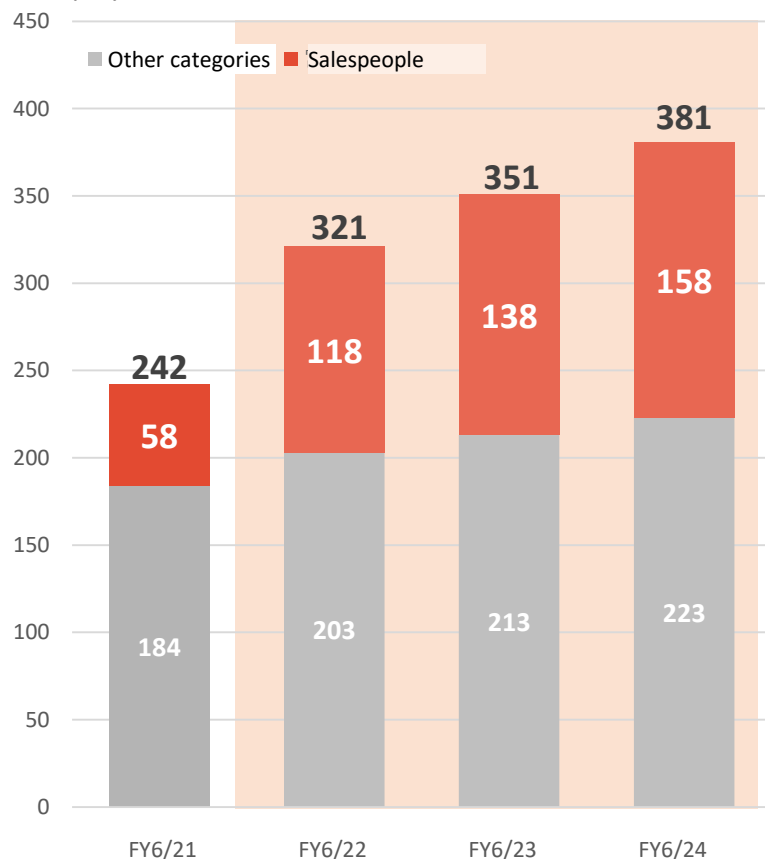


Additional Three-year Plan Information

■ Employees (plan for salespeople)

Hiring many people, training programs to make new employees productive quickly, and a low attrition rate

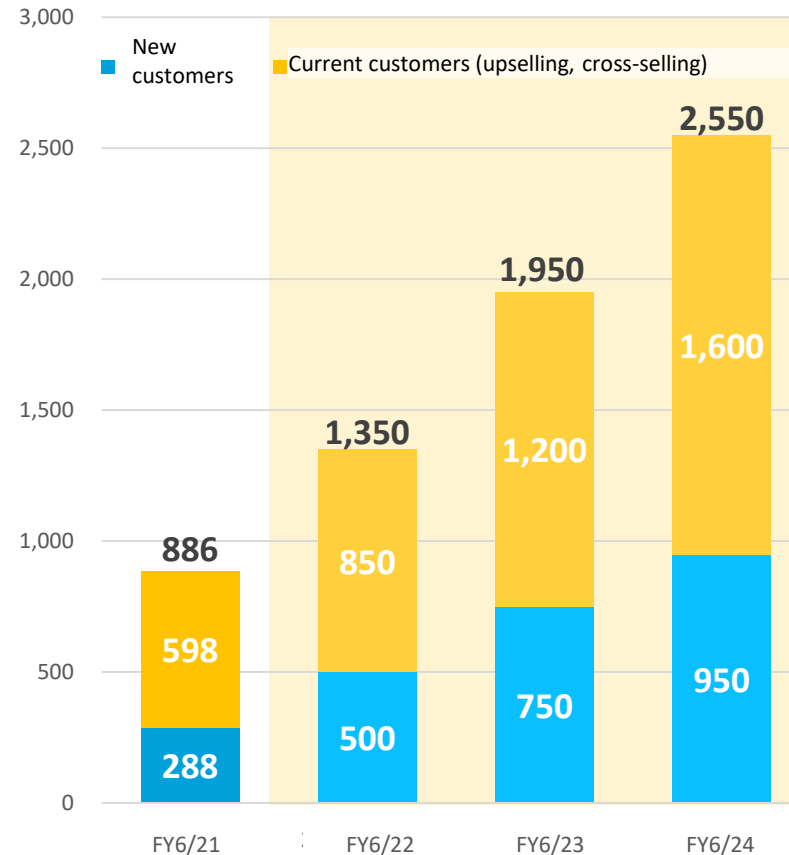
Number of employees



■ New customers and upselling/cross-selling to current customers

Higher sales to new and current customers due to the growth of the workforce

(No. of companies)

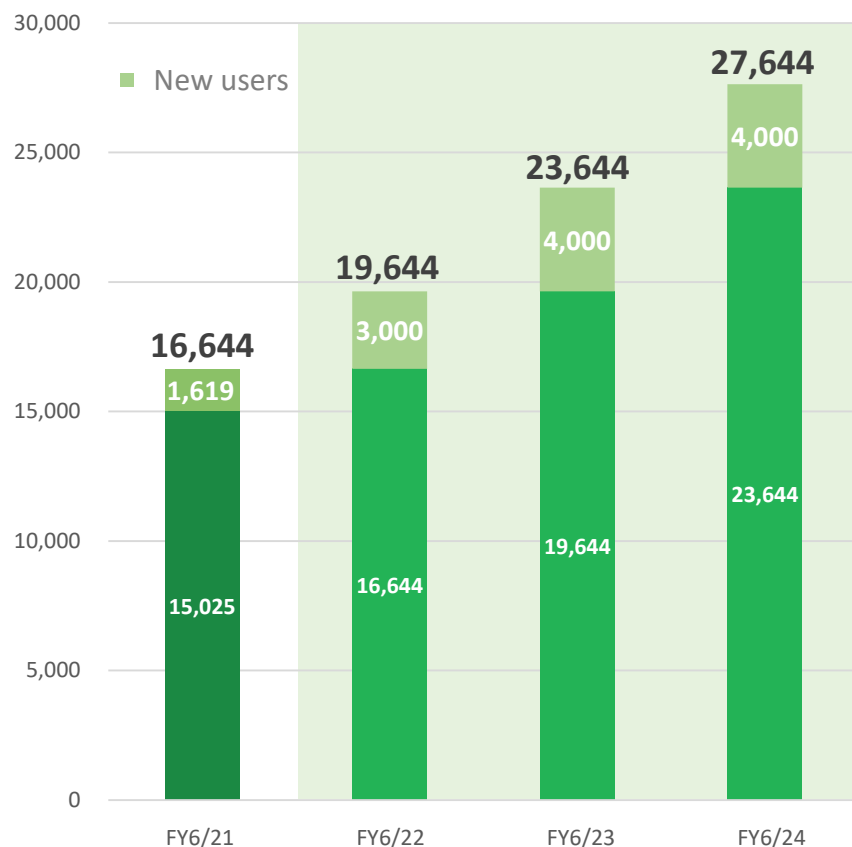


Additional Three-year Plan Information

■ Companies using the free B-to-B Property Listing Platform (Fudosan BB)

Forecast growth due to more salespeople and an effective marketing strategy

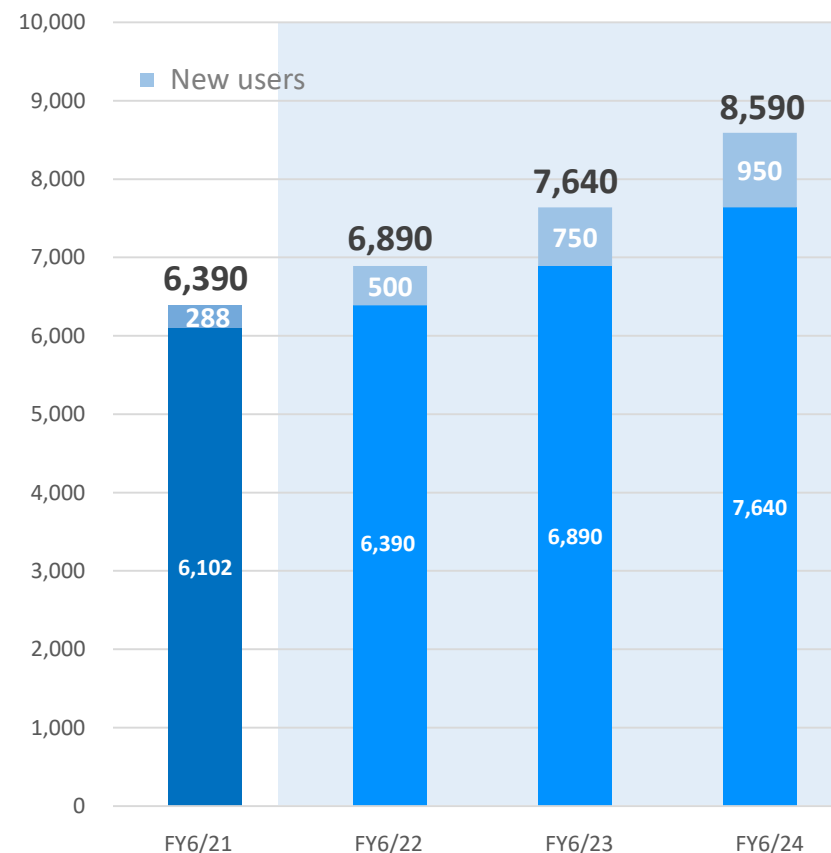
(No. of companies)



■ Companies using services provided for a fee

Forecast growth due to a marketing strategy aimed at shifting users from free services to services with a fee

(No. of companies)



Explanation of Strategies

Product Strategy

Complete linkage from B-to-B property listings to contracts

Develop products to build a platform

Upgraded services by using big data

- Stronger management support service
- Property appraisals using artificial intelligence
- Assistance for inputting property data

Strengthen services by using the enormous volume of property data at Nihon Jyoho Create

Upgrade of the Fudosan BB property listing platform

- Stronger CRM functions
- Services for buying and selling properties

CRM functions for managing customers and listings of available properties. The update is expected to speed up the process of expanding relationships with customers.

Developed a new version of Chintai Kakumei

Developed a next-generation service that supports rental management service tasks

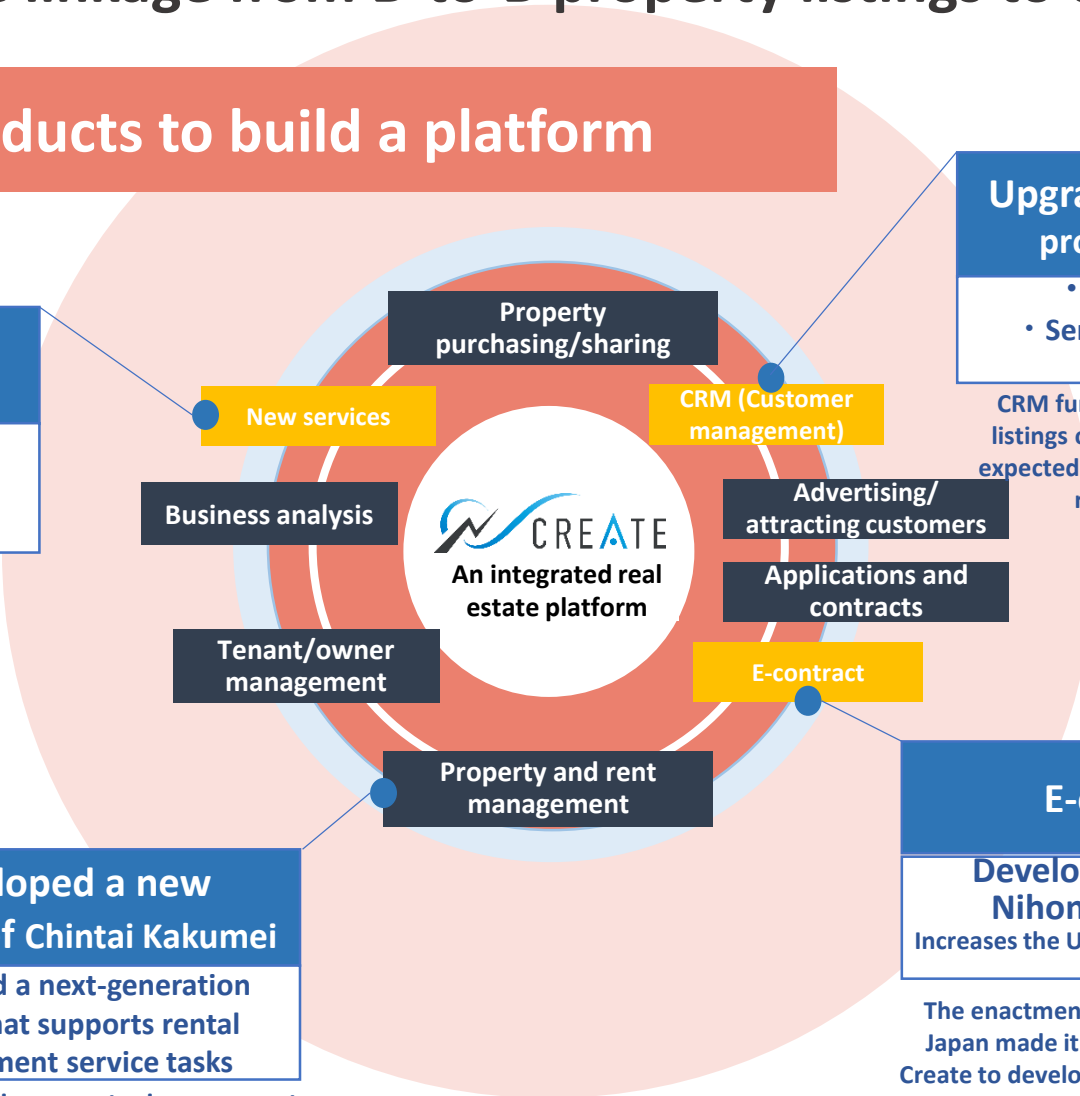
The new version incorporates improvements that reflect requests from customers following the release of the current Ver. 10 due to amendments to laws and other events.

E-contracts

Developed entirely by Nihon Jyoho Create

Increases the UI and UX in the real estate industry

The enactment of digital reform laws in Japan made it possible for Nihon Jyoho Create to develop an e-contract service that is easy for real estate companies to use.

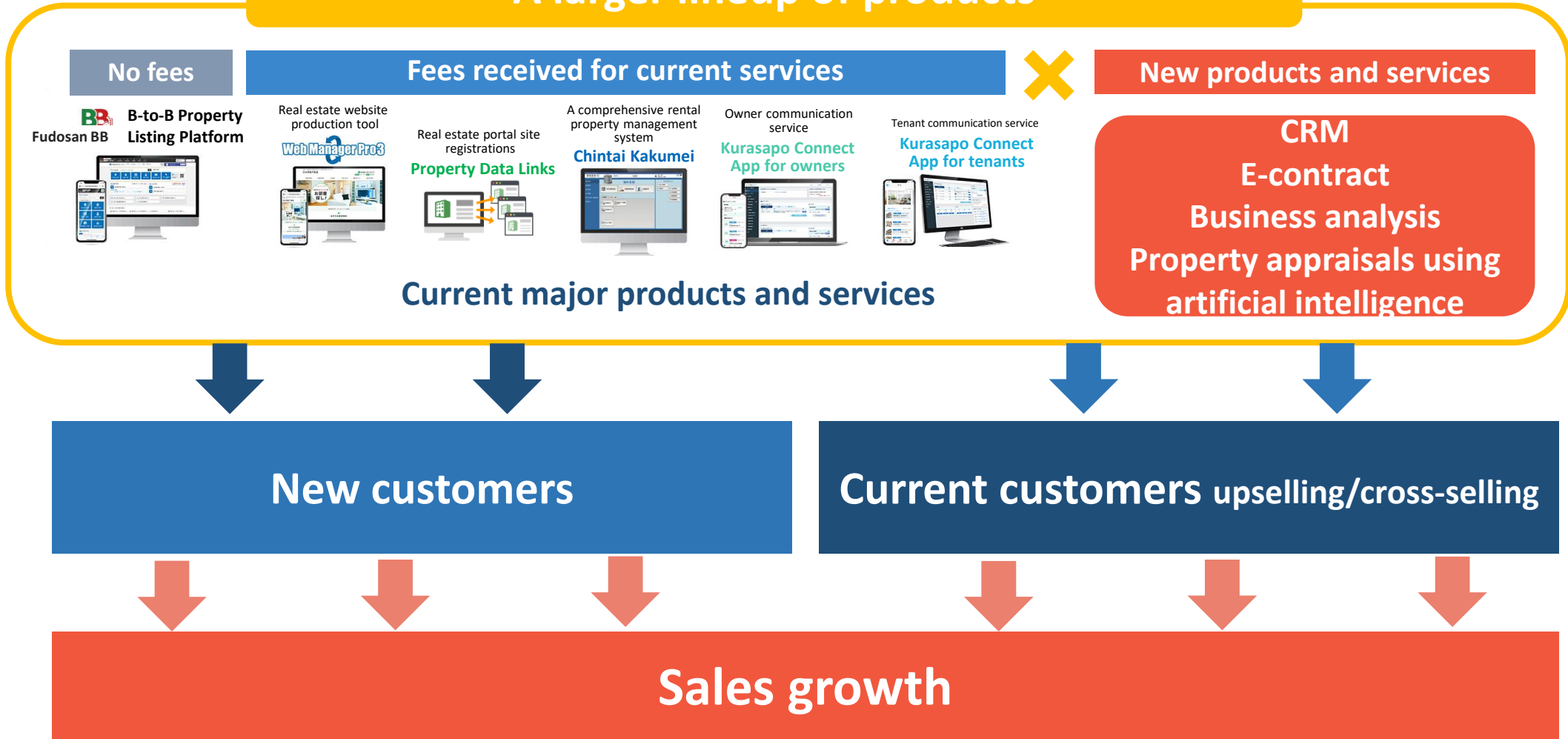


New service domain

Customer Strategy

Use an expanded product lineup for cross-selling to current customers and adding new customers for sales growth

A larger lineup of products



Customer Strategy

More sales offices and salespeople for strategic investments

Expansion of consulting closely linked to specific areas

More sales offices

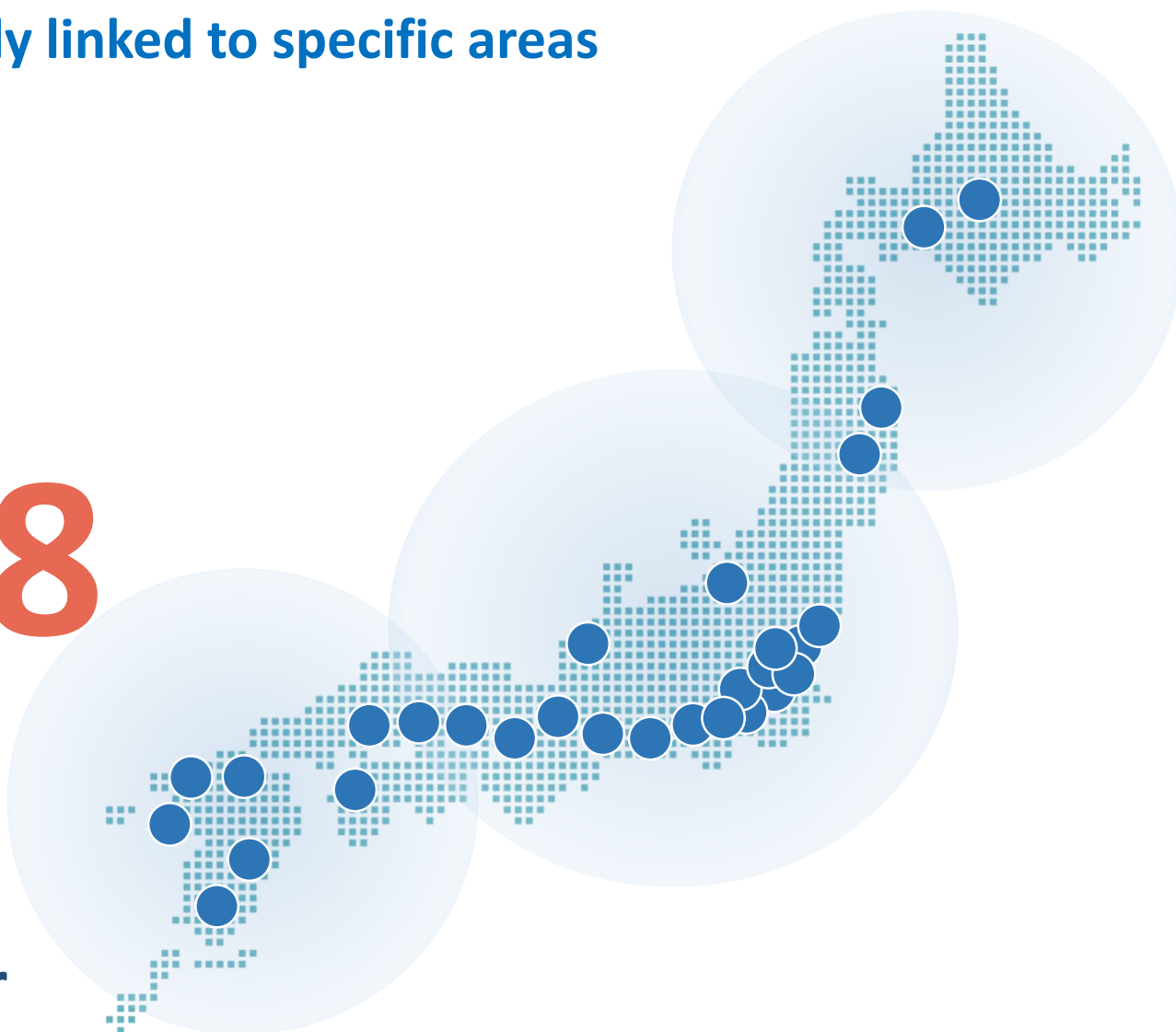


More salespeople



Stronger recruiting and training frameworks

Established a department solely for these activities



People Strategy

Progress with the real estate industry DX by using consulting-linked sales closely connected to regional needs and characteristics



- Marketing to attract more customers
- Consulting for closing sales contracts

*Use online and face-to-face consulting to increase customer satisfaction



27 consecutive years of sales growth, outstanding customer satisfaction and a low cancellation rate among current users

Business Risk and Policy for Risk Management

Significant risk factors from among business and other risk factors in the Securities Report

Risk category	Description	Level of risk	Countermeasures
Laws and regulations	There may be new laws and regulations for information services due to the rapid pace of changes in this industry. New laws and regulations may affect the financial position and results of operations of NJC.	Possibility: Medium Impact on NJC: High	We believe there are no legal restrictions at this time on our business operations. Although there are risks of revisions to laws and regulations, new laws like Japan's proposed digital reform laws are a positive development for our businesses. We will respond quickly to changes in the regulatory environment while constantly monitoring the latest information.
Defects and other problems with products and services	Significant expenses may be incurred if a defect or other problem with a product or service is discovered after it is launched. Furthermore, this type of incident could damage the reputation of NJC's products and services. These events could affect the financial position and results of operations of NJC.	Possibility: Low Impact on NJC: Medium	We use rigorous software tests and other measures when developing products and services to identify and resolve issues in order to prevent defects and other problems.
Recruiting and retaining employees	There may be difficulties in conducting business operations and achieving growth if NJC is unable to hire people as required or if a significant number of employees leave. Furthermore, there may be an increase in expenses for recruiting, retaining and training the skilled people needed for business operations. These issues could affect the financial position and results of operations of NJC.	Possibility: Low Impact on NJC: Medium	As stated in our three-year plan, recruiting and training skilled people will be essential for our growth. We will continue to place priority on recruiting and training activities, mainly for engineers and sales consultants, and further upgrade these activities. We have established a new department solely for training programs as one step to lower the employee attrition rate.
Information security	NJC receives personal information and other highly confidential information from customers in conjunction with business activities. There is a risk of leaks, losses, unauthorized use and other problems involving this information due to unauthorized external access, an IT system defect or malfunction, an error or intentional act by an employee handling this information, or some other cause. Depending on the actions needed following this type of incident, there could be a loss of public trust in NJC as well as the payment of damages. Any of these events could affect the financial position and results of operations of NJC.	Possibility: Low Impact on NJC: High	We have received ISMS (ISO27001) certification concerning the proper management of highly confidential information and have many activities to ensure that employees are aware of internal rules about information management based on our Information Security Management Rules, Basic Rules for Personal Information Protection and other rules. There are also activities involving our employees to further upgrade the information management framework.

Information about other risk factors is in the "Business and Other Risk Factors" section of the Securities Report. These risk factors are potential problems that NJC has identified at the time this presentation was prepared and do not cover every problem that could occur.

Disclaimer and Disclosure Policy

(Disclaimer)

- This presentation contains forecasts and other forward-looking statements based on information that is currently available. Nihon Jyoho Create Co., Ltd. (NJC) makes no guarantees of assurance for the outcome of these forecasts as they include inherent uncertainties and risks. Actual performance, therefore, may differ from these forecasts due to changes in the business environment and other factors.
- Factors that could have an impact on actual performance may include changes in the economies of Japan and other countries, industries associated with NJC's business operations or other items.
- Information in this presentation that is not related to NJC is based on information available to the public and other sources. NJC has not verified in any way the accuracy or suitability of this information and makes no guarantees about the accuracy or suitability of this information.
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Information about progress concerning business plans and related items will be provided when earnings are announced. NJC plans to disclose financial and business plan progress information with every quarterly earnings announcement.

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