

# Results of Operations for the Third Quarter of the Fiscal Year Ending June 30, 2022

**A growth strategy for creating platforms**

May 13, 2022

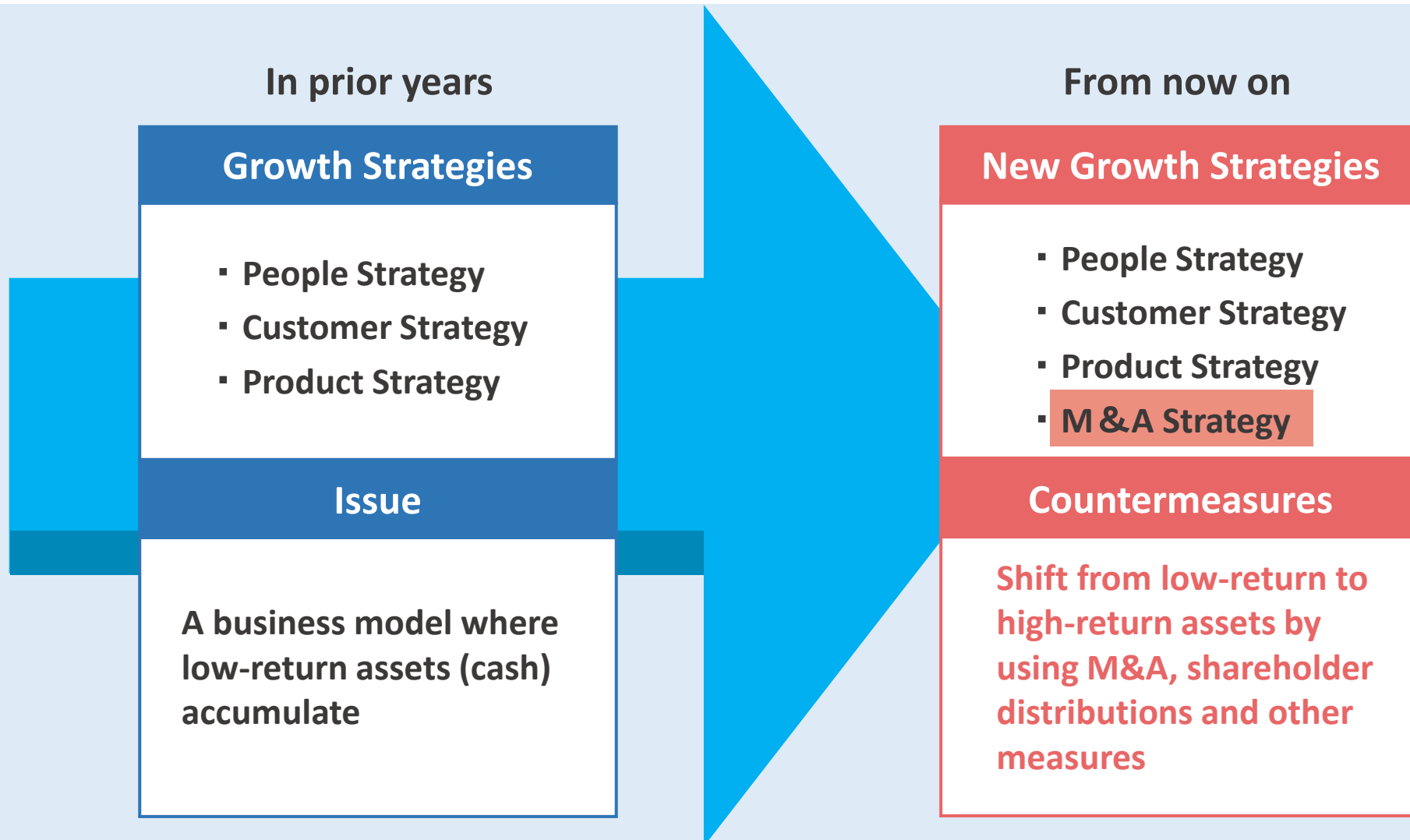
Nihon Jyoho Create Co., Ltd.  
(Tokyo Stock Exchange Growth Market: 4054)

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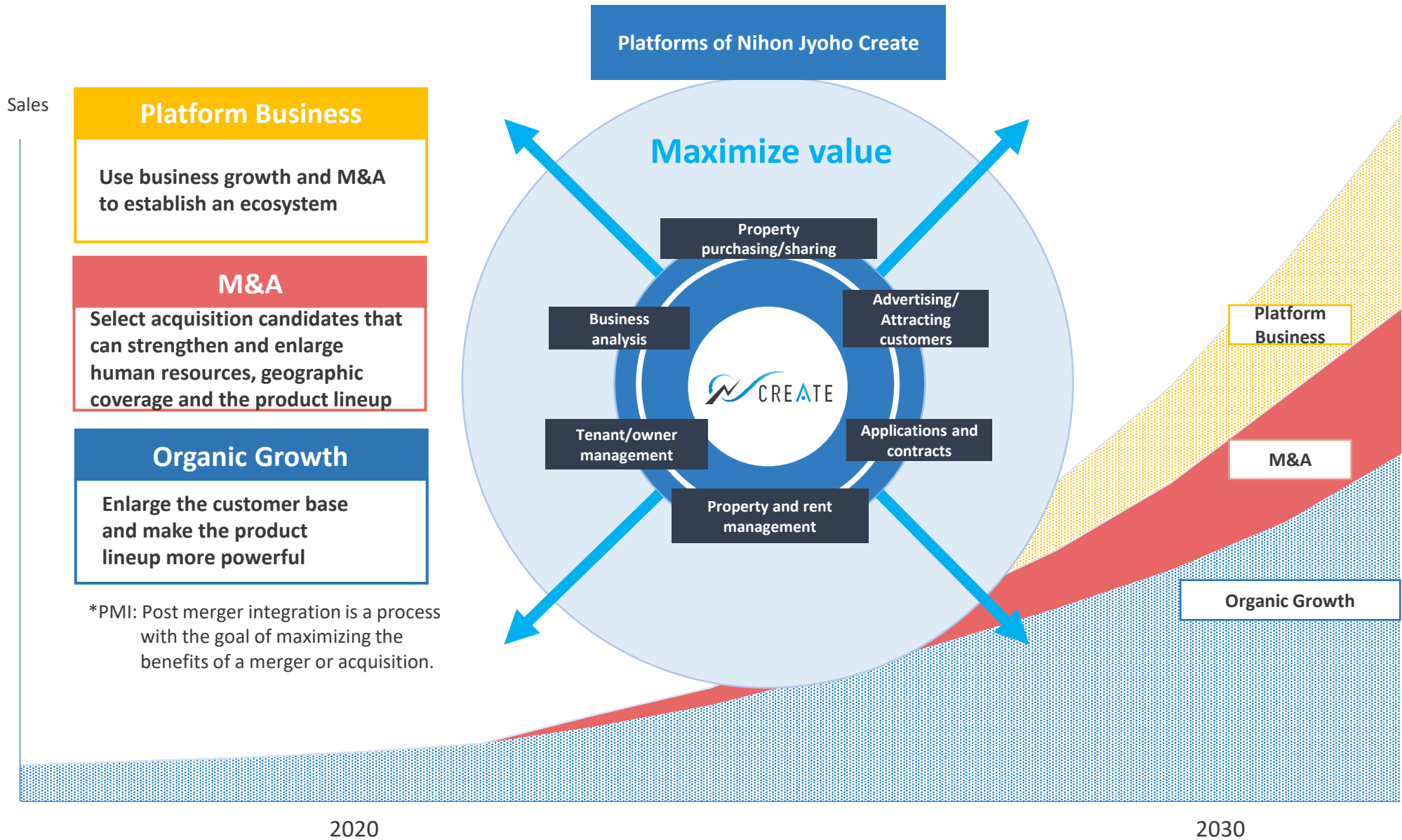
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## Past and Future Strategies for Growth

# Aiming to use M&A to speed up growth



# A Growth Strategy for Building Platforms



## Examples of the Growth Strategy Using M&A

### ■ The first acquisition (announced April 25)

#### RealNetPro Management Integration



RealNetPro Co., Ltd. is a provider of cloud services for real estate business support, just as NJC. This management integration is expected to maximize synergies by using the customer bases of both companies and enable the two companies to make an even bigger contribution to progress in the real estate industry.

\*A profile of RealNetPro and other information is on pages 22 to 25.

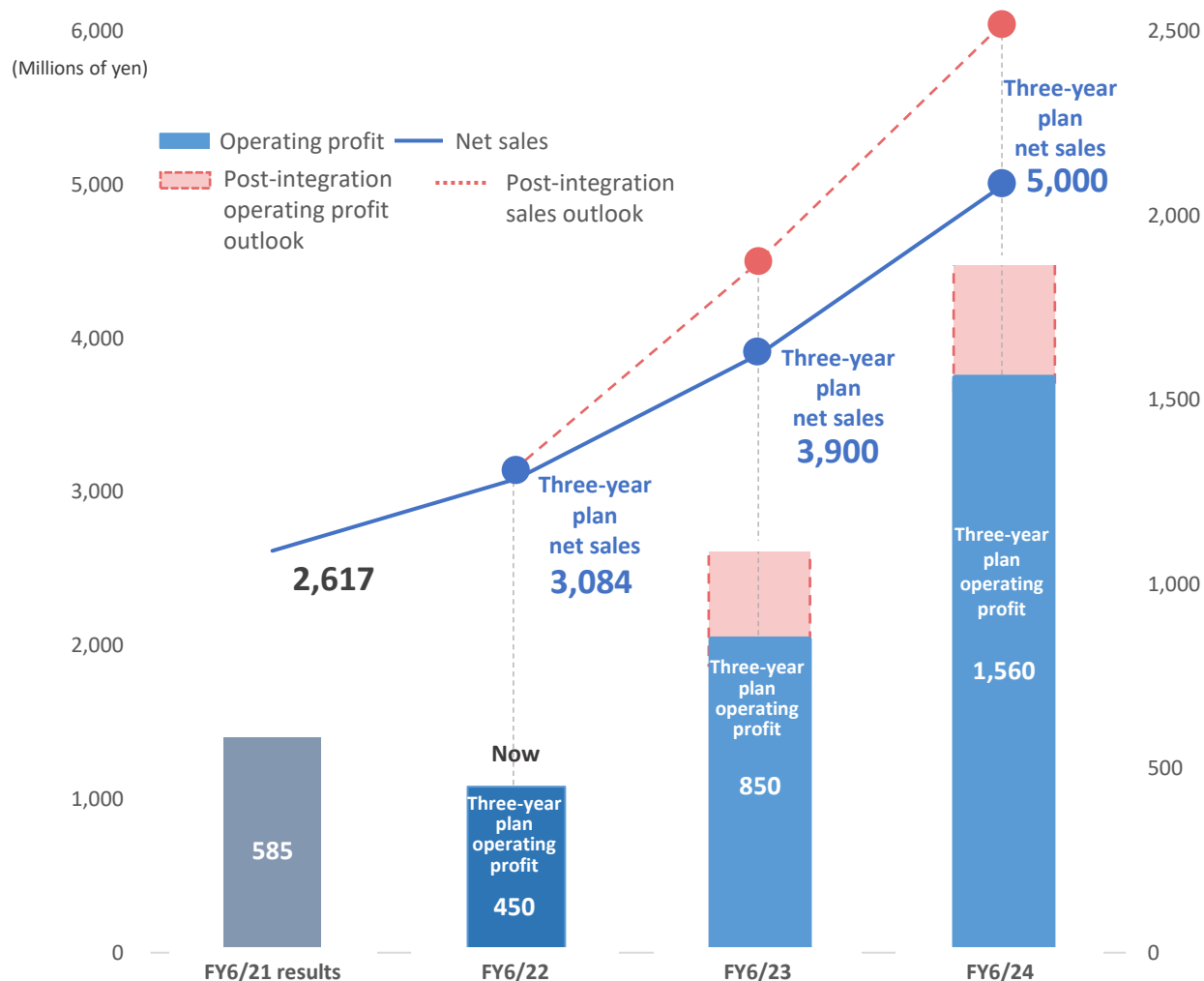
#### Exchange of stock and purchase of treasury shares

An exchange of some stock will be used as part of measures to make RealNetPro a wholly owned subsidiary. The goal is the sustained growth of this company while supporting the digital transformation (DX) of the real estate industry. Treasury shares will be purchased for use for the exchange of stock.

### ■ Outlook for sales and operating profit after the integration

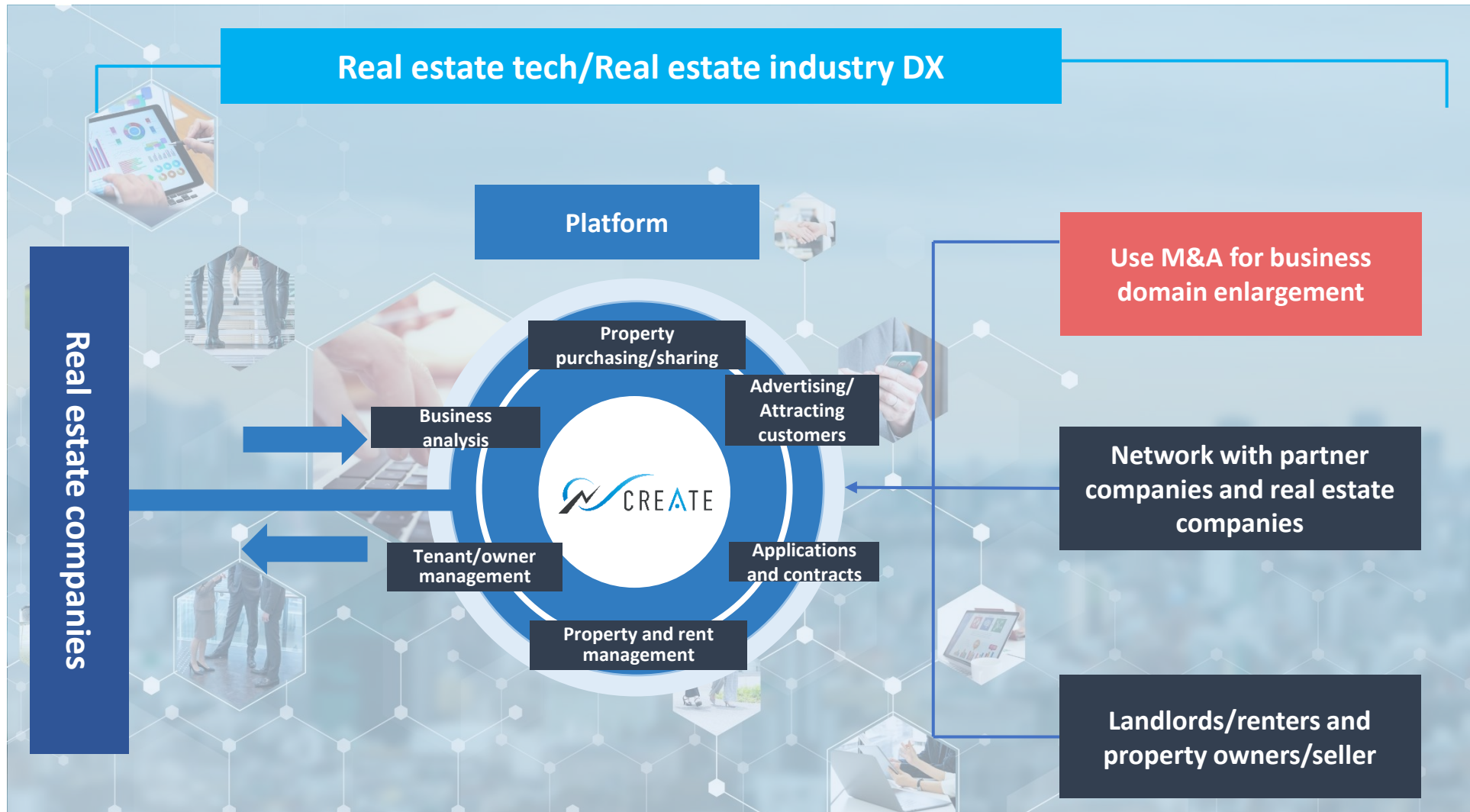
\*Specific numbers, goodwill amortization and period, and other information have not yet been determined.

\*The operating profit outlook does not include goodwill amortization.



## The Real Estate Business Support Platform Envisioned by NJC

# Add M&A to existing businesses for faster growth





## **3Q Financial Highlights**

**Customer base increases, actions needed to speed up conversion  
to services with fees**

## Financial Highlights

# Solid sales growth and visualization of sales strategy issues

| (Millions of yen)             | 1Q-3Q FY6/21 | 1Q-3Q FY6/22 | YoY change    |
|-------------------------------|--------------|--------------|---------------|
| <b>Net sales</b>              | <b>1,942</b> | <b>2,197</b> | <b>+13.2%</b> |
| Brokerage solutions           | 630          | 682          | +8.4%         |
| Property management solutions | 1,294        | 1,487        | +14.9%        |
| <b>Gross profit</b>           | <b>1,418</b> | <b>1,625</b> | <b>+14.6%</b> |
| <b>Gross profit margin</b>    | <b>73.1%</b> | <b>74.0%</b> | <b>+0.9pt</b> |
| <b>Operating profit</b>       | <b>453</b>   | <b>449</b>   | <b>-0.9%</b>  |
| <b>Operating margin</b>       | <b>23.4%</b> | <b>20.5%</b> | <b>-2.9pt</b> |
| <b>EBITDA</b>                 | <b>479</b>   | <b>485</b>   | <b>-</b>      |
| <b>Ordinary profit</b>        | <b>504</b>   | <b>487</b>   | <b>-3.4%</b>  |
| <b>Profit</b>                 | <b>351</b>   | <b>339</b>   | <b>-3.4%</b>  |

### Results of operations

Sales increased to a new quarterly record. Actions were taken for the visualization of sales strategy issues to target to achieve the fiscal year sales plan.

The key issues are upgrading skills of salespeople involving brokerage and property management solutions and quickly making new employees (both new graduates and people with previous work experience) productive.

### Outlook

Further upgrading education and training to make salespeople productive quickly as a strategic sales issue. Also reexamining sales strategies to solve issues, such as by having experienced salespeople accompany new salespeople on sales calls to help convert customers from free services (Fudosan BB) to services with fees.

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.



## Assessment of Performance

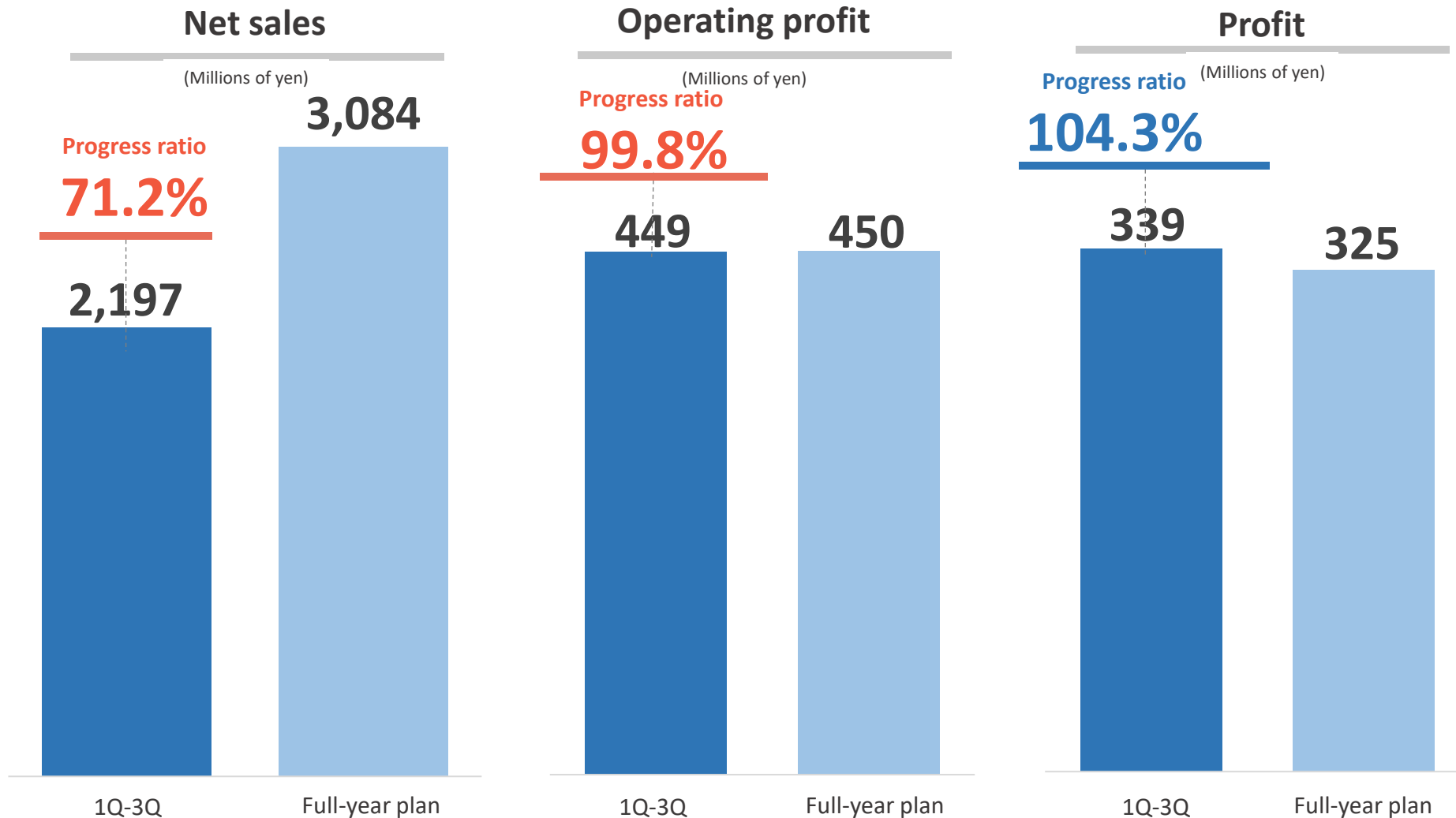
### Progress with products and customers but more actions needed for conversion from free to fee-paying services

| Individual Strategies    | 3Q Assessment |  | Upcoming Actions  |
|--------------------------|---------------|--|---|
| <b>Product Strategy</b>  | ○             | <ul style="list-style-type: none"> <li>■ <b>Product Development</b> ○               <ul style="list-style-type: none"> <li>• Development progressing as planned for a new Fudosan BB version</li> </ul> </li> <li>■ <b>New alliances in the third quarter</b> ○               <ul style="list-style-type: none"> <li>• Daikyo Anabuki Real Estate Inc./ AIG General Insurance Co., Ltd.</li> <li>• Credit Saison Co., Ltd./ Osaka-Takken Support Center</li> <li>• Century 21 Real Estate of Japan Ltd. (e-contract OEM)</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>■ <b>Maximize value of platforms</b><br/>Strengthening existing products, including a new version of Fudosan BB, and developing new products for CRM and AI property appraisals. Continuing to increase the value of NJC products while raising platform value by forming new partnerships with other companies and taking other actions.</li> </ul>                       |
| <b>People Strategy</b>   | △             | <ul style="list-style-type: none"> <li>■ <b>Recruiting</b> ○               <ul style="list-style-type: none"> <li>• Have already reached <b>87%</b> of the recruiting target for salespeople for the year. Continuing recruiting activities to accomplish the fiscal year target of 60.</li> </ul> </li> <li>■ <b>Training</b> △               <ul style="list-style-type: none"> <li>• Actions are needed to make new salespeople productive quickly. Increasing number of customers using free services, but measures are needed to convert them to services with fees.</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>■ <b>Continue to hire salespeople and strengthen education programs</b><br/>Use effective media for recruiting to accomplish the target of 60 people. Use training with periodic follow-up support for new salespeople to make them productive quickly.</li> </ul>   |
| <b>Customer Strategy</b> | △             | <ul style="list-style-type: none"> <li>■ <b>Acquisition of customers using free services</b> ◎               <ul style="list-style-type: none"> <li>• Steady increase in new customers using free services due to the larger number of salespeople</li> </ul> </li> <li>■ <b>Number of customers using services with fees</b> △               <ul style="list-style-type: none"> <li>• More actions are needed for establishing an effective sales team that can sign up new customers for services with fees.</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>■ <b>Make new salespeople productive quickly for selling services with fees</b><br/>Strengthen services for current customers. Give new salespeople training needed to sign up new customers for services with fees. Create a format for improving the ability of salespeople to submit proposals to customers in order to make salespeople productive quickly.</li> </ul> |

## Financial Highlights

# Strong earnings vs. the plan but more actions needed to sell services with fees

■ 1Q-3Q vs. FY Plan



## Financial Highlights (Quarterly)

Third quarter sales increased 7.6% YoY and the cancelation rate remained low

| (Millions of yen)             | FY6/21 |       |       |       | FY6/22 |       |              |
|-------------------------------|--------|-------|-------|-------|--------|-------|--------------|
|                               | 1Q     | 2Q    | 3Q    | 4Q    | 1Q     | 2Q    | 3Q           |
| Net sales                     | 648    | 654   | 639   | 675   | 743    | 765   | <b>688</b>   |
| Brokerage solutions           | 205    | 211   | 213   | 220   | 220    | 230   | <b>232</b>   |
| Property management solutions | 437    | 437   | 420   | 449   | 515    | 525   | <b>446</b>   |
| Operating profit              | 163    | 175   | 114   | 132   | 176    | 191   | <b>81</b>    |
| Operating margin              | 25.2%  | 26.9% | 17.9% | 19.6% | 23.8%  | 25.0% | <b>11.9%</b> |
| Ordinary profit               | 150    | 217   | 135   | 137   | 214    | 190   | <b>82</b>    |
| Profit                        | 104    | 151   | 94    | 63    | 149    | 132   | <b>57</b>    |

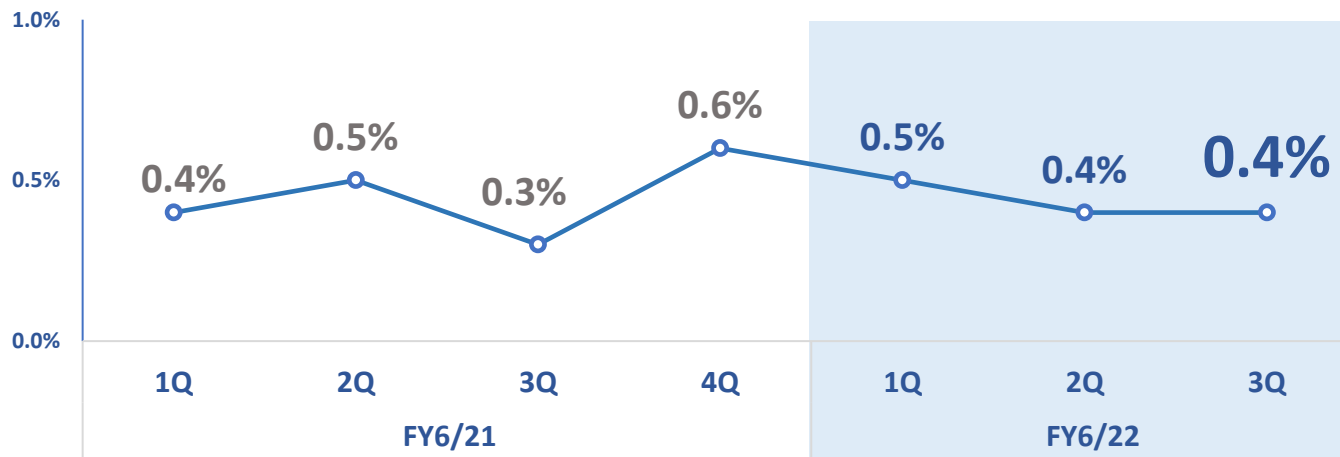
### 3Q FY6/22 Sales

Quarterly sales are increasing

**+7.6% YoY**

Even faster sales growth will be needed to accomplish the FY plan and the plan for sales and earnings over the next several years. Moving even faster to make products and the workforce more powerful.

### ■ Cancelation rate



### 3Q FY6/22 Cancelation Rate

**0.4%**

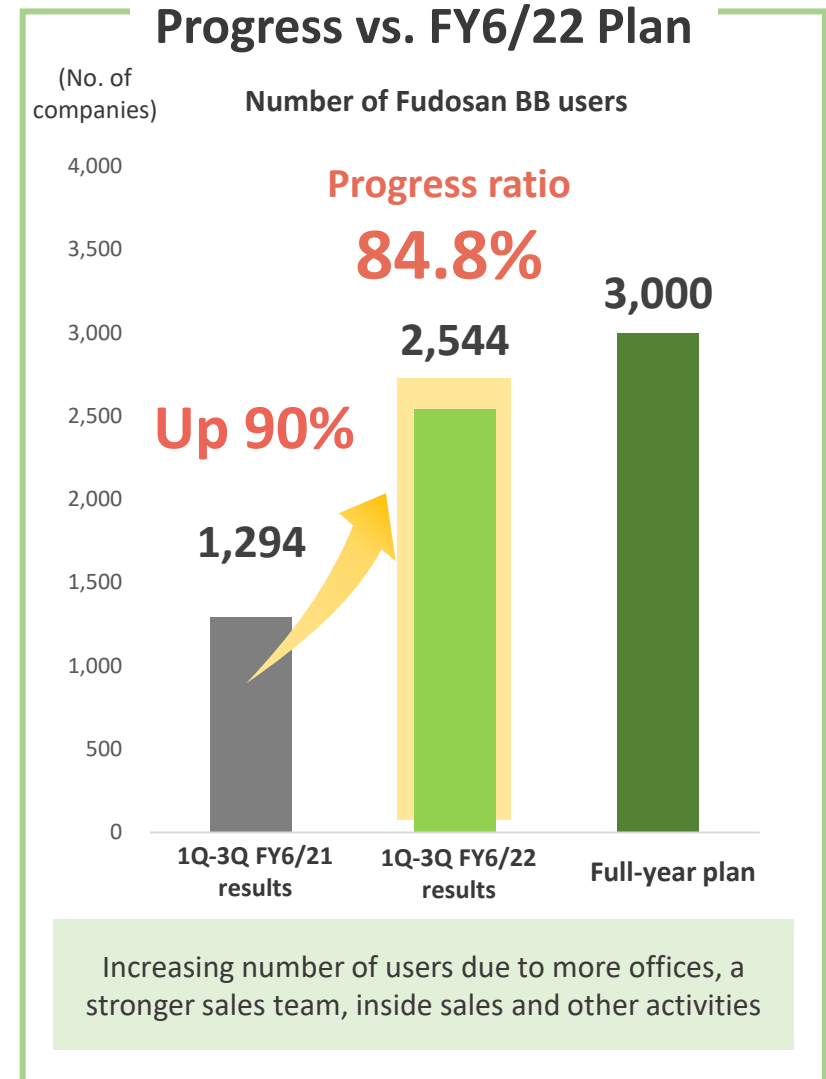
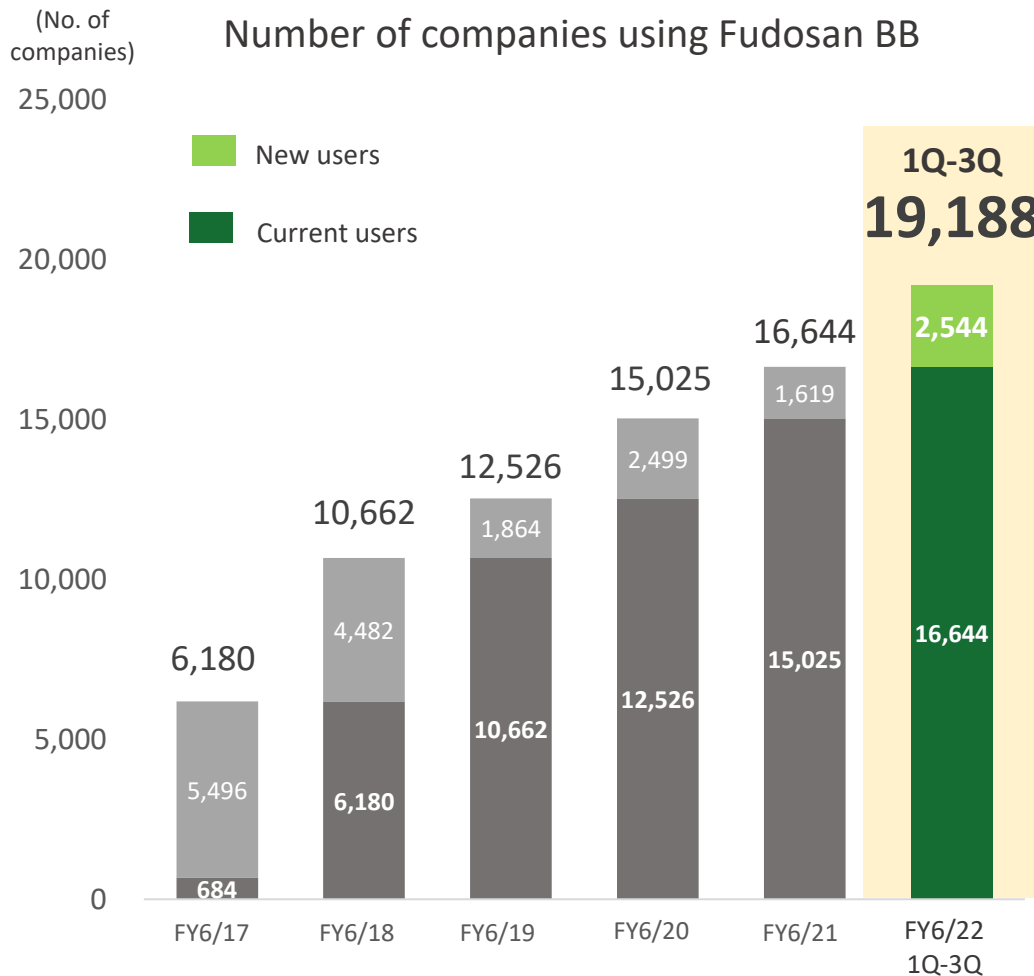
FY6/21 average cancelation rate: 0.5%

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

## Steady Growth (1)

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

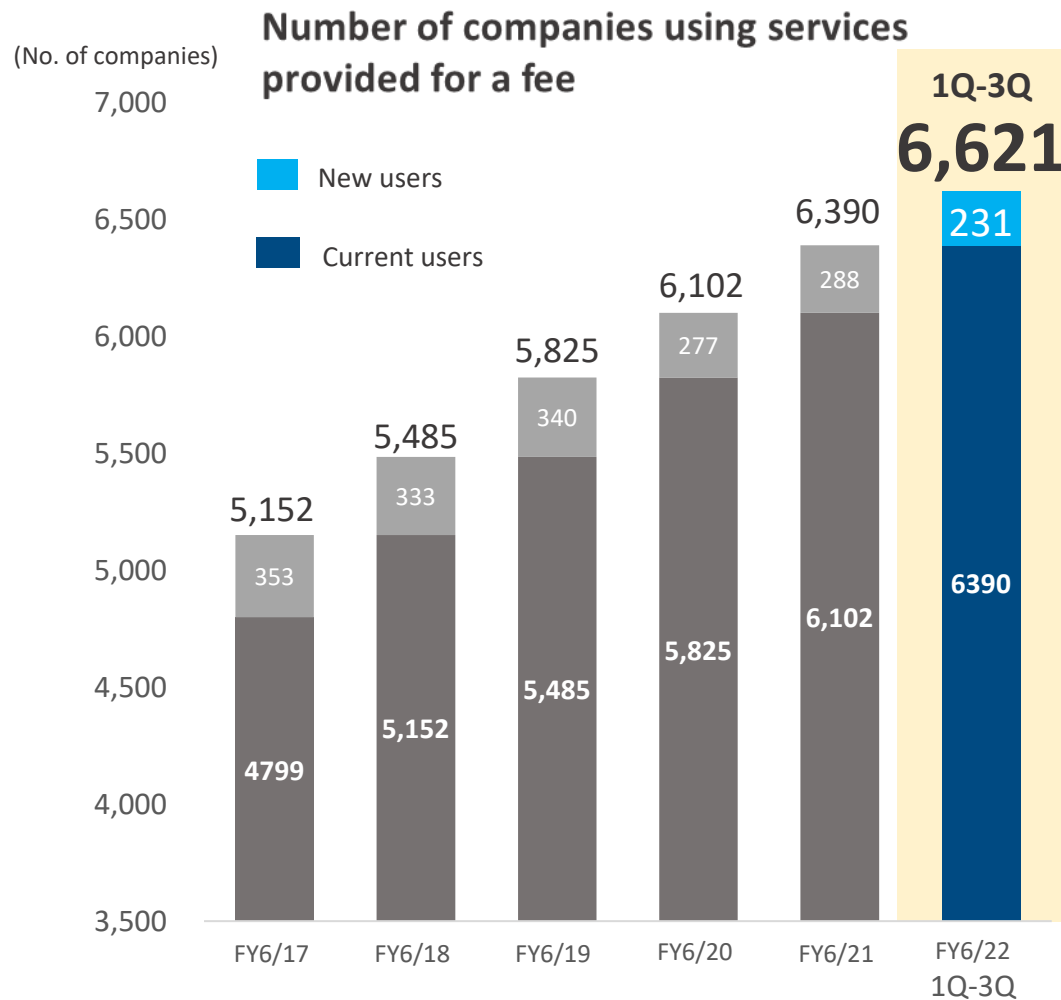
New users are increasing because of operations that allow newly hired new graduates and people with previous work experience to create proposals for customers.



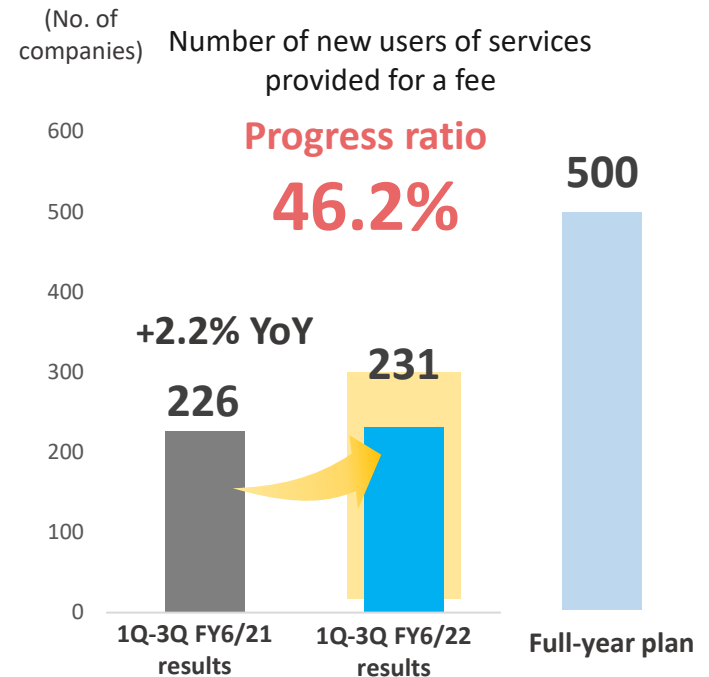
## Steady Growth (2)

- Increasing number of companies using services provided for a fee

Allocation of salespeople and slower than planned training caused delays in conversions to services with fees



## Issue and Actions



### Issue

Actions are needed to make newly hired salespeople productive quickly. This requires upgrading skills for creating proposals for switching customers from free to fee-based services.

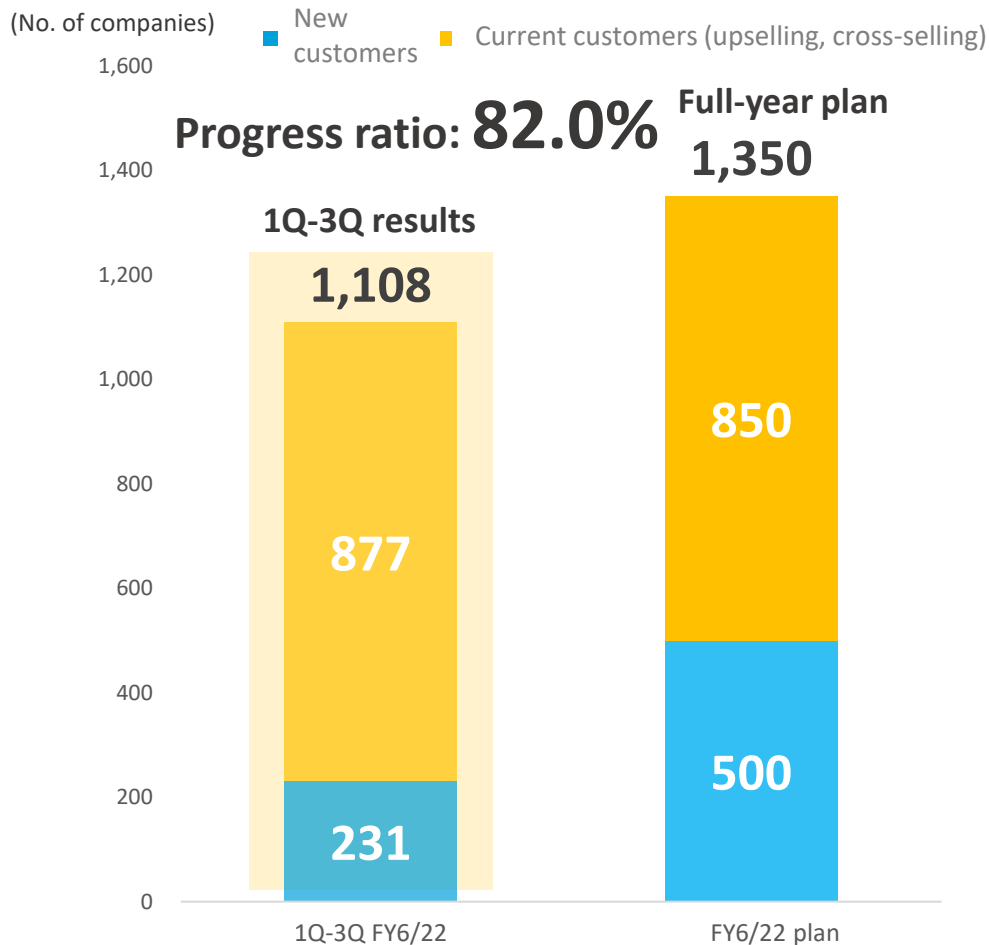
### Actions

Started using a format for sales methods in the second half and continuing training programs. One result is an increase starting in April in orders received by young salespeople.

## Steady Growth (3)

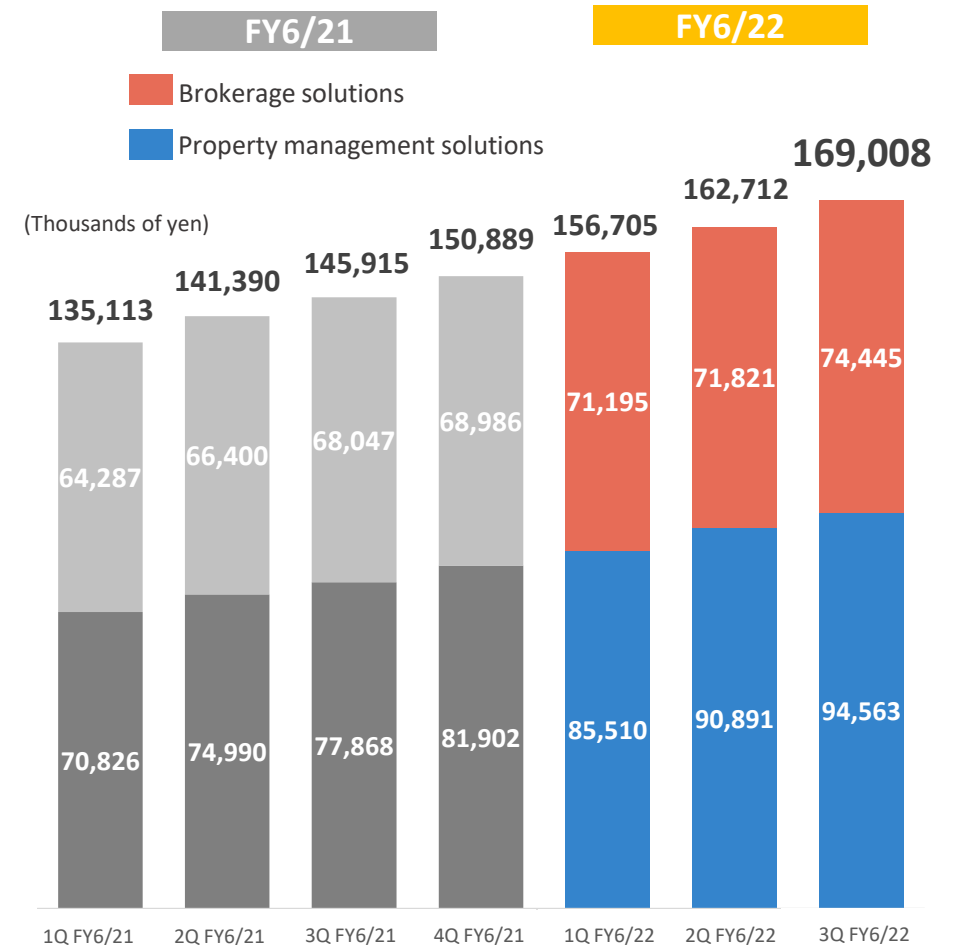
### Total orders vs. the plan

Orders from current customers remained high in the third quarter and orders were **82.0%** of the fiscal year plan at the end of the third quarter



### Growth of monthly recurring revenue

Solid monthly recurring revenue continued to increase by upselling/cross-selling new and current customers



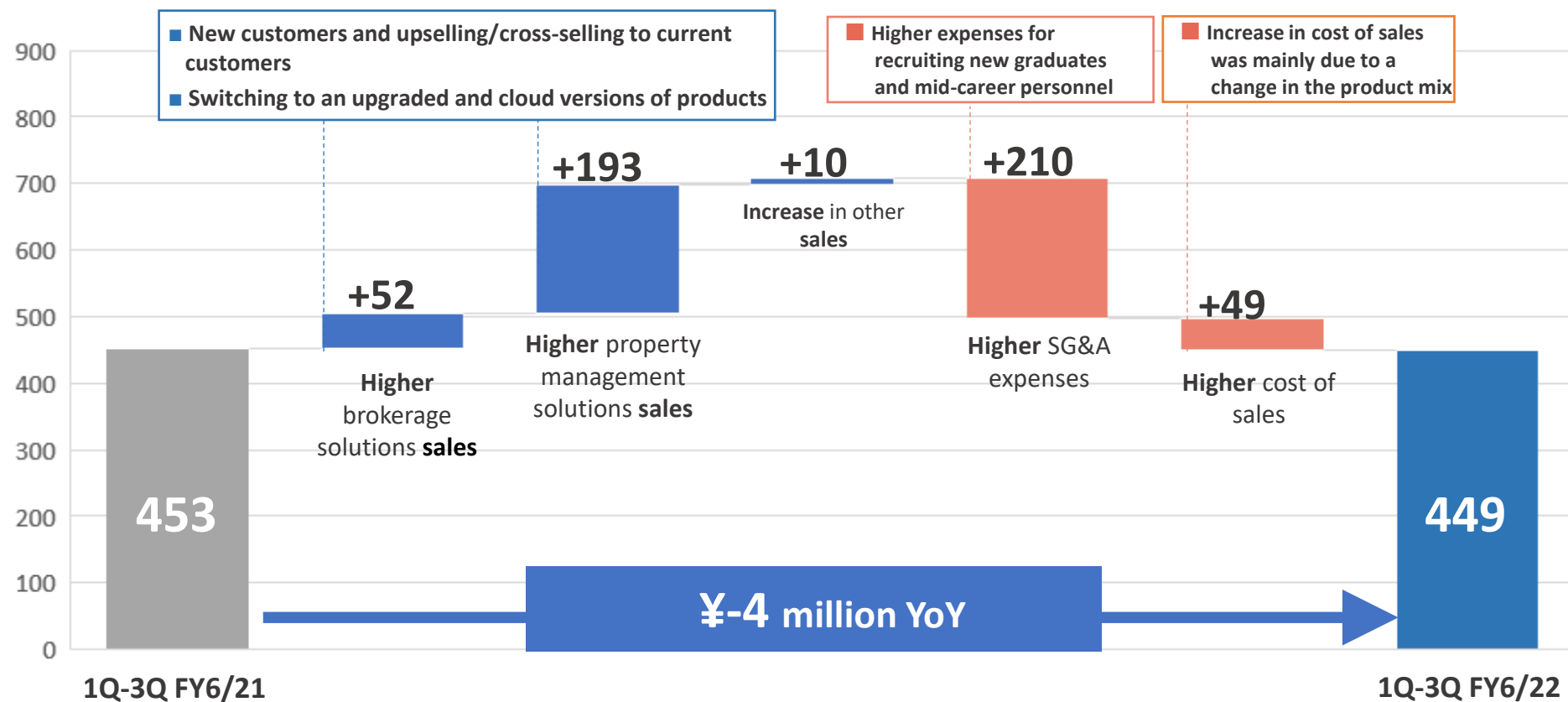
## Components of Change in Operating Profit

Sales increased due to new customers and upselling/cross-selling to current customers

Salesforce investments for growth in FY6/23 and afterward

Operating profit: ¥449 million Operating margin: 20.5%

(Millions of yen)



## Product Strategy Progress



### More competitive products and alliances with partners to enlarge the customer base

Under development

#### Progress with developing a new version of Fudosan BB

The upgraded version is expected to **have a CRM function** and cover property transactions. In addition, more added value will help increase the number of customers.

\* Scheduled to be released in stages for each area.

B-to-B Property Listing Platform



#### Developing a property appraisal service that uses artificial intelligence

Work is advancing as planned on an AI property appraisal service that uses NJC's real estate database.

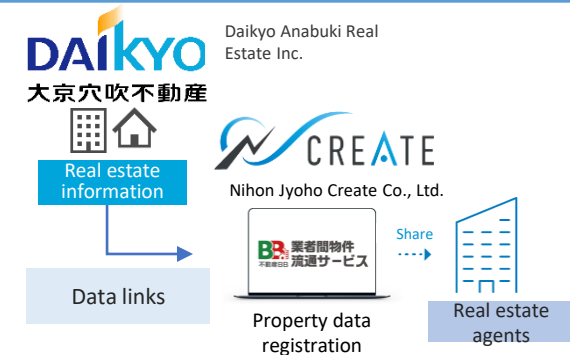


Business alliances

#### Alliance with Daikyo Anabuki Real Estate Inc.

- Linkage of real estate property data and Fudosan BB -

Data linkage with Daikyo Anabuki Real Estate allows real estate companies using Fudosan BB to see information about the available rental properties of Daikyo Anabuki Real Estate. Secondary listings of this information are possible on the websites and portal sites using NJC services.



#### Alliance with AIG General Insurance Co., Ltd.

The alliance with AIG General Insurance makes it possible to link with this company's insurance system the tenant information obtained from the NJC e-apartment application service and the information about properties managed by property management companies using the NJC system. Insurance applications are efficient and stress-free by eliminating hand-written and manual insurance applications, checks for missing entries, and other time-consuming steps.





## Product Strategy Progress



### More competitive products and alliances with partners to enlarge the customer base

#### Business alliances

#### Alliance with Credit Saison Co., Ltd./Osaka-Takken Support Center Co., Ltd.

Linkage with NJC's e-apartment application service makes rent guarantee applications and other complex tasks easy to perform.



株式会社 大阪宅建サポートセンター  
Osaka-Takken Support Center

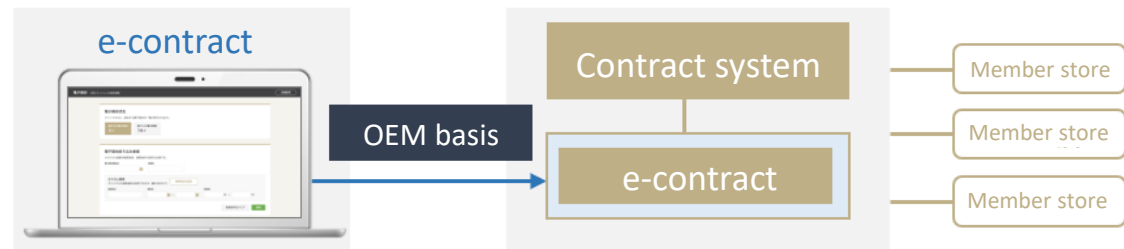
Already rent guarantee alliances with 33 companies

#### OEM provision started

#### Alliance with Century 21 Real Estate of Japan Ltd. Started OEM provision of the e-contract system

Member stores of Century 21 Real Estate of Japan  
**991** stores (as of December 31, 2021)

This OEM agreement allows the 991 member stores (as of December 31, 2021) of Century 21 Real Estate of Japan to use NJC's e-contract system. This is expected to improve productivity in the real estate industry and speed up the digital transformation.

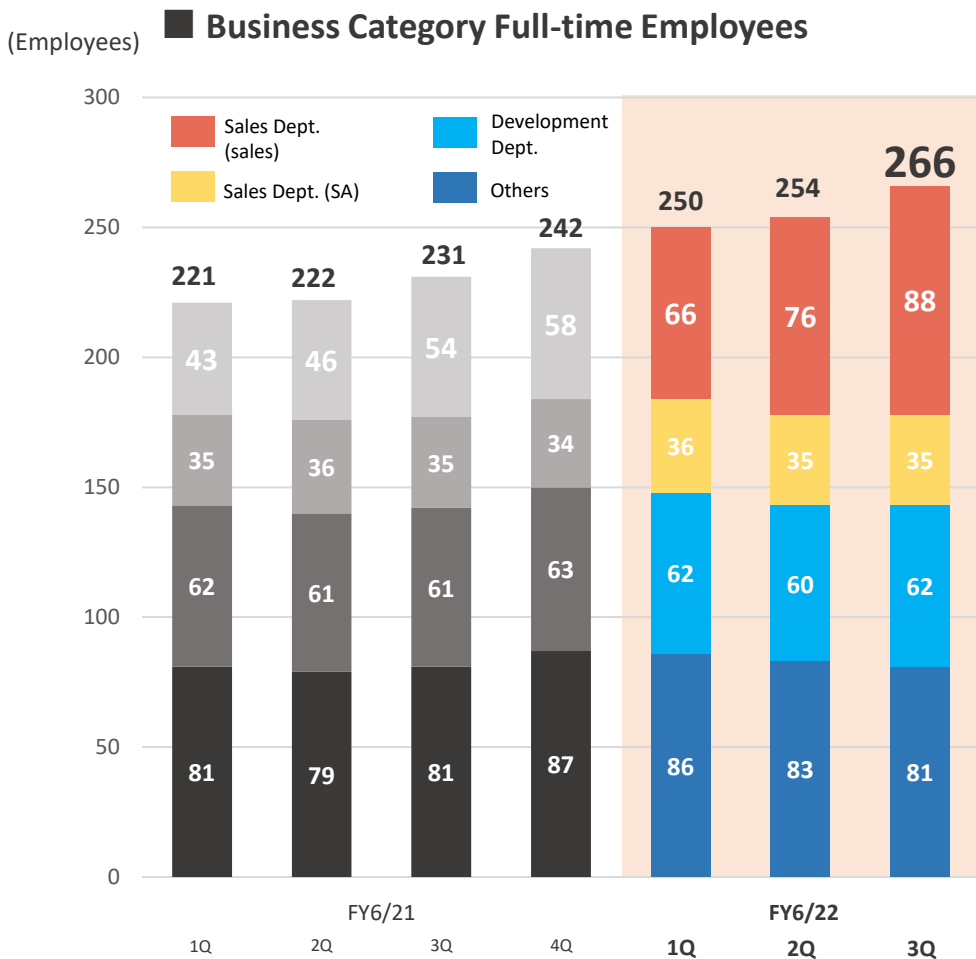


## People Strategy Accomplishments

# Achieved 87% of the FY6/22 salespeople recruiting goal

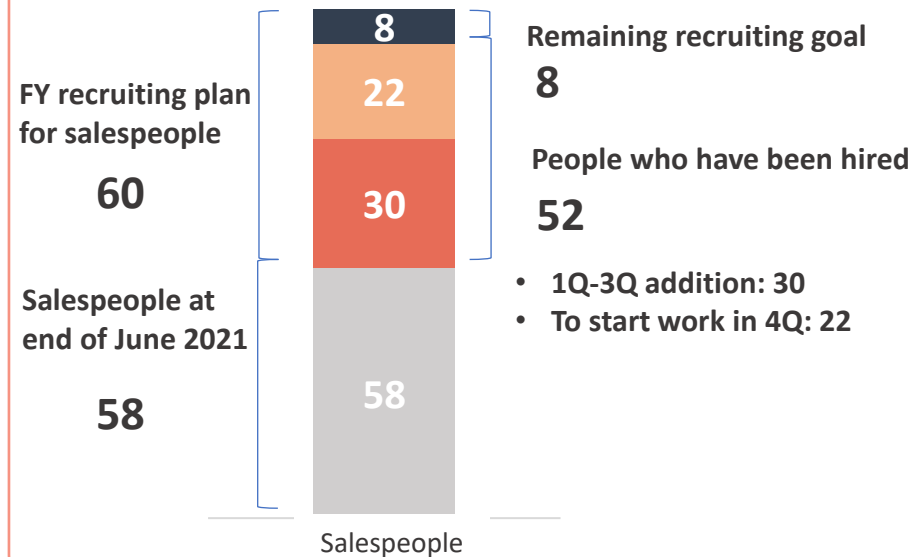
\*as of May 13, 2022

# Recruiting is going well and plan to add many people in the 4Q



## 87% of the FY6/22 salespeople recruiting goal as of May 13, 2022

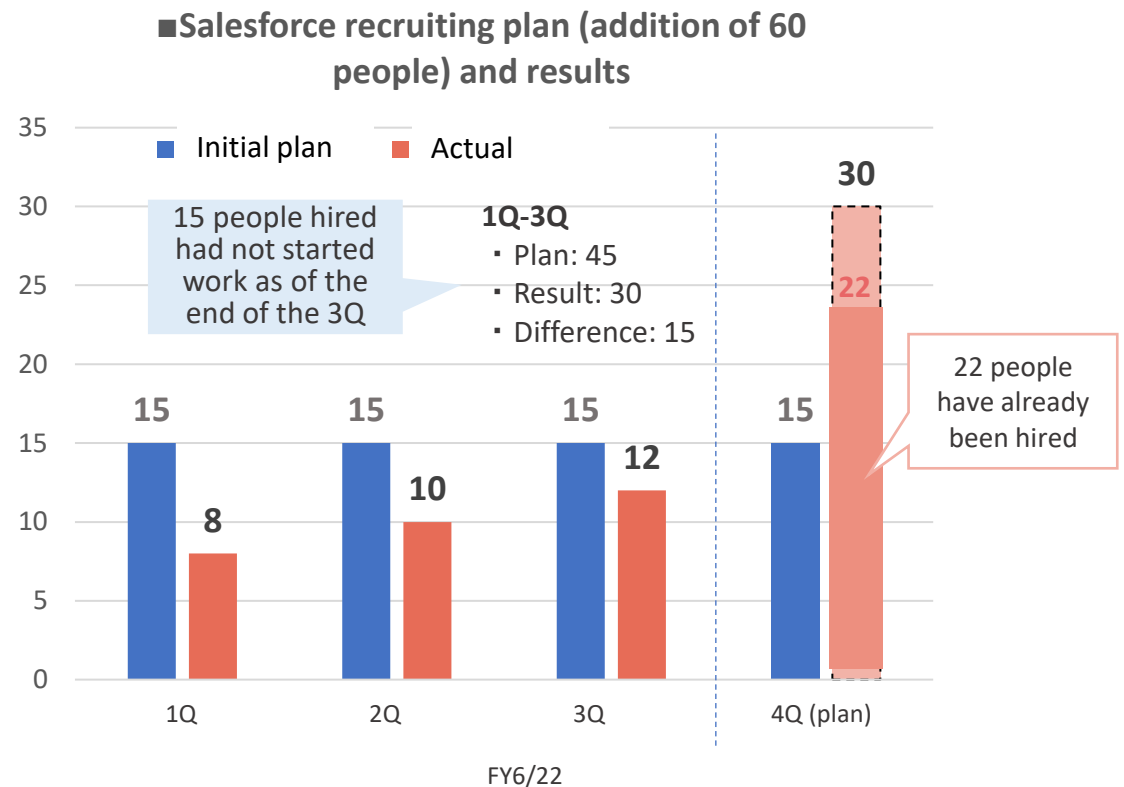
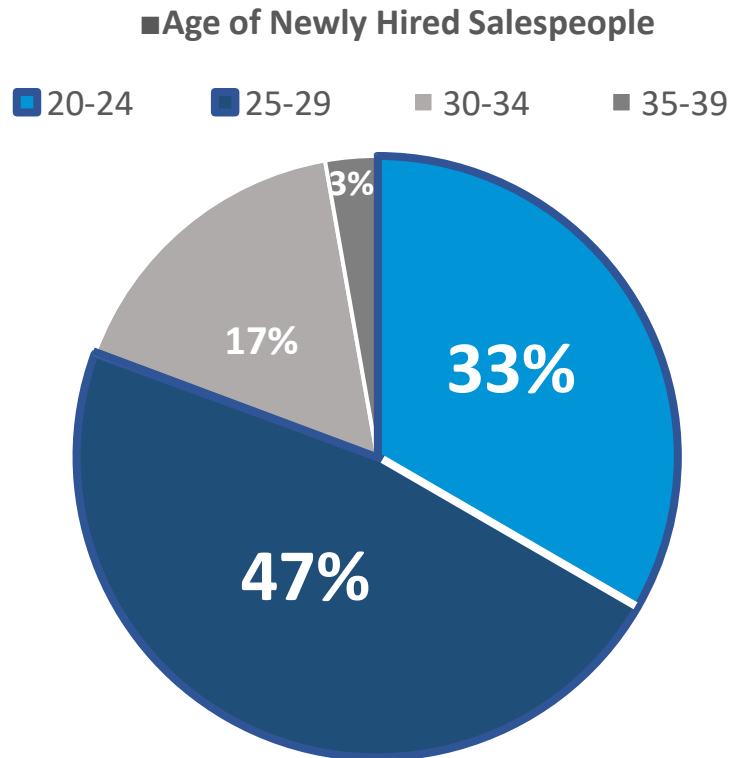
52 salespeople have been hired, including 30 who started working in the first nine months and 22 who will start in 4Q.



## People Strategy Accomplishments

### Recruiting of salespeople

- 80% of new sales people are between the ages of 20 and 29
- Recruiting is going well but there were some delays in the start of work at NJC. Aiming for faster growth in the 4Q and afterward by giving new salespeople training to make them productive quickly.



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# M&A Activity and Outlook

## Nihon Jyoho Create's M&A Policies

### (1) Valuation

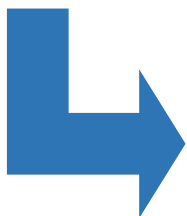
Select companies with an EV/EBITDA multiple of about 5 to 7 sufficient earnings that are more than goodwill amortization

### (2) A good fit with NJC's current products and services

Seeking companies that can create synergies with the real estate tech market, including making products more competitive, extending and deepening geographic coverage, increasing sales per customer, building a stronger workforce, and other measures

### (3) Addition of sales and engineering skills

Stronger sales capabilities for building platforms, faster development of products and the development of a powerful lineup of products



The first step was the April 25, 2022 announcement of a management integration with RealNetPro

## The First M&A | RealNetPro Management Integration



Used cash and an exchange of stock to make RealNetPro a wholly owned subsidiary

|                            |   |
|----------------------------|---|
| <b>Company name</b>        | <b>Nihon Jyoho Create Co., Ltd.</b>   |
| <b>Establishment</b>       | <b>August 1994</b>  |
| <b>Location</b>            | <b>13-18 Kanmachi, Miyakonojo-shi, Miyazaki prefecture</b>                                |
| <b>Business activities</b> | <b>Development and sales of application systems and services for real estate industry</b> |
| <b>Capital</b>             | <b>722 million yen</b>  |
| <b>Sales</b>               | <b>2,610 million yen</b><br>*Fiscal year ended June 2021                                  |

|                            |  |
|----------------------------|--|
| <b>Company name</b>        | <b>RealNetPro Co., Ltd.</b>  |
| <b>Establishment</b>       | <b>August 22, 2008</b>   |
| <b>Location</b>            | <b>3F MA building Shiba III, 5-13-14 Shiba, Minato-ku, Tokyo</b>   |
| <b>Business activities</b> | <b>Services for real estate companies, including ReaPro, a system developed and operated by RealNetPro for real-time vacancy information</b> |
| <b>Capital</b>             | <b>30 million yen</b>  |
| <b>Sales</b>               | <b>350 million yen</b><br>*Fiscal year ended March 2021  |

## The RealNetPro Management Integration

# Shifting from competition to co-creation

Until now, NJC's Fudosan BB and RealNetPro's ReaPro services were competitors. Following this management integration, these two services will function as co-creation partners to enable the real estate industry to utilize IT rapidly and effectively.



## An introduction to ReaPro

ReaPro is a system for real estate companies that provides real-time data on vacant properties by using a cloud-based rental management system for linking these companies (property managers and brokers).

### The ReaPro Real-Time Vacancy Information System



## Property database

Total registered properties

**6,484,984** households

\*As of April 30, 2022

## Customer database

More than 35,000 customers registered

Property management **2,753** stores  
companies

Real estate brokers **35,192** stores

\*As of April 30, 2022

\*Companies that are both property managers and brokers are counted twice.

## A competitive product

A fee-based product for property management companies that has been successful since its launch at converting users to a product that generates fee income. Use of the SaaS model results in steady revenue.



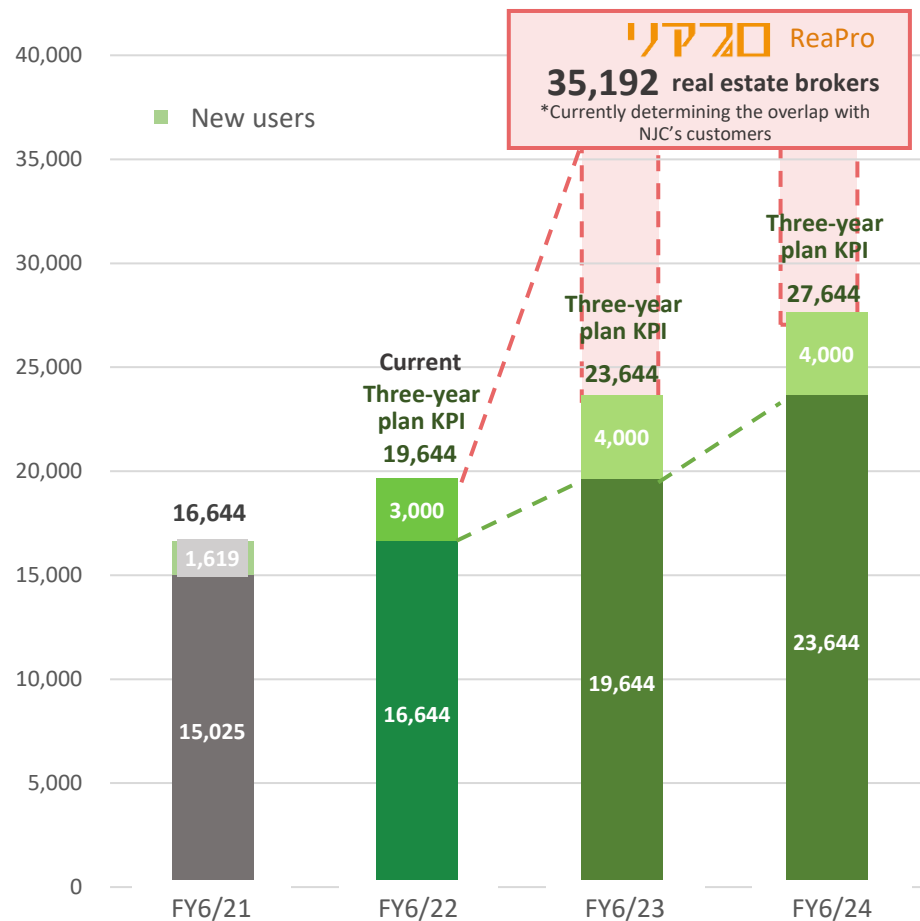
## RealNetPro Management Integration Adds More Customers

# Aiming for more growth of the three-year plan KPI

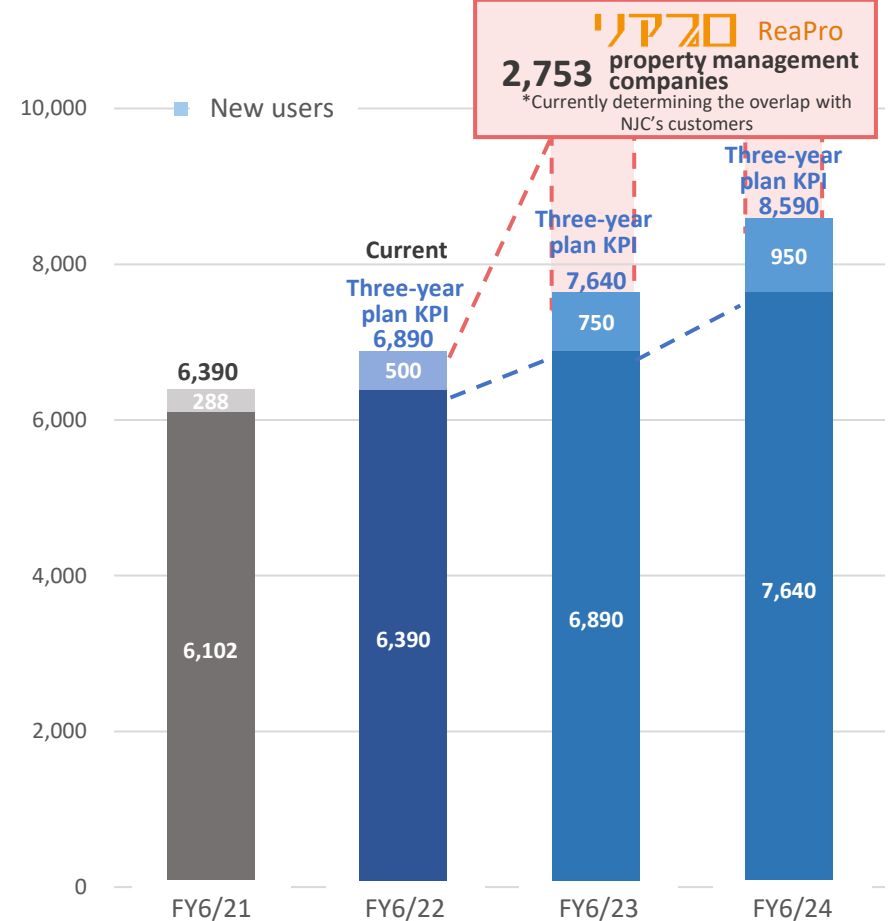
\*More information about the three-year plan announced in August 2021 is in the Appendix.

\*The expected increase in the number of customers (offices) has not been finalized.

■ Users of Free Services

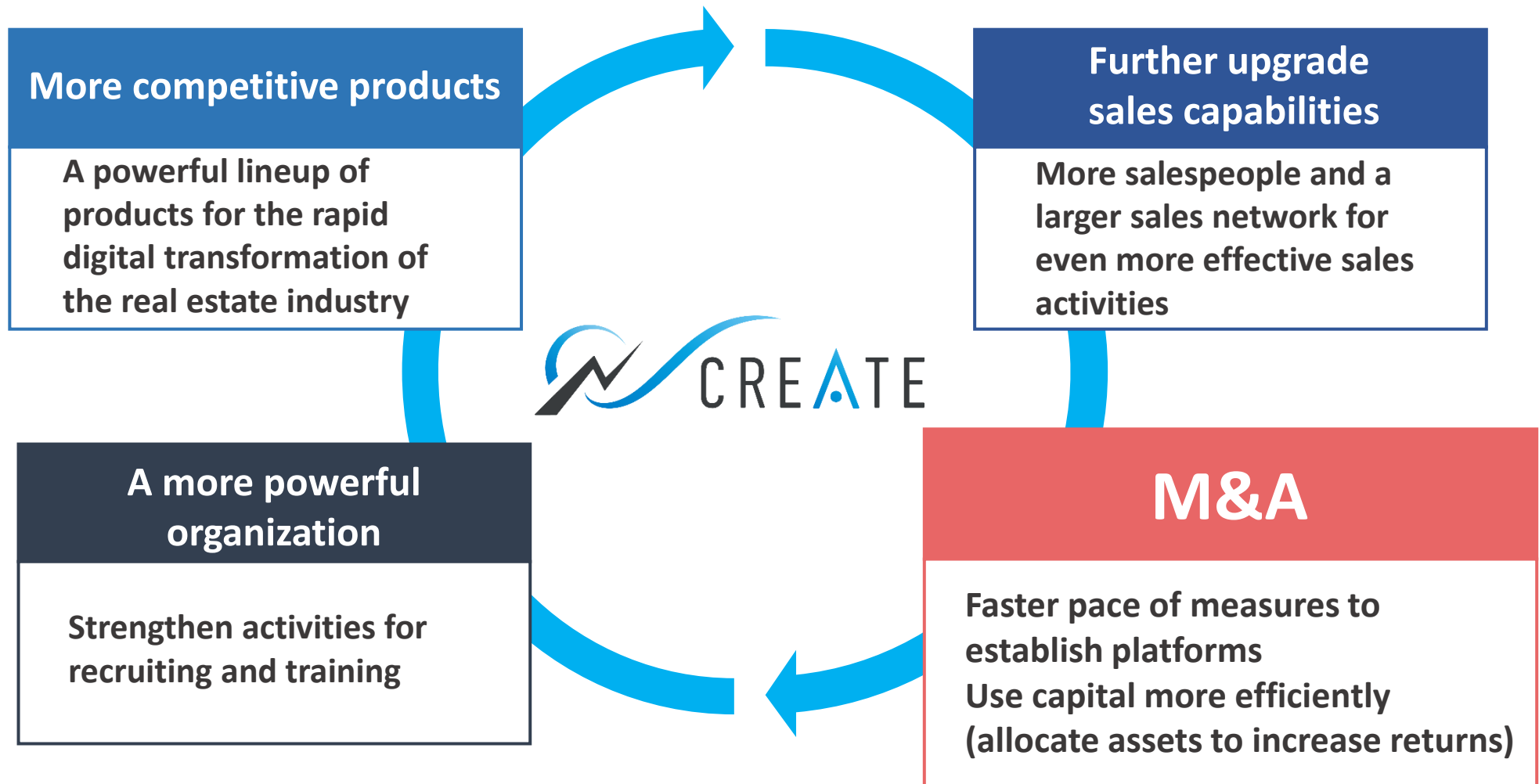


■ Number of Companies Using Services Provided for a Fee



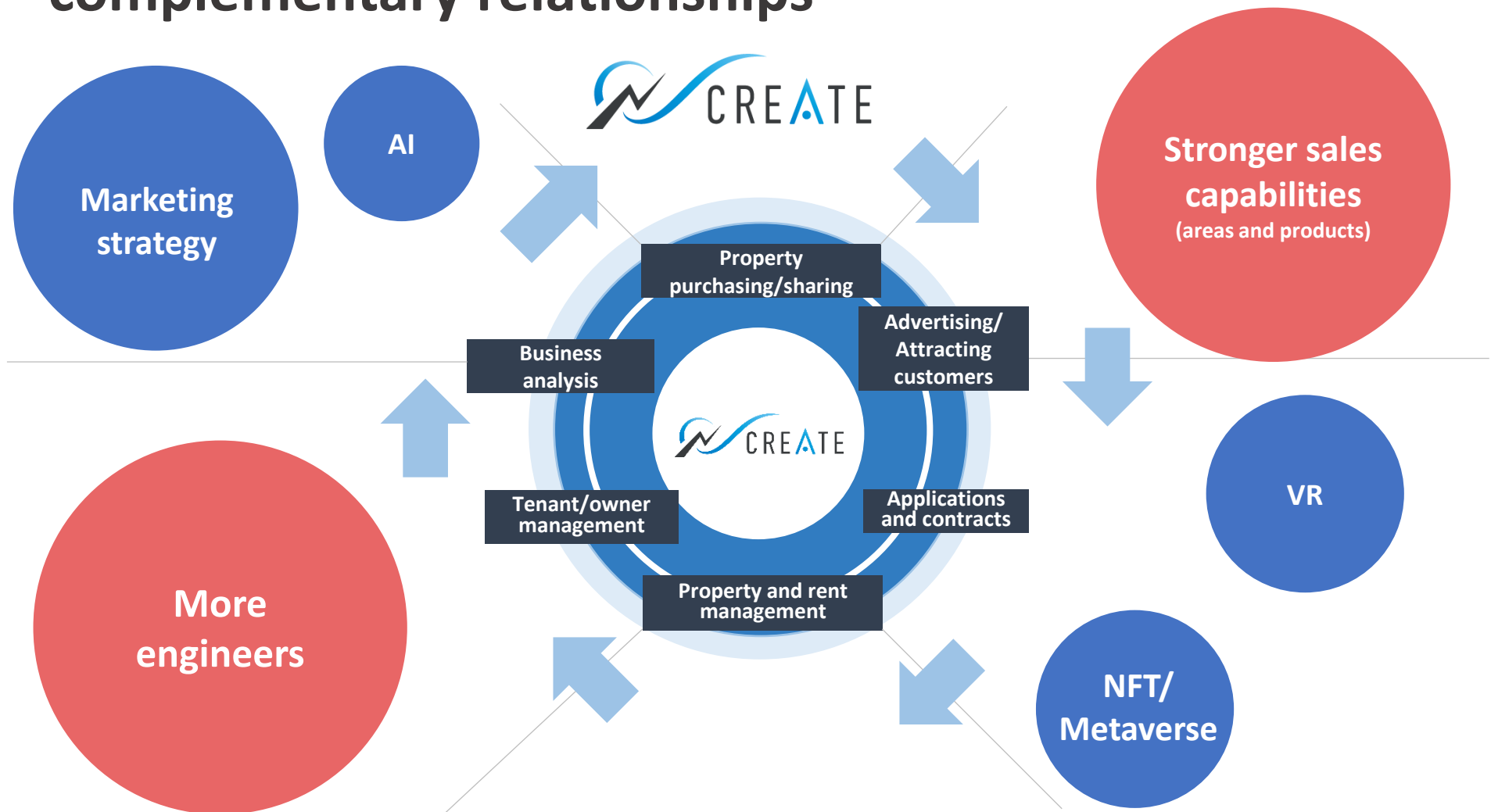
## Faster Growth

### A virtuous cycle for the growth strategy actions and faster growth



## Actions for Building Platforms

# M&A targeting companies for building mutually complementary relationships



## Post-merger Integration to Maximize Benefits Is Essential for the Success of M&A

### 1 Integration of vision and culture

Numerous measures for vision and corporate culture integration, such as periodic senior management meetings, organizational management, communication among people at both companies, feedback concerning current assessments of the integration, and other activities.

### 2 Integration of organizational management and systems

Integration of human resources, incentive designs, accounting systems, budgeting, administration, delegation of authority and other items to ensure that the organization is managed efficiently and with no problems.

### 3 Stronger internal controls and governance

Companies that join the NJC Group use the internal control system of NJC, which meets the standards for a publicly owned company, and establish a sound framework for governance.

### 4 Quantitative management (Monitoring)

NJC monitors key performance indicators and the results of operations of new additions to the NJC Group and performs oversight concerning the accomplishment of goals in the business plan established when integration takes place.

### 5 Integration of management strategies

Management strategies are integrated with the goal of maximizing synergies while retaining a focus on the core goal of building platforms that support the digital transformation of the real estate industry.

### 6 Integration of business strategies

NJC's nationwide network of stores and customer relationships are used to add new customers and increase sales to current customers of new additions to the NJC Group. In addition, marketing data are integrated with the aim of improving productivity.

### 7 Integration of development program strategies

Development capabilities are strengthened by upgrading the NJC Group's technological skills, properly managing development programs, using new technologies to develop products, and other activities.

### 8 Sound communication

To ensure sound lines of communication within the NJC Group, there are activities for establishing and improving communication tools and periodically examining and dealing with issues involving communication.

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## Activities in 4Q

## Three Initiatives for Speeding Up Growth

- 1** Make salespeople productive quickly
- 2** Leverage synergies with RealNetPro
- 3** Update the three-year plan to add M&A as a strategy for growth

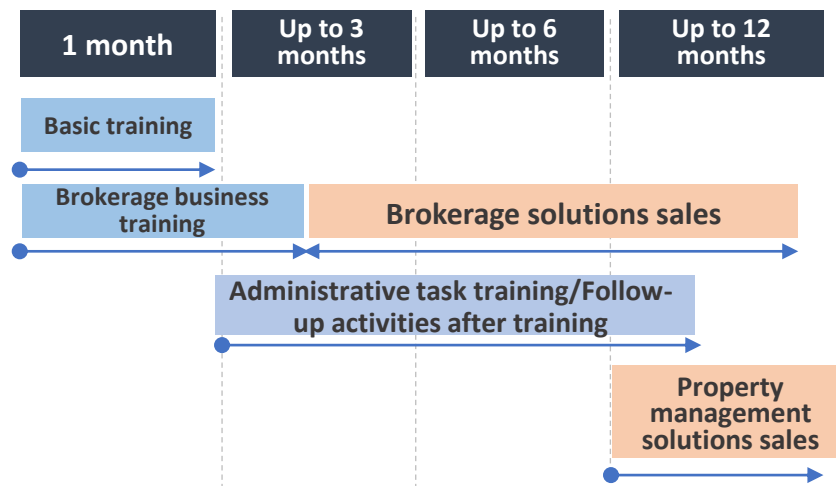
# 1 | Make Salespeople Productive Quickly

## Upgrade training and provide powerful support for making newly hired salespeople productive as soon as possible

### ■ Current issues

- Make new salespeople productive quickly
- Switch customers from free to fee-based services

Recruiting is progressing as planned but there are delays with the start of work by new salespeople and with their training. Delays are also occurring with cross-selling activities for shifting customers from free products to products with fees.



### ■ Use new tools to make people productive quickly

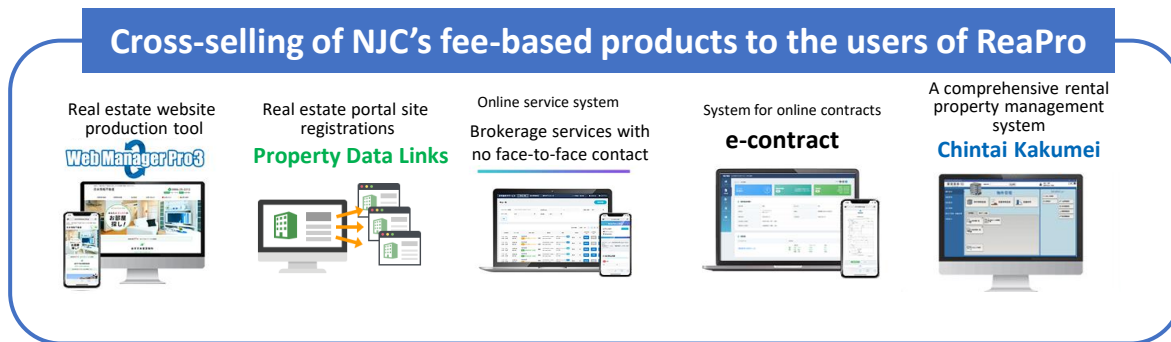
- Design a curriculum for rapid progress
- Conduct online interactive lessons
- Use videos for the effective use of short periods of free time
- Interactive training that allows employees to learn with each other

### ■ Upgrade training with the goal of starting sales activities in the second month at NJC

- Comprehensive support by a department specializing in training (philosophy, products, sales methods)
- IT skill education by using support of the IT development department
- Sales skill classes led by NJC sales specialists
- Periodic consultations and interviews by the human resources department

## 2 | Leverage Synergies with RealNetPro

Develop products with emphasis on cooperation with RealNetPro and use cross-selling of products with fees to increase sales and earnings



**Expected contributions of synergies to sales growth**



Cross-selling of fee-based products to the customers added by the RealNetPro acquisition

Registered property management companies

**2,753** stores

Registered real estate brokers

**35,192** stores

\*As of April 30, 2022



**More potential customers**

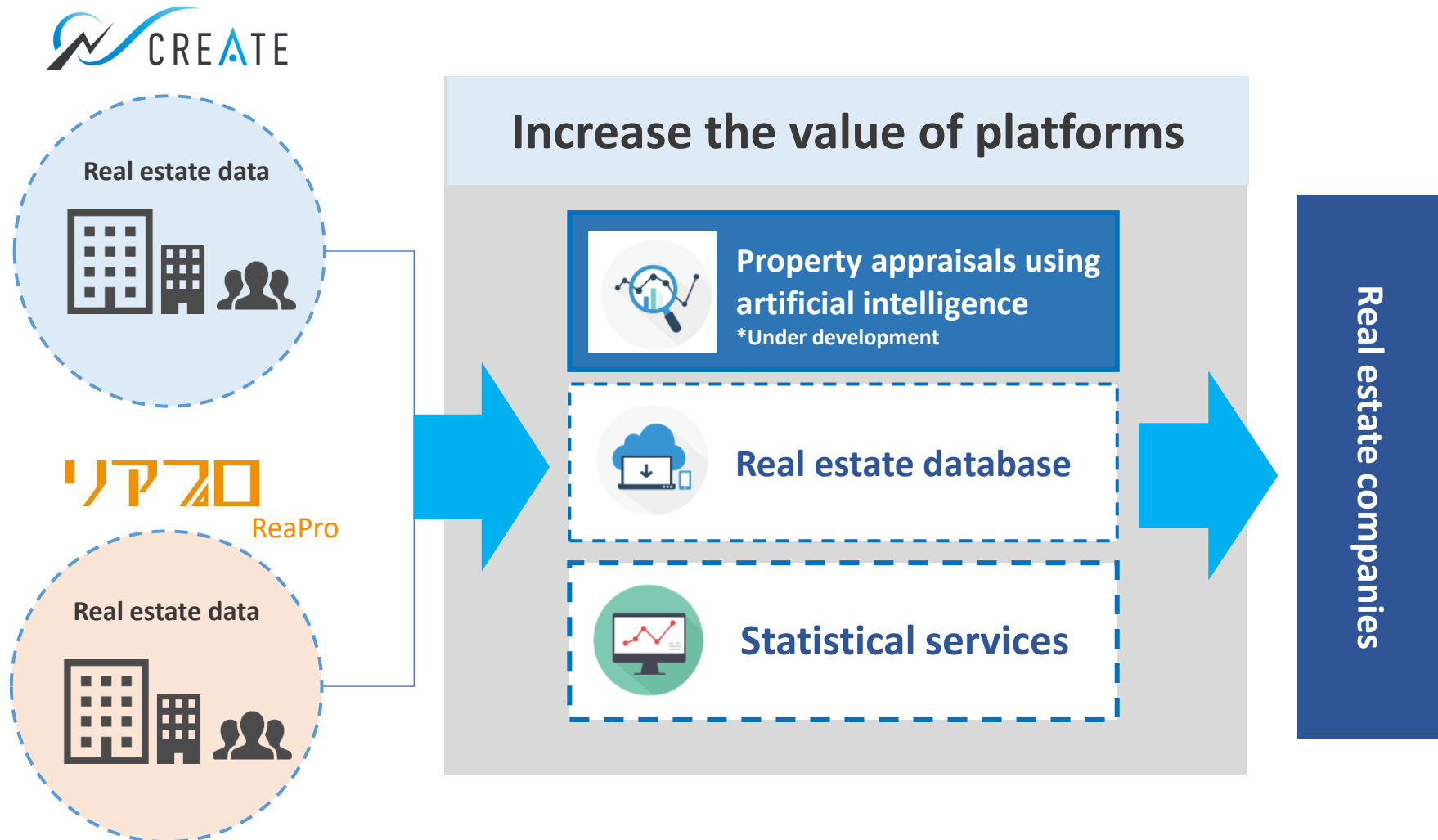
**More new users of products with fees**

**Higher MRR due to cross-selling**



## 2 | Leverage Synergies with RealNetPro

Strengthen big data services by integrating customer and property data of NJC and RealNetPro, performing AI property appraisals, and using other activities



### 3 | Update the Three-year Plan to Add M&A as a Strategy for Growth

#### The current three-year plan for sales and earnings (\*announced August 2021)

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



Plan to announce a revised three-year plan that incorporates the expected benefits of the RealNetPro management integration  
(Announcement is expected with the release of FY6/22 results of operations)

## Amendments | Legal Framework for e-contracts

# Amended laws enable the full-scale start of e-contract system sales

### Start of e-contract following May 18 amendment enactment

#### Speeding up the DX of the real estate industry

The use of electronic instead of paper contracts for real estate contracts will be fully operational from May 18, the enactment date for the Act on the Arrangement of Related Laws for the Formation of a Digital Society, which was announced on April 27, 2022, established at the 204th the National Diet.

### Sales activities for the NSJ's e-contract system

System for online contracts

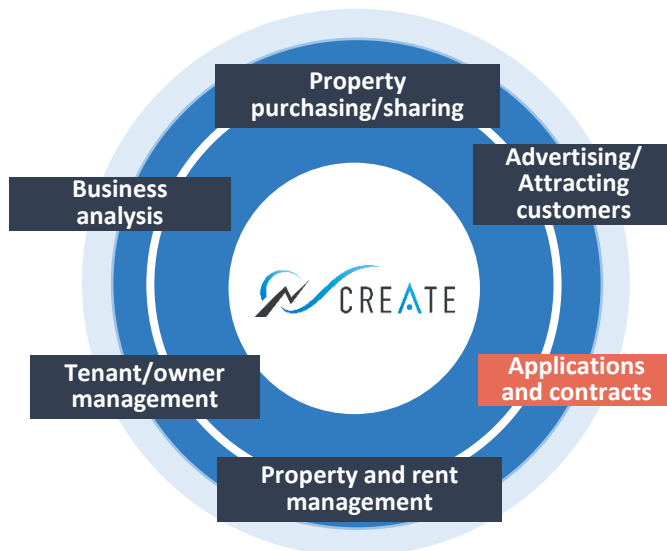
#### e-contract



Cross-selling activities involving more than 19,000 Fudosan BB users

A system designed specifically for the real estate industry for supporting customers' business operations

OEM provision of the e-contract system to Century 21 Real Estate of Japan Ltd.



- Digital contract procedures reinforce NJC's ability to provide integrated solutions
- Driving the digital transformation of the real estate information by using the most suitable platforms for each requirement



A solid blue vertical bar.

# Appendix

## Mission & Vision

# Mission

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

# Vision

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

## Become a platformer in the real estate domain

**Our goal is to build platforms that transform dreams into reality and make many people happy.**

**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**



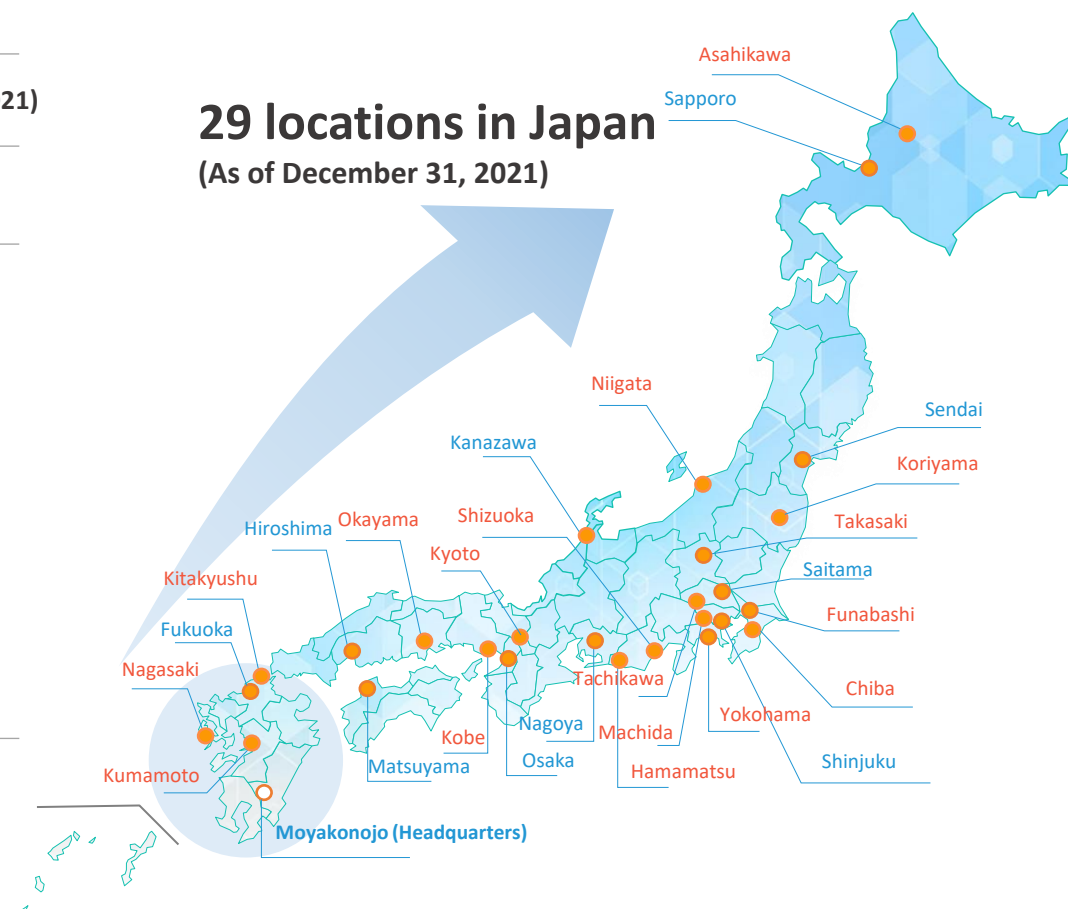
## Company Profile

|                     |  |
|---------------------|--|
| 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 &amp; Supervisory Committee</p> <p>Miura Hiroshi, External Director, Audit &amp; Supervisory Committee member</p> <p>Yamamoto Osamu, External Director, Audit &amp; Supervisory Committee member</p> |
| Listed market       | Tokyo Stock Exchange (Growth) 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/Kikakyusyu/Nagasaki/Kumamoto/Miyazaki (Headquarters)

### 29 locations in Japan (As of December 31, 2021)



## [Reference] Profile of Business Operations

Established

In **1994**

Number of business locations in Japan

**29**

\*as of December 31, 2021

Number of employees

**254**

\*as of December 31, 2021

Net sales

**27th consecutive year of sales growth**

Average of monthly cancelation rates

**0.5%**

\*as of June 2021 result

Users of products

Users of free services

**18,392**

\*as of December 31, 2021

Rental management system ranking (number of users)

**No.1**

\*1

MRR

**162 million**

\*as of December 31, 2021

Users of services with fees

**6,560**

\*as of December 31, 2021

\*1 Based on 2020 internet survey by the Japan Rental Property Management Business Association (survey was January 17 to 31, 2020 and February 14 to 20, 2020)

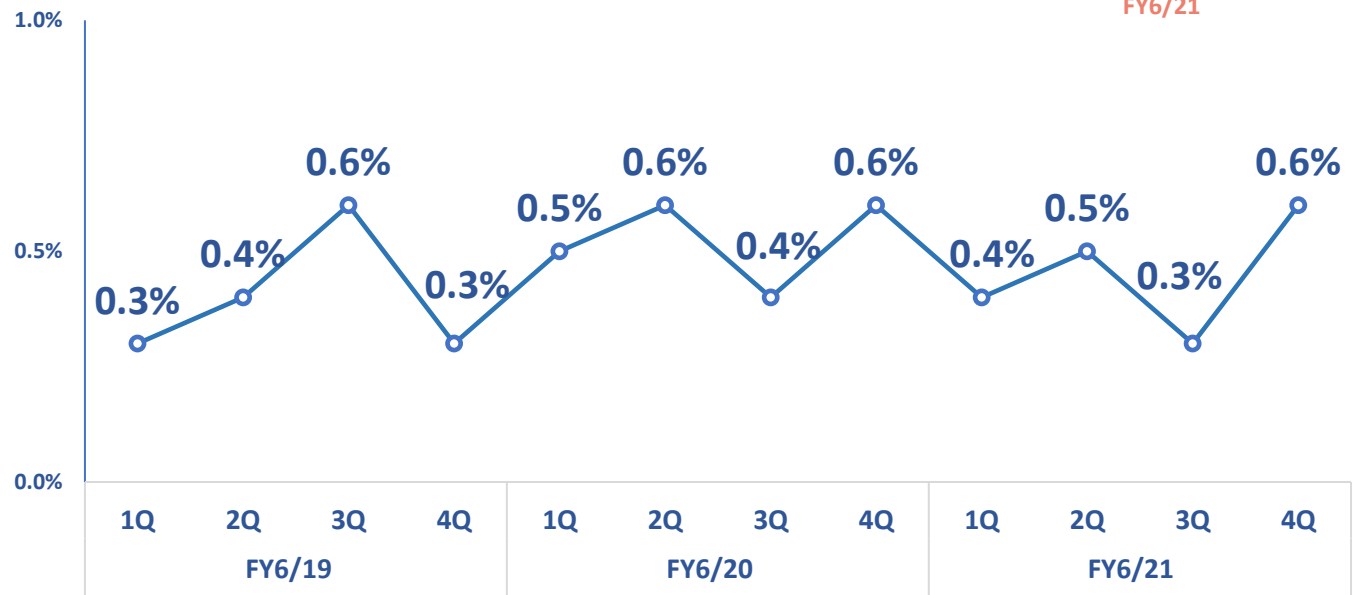
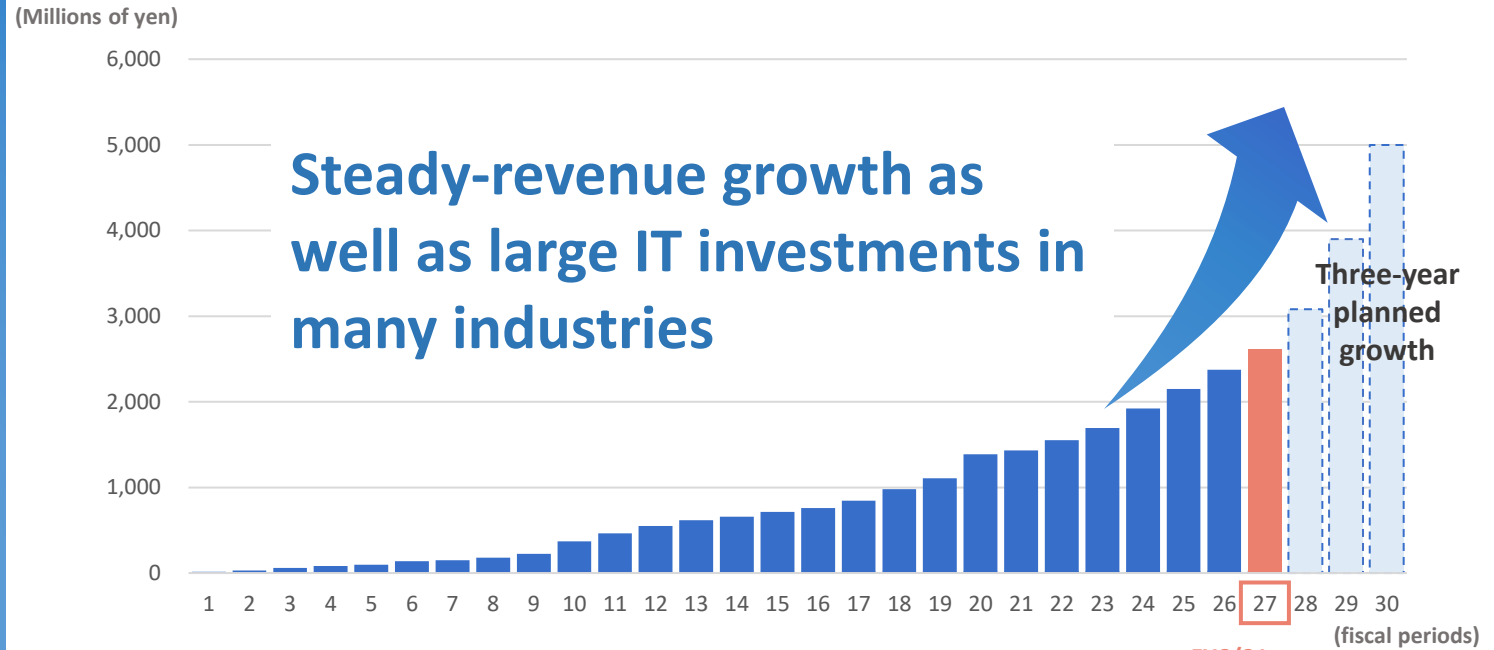


# Consecutive sales growth for 27 years

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.

# Three-year Growth Strategy

(including the sales and earnings plan for FY6/22)

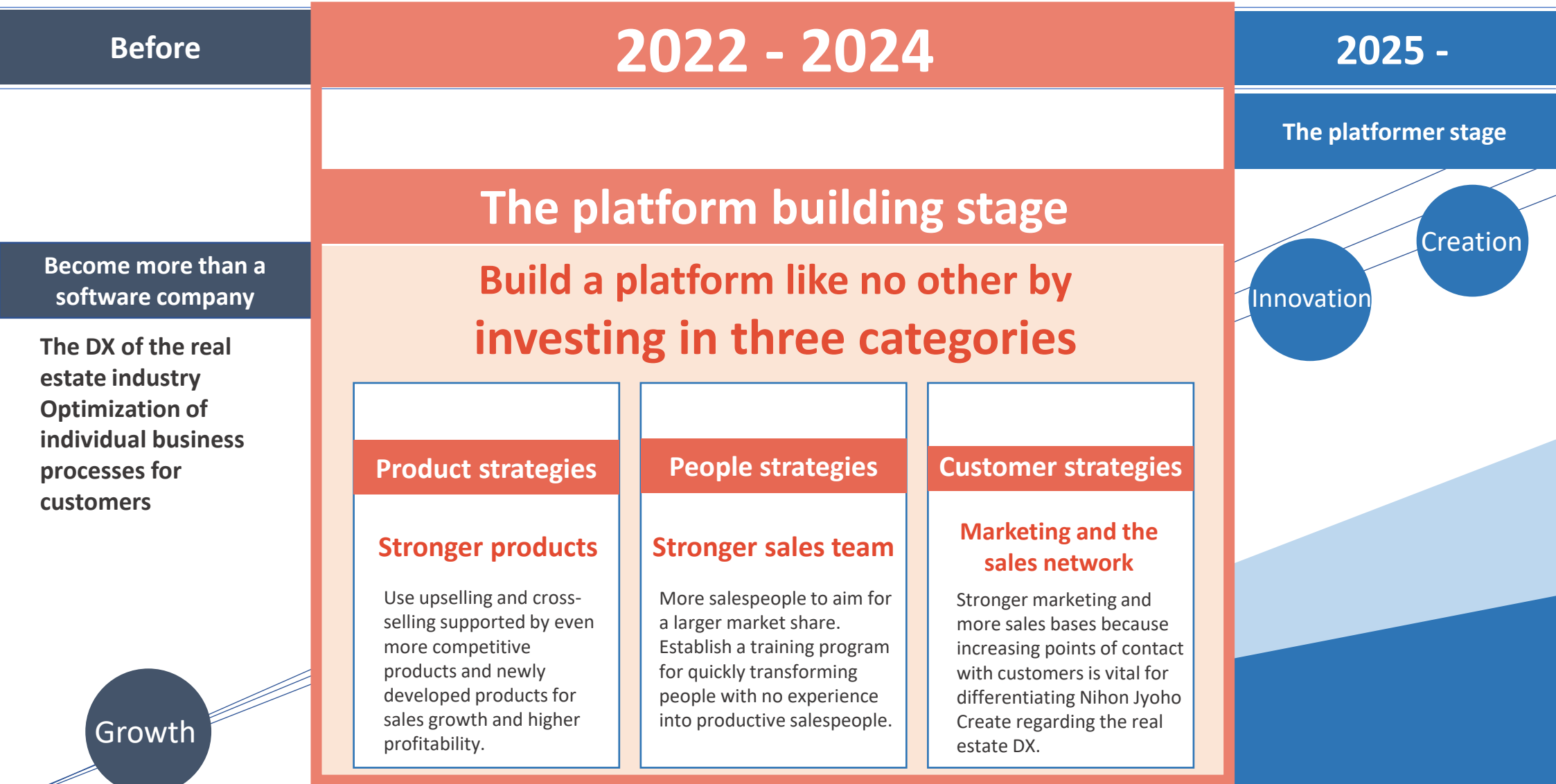
**\*Excerpts from “Results of Operations for the Fiscal Year Ended June 30, 2021” (announced on August 16, 2021)**

# 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

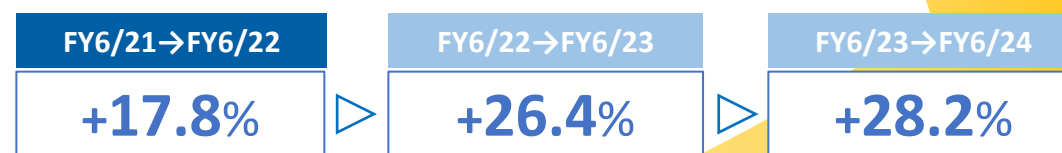
|                 | FY6/21 results | FY6/22 plan    | FY6/23 plan    | FY6/24 plan    |
|-----------------|----------------|----------------|----------------|----------------|
| Net sales       | ¥2,610 million | ¥3,080 million | ¥3,900 million | ¥5,000 million |
| Gross profit    | ¥580 million   | ¥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

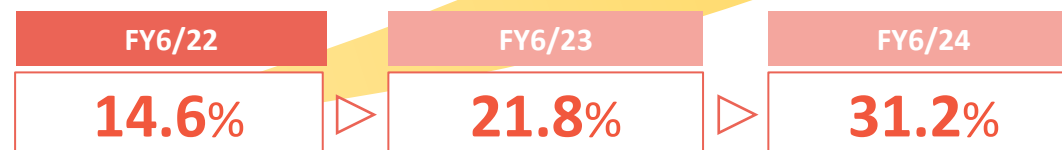
Growth of sales and earnings as well as corporate value

Aiming for a Prime Market listing

#### ■ Plan for increasing sales growth



#### ■ Plan for operating margin growth



## Summary of the Three-year Plan

### External factors – Fast market growth fueled by the digital transformation (DX) in three areas

- (1) Industry DX: New mindsets in the entire real estate industry due to amended laws
- (2) Business process DX: More online activities by real estate companies because of the pandemic
- (3) Consumer DX: Rising pct. of the public who were born and grew up during the internet/information age (digital natives)

#### Passage of digital reform laws

Personal and corporate seals are no longer needed on real estate transaction contracts. Digitalization of contracts is expected to speed up the DX of all real estate transactions. NJC has developed its own e-contract format. This contract was released on November 19, 2021 with the goal of quickly targeting the demand for digital real estate contracts.



#### Changes due to telework demand

Telework demand is moving Chintai Kakumei from on-premises to the cloud. NJC uses cloud and other support to enable real estate companies to shift to online business processes.



#### About 6,000 homebuilding companies start operating every year

There are more than 120,000 homebuilding companies in Japan and 5,000 to 6,000 of companies in this business start operating every year. Some businesses will be started by digital natives, which will speed up the DX. NJC has added a service plan (the Start Value Plan) to serve this customer segment.

新規開業向け  
オールインワンシステム  
スタート・バリュープラン  
Start Value Plan



Source:

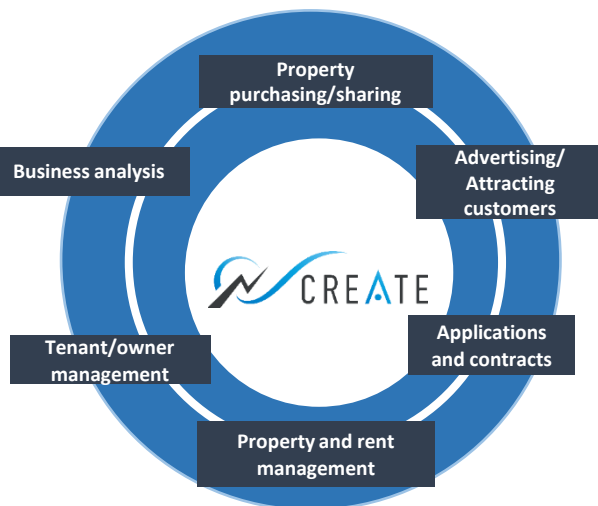
Statistics for Homebuilders and Residential Land and Building Transaction Brokers, end of fiscal 2018, Real Estate Transaction Improvement Organization and Number of Residential Land and Building Transaction Companies, Ministry of Land, Infrastructure, Transport and Tourism

## Summary of the Three-year Plan

### NJC plans to grow rapidly along with the real estate industry DX

- (1) Platform strategy: A product lineup covering all real estate business processes
- (2) Investments in people/assets: Up-front expenditures for hiring people, adding sales offices and developing products
- (3) As the real estate DX market emerges, market share growth is the highest priority

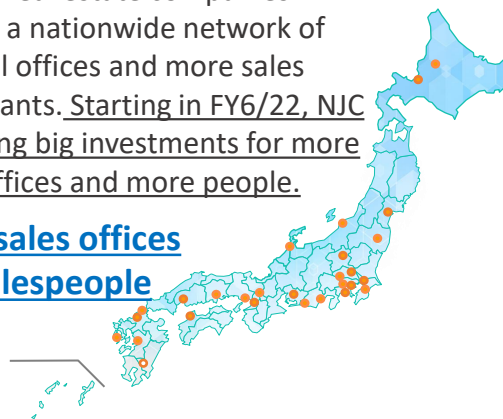
#### A platform encompassing all real estate business processes



#### Recruiting and Network Expansion

Continue upgrading sales consulting linked to local markets, a core strength of NJC. The digitalization of Japan's real estate companies will require a nationwide network of physical offices and more sales consultants. Starting in FY6/22, NJC is making big investments for more sales offices and more people.

#### More sales offices and salespeople



#### Growth of the Real Estate DX Market

Real estate industry IT capital expenditures in Japan are only about 10% of these expenditures in the U.S. Productivity is only 40% of the U.S. level. Furthermore, real estate industry productivity in Japan is far below the average for all industries\*1. NJC believes that the real estate DX era is just beginning and plans to make up-front expenditures to capture market share.

\*1 Source: Survey for Economic Analysis of ICT in fiscal 2018, Ministry of Internal Affairs and Communications

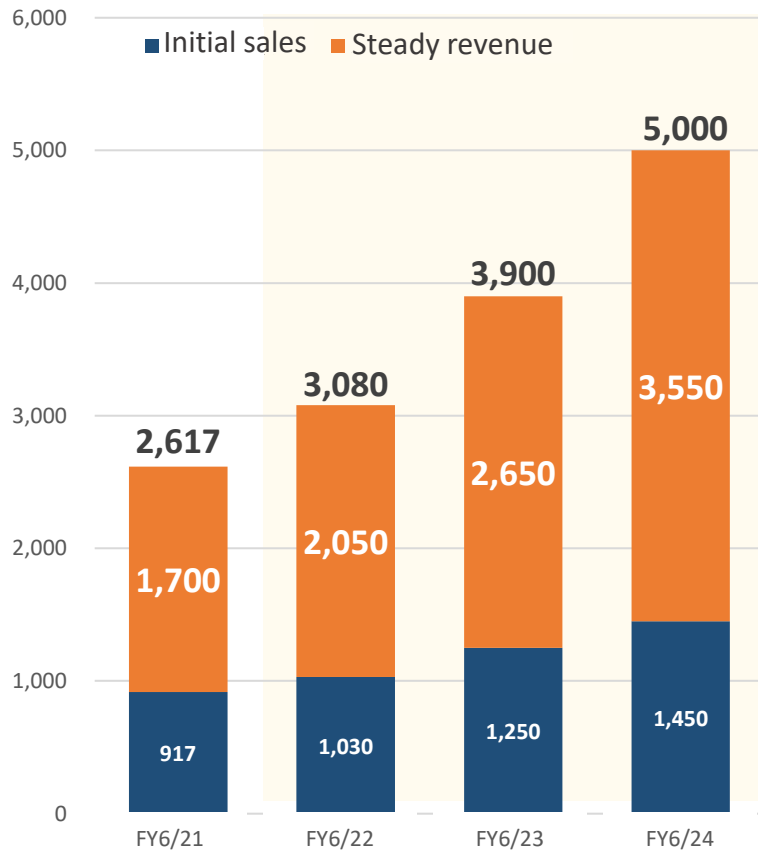
Source: 2015 Analysis of Labor Economics (September 2015), Ministry of Health, Labour and Welfare

# 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

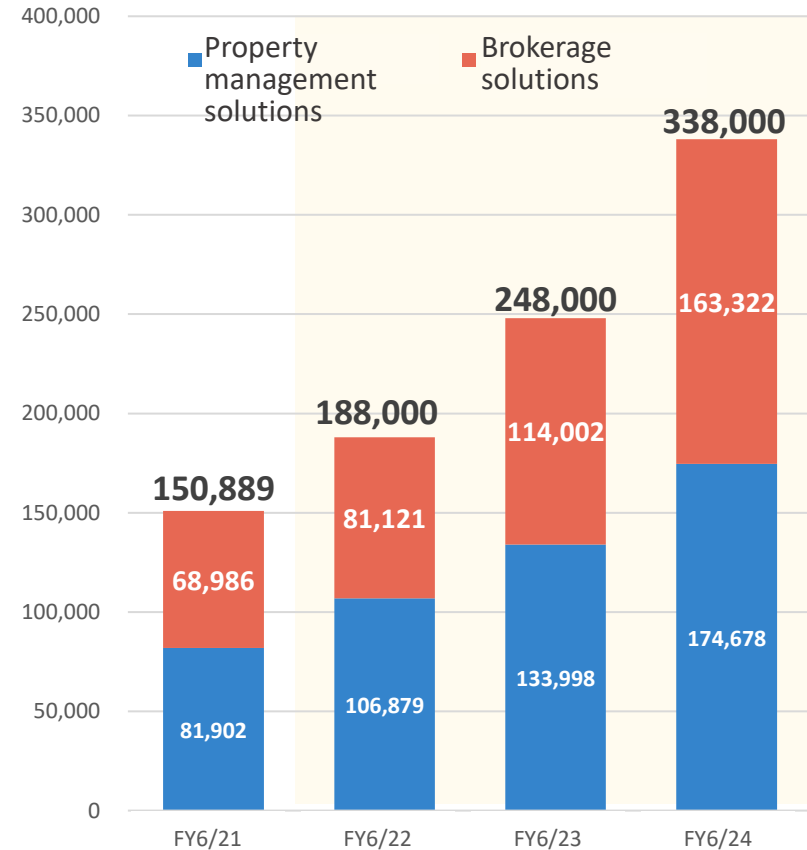
(Millions of yen)



## ■ Monthly recruiting revenue plan

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

(Thousands of yen)

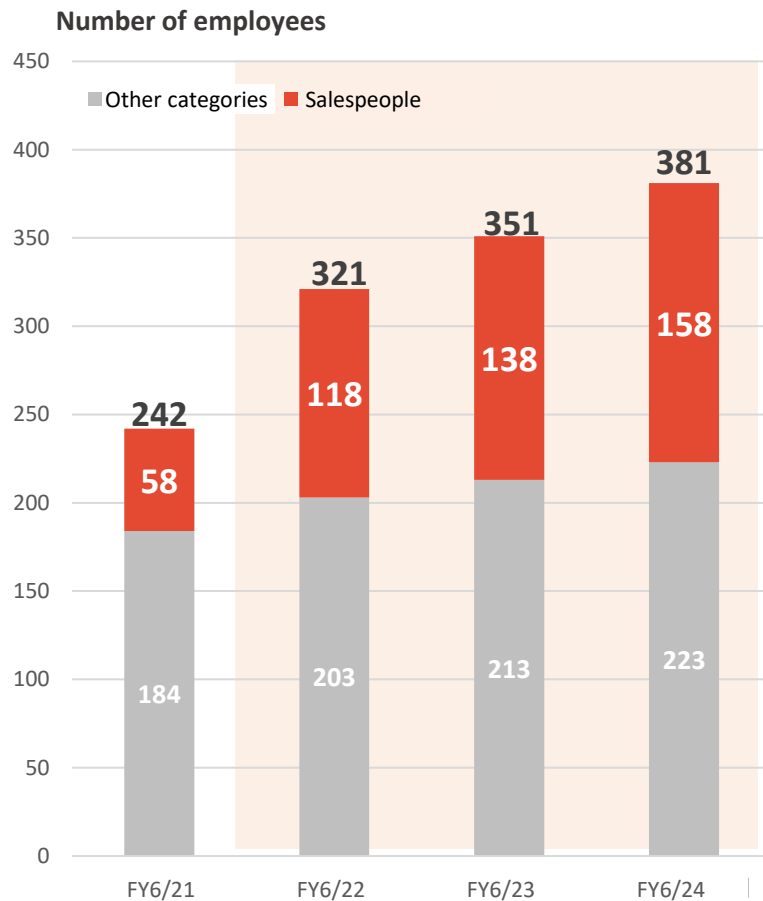




# Additional Three-year Plan Information

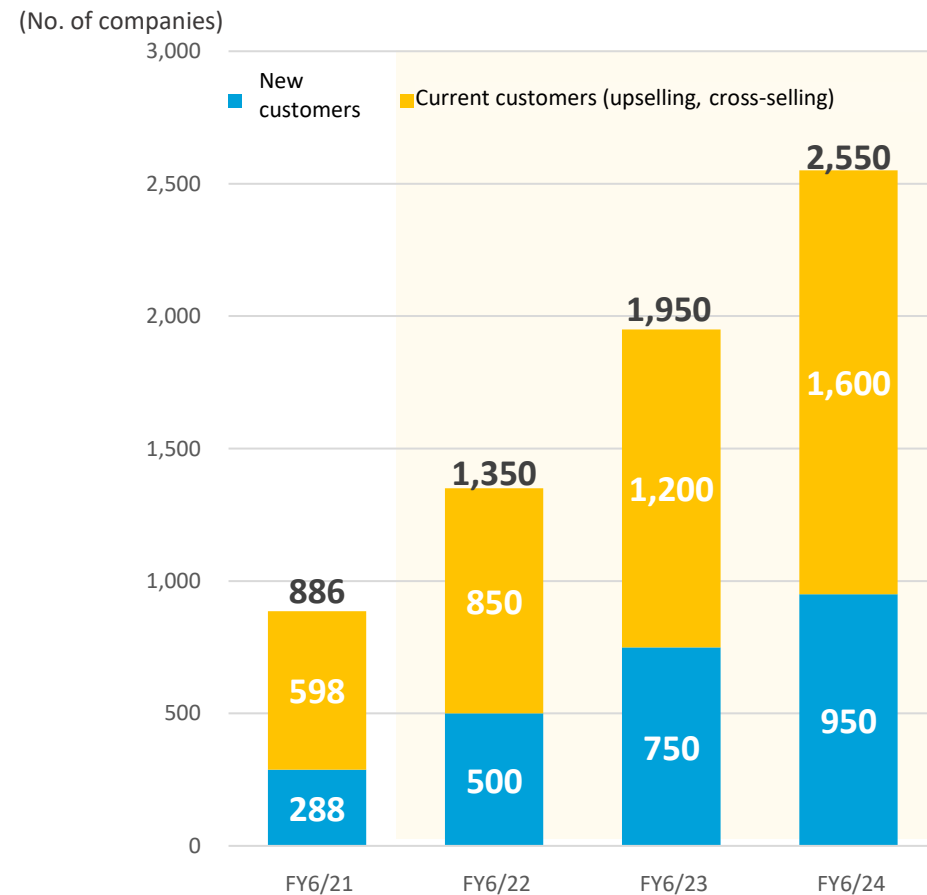
## ■ Employees (plan for salespeople)

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



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

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

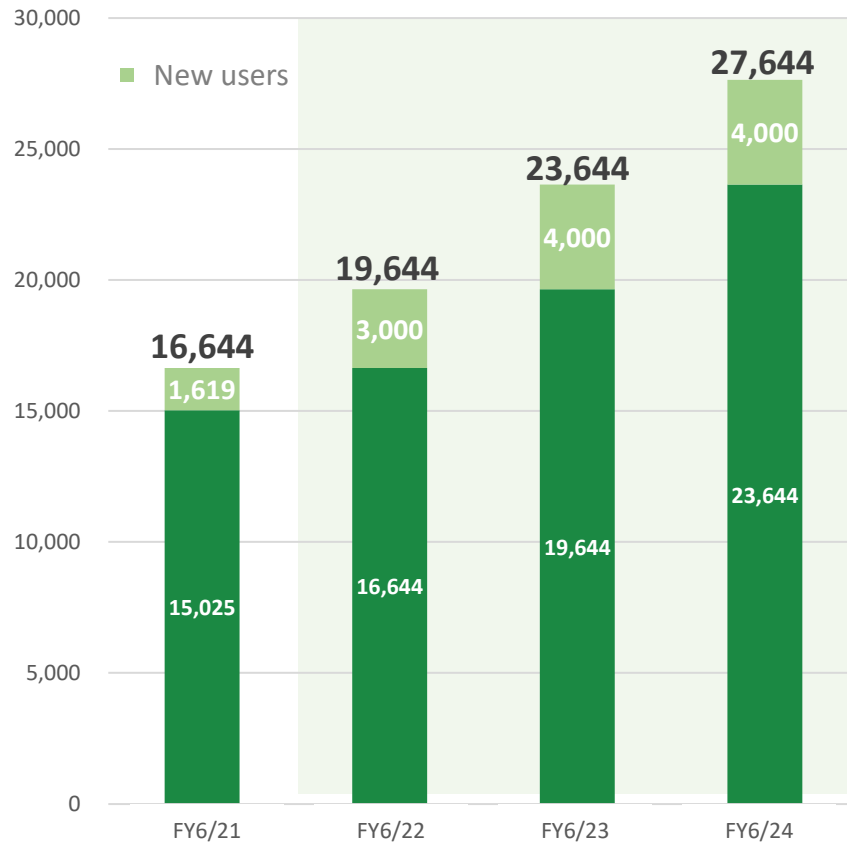


## Additional Three-year Plan Information

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

Forecast growth due to more salespeople and an effective marketing strategy

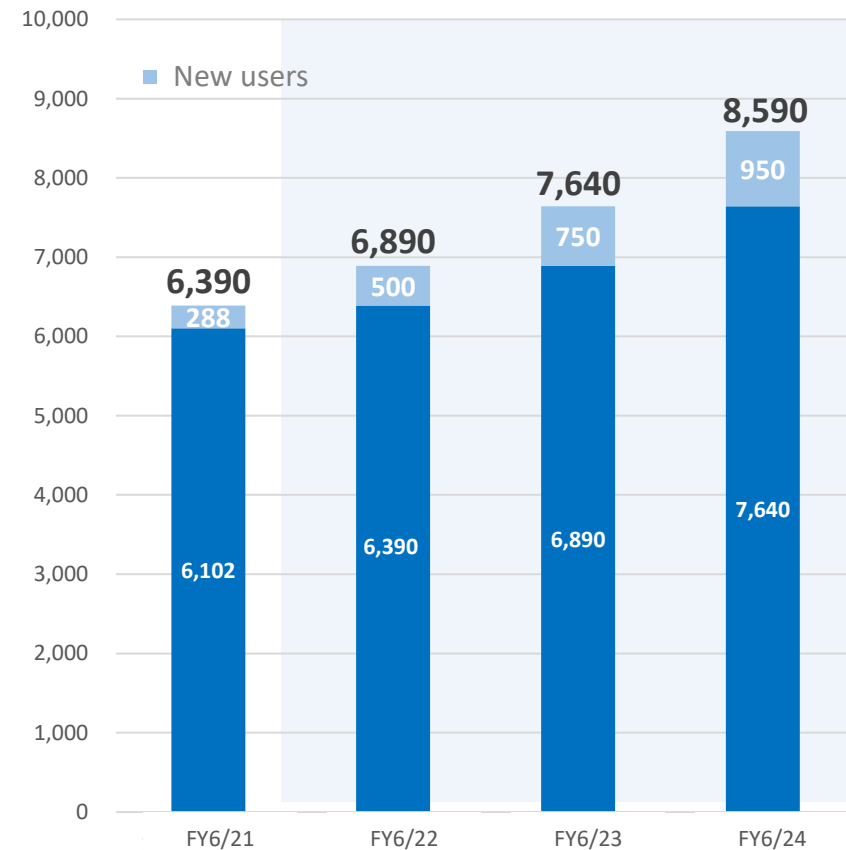
(No. of companies)



### ■ 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)



# Explanations of Individual Strategies

# Product Strategy

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

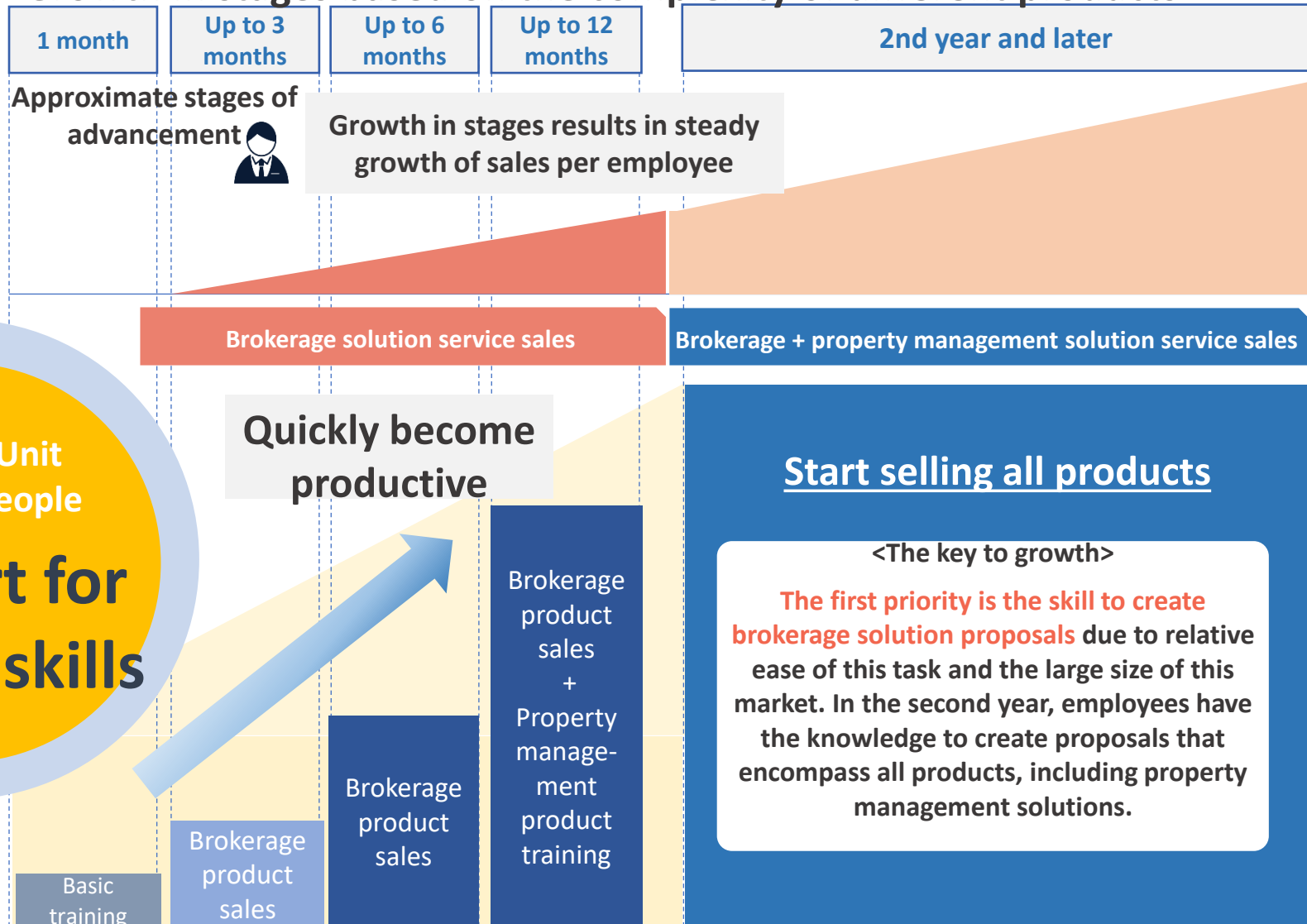
### Develop products to build a platform



# People Strategy

Established a specialized sales training unit to make new employees productive quickly

Growth in stages based on the complexity of different products



# 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



# Customer Strategy

## More sales offices and salespeople for strategic investments

### Expansion of consulting closely linked to specific areas

More sales offices

11



29

(June 30, 2022)

More salespeople

66



118

(July 31, 2021)

(June 30, 2022)

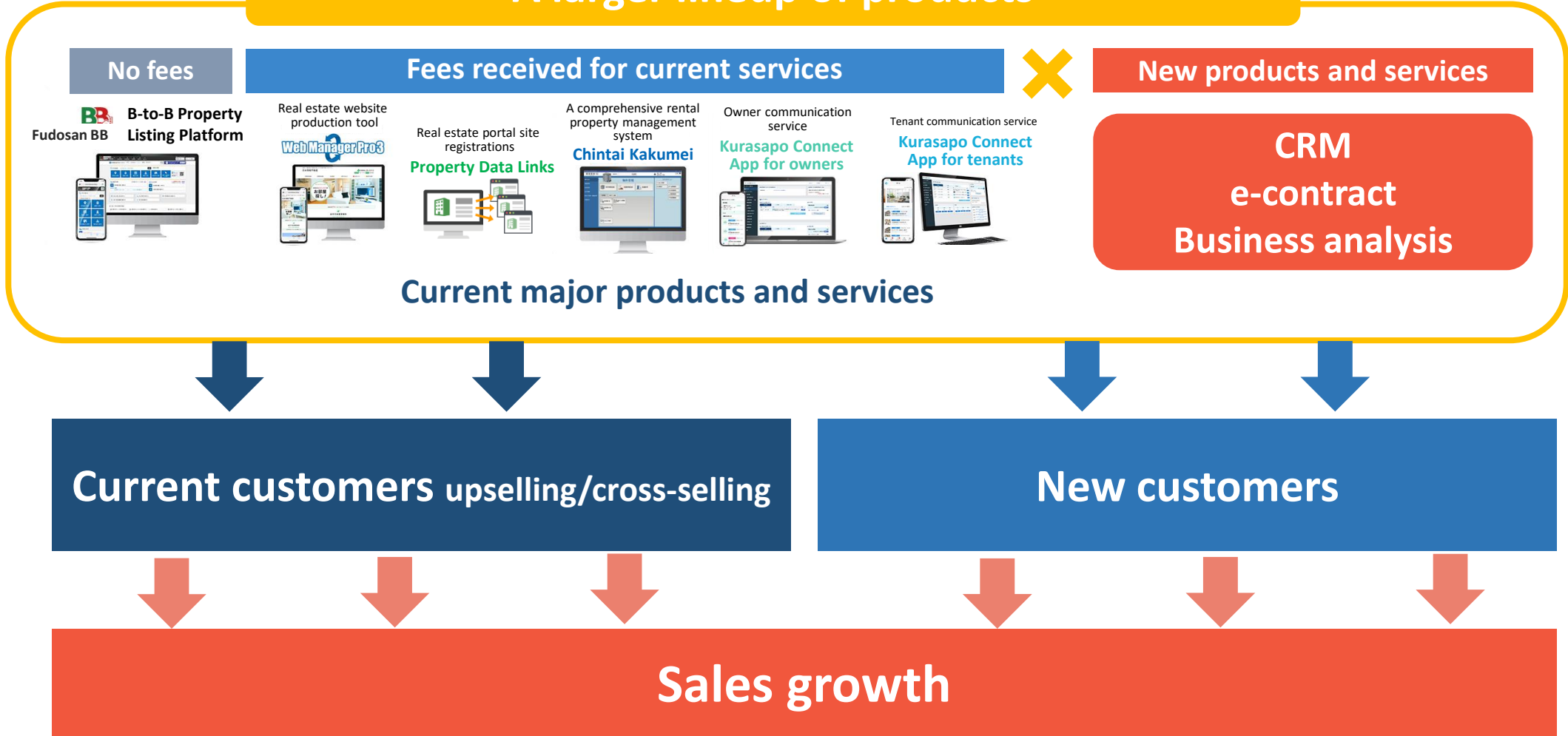
Stronger recruiting and training frameworks

## Established a department solely for these activities

# 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**





# 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 5,000 homebuilding companies start operating every year

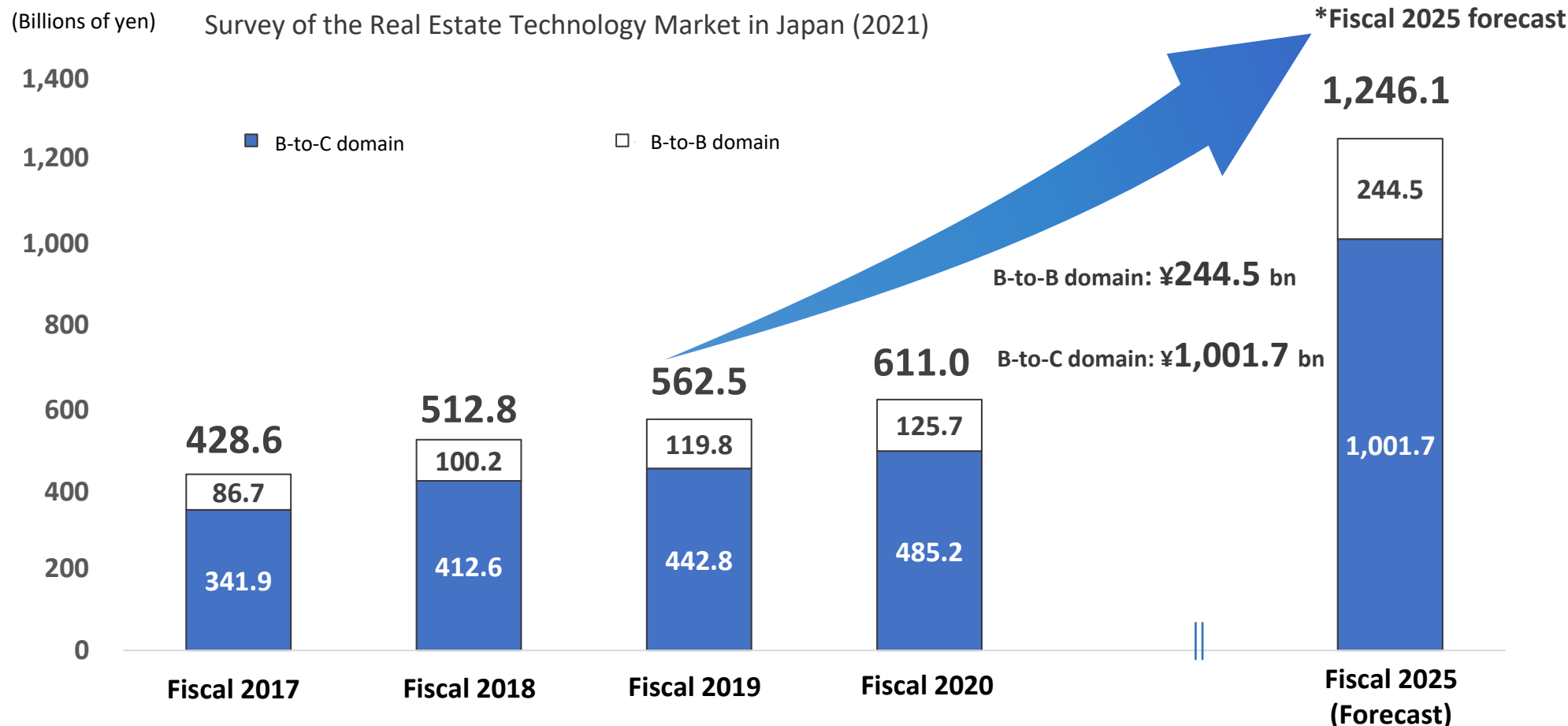
The constantly changing residential construction sector is creating many potential new customers every year.

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.

## 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**

Market size: **¥1,246.1 billion**

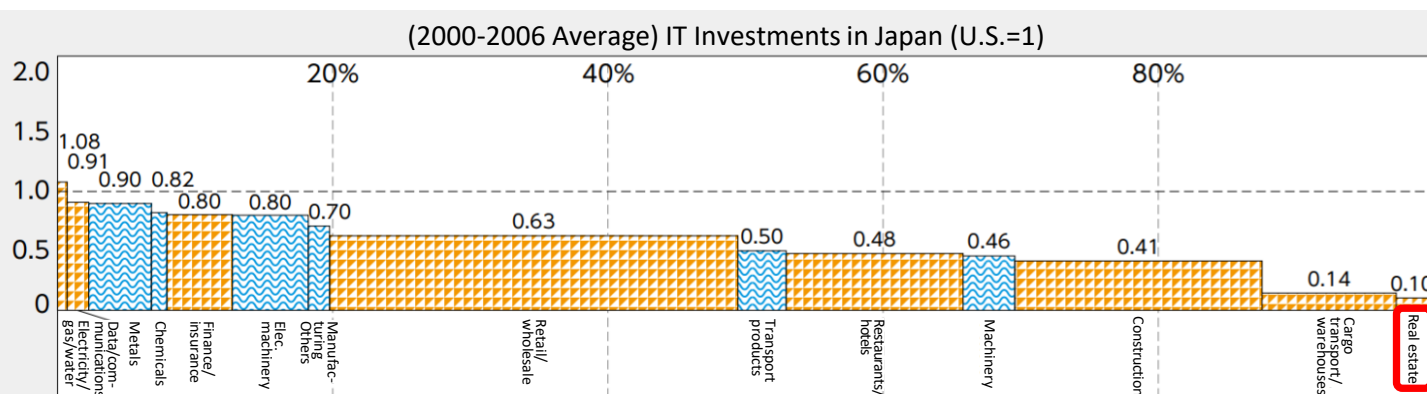


Source: 2021 Japanese Real Estate Technology Market Survey by Yano Research Institute, August 17, 2021

# Issues in Japan's Real Estate Industry

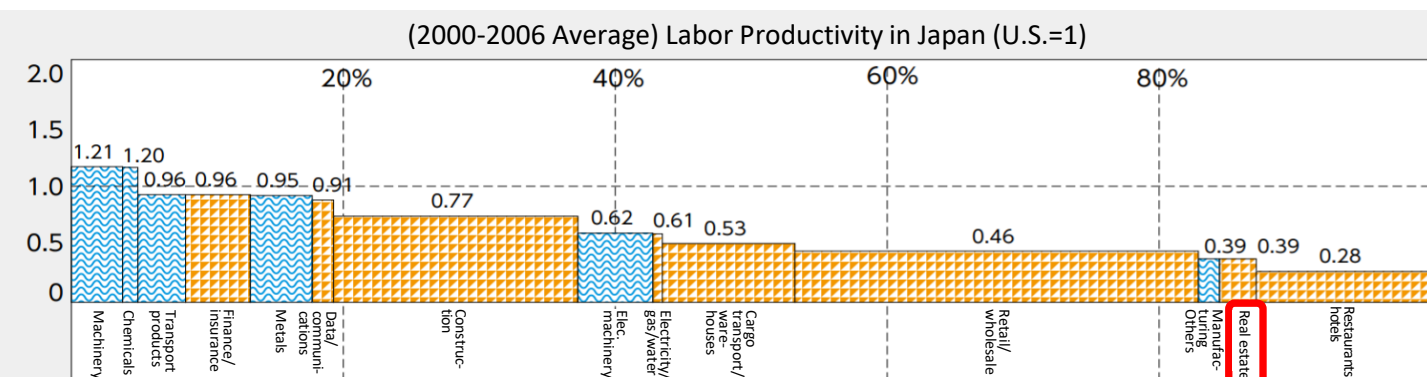
In Japan's real estate industry, IT investments are 10% and labor productivity is 40% of the levels in the U.S.

**IT investments by industry (U.S.=1, 2000-2006 average)**



Source: Ministry of Health, Labour and Welfare using data from the Groningen Growth and Development Center  
 Note: IT investments are based on manhours. Width shows the volume of labor used (working hours x number of workers).

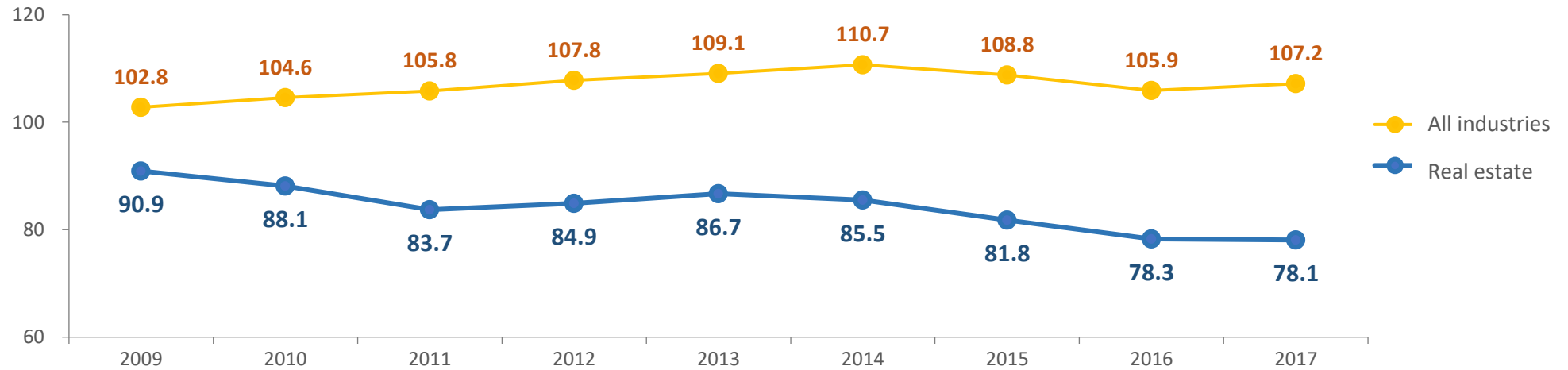
**Labor productivity by industry (U.S.=1, 2000-2006 average)**



Source: Ministry of Health, Labour and Welfare using data from the Groningen Growth and Development Center  
 Note: Labor productivity are based on manhours. Width shows the volume of labor used (working hours x number of workers).

Source: 2015 Analysis of Labor Economics (September 2015), Ministry of Health, Labour and Welfare

## ■ Labor productivity index

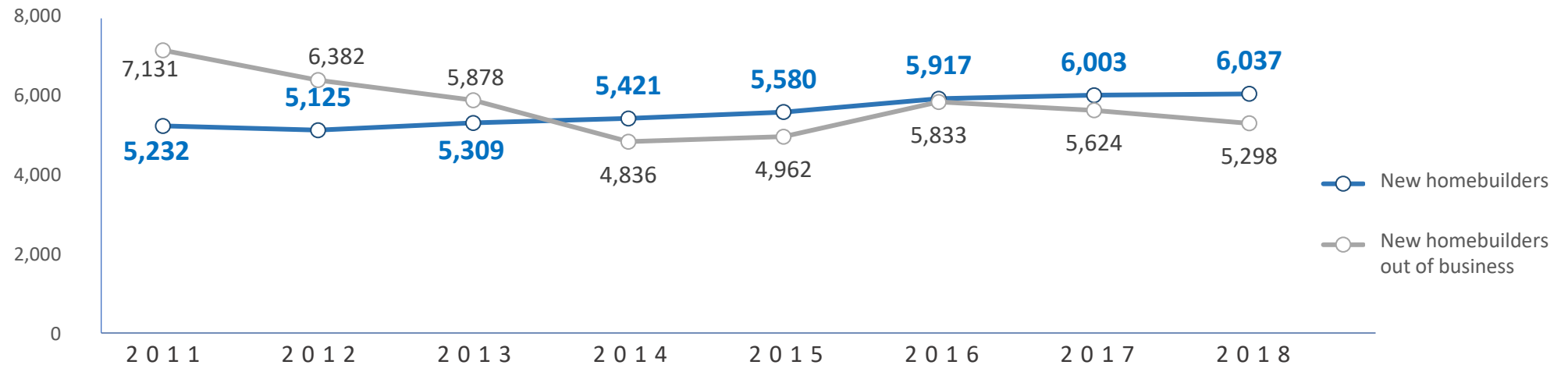


Source: Survey for Economic Analysis of ICT in fiscal 2018 (2019), Ministry of Internal Affairs and Communications

\*1 GDP of Major Industries, Survey for Economic Analysis of ICT in fiscal 2018 (2019), Ministry of Internal Affairs and Communications

\*2 Index (Year 2000=100) based on real GDP/Number of employees (2011 prices) for real labor productivity, Survey for Economic Analysis of ICT in fiscal 2018 (2019), Ministry of Internal Affairs and Communications

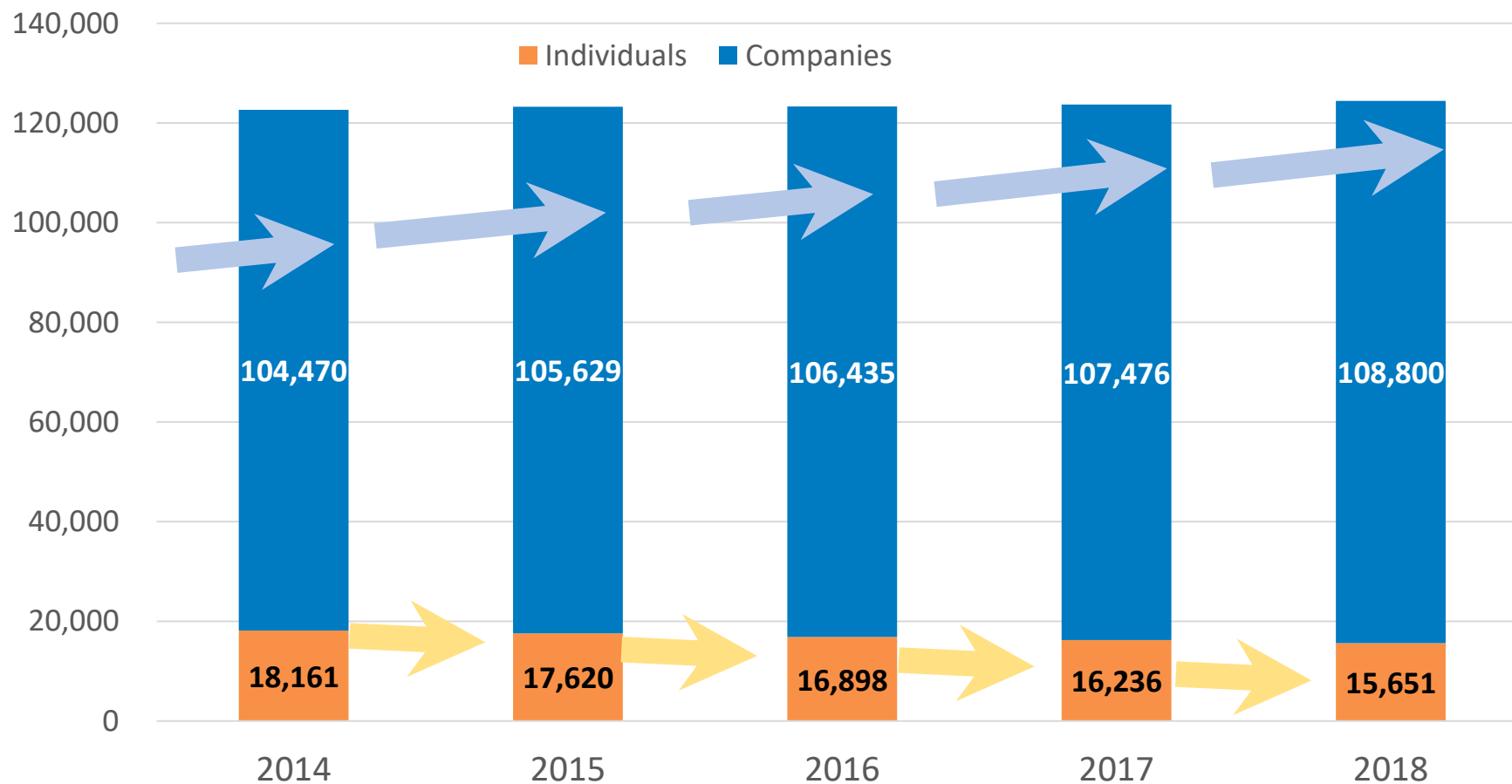
## ■ Change in number of homebuilders in Japan



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

## Homebuilders in Japan

The number of homebuilders has increased slightly, **remaining generally steady at about 120,000**  
The number of companies is increasing and **the number of operations by individuals is decreasing**

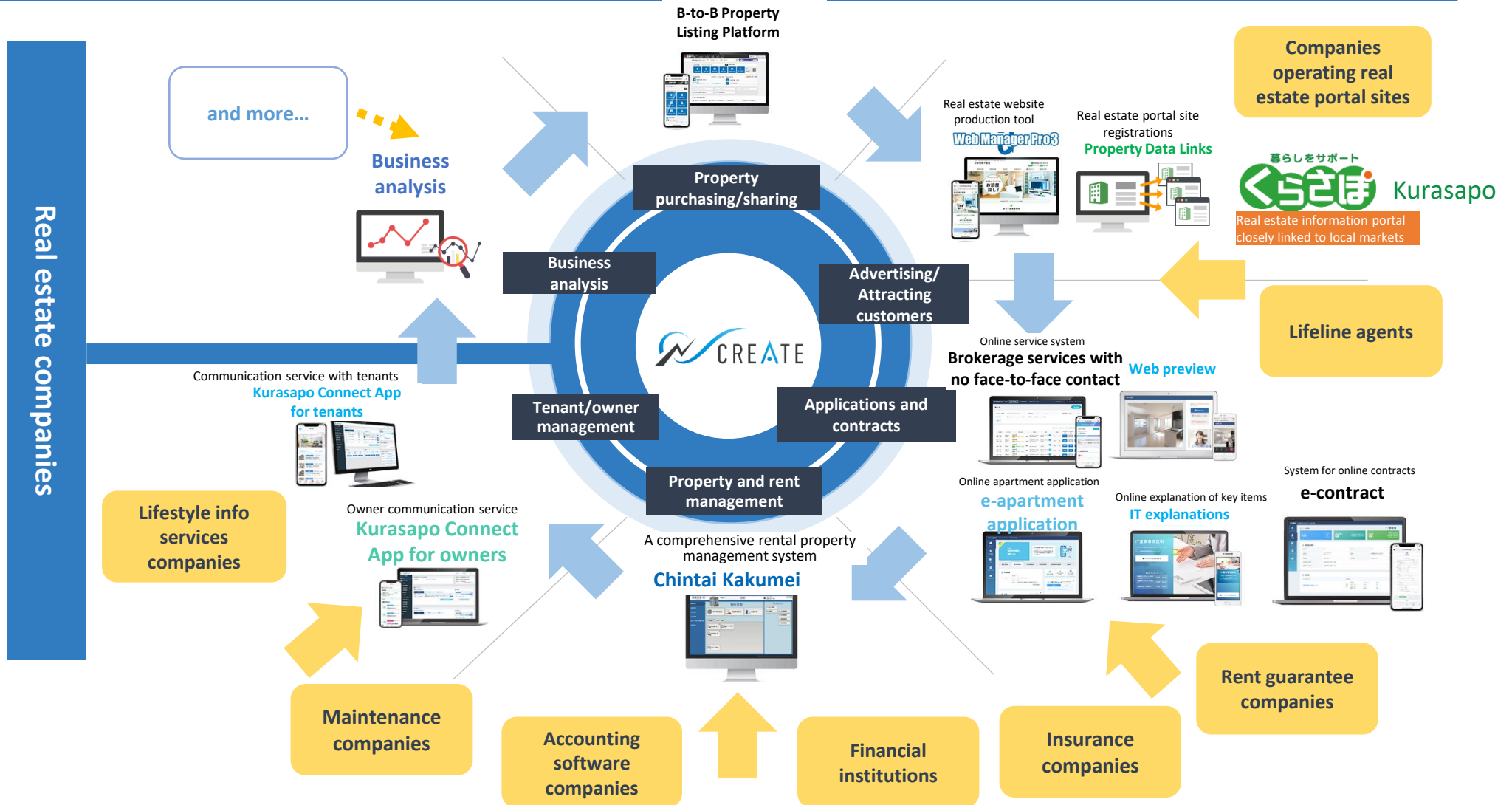


Source: Statistics for Homebuilders and Residential Land and Building Transaction Brokers, end of fiscal 2018, Real Estate Transaction Improvement Organization

# Faster Growth of the Platform's Value

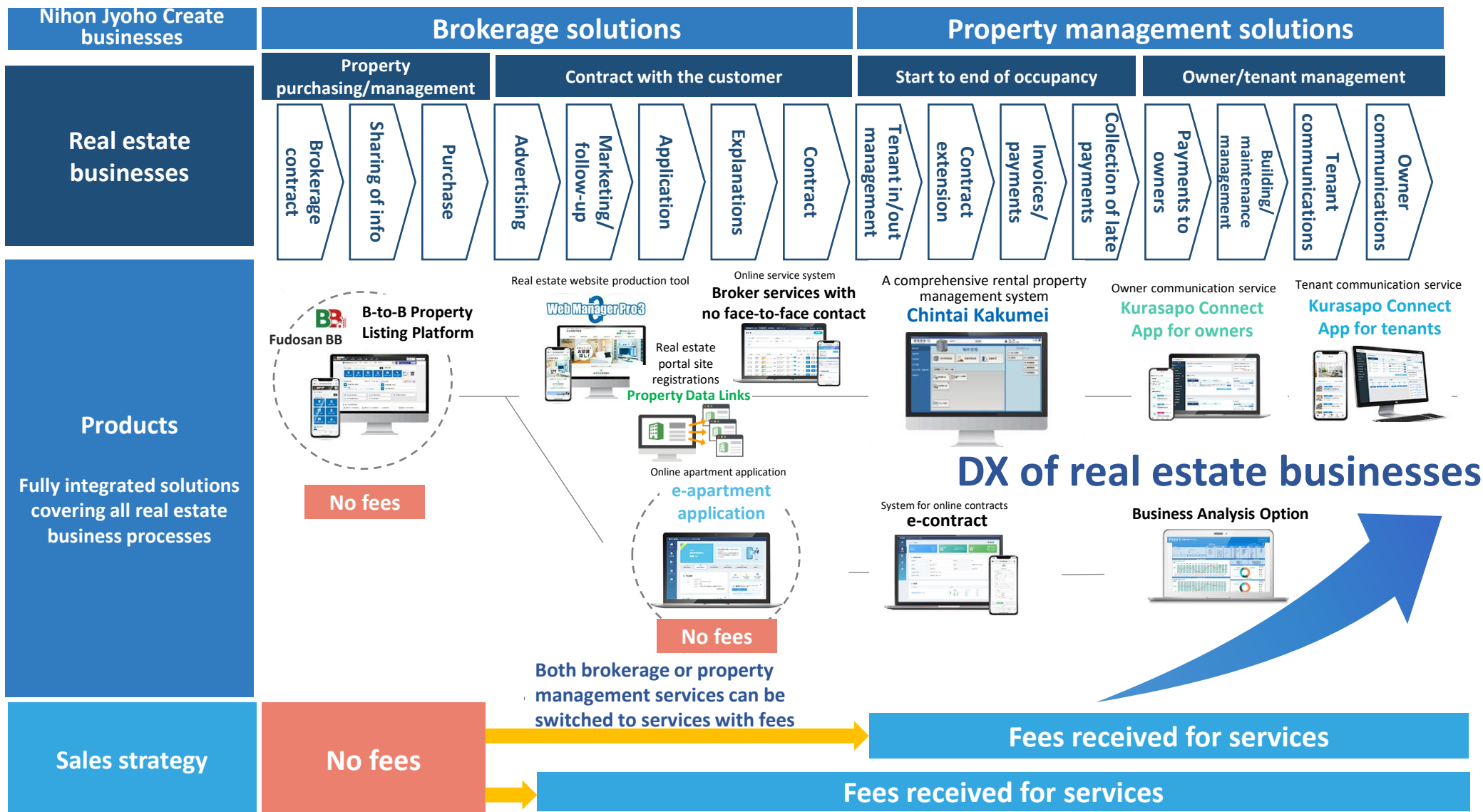
**Platform**  
Full coverage of real estate  
business processes

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



# Use of Freemiums for Cross-selling and Upselling

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.



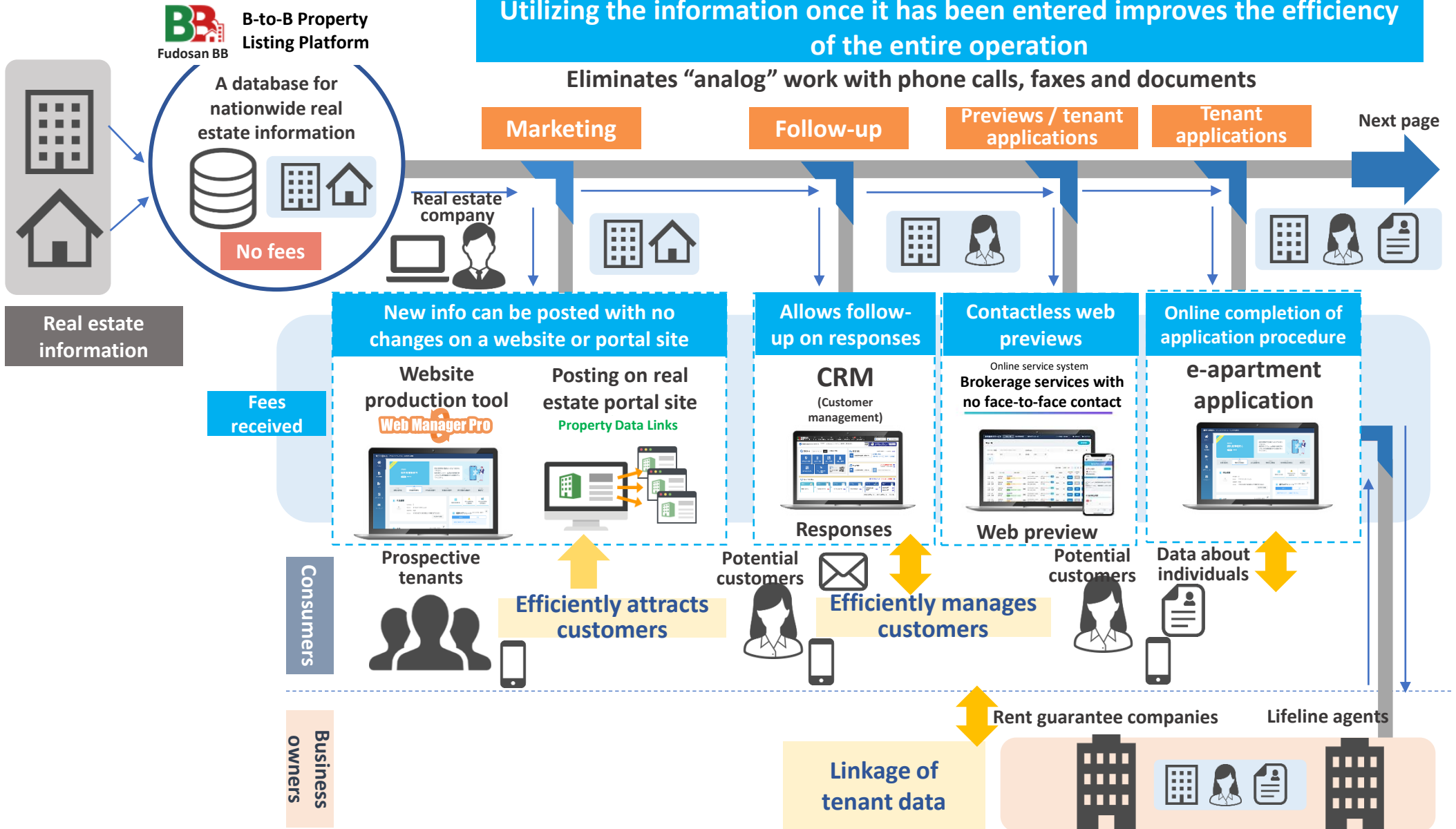
## DX of real estate businesses

# Use of Freemiums for Cross-selling and Upselling

## Seamless data linkage for efficiency of all real estate business processes

Utilizing the information once it has been entered improves the efficiency of the entire operation

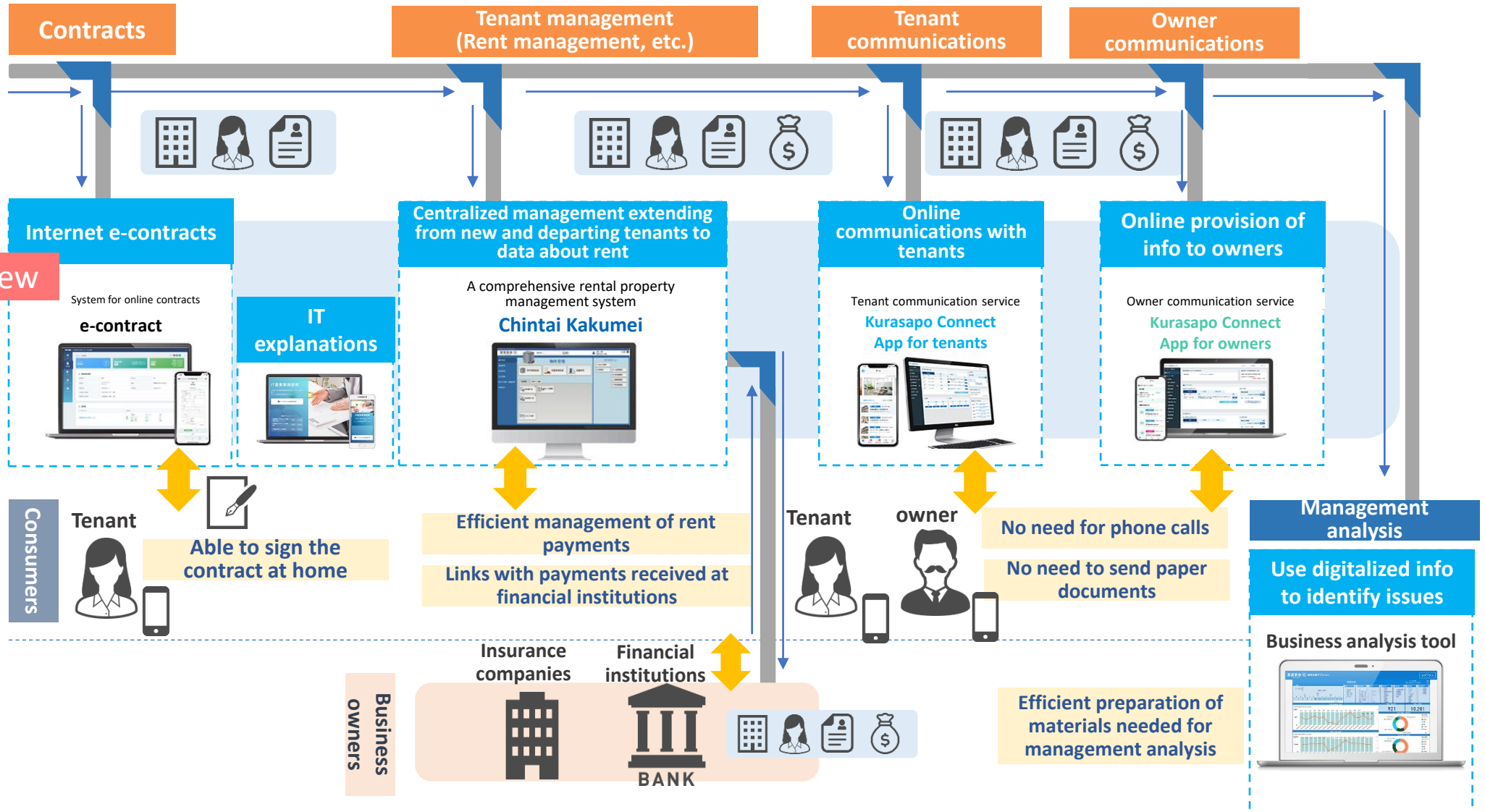
Eliminates "analog" work with phone calls, faxes and documents





# Use of Freemiums for Cross-selling and Upselling

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

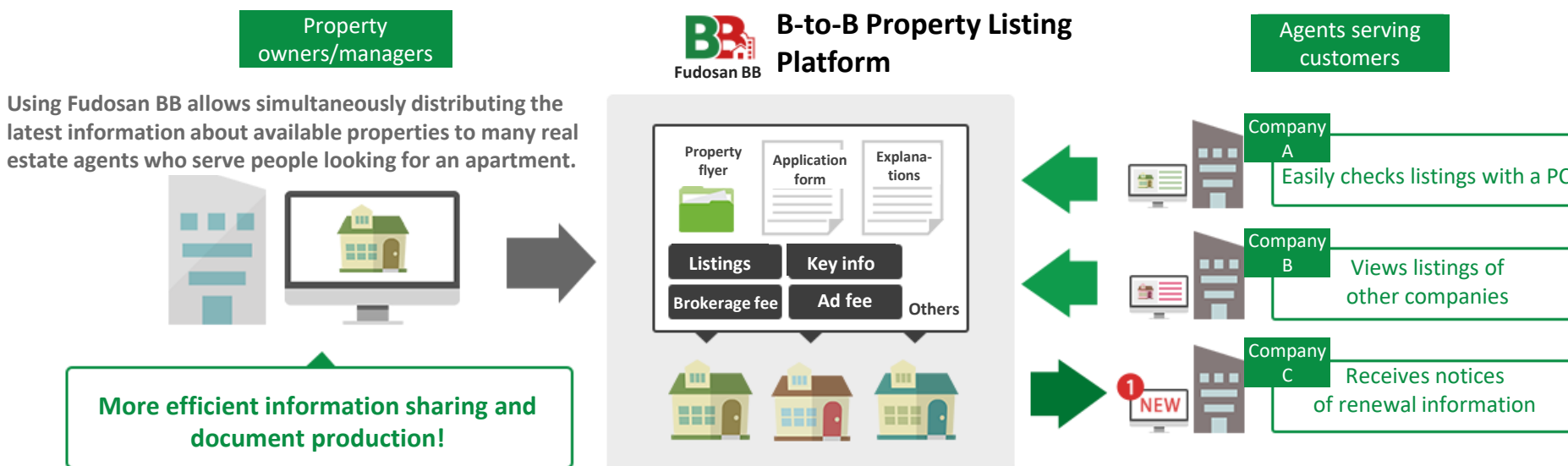


### B-to-B Property Listing Platform



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

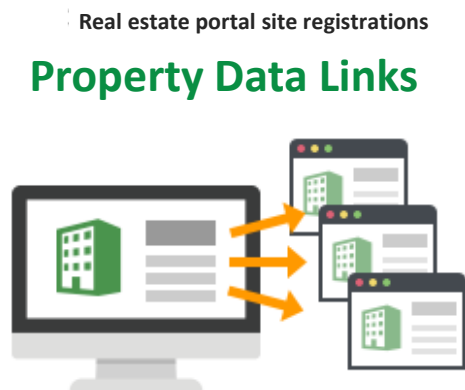
Linkage with Chintai Kakumei and Fudosan BB allows incorporating registered properties in the website. Efficiency is higher due to elimination of the need for manual input of data.



## 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.

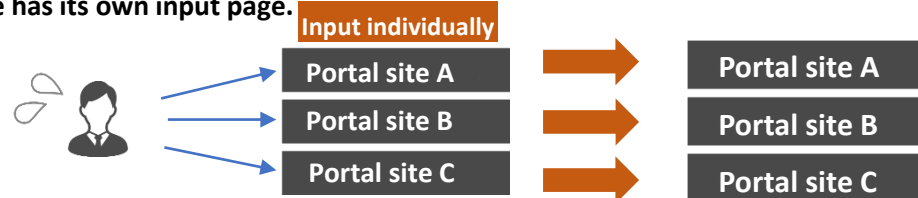
With Property Data Links

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

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



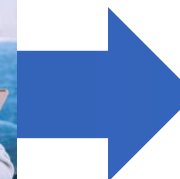
e-apartment application



IT explanations

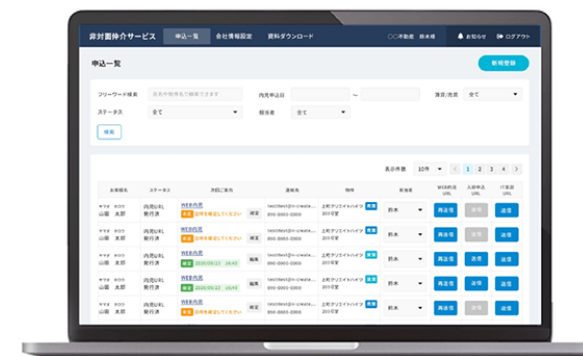


e-contract



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.

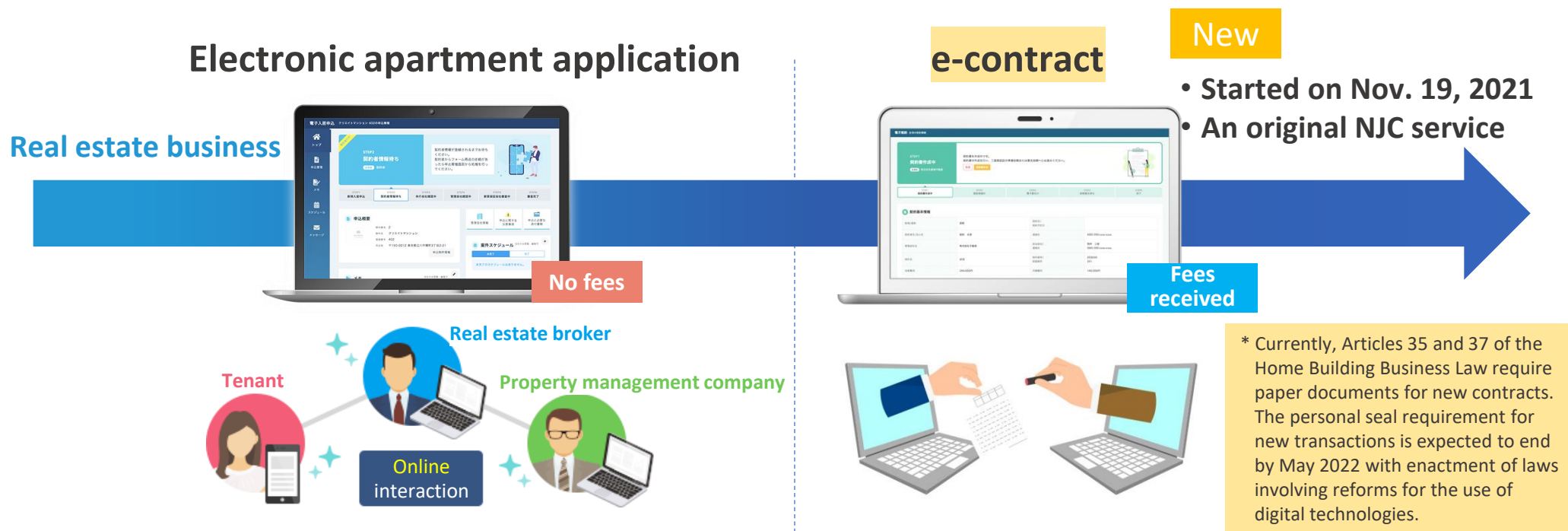


## Products and Services

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.

## 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.



# Competitive Superiority

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

| 1                                   | 2                            | 3              | 4                   | 5                                       |
|-------------------------------------|------------------------------|----------------|---------------------|---|
| <b>Products encompass all steps</b> | <b>A large sales network</b> | <b>Support</b> | <b>Market share</b> | <b>Expertise acquired over 27 years</b> |

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.

## IR E-mail Service

Nihon Jyoho Create has an e-mail IR message service to maintain strong lines of communication with investors.

Simply register your e-mail address to receive the latest IR news.

- Timely disclosure announcements
- Public relations announcements

[Register now](#)

\*Link to the IR mail registration screen of the Nihon Jyoho Create IR website



### E-mail IR Message Service Registration

We will provide investors with our IR information by e-mail.

[E-mail IR Message Service Registration](#)

## Examples of Feedback from Customers

Information in the Nihon Jyoho Create corporate website about how companies are using its services.

Please read the feedback of customers.

[See examples now](#)

\* Link to the Nihon Jyoho Create corporate website

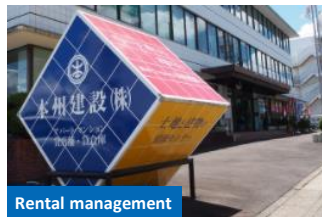


Rental management

Nara prefecture  
**Kato Home Co., Ltd.**

One person can perform the supervisory tasks that previously required several people.

Chintai  
Kakumei



Rental management

Aichi prefecture  
**Honshu Kensetsu Inc.**

Confirmations of payments received, which required a lot of work by two people, is done by one person with no overtime.

Chintai  
Kakumei

WebManagerPro



Rental management

Toyama prefecture  
**FP Fudosan Center Co., Ltd.**

We reduced the number of people and time needed for office work. Nihon Jyoho Create helped with brokerage operations in addition to property management tasks.

Chintai  
Kakumei

WebManagerPro



Rental management

Osaka prefecture  
**Soveric Corporation**

Our work was much faster and there were no errors after we started using Chintai Kakumei.

Chintai  
Kakumei

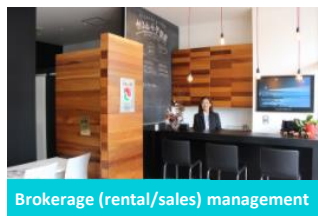


Rental management

Saitama prefecture  
**Sansho Intelligent Co., Ltd.**

After switching to Chintai Kakumei, we were amazed at Nihon Jyoho Create's outstanding follow-up support.

Chintai  
Kakumei



Brokerage (rental/sales) management

Fukuoka prefecture  
**Reliance Inc.**

Management tasks were much easier after we switched from WebManagerPro2 to WebManagerPro 3.

Chintai  
Kakumei

WebManagerPro



Brokerage (rental/sales) management

Ishikawa prefecture  
**Miyoshi Kaihatsu Co., Ltd.**

We stopped data management using personal data and characteristics. We are also focusing on using the internet to attract customers.

Chintai  
Kakumei

WebManagerPro



Rental management

Okayama prefecture  
**Fukushima Takken Co., Ltd.**

We started using Nihon Jyoho Create products to stop relying solely on real estate portal sites.

Chintai  
Kakumei

WebManagerPro



Brokerage (rental/sales) management

Toyama prefecture  
**Aozora Fudosan Co., Ltd.**

Calls from prospective customers doubled after we started using WebManagerPro3.

WebManagerPro

Fudo-san  
BB

Many more messages from customers are on the Nihon Jyoho Create website

## Sustainability (SDGs)

The corporate website includes information about activities that contribute to accomplishing the SDGs. We use our real estate support services for activities with our stakeholders for the creation of a sustainable society.

[See SDG information now](#)

\* Link to the Nihon Jyoho Create SDG page

### Social progress due to the real estate industry digital transformation

We are building a stronger foundation for the real estate industry by creating a real estate industry data infrastructure using IT and by incorporating the digital transformation in all aspects of this industry. Our activities are also playing a role in social progress by eliminating variations in information accessibility in different areas in order to ensure that people everywhere in Japan have equal access to real estate data.



## SUSTAINABLE DEVELOPMENT GOALS



#### Examples of SDG activities

- Digitalization of real estate data in Japan
- Online real estate transactions
- One-stop solutions for real estate business processes
- Operation of a real estate portal site

# Precautions Regarding This Presentation

## Precautions Concerning Forward-looking Statements

- 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.
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Dedicated to the happiness of  
everyone we serve!



**Nihon Jyoho Create Co., Ltd.**