

# Consolidated Financial Results for the Fiscal Year Ended June 30, 2022



[Japanese GAAP]

August 15, 2022

Company name: Nihon Jyoho Create Co., Ltd. Listing: Tokyo Stock Exchange  
 Stock code: 4054 URL: <https://www.n-create.co.jp/>  
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Scheduled date of Annual General Meeting of Shareholders: September 29, 2022  
 Scheduled date of payment of dividend: September 30, 2022  
 Scheduled date of filing of Annual Securities Report: September 30, 2022  
 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. Consolidated Financial Results for the Fiscal Year Ended June 30, 2022 (July 1, 2021 to June 30, 2022)

### (1) Consolidated 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	%
Fiscal year ended Jun. 30, 2022	3,053	-	500	-	538	-	283	-
Fiscal year ended Jun. 30, 2021	-	-	-	-	-	-	-	-

Note: Comprehensive income (millions of yen) Fiscal year ended Jun. 30, 2022: 283 (-%)  
 Fiscal year ended Jun. 30, 2021: - (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Jun. 30, 2022	19.93	19.59	9.0	10.7	16.4
Fiscal year ended Jun. 30, 2021	-	-	-	-	-

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Jun. 30, 2022: -  
 Fiscal year ended Jun. 30, 2021: -

\* This is the first fiscal year in which Nihon Jyoho Create has prepared consolidated financial statements. However, only the balance sheet as of June 30, 2022 is consolidated because the new consolidated subsidiary was acquired with a deemed purchase date of March 31, 2022, which was not more than three months prior to the end of the fiscal year. Consequently, figures and year-on-year changes for the fiscal year ended June 30, 2021 are not presented. In addition, the return on equity and ordinary profit to total assets were calculated based on the return on equity and total assets at the end of the fiscal year.

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2022	5,035	3,140	62.4	220.87
As of Jun. 30, 2021	-	-	-	-

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2022: 3,140 As of Jun. 30, 2021: -

\* Figures as June 30, 2021 are not presented as this is the first fiscal year in which Nihon Jyoho Create has prepared consolidated financial statements.

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Jun. 30, 2022	341	(1,503)	(466)	1,189
Fiscal year ended Jun. 30, 2021	-	-	-	-

\* Figures for the fiscal year ended June 30, 2021 are not presented as this is the first fiscal year in which Nihon Jyoho Create has prepared consolidated financial statements.

## 2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividends on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Jun. 30, 2021	Yen -	Yen 0.00	Yen -	Yen 5.00	Yen 5.00	Millions of yen 71	% -	% -
Fiscal year ended Jun. 30, 2022	-	0.00	-	5.00	5.00	71	25.1	2.3
Fiscal year ending Jun. 30, 2023 (forecast)	-	0.00	-	5.00	5.00		12.0	

\* Figures for the dividend payout ratio (consolidated) and dividends on equity (consolidated) for the fiscal year ended June 30, 2021 are not presented as this is the first fiscal year in which Nihon Jyoho Create has prepared consolidated financial statements. The dividends on equity (consolidated) were calculated based on net assets per share at the end of the fiscal year.

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending June 30, 2023 (July 1, 2022 to June 30, 2023)

(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	4,200	37.5	850	69.7	903	67.8	593	109.2	41.69

\* Percentages for year-on-year changes were calculated based on sales and earnings in the previous fiscal year. However, the fiscal year that ended in June 2022 is the first year that Nihon Jyoho Create prepared consolidated financial statements and the assumed acquisition date of March 31, 2022 used for accounting purposes is not more than three months from the end of the fiscal year. Consequently, consolidated subsidiary is included only in the balance sheet and is not included in sales and earnings.

#### \* Notes

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

(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 Jun. 30, 2022: 14,266,440 shares As of Jun. 30, 2021: 14,226,440 shares

2) Number of treasury shares as of the end of the period

As of Jun. 30, 2022: 48,571 shares As of Jun. 30, 2021: 30 shares

3) Average number of outstanding shares during the period

Fiscal year ended Jun. 30, 2022: 14,223,547 shares Fiscal year ended Jun. 30, 2021: 13,636,230 shares

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.

#### Reference: Summary of Non-consolidated Financial Results

##### 1. Non-consolidated Financial Results for the Fiscal Year Ended June 30, 2022 (July 1, 2021 to June 30, 2022)

(1) Non-consolidated 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	%
Fiscal year ended Jun. 30, 2022	3,053	16.7	598	2.2	635	(1.0)	381	(8.2)
Fiscal year ended Jun. 30, 2021	2,617	10.2	585	11.6	642	13.5	414	12.9

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Jun. 30, 2022	26.79	26.35
Fiscal year ended Jun. 30, 2021	30.43	29.81

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2022	4,709	3,237	68.8	227.74
As of Jun. 30, 2021	4,323	2,983	69.0	209.69

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2022: 3,237 As of Jun. 30, 2021: 2,983

\* The current financial report is not subject to audit 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. Please refer to the section "1. Overview of Results of Operations, (4) Outlook" on page 4 of the attachments regarding preconditions or other related matters for the forecasts.

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## 1. Overview of Results of Operations

### (1) Results of Operations

This is the first fiscal year in which Nihon Jyoho Create has prepared consolidated financial statements. However, only the balance sheet as of June 30, 2022 is consolidated because the new consolidated subsidiary was acquired with a deemed purchase date of March 31, 2022, which was not more than three months prior to the end of the fiscal year.

As a result, results of operations for the fiscal year that ended on June 30, 2022 do not include the newly acquired subsidiary.

There were expectations for a return to normal economic activity and an economic recovery in Japan during the current fiscal year due to pandemic safety measures. However, the outlook for the economy continues to be unclear because of the risk of a downturn. One reason is the high cost of raw materials and limited supplies of materials due in part to the prolonged Ukraine crisis and restrictions on economic activity in China. Financial market volatility is another reason for the uncertain outlook.

In the market for real estate support services, including the SaaS-type cloud services and other services that we provide, opportunities for the digital transformation of the entire real estate industry are increasing ahead of the May 2022 start of the use of electronic formats (elimination of seal impressions) for all real estate contracts. In addition, demand for IT capital expenditures is growing for the increasing use of telework for safety during the pandemic and improving productivity. As a result, the business climate is remaining favorable for operations of Nihon Jyoho Create.

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

\*The Three-Year Business Plan covers the three-year period ending in June 2024 and includes numerous measures for growth. Information about this plan is in the Results of Operations for the Fiscal Year Ended June 30, 2022 posted on our IR website.

Our basic strategy of the Three-Year Business Plan 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.

Increasing the number of sales consultants is a critical component of the Three-Year Business Plan. In the fiscal year that ended in June 2022, the number of these consultants increased by 55, which was close to the planned increase of 60. Although the increase was smaller than planned, more than twice as many people were hired as in prior years. Knowledge gained from these recruiting activities will be used as activities continue to hire more people. Although there are still some aspects of training programs that require improvements, we are continuing to use a department used solely for these programs for education and support activities for newly hired employees. We are strengthening teaching tools and using other measures to make new employees productive quickly in order to contribute to sales and earnings.

In one step to speed up strategic activities for growth, Nihon Jyoho Create announced in April 2022 the decision to acquire RealNetPro Co., Ltd. This company became a wholly owned subsidiary in June. RealNetPro operates ReaPro, which is a service that competed with our Fudosan BB free B-to-B property listing platform. RealNetPro has steadily increased the sales of this service and the number of customers. This acquisition significantly increases the number of customers that we serve and is expected to contribute to growth by using cross-selling of this service to Fudosan BB customers. We plan to start cross-selling activities to sell our products with fees to companies currently using ReaPro. We will be implementing a plan with numerous activities that are expected to lead to the growth of consolidated sales and earnings and the greatest possible synergies. Information about the

Three-Year Business Plan has been updated to reflect the inclusion of RealNetPro as a wholly owned subsidiary. More information is in the Results of Operations for the Fiscal Year Ended June 30, 2022 on our IR website.

Creating platforms is the central theme of our medium-term vision. We continued activities for forging alliances with many companies in order to accomplish this vision. To add more value to the Fudosan BB free B-to-B property listing platform, we established data sharing agreements with an insurance company and a rent guarantee company. These alliances will expand the scope of our platform, and, with our partners, we will continue to contribute to the digital transformation of the real estate industry.

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

### **Solutions for Brokers**

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

This has led to significant upselling, making the sales of this category to 929 million yen, or up 9.3%, year on year.

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

### **Solutions for Property Management**

Sales to new customers, sales of version upgrades to existing customers, additions of options and other activities are going well. Monthly fees continued to increase as the result of promotions involving IT investment subsidies and of the demand for upgrading “Chintai Kakumei” to its cloud-based version. The sales of this category was 2,086 million yen, or up 19.7%, year on year.

\* In addition to above sales of 3,016 million yen from the Solutions for Brokers and the Solutions for Property Management, sales of 37 million yen were recorded from other activities.

## **(2) Financial Position**

### 1) Assets

Current assets at the end of the current fiscal year were 1,964 million yen. This is primarily attributable to cash and deposits of 1,386 million yen and accounts receivable-trade of 427 million yen.

Non-current assets amounted to 3,071 million yen. This was mainly due to property, plant and equipment of 461 million yen, intangible assets of 2,021 million yen and investments and other assets of 588 million yen.

As a result, total assets at the end of the current fiscal year were 5,035 million yen.

### 2) Liabilities

Current liabilities were 1,565 million yen at the end of the current fiscal year. This is primarily attributable to contract liabilities of 911 million yen, accrued expenses of 260 million yen and accounts payable-other of 182 million yen.

Non-current liabilities amounted to 330 million yen. This was mainly due to long-term borrowings of 217 million yen.

As a result, total liabilities were 1,895 million yen at the end of the current fiscal year.

### 3) Net assets

Net assets were 3,140 million yen at the end of the current fiscal year. This is primarily attributable to share capital of 722 million yen, capital surplus of 694 million yen and retained earnings of 1,786 million yen.

The year-on-year changes for the fiscal year ended June 30, 2022 are not presented because this is the first fiscal year in which Nihon Jyoho Create has prepared consolidated financial statements and the consolidated financial statements for the fiscal year ended June 30, 2021 were not prepared.

### **(3) Cash Flows**

Cash and cash equivalents (hereinafter, “cash”) at the end of the current fiscal year were 1,189 million yen. 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 341 million yen.

Main factors include profit before income taxes of 518 million yen, a decrease of 92 million yen in capital due to an increase in trade receivables and income taxes paid of 247 million yen.

Cash flows from investing activities

Net cash used in investing activities was 1,503 million yen.

Main factors include 1,158 million yen for the purchase of shares of subsidiaries.

Cash flows from financing activities

Net cash used in financing activities was 466 million yen.

Main factors include purchase of treasury shares of 399 million yen and dividends paid of 71 million yen.

### **(4) Outlook**

We presume that the business environment in Japan will continue to transition with unclear outlook as the impact of COVID-19 and the Ukraine crisis has been prolonged. With the May 2022 launch of a new digital agency following the Digital Reform Bill, digitalization of real-estate industry in Japan would be accelerated such as electronic form of contract documents and elimination of seal impressions.

Toward the goal to realize our medium-term vision “to create an innovative platform for real-estate industry with technology,” we will use the big increase in the number of sales consultants, the addition of sales offices, and investments for an acquisition and other activities in order to speed up the growth of sales and earnings while taking actions that reflect the business climate and progress with business operations.

To make new sales consultants productive quickly, our department dedicated solely to education and training will continue to use programs structured to achieve goals rapidly. One method is video training using online tools that is accompanied by progress management to ensure the efficiency of training programs. In addition, we are using know-how acquired over 27 years and data on the sales of new, experienced and veteran salespeople in order to properly manage goals and increase the ability to accomplish the goals of plans. By quickly giving new employees the skills they require, we expect to increase our market share and raise the pace of sales and earnings growth.

We plan to use the acquisition of RealNetPro, which became a wholly owned subsidiary in June 2022, to speed up the growth of sales and earnings. RealNetPro has expanded its ReaPro service, which competes our free Fudosan BB service, to nationwide coverage just as we have with our service. The acquisition of RealNet Pro adds this company’s customers to our own customer base. We plan to use the larger number of customers for extensive cross-selling activities to increase the use of our products with fees and we plan to maximize synergies. We believe these actions will result in the even faster growth of sales and earnings.

The Nihon Jyoho Create Group forecasts a consolidated net sales of 4,200 million yen, operating profit of 850 million yen, ordinary profit of 903 million yen and profit attributable to owners of parent of 593 million yen for the fiscal year ending June 30, 2023.

Forecasts are based on information currently available to the company. Actual results may differ for various reasons. An announcement will be made accordingly in case modifications to the forecasts should become

necessary due to COVID-19 for example.

## **2. Basic Approach to the Selection of Accounting Standards**

The consolidated financial statements are based on accounting standards generally accepted in Japan because Nihon Jyoho Create has no business operations or fund procurement activities outside Japan.

**3. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

	(Thousands of yen)
	FY6/22
	(As of Jun. 30, 2022)
<b>Assets</b>	
Current assets	
Cash and deposits	1,386,267
Accounts receivable-trade	427,901
Merchandise	800
Work in process	8,833
Supplies	1,588
Other	149,934
Allowance for doubtful accounts	(11,227)
Total current assets	<u>1,964,098</u>
Non-current assets	
Property, plant and equipment	
Buildings and structures	243,390
Accumulated depreciation	(48,915)
Buildings and structures, net	<u>194,475</u>
Tools, furniture and fixtures	68,551
Accumulated depreciation	(44,812)
Tools, furniture and fixtures, net	<u>23,738</u>
Machinery, equipment and vehicles	68,867
Accumulated depreciation	(48,933)
Machinery, equipment and vehicles, net	<u>19,934</u>
Land	221,532
Leased assets	7,140
Accumulated depreciation	(5,712)
Leased assets, net	<u>1,428</u>
Total property, plant and equipment	<u>461,108</u>
Intangible assets	
Software	128,844
Software in progress	374,615
Goodwill	1,505,043
Other	13,422
Total intangible assets	<u>2,021,925</u>
Investments and other assets	
Investment securities	18,797
Long-term loans receivable	11,312
Deferred tax assets	92,199
Other	499,052
Allowance for doubtful accounts	(32,883)
Total investments and other assets	<u>588,477</u>
Total non-current assets	<u>3,071,512</u>
Total assets	<u>5,035,610</u>



(Thousands of yen)	
FY6/22	
(As of Jun. 30, 2022)	
<b>Liabilities</b>	
Current liabilities	
Accounts payable-trade	10,280
Accounts payable-other	182,029
Accrued expenses	260,574
Income taxes payable	166,590
Contract liabilities	911,984
Lease liabilities	1,542
Provision for loss on orders received	808
Current portion of long-term borrowings	28,272
Other	2,997
Total current liabilities	1,565,079
Non-current liabilities	
Long-term borrowings	217,636
Asset retirement obligations	4,571
Other	108,000
Total non-current liabilities	330,207
Total liabilities	1,895,287
<b>Net assets</b>	
Shareholders' equity	
Share capital	722,608
Capital surplus	694,318
Retained earnings	1,786,593
Treasury shares	(63,307)
Total shareholders' equity	3,140,211
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	111
Accumulated other comprehensive income	111
Total net assets	3,140,323
Total liabilities and net assets	5,035,610

**(2) Consolidated Statements of Income and Comprehensive Income**  
**Consolidated Statement of Income**

	(Thousands of yen)
	FY6/22
	(Jul. 1, 2021 – Jun. 30, 2022)
Net sales	3,053,753
Cost of sales	792,720
Gross profit	2,261,033
Selling, general and administrative expenses	1,760,069
Operating profit	500,963
Non-operating income	
Interest income	10
Dividend income	33
Insurance return	38,947
Other	1,494
Total non-operating income	40,486
Non-operating expenses	
Foreign exchange losses	3,268
Total non-operating expenses	3,268
Ordinary profit	538,181
Extraordinary income	
Gain on sale of property, plant and equipment	197
Total extraordinary income	197
Extraordinary losses	
Loss on retirement of property, plant and equipment	346
Loss on valuation of investment securities	19,999
Total extraordinary losses	20,346
Profit before income taxes	518,032
Income taxes - current	242,046
Income taxes - deferred	(7,420)
Total income taxes	234,626
Profit	283,406
Profit attributable to non-controlling interests	-
Profit attributable to owners of parent	283,406

**Consolidated Statement of Comprehensive Income**

	(Thousands of yen)
	FY6/22
	(Jul. 1, 2021 – Jun. 30, 2022)
Profit	283,406
Other comprehensive income	
Valuation difference on available-for-sale securities	111
Total other comprehensive income	111
Comprehensive income	283,517
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	283,517
Comprehensive income attributable to non-controlling interests	-

**(3) Consolidated Statement of Changes in Equity**

FY6/22 (Jul. 1, 2021 – Jun. 30, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	719,408	689,408	1,574,318	(66)	2,983,068
Changes during period					
Dividends of surplus			(71,132)		(71,132)
Issuance of new shares-exercise of share acquisition rights	3,200	3,200			6,400
Profit attributable to owners of parent			283,406		283,406
Purchase of treasury shares				(399,930)	(399,930)
Disposal of treasury shares		1,710		336,690	338,400
Net changes in items other than shareholders' equity					
Total changes during period	3,200	4,910	212,274	(63,240)	157,143
Balance at end of period	722,608	694,318	1,786,593	(63,307)	3,140,211

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	101	101	2,983,169
Changes during period			
Dividends of surplus			(71,132)
Issuance of new shares-exercise of share acquisition rights			6,400
Profit attributable to owners of parent			283,406
Purchase of treasury shares			(399,930)
Disposal of treasury shares			338,400
Net changes in items other than shareholders' equity	10	10	10
Total changes during period	10	10	157,153
Balance at end of period	111	111	3,140,323

**(4) Consolidated Statement of Cash Flows**

	(Thousands of yen)
	FY6/22
	(Jul. 1, 2021 – Jun. 30, 2022)
Cash flows from operating activities	
Profit before income taxes	518,032
Depreciation	71,132
Increase (decrease) in allowance for doubtful accounts	(3,251)
Increase (decrease) in provision for loss on orders received	582
Interest and dividend income	(44)
Gain on maturity of insurance contract	(38,947)
Loss (gain) on valuation of investment securities	19,999
Loss (gain) on sale of property, plant and equipment	(197)
Loss on retirement of property, plant and equipment	346
Decrease (increase) in trade receivables	(92,185)
Decrease (increase) in inventories	1,754
Decrease (increase) in prepaid expenses	(27,337)
Increase (decrease) in accounts payable - other	41,316
Increase (decrease) in accrued expenses	31,849
Increase (decrease) in contract liabilities	61,456
Other, net	4,599
Subtotal	589,105
Interest and dividends received	44
Income taxes paid	(247,428)
Net cash provided by (used in) operating activities	341,721
Cash flows from investing activities	
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,158,386)
Purchase of property, plant and equipment	(31,422)
Purchase of intangible assets	(281,576)
Purchase of insurance funds	(59,707)
Proceeds from maturity of insurance funds	38,947
Other, net	(11,059)
Net cash provided by (used in) investing activities	(1,503,204)
Cash flows from financing activities	
Proceeds from issuance of shares resulting from exercise of share acquisition rights	6,400
Purchase of treasury shares	(399,930)
Dividends paid	(71,132)
Other, net	(1,542)
Net cash provided by (used in) financing activities	(466,205)
Effect of exchange rate change on cash and cash equivalents	-
Net increase (decrease) in cash and cash equivalents	(1,627,688)
Cash and cash equivalents at beginning of period	2,817,383
Cash and cash equivalents at end of period	1,189,695

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**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 current fiscal year.

There is no effect of the application of these standards on the consolidated financial statements.

**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 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 consolidated financial statements.

**Business Combinations****Business combination through acquisition****(1) Summary of the business combination****a. Name of company acquired and its business activities**

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

**b. Reasons for acquisition**

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

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

**c. Business combination dates**

Purchase of stock: May 25, 2022

Exchange of stock: June 27, 2022

Assumed acquisition date: March 31, 2022

**d. Legal format for business combination**

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

1) Purchase of stock: Purchase with cash payment

2) Exchange of stock: Simple exchange of stock using Nihon Jyoho Create common stock

**e. Name after the business combination**

No change after the business combination

## f. Percentage of RealNetPro voting rights acquired

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

## g. Basis for the determination of the acquiring company

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

## (2) Period of the acquired company's performance included in the consolidated financial statements

The fiscal year that ended in June 2022 is the first year that Nihon Jyoho Create prepared consolidated financial statements and the assumed acquisition date of March 31, 2022 used for accounting purposes is not more than three months from the end of the fiscal year. Consequently, RealNetPro is included only in the balance sheet and is not included in sales and earnings.

## (3) Exchange ratio and calculation method for classes of stock, and shares to be issued

## a. Exchange ratio

One share of RealNetPro common stock was exchanged for 43 shares of Nihon Jyoho Create common stock.

## b. Method used to calculate the exchange ratio

To ensure the fairness and suitability of the calculation of the exchange ratio, Nihon Jyoho Create and RealNetPro asked an independent third-party organization to determine the value of RealNetPro stock. The market price of Nihon Jyoho Create stock on the Growth Market of the Tokyo Stock Exchange was used as a reference for determining the value of this stock. The value determination method used was to use the average of the volume weighted average price (VWAP) of Nihon Jyoho Create Stock based on daily transactions during the 11-day period of trading days beginning on May 17, 2022 and ending on and including May 31, 2022 (excluding any days when Nihon Jyoho Create stock was not traded).

## c. Shares to be issued

258,000 shares

## (4) Acquisition cost of the acquired company and breakdown by type of consideration

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

## (5) Major expenses associated with the acquisition of stock

Advisory expenses, etc.: 97 million yen

## (6) Goodwill, cause of goodwill, and amortization method and period

## a. Value of goodwill

1,505 million yen

This goodwill figure is a provisional figure. The acquisition of RealNetPro was near the end of the fiscal year and the identification and estimates of value of identifiable assets and liabilities as of the acquisition date have not been completed. As a result, the allocation of the acquisition cost was not completed as of June 30, 2022.

## b. Source of goodwill

Expected future earnings expected due to the future business activities of RealNetPro.

## c. Amortization method and amortization period

Goodwill is amortized over ten years by the straight-line method.

## (7) Breakdown of assets acquired and liabilities assumed on the acquisition date

Current assets	254 million yen
Non-current assets	350 million yen
Total assets	605 million yen
Current liabilities	93 million yen
Non-current liabilities	325 million yen
Total liabilities	418 million yen

## (8) Estimated effect of the business combination on the consolidated statement of income if the business combination had been at the beginning of the current fiscal year

Omitted due to the difficulty of calculating an estimate.

**Segment Information**

Segment information is omitted because Nihon Jyoho Create has only a single business segment, which is the “real estate operations support” business.



**Per-share Information**

(Yen)

	FY6/22 (Jul. 1, 2021 – Jun. 30, 2022)
Net assets per share	220.87
Net income per share	19.93
Diluted net income per share	19.59

Notes: 1. The basis of calculating the net income per share and net income per share is as follows:

	FY6/22 (Jul. 1, 2021 – Jun. 30, 2022)
Basic earnings per share (yen)	19.93
Profit attributable to owners of parent (Thousands of yen)	283,406
Amounts not available to common shareholders (Thousands of yen)	-
Profit attributable to owners of parent available to common stock (Thousands of yen)	283,406
Average number of common shares outstanding (Shares)	14,223,547
Diluted net income per share (yen)	19.59
Adjusted profit attributable to owners of parent (Thousands of yen)	-
[of which interest expenses] (after deducting amount equivalent to tax) (Thousands of yen)]	-
Increase in the number of common stock (Shares)	240,686
[of which convertible bond-type bonds with share acquisition rights (shares) ]	-
[of which share acquisition rights (Shares)]	240,686
Summary of potential stock not included in the calculation of diluted net income per share since there was no dilutive effect	-

2. The basis of calculating the net assets per share is as follows:

	FY6/22 (As of Jun. 30, 2022)
Total net assets (Thousands of yen)	3,140,323
Deduction on total net assets (Thousands of yen)	-
[of which share acquisition rights (Thousands of yen)]	-
[of which non-controlling interests (Thousands of yen)]	-
Net assets applicable to common shares at the fiscal year end (Thousands of yen)	3,140,323
Number of common shares at the fiscal year end used in calculation of net assets per share (Shares)	14,217,869

**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.*