

**Non-consolidated Financial Results for the Second Quarter
of the Fiscal Year Ending June 30, 2022
(Six Months Ended December 31, 2021)**



[Japanese GAAP]

February 14, 2022

Company name: Nihon Jyoho Create Co., Ltd. Listing: Tokyo Stock Exchange (Mothers)
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Scheduled date of filing of Quarterly Report: February 14, 2022
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes

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

**1. Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2022
(July 1, 2021 to December 31, 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	%
Six months ended Dec. 31, 2021	1,509	15.9	368	8.5	405	9.9	281	9.8
Six months ended Dec. 31, 2020	1,302	-	339	-	368	-	256	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Dec. 31, 2021	19.78	19.43
Six months ended Dec. 31, 2020	19.14	18.23

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 six months ended December 31, 2020 is calculated by using the average stock price from the date of listing to the end of the second 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 Dec. 31, 2021	4,543	3,199	70.4
As of Jun. 30, 2021	4,323	2,983	69.0

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2021: 3,199 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 Dec. 31, 2021:	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 Dec. 31, 2021:	30 shares	As of Jun. 30, 2021:	30 shares
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3) Average number of outstanding shares during the period

Six months ended Dec. 31, 2021:	14,241,837 shares	Six months ended Dec. 31, 2020:	13,396,526 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 December 31, 2021.

During the six-month period ended December 31, 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. Nonetheless, the impact of the Corona virus, including mutant strains, on the domestic and international economy, and the effect of fluctuations in the financial and capital markets, will need to be monitored closely. On the other hand, in the real estate support business, where we provide SaaS-type cloud services, etc., the passage of the Digital Reform Bill 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 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.

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, as the “Electronic Rent Application” function can presently be used for parking lease contracts and lease renewal contracts, we have started a campaign to raise awareness and promote the use of electronic contracts among our existing customers.

The expansion of our sales office network and the increase in the number of sales consultants, which are critically important elements of the Three-Year Plan, are progressing well. The number of sales offices have increased to 29 nationwide as the sales office network expansion plan was completed on schedule. We will continue to actively recruit salesforce (consultants) to achieve our target of increasing the number of sales consultants by 60 this year.

As for the alliances with partner companies to build the platform, negotiations are underway in two areas. The first is forging alliances with insurance companies. In this respect, we have started collaboration (data linkage) with SBI Japan SSI Co., Ltd, and Nippon Kyosai Co., Ltd. The second is collaboration in the field of electronic payments. In this area, we have formed a business alliance (data linkage) with Metaps Payment Inc. These alliances will expand the scope of our platform, and, together with our partners, we will continue to contribute to the transition to DX in the real estate industry.

The impact of the COVID-19 pandemic on our financial results was not significant as in the previous fiscal year.

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

Net sales: 1,509 million yen, increase of 206 million yen (15.9%) over the same period last year

Operating profit: 368 million yen, an increase of 28 million yen (8.5%) over the same period last year

Ordinary profit: 405 million yen, an increase of 36 million yen (9.9%) over the same period last year

Profit: 281 million yen, an increase of 25 million yen (9.8%) 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 solve issues. 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, insurance companies and electronic payment service 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 450 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 customers and sales of version upgrades to 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 1,040 million yen.

* In addition to above sales of 1,491 million yen from the Solutions for Brokers and the Solutions for Property Management, sales of 17 million yen were recorded from other activities.

(2) Explanation of Financial Position

1) Assets

Total assets at the end of the second quarter of the current fiscal year increased by 219 million yen from the end of the previous fiscal year to 4,543 million yen. The balance of current assets increased by 58 million yen from the end of the previous fiscal year to 3,472 million yen. The balance of non-current assets increased by 160 million yen from the end of the previous fiscal year to 1,070 million yen.

The increase in current assets is primarily attributable to an increase in cloud-related prepaid expenses. The increase in non-current assets is primarily attributable to an increase in pre-release software developed in-house.

2) Liabilities

Total liabilities at the end of the second quarter increased by 3 million yen from the end of the previous fiscal year to 1,343 million yen. The balance of current liabilities increased by 4 million yen from the end of the previous fiscal year to 1,338 million yen, about the same as at the end of the previous fiscal year.

3) Net assets

Net assets at the end of the second quarter increased by 215 million yen from the end of the previous fiscal year to 3,199 million yen.

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

4) Cash flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the second quarter were 2,760 million yen, an increase of 141 million yen, or 5.4%, compared with the end of the same period of the previous fiscal year. The

cash flow components and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities was 155 million yen.

Main factors include profit before income taxes of 404 million yen and a decrease of 170 million yen in other.

Cash flows from investing activities

Net cash used in investing activities was 145 million yen.

Main factors include purchase of intangible assets of 156 million yen.

Cash flows from financing activities

Net cash used in financing activities was 66 million yen.

Main factors include dividends paid of 71 million yen.

(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)	Second quarter of FY6/22 (As of Dec. 31, 2021)
Assets		
Current assets		
Cash and deposits	2,990,952	2,934,000
Accounts receivable-trade	302,738	312,802
Merchandise	1,405	685
Work in process	9,859	8,314
Supplies	1,712	1,926
Other	114,490	224,525
Allowance for doubtful accounts	(7,169)	(9,453)
Total current assets	3,413,988	3,472,801
Non-current assets		
Property, plant and equipment		
Land	220,745	220,745
Other, net	200,247	201,548
Total property, plant and equipment	420,992	422,293
Intangible assets	257,391	399,186
Investments and other assets		
Other	271,355	284,525
Allowance for doubtful accounts	(40,116)	(35,721)
Total investments and other assets	231,239	248,803
Total non-current assets	909,623	1,070,283
Total assets	4,323,611	4,543,085
Liabilities		
Current liabilities		
Accounts payable-trade	8,493	9,634
Income taxes payable	140,127	123,306
Contract liabilities	-	910,724
Advances received	848,677	-
Provision for bonuses	-	23,288
Provision for loss on order received	226	590
Other	336,571	271,056
Total current liabilities	1,334,095	1,338,599
Non-current liabilities		
Asset retirement obligations	4,804	4,571
Other	1,542	771
Total non-current liabilities	6,346	5,342
Total liabilities	1,340,442	1,343,942
Net assets		
Shareholders' equity		
Share capital	719,408	722,128
Capital surplus	689,408	692,128
Retained earnings	1,574,318	1,784,851
Treasury shares	(66)	(66)
Total shareholders' equity	2,983,068	3,199,040
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	101	101
Total valuation and translation adjustments	101	101
Total net assets	2,983,169	3,199,142
Total liabilities and net assets	4,323,611	4,543,085

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

(Thousands of yen)

	First six months of FY6/21 (Jul. 1, 2020 – Dec. 31, 2020)	First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)
Net sales	1,302,839	1,509,634
Cost of sales	340,384	384,424
Gross profit	962,455	1,125,209
Selling, general and administrative expenses	623,287	757,153
Operating profit	339,167	368,056
Non-operating income		
Interest income	9	0
Dividend income	12	12
Commission income	4,057	-
Insurance return	39,094	38,947
Other	1,553	450
Total non-operating income	44,728	39,411
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	368,751	405,310
Extraordinary losses		
Loss on retirement of property, plant and equipment	32	337
Total extraordinary losses	32	337
Profit before income taxes	368,718	404,972
Income taxes	112,270	123,308
Profit	256,447	281,664

(3) Quarterly Non-consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY6/21 (Jul. 1, 2020 – Dec. 31 2020)	First six months of FY6/22 (Jul. 1, 2021 – Dec. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	368,718	404,972
Depreciation	19,892	27,173
Increase (decrease) in allowance for doubtful accounts	(1,837)	(2,110)
Increase (decrease) in provision for bonuses	18,300	23,288
Interest and dividend income	(22)	(13)
Gain on maturity of insurance contract	(39,094)	(38,947)
Going public expenses	14,519	-
Decrease (increase) in trade receivables	34,446	(10,063)
Increase (decrease) in contract liabilities	-	62,047
Increase (decrease) in advances received	137,128	-
Other, net	(197,085)	(170,825)
Subtotal	354,964	295,521
Interest and dividends received	22	13
Income taxes paid	(146,927)	(140,129)
Net cash provided by (used in) operating activities	208,060	155,405
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,007)	(10,345)
Purchase of intangible assets	(86,648)	(156,462)
Purchase of investment securities	(10,000)	-
Purchase of insurance funds	(6,167)	(7,346)
Proceeds from maturity of insurance funds	77,750	38,947
Other, net	1,589	(10,687)
Net cash provided by (used in) investing activities	(32,484)	(145,894)
Cash flows from financing activities		
Proceeds from issuance of shares	1,224,106	5,440
Payments for going public expenses	(14,519)	-
Dividends paid	-	(71,132)
Other, net	(771)	(771)
Net cash provided by (used in) financing activities	1,208,815	(66,463)
Effect of exchange rate change on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	1,384,390	(56,952)
Cash and cash equivalents at beginning of period	1,234,608	2,817,383
Cash and cash equivalents at end of period	2,618,998	2,760,431

(4) 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

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.