

**Consolidated Financial Results for the First Quarter  
of the Fiscal Year Ending June 30, 2024  
(Three Months Ended September 30, 2023)**



[Japanese GAAP]  
November 14, 2023

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Stock code: 4054

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Scheduled date of filing of Quarterly Report:

November 14, 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 First Quarter of the Fiscal Year Ending June 30, 2024  
(July 1, 2023 to September 30, 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	%
Three months ended Dec. 31, 2023	968	13.4	74	66.0	73	(23.2)	42	(25.8)
Three months ended Dec. 31, 2022	853	-	44	-	95	-	57	-

Note: Comprehensive income (millions of yen)

Three months ended Dec. 31, 2023: 43 ((25.6) %)

Three months ended Dec. 31, 2022: 57 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Sep. 30, 2023	3.05	3.02
Three months ended Sep. 30, 2022	4.07	4.01

Note: 1. Japan PropTech has prepared consolidated financial statements from the previous fiscal year. Consequently, year-on-year changes for the three months ended Sep. 30, 2022 are not presented.

2. In the previous consolidated fiscal year, Japan PropTech finalized the provisional accounting treatment for the business combination, and the figures for the first quarter of the fiscal year ending June 30, 2022 reflect the details of the finalization of the provisional accounting treatment.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2023	4,965	3,094	62.3
As of Jun. 30, 2023	5,109	3,121	61.1

Reference: Shareholders' equity (millions of yen)

As of Sep. 30, 2023: 3,094

As of Jun. 30, 2023: 3,121

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2023	-	0.00	-	5.00	5.00
Fiscal year ending Jun. 30, 2024	-	-	-	-	-
Fiscal year ending Jun. 30, 2024 (forecast)	-	0.00	-	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, 2024 (July 1, 2023 to June 30, 2024)**

(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	4,400	16.7	700	112.3	700	86.2	380	105.1	26.77

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

**\* 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 Sep. 30, 2023: 14,339,440 shares As of Sep. 30, 2022: 14,339,440 shares

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

As of Sep. 30, 2023: 248,571 shares As of Sep. 30, 2022: 248,571 shares

3) Average number of outstanding shares during the period

Three months ended Sep. 30, 2023: 14,090,869 shares Three months ended Sep. 30, 2022: 14,219,223 shares

\* 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 Japan PropTech 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 Japan PropTech as of September 30, 2023.

While the Japanese economy is expected to continue its gradual recovery thanks to the effects of various policies, there are risks of downturn in overseas economies such as the effects of global monetary tightening and concerns about the future of Chinese economy which could put downward pressure on the Japanese economy. In addition, the outlook remains uncertain with the need to pay close attention to the effects of rising prices fluctuation in financial and capital markets and other factors.

In the market for real estate business support, where Japan PropTech Group provides SaaS-type cloud services, there is a chronic shortage of labor in the real estate industry, an increase in IT capital investment demand from newcomers to the market, the “full computerization of real estate transactions” which was lifted by the revised Building Lots and Buildings Transaction Business Act last May, the “invoice system” to be enforced in October 2023, and the Electronic Books Maintenance Act to be revised in January 2024 have increased momentum to promote DX throughout the industry. As a result, the business climate continues to be favorable for the Group’s operations.

In this business environment, Japan PropTech Group has been pursuing various growth strategies to build an optimal platform for the real estate domain and to realize its three-year plan, which outlines a medium- to long-term growth 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 Fiscal Year Ended June 30, 2022 posted on our IR website.

Our basic strategy of the Three-Year Business Plan is a Freemium strategy (see note below), which 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 to sell value-added paid solutions. The fee-based services provided to the free customer base include two types of services: brokerage solutions for brokerage businesses and management solutions for rental property managers. The brokerage solutions include products and services that support operations from customer attraction to contract signing, such as website creation, real estate portal site linkage, prospect customer management (CRM), reservation of previews, IT instruction manuals, and electronic contracting. In the area of management solutions, we provide products and services that centralize the management of complicated and diverse rental management operations in a database to improve operational efficiency.

(Note) The freemium strategy is a business model in which basic services and products are provided free of charge and fees are charged for the use of more advanced functions and services.

In the current fiscal year, the final year of the three-year plan, we are promoting our business by taking advantage of prior investments made up to the previous fiscal year such as increasing the number of sales personnel and expanding sales offices. To maximize the productivity of sales personnel we are working to increase the number of deals won and improve the closing rate through logistical support teams such as Inside Sales and Customer Success. We also continue to promote activities to maximize synergies with Real Net Pro, Inc. which merged with us in June 2022.

With regard to the creation of a platform, which is our medium-term vision, we are progressively forming alliances with various companies, focusing on data linkage with rent guarantee companies and real estate portal sites. While expanding the scope of our platform we will further contribute to DX in the industry together with our partners.

Segment information is omitted because the Japan PropTech Group has only a single business segment.

The overview of each service is as follows:

#### **Solutions for Brokers**

In brokerage solutions, the Company aggressively proposed services that solve issues in the brokerage business, such as “WebManagerPro” to support attracting customers to the Company’s website, “Property Data Linkage” to support attracting customers to real estate portal sites, and “Electronic Contract Service” to support the computerization of 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 services for the secondary use of data which is fee-based services. In the area of real estate big data, Japan PropTech Group has started providing “CRIX” data, which indexes rent trends and vacancy rates

based on rental management data, and has begun offering a sales support DX service for rental management companies that can create sophisticated "full occupancy strategy reports" on the web, which differ for each rental house, by making full use of real estate big data and AI. In addition, monthly usage fees from customers who pay to use the inter-vendor property distribution services "ReaPro" provided by group company RealNetPro Inc. also accumulated steadily

The sales of this category was 385 million yen.

### **Solutions for Property Management**

For Chintai Kakumei, this category's primary service, there were many sales activities to new customers, upgrades of services used by existing customers and additions of options. In addition, the churn rate continued to be stable at a low level, resulting in a steady accumulation of monthly usage fees.

The sales of this category was 572 million yen.

\* In addition to above sales of 958 million yen from the Solutions for Brokers and the Solutions for Property Management, sales of 10 million yen were recorded from other activities.

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

### 1) Assets

Total assets at the end of the first quarter of the current fiscal year decreased by 144 million yen from the end of the previous fiscal year to 4,965 million yen. The balance of current assets decreased by 182 million yen from the end of the previous fiscal year to 1,645 million yen. The balance of non-current assets increased by 37 million yen from the end of the previous fiscal year to 3,319 million yen.

The decrease in current assets is primarily attributable to a decrease in accounts receivable-trade. The increase in fixed assets was due to an increase in software in progress included in intangible fixed assets.

### 2) Liabilities

Total liabilities at the end of the first quarter decreased by 117 million yen from the end of the previous fiscal year to 1,870 million yen. The balance of current liabilities decreased by 105 million yen from the end of the previous fiscal year to 1,528 million yen.

This is mainly attributable to a decrease in income taxes payable as income taxes for the previous fiscal year were paid.

### 3) Net assets

Net assets at the end of the first quarter decreased by 27 million yen from the end of the previous fiscal year to 3,094 million yen.

This is primarily attributable to an increase in retained earnings due to the booking of profit attributable to owners of parent and dividend paid.

## **(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, 2024 that was announced on August 10, 2023 with "Consolidated Financial Results for the Fiscal Year Ended June 30, 2023 [Japanese GAAP]". 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)

	FY6/23 (As of Jun. 30, 2023)	First quarter of FY6/24 (As of Sep. 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	1,157,291	1,006,692
Accounts receivable-trade	431,711	389,825
Merchandise	252	1,175
Work in process	33,306	29,712
Supplies	2,113	1,857
Other	203,958	217,153
Allowance for doubtful accounts	(1,069)	(1,090)
Total current assets	1,827,564	1,645,326
Non-current assets		
Property, plant and equipment	488,834	492,674
Intangible assets		
Software	409,591	412,938
Goodwill	724,052	703,939
Client assets	999,600	981,750
Other	203,822	249,192
Total intangible assets	2,337,066	2,347,819
Investments and other assets		
Other	487,345	510,414
Allowance for doubtful accounts	(30,929)	(31,190)
Total investments and other assets	456,415	479,223
Total non-current assets	3,282,316	3,319,717
Total assets	5,109,880	4,965,044
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	13,487	14,745
Income taxes payable	100,232	36,989
Contract liabilities	915,064	908,138
Provision for bonuses	-	59,220
Provision for loss on orders received	6,377	5,475
Current portion of long-term borrowings	20,268	20,268
Other	578,323	483,591
Total current liabilities	1,633,752	1,528,426
Non-current liabilities		
Long-term borrowings	29,710	24,643
Asset retirement obligations	16,557	16,589
Deferred tax liability	302,452	296,278
Other	5,654	4,712
Total non-current liabilities	354,374	342,223
Total liabilities	1,988,127	1,870,650

(Thousands of yen)

	FY6/23 (As of Jun. 30, 2023)	First quarter of FY6/24 (As of Sep. 30, 2023)
Net assets		
Shareholders' equity		
Share capital	728,448	728,448
Capital surplus	700,158	700,158
Retained earnings	1,900,817	1,873,358
Treasury shares	(207,831)	(207,831)
Total shareholders' equity	3,121,592	3,094,133
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	161	260
Total accumulated other comprehensive income	161	260
Total net assets	3,121,753	3,094,394
Total liabilities and net assets	5,109,880	4,965,044

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

(Thousands of yen)

First three months of FY6/24  
(Jul. 1, 2023 – Sep. 30, 2023)

Net sales	968,246
Cost of sales	341,915
Gross profit	626,331
Selling, general and administrative expenses	552,035
Operating profit	74,296
Non-operating income	
Fee income	343
Insurance return	-
Other	34
Total non-operating income	377
Non-operating expenses	
Foreign exchange losses	759
Other	286
Total non-operating expenses	1,046
Ordinary profit	73,627
Extraordinary profit	
Gain on sales of fixed asset	205
Total extraordinary profit	205
Extraordinary losses	
Loss on sale of non-current assets	-
Total extraordinary losses	-
Profit before income taxes	73,833
Income taxes	30,837
Profit	42,995
Profit attributable to non-controlling interests	-
Profit attributable to owners of parent	42,995

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

(Thousands of yen)

Profit	42,995
Other comprehensive income	
Valuation difference on available-for-sale securities	99
Total other comprehensive income	99
Comprehensive income	43,095
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	43,095
Comprehensive income attributable to non-controlling interests	-



### **(3) 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, etc.**

##### **Finalization of provisional treatment for business combinations**

The business combination with RealNet Pro, Inc. on May 25, 2022 and June 27, 2022 (deemed acquisition date: March 31, 2022) was accounted for tentatively in the first quarter of the previous consolidated fiscal year, and then, was finalized in the second quarter of the previous consolidated fiscal year.

With the finalization of this provisional accounting treatment, the comparative information included in the quarterly consolidated financial statements for the first quarter of the current fiscal year reflects a significant revision in the initial allocation of acquisition costs.

As a result, the consolidated statement of income for the first quarter of the previous fiscal year shows an increase of 336 thousand yen in selling, general and administrative expenses, a decrease of 336 thousand yen in operating income, ordinary income and income before income taxes and minority interests, respectively, an increase of 5,837 thousand yen in net income and an increase of 5,837 thousand yen in net income attributable to owners of the parent company for the quarter.

*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.*