

**Non-consolidated Financial Results for the Second Quarter
of the Fiscal Year Ending June 30, 2021
(Six Months Ended December 31, 2020)**



[Japanese GAAP]

February 10, 2021

Company name: Nihon Jyoho Create Co., Ltd. Listing: Tokyo Stock Exchange (Mothers)
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Scheduled date of filing of Quarterly Report: February 10, 2021
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for financial results: None
 Holding of financial results meeting: Yes (for institutional investors and analysts)
 (All amounts are rounded down to the nearest million yen.)

**1. Financial Results for the Second Quarter of the Fiscal Year Ending June 30, 2021
(July 1, 2020 to December 31, 2020)**

(1) 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	%
Six months ended Dec. 31, 2020	1,302	-	339	-	368	-	256	-
Six months ended Dec. 31, 2019	-	-	-	-	-	-	-	-

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Dec. 31, 2020	19.14	18.23
Six months ended Dec. 31, 2019	-	-

Notes: 1. Nihon Jyoho Create conducted a 2-for-1 common stock split on the effective date of December 1, 2020. The amounts of net income per share and diluted net income per share were calculated as if this stock split had taken place at the beginning of the previous fiscal year.
 2. Figures for the six months ended December 31, 2019 and year-on-year changes for the six months ended December 31, 2020 are not presented because the quarterly financial statements were not prepared in the six months ended December 31, 2019.

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2020	3,967	2,758	69.5
As of Jun. 30, 2020	2,483	1,278	51.5

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2020: 2,758 As of Jun. 30, 2020: 1,278

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Jun. 30, 2020	-	0.00	-	0.00	0.00
Fiscal year ending Jun. 30, 2021	-	0.00			
Fiscal year ending Jun. 30, 2021 (forecast)			-	-	-

Notes: 1. Revisions to the most recently announced dividend forecast: None
 2. The dividend for the fiscal year ending June 30, 2021 is not yet determined. The amount will be determined by taking into account the financial position and results of operations.
 3. Nihon Jyoho Create conducted a 2-for-1 common stock split on the effective date of December 1, 2020.

3. Earnings Forecast for the Fiscal Year Ending June 30, 2021 (July 1, 2020 to June 30, 2021)

	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	2,566	8.0	552	5.4	626	10.8	411	12.1	29.82

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

*** Notes**

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: Yes

(2) 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

(3) 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, 2020:	13,814,440 shares	As of Jun. 30, 2020:	5,883,720 shares
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2) Number of treasury shares as of the end of the period

As of Dec. 31, 2020:	- shares	As of Jun. 30, 2020:	- shares
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3) Average number of outstanding shares during the period

Six months ended Dec. 31, 2020:	13,396,526 shares	Six months ended Dec. 31, 2019:	- shares
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- Notes: 1. Nihon Jyoho Create conducted a 10-for-1 common stock split on the effective date of May 31, 2020. The number of outstanding shares as of the end of the period was calculated as if this stock split had taken place at the beginning of the previous fiscal year.
2. Nihon Jyoho Create conducted a 2-for-1 common stock split on the effective date of December 1, 2020. The number of outstanding shares as of the end of the period was calculated as if this stock split had taken place at the beginning of the previous fiscal year.
3. The average number of outstanding shares for the six months ended December 31, 2019 is not presented because the quarterly financial statements were not prepared in the six months ended December 31, 2019.

* 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 from these forecasts for various reasons.

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1. Qualitative Information on Quarterly 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, 2020. Since no financial statement was prepared for the first half of the fiscal year ended June 30, 2020, Nihon Jyoho Create does not present year-on-year comparative analyses for the first half of the fiscal year ending June 30, 2021.

The economy of Japan continued to be stagnant because of COVID-19 during the first half of the current fiscal year. There are expectations for an economic recovery due to worldwide measures to prevent infections as well as the effects of various policies. However, we need to closely watch fluctuations in financial and capital markets and be vigilant about downside risk in the Japanese and global economy depending on upcoming events involving the pandemic. In the real estate industry, there is increasing demand for IT-related capital investments, such as for teleworking due to the pandemic and for the digital transformation (DX) of real estate transactions. Nihon Jyoho Create provides IT solutions like SaaS cloud services to respond precisely to these market needs.

Many activities are under way for more progress with the real estate industry DX and for the creation of platforms, which is our medium-term vision. For the DX, we continued to provide customers with one-stop solutions covering brokerage, property management and many other real estate operations. We also created proposals involving teleworking, as well as non-face-to-face consultations and transactions. For the platform to centralize real estate transactions, we have strengthened the functions of electronic rent applications with the core system of Fudosan BB (inter-agent platform for listings of rental properties) in order to increase the use of this service. The upgrade of this service includes IT links with a number of rent guarantee companies and digitalization of the applicant examination process. These activities will speed up the completion of the platform. We will continue to focus on activities that contribute to the business operations of our customers by creating new forms of value.

Due to the COVID-19 pandemic, there has been steady growth in the number of cloud service projects along with the rising need for telework. In addition, our Start Value Plan for new businesses and/or small businesses has been certified for a program eligible for IT investment subsidies. This makes it possible for agents with only a few operators to start using our teleworking and other services.

We have overcome the restrictions on our sales activities by utilizing tools such as video- and teleconferences. As a result, these restrictions had only a small negative impact on our business operations.

In the first half (from July 1, 2020 to December 31, 2020), net sales were 1,302 million yen, operating profit was 339 million yen, ordinary profit was 368 million yen, and profit was 256 million yen.

Service category performance is as follows.

Brokerage Solutions

We are using many activities to promote the services of this category by using our own website, web advertisements and solutions related to real estate portal sites. We are also using a freemium strategy (see note) to increase the value of our products by adding links to rent guarantee companies in our electronic rent application function of the inter-agent platform that we currently provide free of charge. This has led to significant upselling, resulting in an increase in the sales of this category to 416 million yen.

Note: A freemium is a 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 and services.

Property Management Solutions

Both sales to new and existing customers were strong. Earnings from monthly fees continued to increase because of promotions involving IT investment subsidies and demand for upgrading Chintai Kakumei to its cloud-based version. The sales of this category were 874 million yen.

* In addition to sales of 1,290 million yen in the Brokerage Solutions and Property Management Solutions categories, there were sales of 12 million yen from other activities.

(2) Explanation of Financial Position

1) Assets

Total assets at the end of the second quarter of the current fiscal year increased by 1,484 million yen from the end of the previous fiscal year to 3,967 million yen. The balance of current assets increased by 1,432 million yen from the end of the previous fiscal year to 3,244 million yen.

This is primarily attributable to an increase of 1,384 million yen in cash and deposits mainly due to the issuance of new shares.

2) Liabilities

Total liabilities at the end of the second quarter were 1,209 million yen, about the same as at the end of the previous fiscal year.

3) Net assets

Net assets at the end of the second quarter increased by 1,480 million yen from the end of the previous fiscal year to 2,758 million yen.

This is primarily attributable to an increase of 1,224 million yen in share capital and capital surplus due to the issuance of new shares.

4) Cash flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the second quarter were 2,618 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 208 million yen. Main factors include profit before income taxes of 368 million yen, an increase of 137 million yen in advances received and a decrease of 197 million yen in other, net.

Cash flows from investing activities

Net cash used in investing activities was 32 million yen. Main factors include proceeds from maturity of insurance funds of 77 million yen, purchase of investment securities of 10 million yen and purchase of intangible assets of 86 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 1,208 million yen. Main factors include proceeds from issuance of shares of 1,224 million yen.

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

There are no revisions to the forecast for the fiscal year ending June 30, 2021 that was announced on November 13, 2020 with “Non-consolidated Financial Results for the Three Months Ended September 30, 2020 [Japanese GAAP]” because the effects of COVID-19 on results of operations is not material at this time.

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

2. Quarterly Non-consolidated Financial Statements and Notes**(1) Quarterly Non-consolidated Balance Sheet**

	(Thousands of yen)	
	FY6/20 (As of Jun. 30, 2020)	Second quarter of FY6/21 (As of Dec. 31, 2020)
Assets		
Current assets		
Cash and deposits	1,408,164	2,792,556
Accounts receivable-trade	280,999	246,552
Merchandise	1,226	1,009
Work in process	4,992	3,988
Supplies	2,025	1,657
Other	123,626	206,742
Allowance for doubtful accounts	(8,845)	(7,758)
Total current assets	1,812,190	3,244,748
Non-current assets		
Property, plant and equipment		
Land	220,745	220,745
Other, net	192,172	190,507
Total property, plant and equipment	412,918	411,252
Intangible assets	66,783	144,134
Investments and other assets		
Other	233,128	208,186
Allowance for doubtful accounts	(41,155)	(40,404)
Total investments and other assets	191,972	167,781
Total non-current assets	671,673	723,168
Total assets	2,483,864	3,967,917

	(Thousands of yen)	
	FY6/20 (As of Jun. 30, 2020)	Second quarter of FY6/21 (As of Dec. 31, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	5,550	7,627
Income taxes payable	147,045	112,388
Advances received	693,841	830,970
Provision for bonuses	-	18,300
Provision for loss on order received	-	849
Other	351,867	231,914
Total current liabilities	1,198,305	1,202,050
Non-current liabilities		
Asset retirement obligations	4,321	4,804
Other	3,084	2,313
Total non-current liabilities	7,405	7,118
Total liabilities	1,205,711	1,209,168
Net assets		
Shareholders' equity		
Share capital	74,395	686,448
Capital surplus	44,395	656,448
Retained earnings	1,159,371	1,415,818
Total shareholders' equity	1,278,161	2,758,715
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(8)	33
Total valuation and translation adjustments	(8)	33
Total net assets	1,278,153	2,758,748
Total liabilities and net assets	2,483,864	3,967,917

(2) Quarterly Non-consolidated Statement of Income
(For the Six-month Period)

	(Thousands of yen)
	First six months of FY6/21 (Jul. 1, 2020 – Dec. 31, 2020)
Net sales	1,302,839
Cost of sales	340,384
Gross profit	962,455
Selling, general and administrative expenses	623,287
Operating profit	339,167
Non-operating income	
Interest income	9
Dividend income	12
Commission income	4,057
Insurance return	39,094
Other	1,553
Total non-operating income	44,728
Non-operating expenses	
Going public expenses	14,519
Foreign exchange losses	625
Other	0
Total non-operating expenses	15,145
Ordinary profit	368,751
Extraordinary losses	
Loss on retirement of property, plant and equipment	32
Total extraordinary losses	32
Profit before income taxes	368,718
Income taxes	112,270
Profit	256,447

(3) Quarterly Non-consolidated Statement of Cash Flows

	(Thousands of yen)
	First six months of FY6/21
	(Jul. 1, 2020 – Dec. 31, 2020)
Cash flows from operating activities	
Profit before income taxes	368,718
Depreciation	19,892
Increase (decrease) in allowance for doubtful accounts	(1,837)
Increase (decrease) in provision for bonuses	18,300
Interest and dividend income	(22)
Gain on maturity of insurance contract	(39,094)
Going public expenses	14,519
Decrease (increase) in trade receivables	34,446
Increase (decrease) in advances received	137,128
Other, net	(197,085)
Subtotal	354,964
Interest and dividends received	22
Income taxes paid	(146,927)
Net cash provided by (used in) operating activities	208,060
Cash flows from investing activities	
Purchase of investment securities	(10,000)
Purchase of property, plant and equipment	(9,007)
Purchase of intangible assets	(86,648)
Purchase of insurance funds	(6,167)
Proceeds from maturity of insurance funds	77,750
Other, net	1,589
Net cash provided by (used in) investing activities	(32,484)
Cash flows from financing activities	
Proceeds from issuance of shares	1,224,106
Payments for going public expenses	(14,519)
Other, net	(771)
Net cash provided by (used in) financing activities	1,208,815
Effect of exchange rate change on cash and cash equivalents	-
Net increase (decrease) in cash and cash equivalents	1,384,390
Cash and cash equivalents at beginning of period	1,234,608
Cash and cash equivalents at end of period	2,618,998

(4) Notes to Quarterly Non-consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

The shares of Nihon Jyoho Create were listed on the Tokyo Stock Exchange Mothers market on July 31, 2020. This listing was accompanied by a public offering of newly issued stock with a payment date of July 30. After the listing, newly issued stock was sold through a third-party allotment on August 31. As a result, share capital and capital surplus increased 612 million yen each during the first three months of the current fiscal year. As of the end of the second quarter, share capital was 686 million yen and capital surplus was 656 million yen.

Application of Special Accounting Methods for Preparing Quarterly Non-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.

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.