

**Consolidated Financial Results for the Second Quarter  
of the Fiscal Year Ending June 30, 2023  
(Six Months Ended December 31, 2022)**



[Japanese GAAP]

February 14, 2023

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 filing of Quarterly Report: February 14, 2023  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)  
 (All amounts are rounded down to the nearest million yen.)

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2023  
(July 1, 2022 to December 31, 2022)**

(1) Consolidated results of operations (Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owner of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Dec. 31, 2022	1,776	-	127	-	176	-	107	-
Six months ended Dec. 31, 2021	-	-	-	-	-	-	-	-

Note: Comprehensive income (millions of yen) Six months ended Dec. 31, 2022: 107 (-%)  
 Six months ended Dec. 31, 2021: - (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Dec. 31, 2022	7.53	7.43
Six months ended Dec. 31, 2021	-	-

Note: Nihon Jyoho Create has prepared consolidated financial statements from the end of the previous fiscal year. Consequently, figures and year-on-year changes for the six months ended December 31, 2021 are not presented.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2022	5,091	3,181	62.5
As of Jun. 30, 2022	5,364	3,140	58.5

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2022: 3,181 As of Jun. 30, 2022: 3,140

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2022	-	0.00	-	5.00	5.00
Fiscal year ending Jun. 30, 2023	-	0.00	-	-	-
Fiscal year ending Jun. 30, 2023 (forecast)	-	-	-	5.00	5.00

Note: Revisions to the most recently announced dividend forecast: None

**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 attributable to owner of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	3,750	22.8	300	(40.1)	350	(35.0)	230	(18.8)	16.16

Note: Revisions to the most recently announced earnings forecast: Yes

\* Percentages for year-on-year changes were calculated based on sales and earnings in the previous fiscal year. However, Nihon Jyoho Create has prepared consolidated financial statements from the end of the previous fiscal year 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: None

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

(4) Number of shares outstanding (common shares)

1) Number of outstanding shares as of the end of the period (including treasury shares)

As of Dec. 31, 2022:	14,298,440 shares	As of Jun. 30, 2022:	14,266,440 shares
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2) Number of treasury shares as of the end of the period

As of Dec. 31, 2022:	48,571 shares	As of Jun. 30, 2022:	48,571 shares
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3) Average number of outstanding shares during the period

Six months ended Dec. 31, 2022:	14,228,020 shares	Six months ended Dec. 31, 2021:	14,241,837 shares
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\* This quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

\* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on estimates and assumptions judged to be valid and information available at the time these materials were prepared, but are not guarantees by Nihon Jyoho Create regarding future performance. Actual results may differ significantly from these forecasts for various reasons. Please refer to the section "1. Qualitative Information on Quarterly Consolidated Financial Performance" on page 2 of the attachments regarding preconditions or other related matters for the forecasts.

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## **1. Qualitative Information on Quarterly Consolidated Financial Performance**

### **(1) Explanation of Results of Operations**

Forward-looking statements stated herein are based on the estimates and assumptions of Nihon Jyoho Create as of December 31, 2022.

The Nihon Jyoho Create Group has prepared consolidated financial statements from the end of the previous fiscal year. Consequently, year-on-year changes for the first half are not presented.

There were expectations in the first half of the current fiscal year for an economic recovery in Japan because of the effectiveness of numerous measures to combat the pandemic. However, Global monetary tightening and economic downturns in other countries may have a negative effect on the Japanese economy. In addition, the effects of inflation, supply restrictions, financial market volatility, the increasing severity of the pandemic in China and other events must be monitored closely.

In the market for real estate support services, including the SaaS-type cloud services and other services that we provide, opportunities involving the digital transformation of the entire real estate industry are increasing. One reason is the growth of expenditures for IT equipment and systems in the real estate industry due to Japan's falling working age population and chronic labor shortage. The ability to use completely electronic procedures for real estate transactions due to the May 2022 enactment of the amended Building Lots and Building Transaction Business Act is also creating new opportunities. As a result, the business climate is remaining favorable for the operations of the Nihon Jyoho Create Group.

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 ReaPro to increase contact with real estate agents throughout Japan, and then sell value-added paid solutions to these companies. The most important feature of our service is an integrated lineup of services that cover all operations of the real estate companies. The ability to create the optimum combination of services for each customer provides additional benefits. In addition, we are proactively creating proposals for solutions to attract new customers and upselling and cross-selling products and services to existing customers. The free Fudosan BB listing platform is the initial contact point we use to submit ideas for solutions to new customers. We announced an update of Fudosan BB in November 2022 and have started a limited release of the new version. Currently, all Fudosan BB customers are using the updated version. With additional functions and upgrades of existing functions, the new version is expected to achieve greater customer satisfaction and to increase the number of companies that use Fudosan BB.

The current fiscal year is the second year of the Three-Year Business Plan. One key initiative of this fiscal year is to use the up-front investments in three categories (double the number of sales consultants, open more sales offices, M&A) during the previous fiscal year for more progress with various business operations. During the first half, there were numerous activities in all three categories for earning returns on these investments and for the growth of sales and earnings. To make newly hired sales consultants productive quickly, activities centered on a department specializing in training continued during the first half in order to upgrade the sales skills of these people. There has been steady progress with making sales consultants productive due to the use of many types of training programs and an increase in resources used for educating these people. Training programs are taking longer than planned and more actions will be needed for these programs to start making a contribution to sales and earnings. Our plan is to maintain the current level of education in the sales division while reexamining the allocation of resources used for training programs. The goal is to build a stronger sales team in order to accomplish the sales and earnings targets for this fiscal year.

To capture synergies with RealNetPro Co., Ltd., which joined the Nihon Jyoho Create Group in the previous

fiscal year, the sharing of data in different product categories has started to facilitate cross-selling activities encompassing the customer lists of both companies. Another step to capture synergies is sales activities using shared information about business opportunities and regional strategies. Activities will continue with the goals of faster growth of sales and earnings and the greatest possible synergies.

Creating platforms is the central theme of our medium-term vision. We are establishing alliances with companies in many fields, with emphasis on data sharing alliances with rent guarantee companies. These alliances enlarge the Nihon Jyoho Create platform and are expected to enable Nihon Jyoho Create and its partner companies to play an even greater role in the digital transformation of the real estate industry.

The impact of the COVID-19 pandemic on our financial results was not significant. Segment information is omitted because the Nihon Jyoho Create Group has only a single business segment.

### **Solutions for Brokers**

In the Solutions for Brokers category, there were many sales activities for services that solve issues involving real estate brokerage operations. Examples of these services include WebManagerPro, which helps companies use their websites to attract customers, Property Data Links, which helps real estate portal sites attract customers, and the e-Contract Service for real estate contracts. In addition, based on our freemium strategy (see note), there were many activities for the conversion of customers using Fudosan BB, a free B-to-B property listing platform to fee-based services for the secondary use of data. The receipt of monthly fees from customers using the ReaPro B-to-B property listing service of new subsidiary RealNetPro also contributed to the performance of this category. The sales of this category was 738 million yen.

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

### **Solutions for Property Management**

For Chintai Kakumei, this category's primary service, there were many activities for sales to new customers, upgrades of services used by existing customers and additions of options. Although performance on a quarterly basis has been somewhat below expectations in this fiscal year, performance in the second quarter has been recovering in relation to first quarter results of operations. Income from monthly utilization fees remained firm because the cancelation rate is consistently low.

The sales of this category was 1,018 million yen.

\* In addition to above sales of 1,757 million yen from the Solutions for Brokers and the Solutions for Property Management, sales of 18 million yen were recorded from other activities. Nihon Jyoho Create has prepared consolidated financial statements from the end of the previous fiscal year. Consequently, there are no prior-year comparisons for results of operations for the first half of the current fiscal year.

## **(2) Explanation of Financial Position**

### 1) Assets

Total assets at the end of the second quarter of the current fiscal year decreased by 272 million yen from the end of the previous fiscal year to 5,091 million yen. The balance of current assets decreased by 48 million yen from the end of the previous fiscal year to 1,915 million yen. The balance of non-current assets decreased by 224 million yen from the end of the previous fiscal year to 3,175 million yen.

The decrease in current assets is primarily attributable to a decrease in accounts receivable-trade. The decrease in non-current assets is primarily attributable to a decrease from sales of investment property included in other under investments and other assets.

### 2) Liabilities

Total liabilities at the end of the second quarter decreased by 314 million yen from the end of the previous fiscal year to 1,909 million yen. The balance of current liabilities decreased by 124 million yen from the end of the

previous fiscal year to 1, 440 million yen.

This is mainly attributable to decreases in income taxes payable as income taxes for the previous fiscal year were paid and long-term borrowings due to repayments of borrowings.

### 3) Net assets

Net assets at the end of the second quarter increased by 41 million yen from the end of the previous fiscal year to 3,181 million yen.

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

### 4) Cash flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the second quarter of the current fiscal year were 1,173 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 102 million yen.

Main factors include profit before income taxes of 176 million yen and a decrease of 79 million yen in trade receivables.

#### Cash flows from investing activities

Net cash provided by investing activities was 133 million yen.

Main factors include proceeds from sales of investment property of 232 million yen and purchase of intangible assets of 124 million yen.

#### Cash flows from financing activities

Net cash used in financing activities was 252 million yen.

Main factors include repayments of long-term borrowings of 185 million yen and dividends paid of 70 million yen.

### **(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements**

The forecast for the fiscal year ending June 30, 2023 that was announced on August 15, 2022 has been revised based on the results of operations in the first half of the current fiscal year and the current business climates.

The forecast was revised for the following reasons.

Sales are below the initial plan because of declines in both new sales and resales caused by the slow pace of sales consultant training programs for people who were hired during the previous fiscal year. The main reasons that training is requiring more time than anticipated are delays in the start of employment of people who were hired and our decision to focus on recruiting people, mainly young people, who do not have the background normally required for sales consultants but who we believe have the potential to become successful sales consultants.

Although signs of a recovery in sales started to appear in the second quarter, sales are still below initial expectations. As a result, the sales forecast has been lowered.

The operating profit, ordinary profit and profit forecasts have been reduced because of lower than expected sales, a higher cost of sales due to outsourcing certain tasks, the result of adjustments in the use of internal resources, a temporary increase in maintenance expenses associated with improving the quality of updated products, and other reasons.

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

	(Thousands of yen)	
	FY6/22 (As of Jun. 30, 2022)	Second quarter of FY6/23 (As of Dec. 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	1,386,267	1,372,730
Accounts receivable-trade	427,901	346,706
Merchandise	800	371
Work in process	8,833	24,199
Supplies	1,588	1,584
Other	149,934	178,399
Allowance for doubtful accounts	(11,227)	(8,531)
Total current assets	1,964,098	1,915,459
Non-current assets		
Property, plant and equipment	461,108	445,571
Intangible assets		
Software	128,844	457,162
Goodwill	804,502	764,277
Customer-related assets	1,071,000	1,035,300
Other	388,037	124,698
Total intangible assets	2,392,384	2,381,438
Investments and other assets		
Other	579,322	380,256
Allowance for doubtful accounts	(32,883)	(31,629)
Total investments and other assets	546,438	348,626
Total non-current assets	3,399,931	3,175,637
Total assets	5,364,030	5,091,096
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	10,280	10,293
Income taxes payable	166,590	81,426
Contract liabilities	911,984	912,016
Provision for bonuses	-	23,098
Provision for loss on orders received	808	2,932
Current portion of long-term borrowings	28,272	20,268
Other	447,143	390,906
Total current liabilities	1,565,079	1,440,941
Non-current liabilities		
Long-term borrowings	217,636	39,844
Asset retirement obligations	4,571	4,571
Deferred tax liabilities	328,419	316,071
Other	108,000	108,000
Total non-current liabilities	658,627	468,486
Total liabilities	2,223,706	1,909,428

	(Thousands of yen)	
	FY6/22 (As of Jun. 30, 2022)	Second quarter of FY6/23 (As of Dec. 31, 2022)
Net assets		
Shareholders' equity		
Share capital	722,608	725,168
Capital surplus	694,318	696,878
Retained earnings	1,786,593	1,822,711
Treasury shares	(63,307)	(63,307)
Total shareholders' equity	3,140,211	3,181,449
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	111	219
Total accumulated other comprehensive income	111	219
Total net assets	3,140,323	3,181,668
Total liabilities and net assets	5,364,030	5,091,096



**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
**Quarterly Consolidated Statement of Income**  
**(For the Six-month Period)**

	(Thousands of yen)
	First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)
Net sales	1,776,066
Cost of sales	587,025
Gross profit	1,189,041
Selling, general and administrative expenses	1,061,512
Operating profit	127,528
Non-operating income	
Insurance return	55,141
Other	3,766
Total non-operating income	58,907
Non-operating expenses	
Foreign exchange losses	5,173
Miscellaneous losses	3,831
Other	1,120
Total non-operating expenses	10,125
Ordinary profit	176,311
Extraordinary income	
Gain on sale of non-current assets	182
Total extraordinary income	182
Extraordinary losses	
Loss on sale of non-current assets	155
Loss on retirement of non-current assets	0
Total extraordinary losses	155
Profit before income taxes	176,338
Income taxes	69,131
Profit	107,206
Profit attributable to non-controlling interests	-
Profit attributable to owners of parent	107,206

**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Six-month Period)**

	(Thousands of yen)
	First six months of FY6/23 (Jul. 1, 2022 - Dec. 31, 2022)
Profit	107,206
Other comprehensive income	
Valuation difference on available-for-sale securities	108
Total other comprehensive income	108
Comprehensive income	107,315
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	107,315
Comprehensive income attributable to non-controlling interests	-

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY6/23 (Jul. 1, 2022 – Dec. 31, 2022)
<b>Cash flows from operating activities</b>	
Profit before income taxes	176,338
Depreciation	76,223
Amortization of goodwill	40,225
Amortization of customer relationship	35,700
Increase (decrease) in allowance for doubtful accounts	(3,950)
Increase (decrease) in provision for bonuses	23,098
Interest and dividend income	(79)
Interest expenses	1,120
Gain on maturity of insurance contract	(55,141)
Decrease (increase) in trade receivables	79,343
Increase (decrease) in contract liabilities	1,882
Loss (gain) on sale of non-current assets	(27)
Other, net	(104,381)
Subtotal	270,352
Interest and dividends received	79
Interest paid	(1,120)
Income taxes paid	(166,644)
Net cash provided by (used in) operating activities	102,667
<b>Cash flows from investing activities</b>	
Proceeds from sale of investment securities	3,074
Purchase of property, plant and equipment	(6,567)
Purchase of intangible assets	(124,083)
Proceeds from sale of investment property	232,722
Purchase of insurance funds	(6,167)
Proceeds from maturity of insurance funds	55,141
Other, net	(20,994)
Net cash provided by (used in) investing activities	133,123
<b>Cash flows from financing activities</b>	
Repayments of long-term borrowings	(185,796)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	5,120
Dividends paid	(70,881)
Other, net	(771)
Net cash provided by (used in) financing activities	(252,328)
Effect of exchange rate change on cash and cash equivalents	-
Net increase (decrease) in cash and cash equivalents	(16,537)
Cash and cash equivalents at beginning of period	1,189,695
Cash and cash equivalents at end of period	1,173,158

#### **(4) Notes to Quarterly Consolidated Financial Statements**

##### **Going Concern Assumption**

Not applicable.

##### **Significant Changes in Shareholders' Equity**

Not applicable.

##### **Application of Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements**

Calculation of tax expense

Tax expense was calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes for the fiscal year, and then multiplying such rate by the quarterly profit before income taxes.

##### **Business Combinations**

Significant revision of initial allocation of acquisition cost in comparative information

A provisional accounting treatment was used in the previous fiscal year for the Nihon Jyoho Create's acquisition of RealNetPro Co., Ltd. on May 25 and June 27, 2022 (assumed acquisition date: March 31, 2022). The accounting treatment was finalized in the second quarter of the current fiscal year.

Based on the finalization of this provisional accounting treatment, a significant revision has been reflected in the initially allocated amount of the acquisition cost in the comparative information included in the quarterly consolidated financial statements for the second quarter of the current fiscal year.

Due to the finalization of this treatment, the value of goodwill was finalized, resulting in a 700 million yen reduction in goodwill from the provisional value of 1,505 million yen to the final value of 804 million yen. In the consolidated balance sheet at the end of the previous fiscal year, goodwill decreased by 700 million yen, customer-related assets increased by 1,071 million yen and deferred tax liabilities increased by 370 million yen.

##### **Subsequent Events**

Purchase of treasury shares

The Board of Directors of Nihon Jyoho Create approved a resolution on February 14, 2023 to repurchase its own shares pursuant to Article 156 of the Companies Act, which is applicable in lieu of Article 165, Paragraph 3 of this act.

##### **1. Reason for stock repurchase**

Nihon Jyoho Create is repurchasing stock for greater flexibility regarding actions involving capital in response to changes in the operating environment.

##### **2. Details of stock repurchase**

- |   |  |
|---|--|
| (1) Type of shares to be repurchased:         | Common shares of Nihon Jyoho Create  |
| (2) Total number of shares to be repurchased: | Up to 200,000 shares (About 1.4% of total shares outstanding, excluding treasury shares) |
| (3) Total value of shares to be repurchased:  | Up to 200 million yen  |
| (4) Repurchase schedule:                      | From February 16, 2023 to April 28, 2023   |
| (5) Method of repurchase:                     | Purchase on the Tokyo Stock Exchange   |

*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.*