

**Consolidated Financial Results for the Third Quarter  
of the Fiscal Year Ending June 30, 2023  
(Nine Months Ended March 31, 2023)**



[Japanese GAAP]

May 15, 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: May 15, 2023  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: None

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

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

(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	%
Nine months ended Mar. 31, 2023	2,732	-	177	-	225	-	133	-
Nine months ended Mar. 31, 2022	-	-	-	-	-	-	-	-

Note: Comprehensive income (millions of yen) Nine months ended Mar. 31, 2023: 133 (-%)  
 Nine months ended Mar. 31, 2022: - (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Mar. 31, 2023	9.40	9.27
Nine months ended Mar. 31, 2022	-	-

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 nine months ended March 31, 2022 are not presented.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Mar. 31, 2023	5,062	3,139	62.0
As of Jun. 30, 2022	5,364	3,140	58.5

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2023: 3,139 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: None

\* 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 Mar. 31, 2023:	14,313,440 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 Mar. 31, 2023:	152,171 shares	As of Jun. 30, 2022:	48,571 shares
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3) Average number of outstanding shares during the period

Nine months ended Mar. 31, 2023:	14,226,050 shares	Nine months ended Mar. 31, 2022:	14,247,915 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 March 31, 2023.

The Nihon Jyoho Create Group has prepared consolidated financial statements from the end of the previous fiscal year. Consequently, there are no year-on-year changes for the first nine months.

There were expectations for a recovery of the Japanese economy during the first nine months of the current fiscal year because of the effectiveness of numerous measures to combat the pandemic. However, downturns in economies of other countries as monetary tightening continues worldwide are creating the risk of a downturn in Japan too. In addition, inflation, financial market volatility and other events must be monitored closely. As a result, the outlook for the economy remains uncertain.

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. Opportunities are created by Japan's falling working age population and chronic labor shortage as well as by the growth of IT capital expenditures by the steadily increasing number of companies in Japan's real estate industry. 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 medium to long-term goals of our Three-Year Business Plan.

\*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 First Half of the Fiscal Year Ending June 30, 2023 posted on our IR website.

The basic strategy of the Three-Year Business Plan is centered on the freemium business model (see note). We increase the number of ties with real estate companies throughout Japan by providing Fudosan BB and ReaPro, which are information platforms for property listings that can be shared by real estate agents. Then we use these ties to sell value-added services that generate fee income. There are two categories of fee-based services that are offered to companies using a free service: brokerage solutions for real estate brokers and property management solutions for companies that manage rental properties. Brokerage solutions encompass products and services extending from sales activities to tasks involving contracts. Examples include website production, real estate portal site linkage, electronic procedures for new tenants and e-contracts. Property management solutions are products and services for improving efficiency by facilitating centralized management based on a database covering the complex and diverse tasks required for the management of rental properties.

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.

The Nihon Jyoho Create Group uses new customers as well as its framework for supporting companies already using a group service for many upselling and cross-selling activities involving current customers. System advisers based at sales offices throughout Japan provide support to customers. At call centers, customer support personnel provide assistance about using the group's products and services and other matters. These activities enable us to earn the trust of customers and frequently give customers information about other products and services that can help solve problems.

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 nine months, there were numerous activities in all three categories for earning returns on these investments and for the growth of sales and earnings.

Data linkage among different products is being used to capture synergies with RealNetPro Co., Ltd., which joined the Nihon Jyoho Create Group in the previous fiscal year. During the first nine months of the current fiscal year, there have been cross-selling activities that use sales operations based on shared information about business opportunities and on regional strategies. These 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.

Segment information is omitted because the Nihon Jyoho Create Group has only a single business segment.

The performance by service category is as follows.

### **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, 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 were 1,126 million yen.

### **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. Income from monthly utilization fees remained firm because the cancellation rate is consistently low.

The sales of this category were 1,577 million yen.

\* In addition to above sales of 2,703 million yen from the Solutions for Brokers and the Solutions for Property Management, sales of 28 million yen were recorded from other activities. Nihon Jyoho Create has prepared consolidated financial statements beginning with the end of the previous fiscal year. Consequently, there are no prior-year comparisons for results of operations for the first nine months of the current fiscal year.

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

### 1) Assets

Total assets at the end of the third quarter of the current fiscal year decreased by 301 million yen from the end of the previous fiscal year to 5,062 million yen. The balance of current assets decreased by 146 million yen from the end of the previous fiscal year to 1,817 million yen. The balance of non-current assets decreased by 154 million yen from the end of the previous fiscal year to 3,245 million yen.

The decrease in current assets is primarily attributable to a decrease in cash and deposits. The decrease in non-current assets is primarily attributable to amortization of goodwill and customer relationships.

## 2) Liabilities

Total liabilities at the end of the third quarter decreased by 300 million yen from the end of the previous fiscal year to 1,923 million yen. The balance of current liabilities decreased by 110 million yen from the end of the previous fiscal year to 1,454 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 third quarter decreased by 1 million yen from the end of the previous fiscal year to 3,139 million yen.

This is primarily attributable to a reduction in shareholders' equity due to purchase of treasury shares.

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

There are no revisions to the forecast for the fiscal year ending June 30, 2023 that we disclosed in the press release "Revision of consolidated earnings forecasts" on February 14, 2023.

An announcement will be made promptly if the forecast is revised.

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

	(Thousands of yen)	
	FY6/22 (As of Jun. 30, 2022)	Third quarter of FY6/23 (As of Mar. 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	1,386,267	963,418
Accounts receivable-trade	427,901	387,014
Merchandise	800	223
Work in process	8,833	33,821
Supplies	1,588	2,093
Other	149,934	440,833
Allowance for doubtful accounts	(11,227)	(9,781)
Total current assets	1,964,098	1,817,624
Non-current assets		
Property, plant and equipment	461,108	494,929
Intangible assets		
Software	128,844	426,432
Goodwill	804,502	744,164
Customer-related assets	1,071,000	1,017,450
Other	388,037	156,920
Total intangible assets	2,392,384	2,344,967
Investments and other assets		
Other	579,322	439,371
Allowance for doubtful accounts	(32,883)	(34,248)
Total investments and other assets	546,438	405,122
Total non-current assets	3,399,931	3,245,019
Total assets	5,364,030	5,062,644
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	10,280	9,606
Income taxes payable	166,590	32,818
Contract liabilities	911,984	909,777
Provision for bonuses	-	92,392
Provision for loss on orders received	808	5,942
Current portion of long-term borrowings	28,272	20,268
Other	447,143	383,443
Total current liabilities	1,565,079	1,454,247
Non-current liabilities		
Long-term borrowings	217,636	34,777
Asset retirement obligations	4,571	16,525
Deferred tax liabilities	328,419	309,896
Other	108,000	108,000
Total non-current liabilities	658,627	469,199
Total liabilities	2,223,706	1,923,446

	(Thousands of yen)	
	FY6/22 (As of Jun. 30, 2022)	Third quarter of FY6/23 (As of Mar. 31, 2023)
Net assets		
Shareholders' equity		
Share capital	722,608	726,368
Capital surplus	694,318	698,078
Retained earnings	1,786,593	1,849,274
Treasury shares	(63,307)	(134,660)
Total shareholders' equity	3,140,211	3,139,061
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	111	136
Total accumulated other comprehensive income	111	136
Total net assets	3,140,323	3,139,197
Total liabilities and net assets	5,364,030	5,062,644



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

	(Thousands of yen)
	First nine months of FY6/23 (Jul. 1, 2022 – Mar. 31, 2023)
Net sales	2,732,471
Cost of sales	931,754
Gross profit	1,800,717
Selling, general and administrative expenses	1,622,749
Operating profit	177,967
Non-operating income	
Insurance return	55,141
Other	4,415
Total non-operating income	59,556
Non-operating expenses	
Foreign exchange losses	5,636
Miscellaneous losses	4,704
Other	1,342
Total non-operating expenses	11,682
Ordinary profit	225,841
Extraordinary income	
Gain on sale of non-current assets	528
Total extraordinary income	528
Extraordinary losses	
Loss on sale of non-current assets	155
Loss on retirement of non-current assets	10
Total extraordinary losses	165
Profit before income taxes	226,204
Income taxes	92,433
Profit	133,770
Profit attributable to non-controlling interests	-
Profit attributable to owners of parent	133,770

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

	(Thousands of yen)
	First nine months of FY6/23 (Jul. 1, 2022 - Mar. 31, 2023)
Profit	133,770
Other comprehensive income	
Valuation difference on available-for-sale securities	25
Total other comprehensive income	25
Comprehensive income	133,796
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	133,796
Comprehensive income attributable to non-controlling interests	-

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

#### **Going Concern Assumption**

Not applicable.

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

Purchase of treasury shares

Nihon Jyoho Create acquired 103,600 treasury shares upon resolution at the Board of Directors meetings on February 14, 2023. These transactions resulted in an increase of 71 million yen in treasury shares for the first nine months of the current fiscal year and the balance of 134 million yen in treasury shares as of March 31, 2023.

#### **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 third quarter of the current fiscal year. 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.

*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.*