



Results of Operations for the Third Quarter of the Fiscal Year Ending June 30, 2021

May 14, 2021

Nihon Jyoho Create Co., Ltd.
(Tokyo Stock Exchange Mothers Market: 4054)

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Company Profile

Company Profile



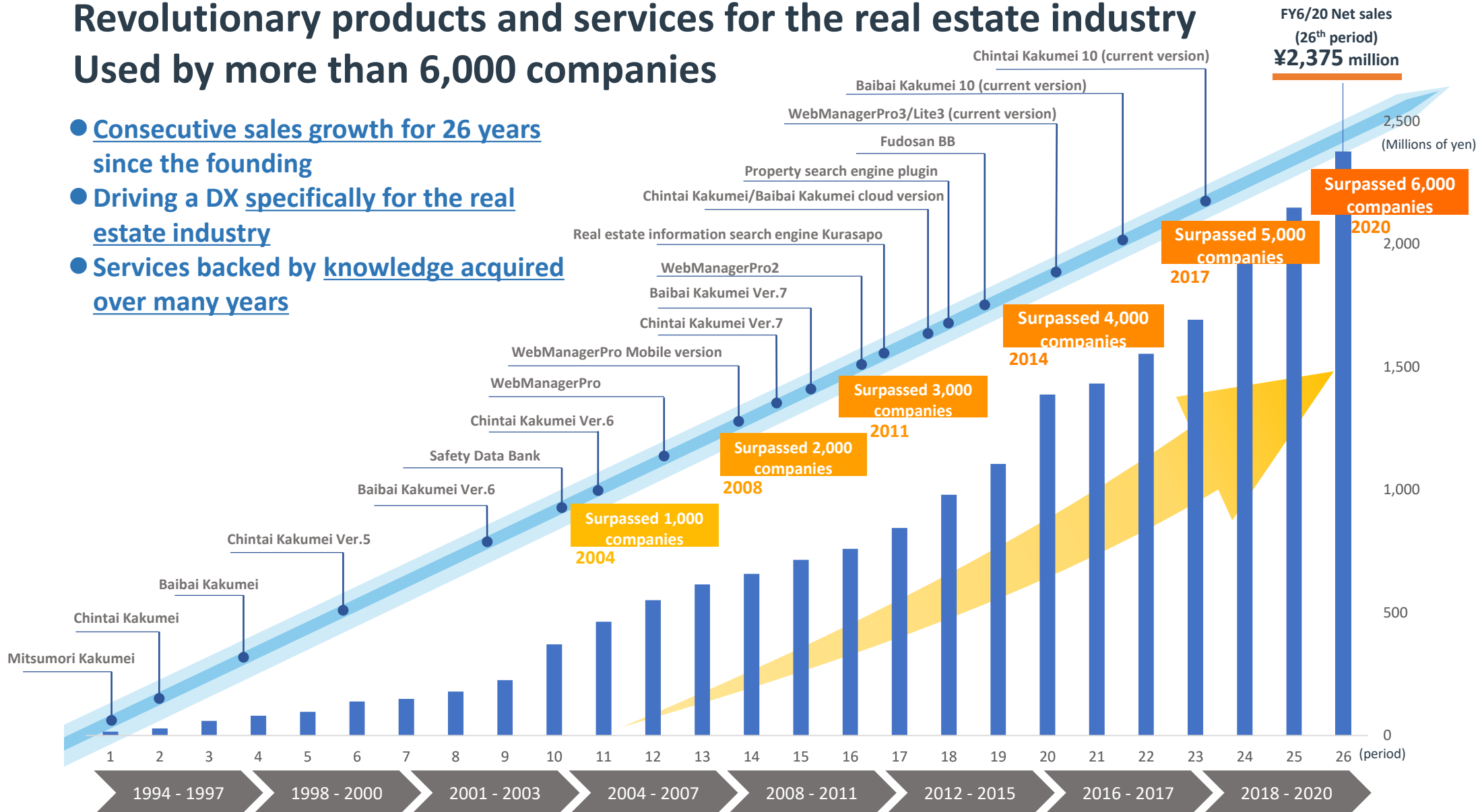
Company name	Nihon Jyoho Create Co., Ltd.
Establishment	August 1994
Location	13-18 Kanmachi, Miyakonojo-shi, Miyazaki 885-0072
Number of employees	239 (As of June 30, 2020)
Business activities	Development and sales of application systems and services for real estate industry
Board Members	<p>Yonetsu Kenichi, Representative Director, President</p> <p>Maruta Hideaki, Director, Head of Development Dept</p> <p>Arai Atsushi, Director, Head of Sales Dept</p> <p>Senokuchi Naohiro, Director, Head of Administration Dept</p> <p>Umino Daisuke, Director, Chair of Audit & Supervisory Committee</p> <p>Miura Hiroshi, External Director, Audit & Supervisory Committee member</p> <p>Yamamoto Osamu, External Director, Audit & Supervisory Committee member</p>
Listed market	Tokyo Stock Exchange (Mothers) code: 4054

Offices Miyazaki Headquarters/Sapporo/Sendai/Tokyo/Saitama/Nagoya/Hokuriku/Osaka/Hiroshima/Shikoku/Fukuoka (11 locations in Japan)



Revolutionary products and services for the real estate industry Used by more than 6,000 companies

- Consecutive sales growth for 26 years since the founding
- Driving a DX specifically for the real estate industry
- Services backed by knowledge acquired over many years



Become a platformer in the real estate domain

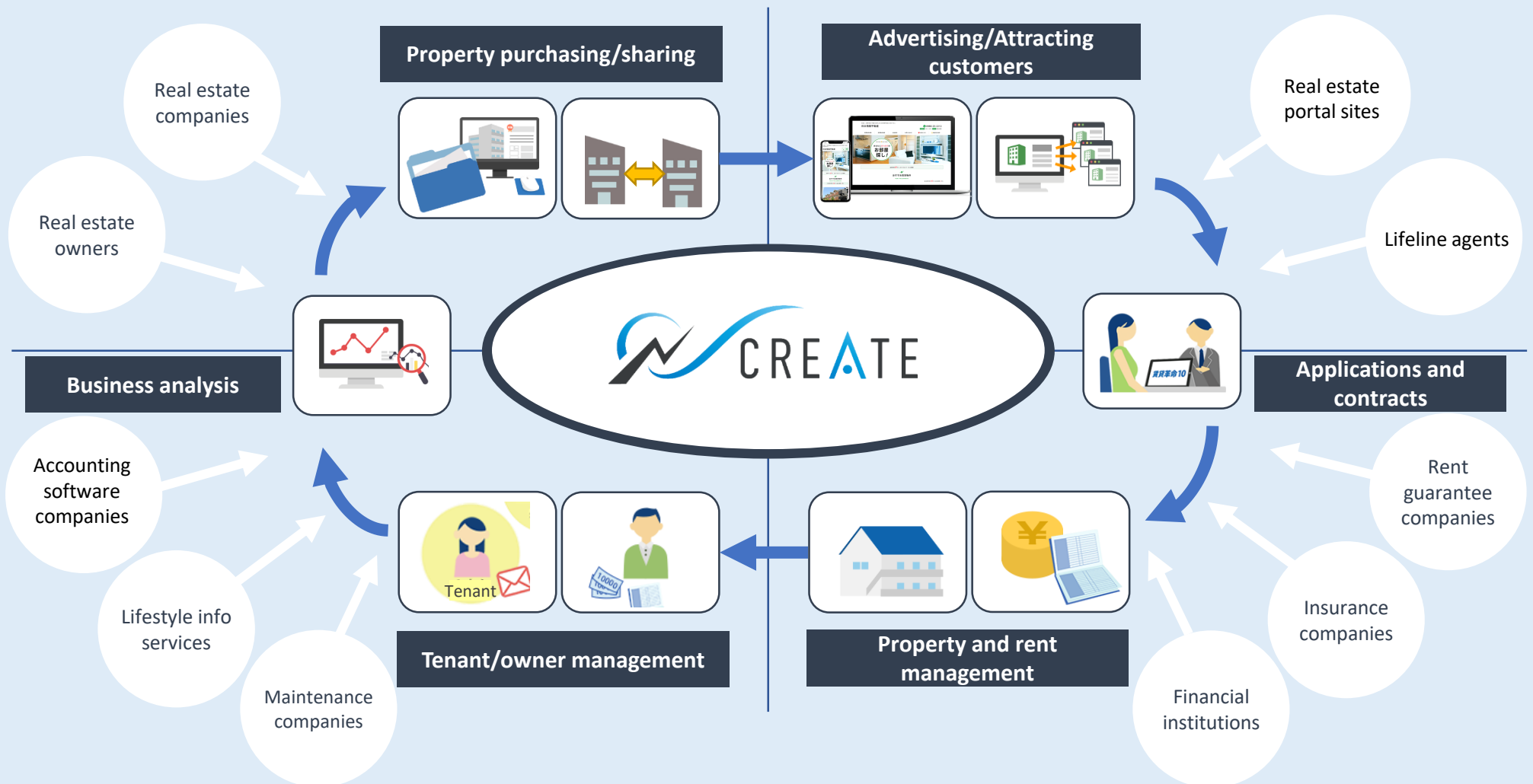
Our goal is to build platforms that transform dreams into reality and make many people happy.

Real estate transactions produce happiness and appreciation by fulfilling customers' dreams in the form of a property that precisely matches their requirements. This is our belief. Real estate companies are dedicated to achieving the simple goal of transforming customers' dreams into reality and making them happy. We play a role in this happiness by using the latest technologies to create extremely convenient platforms for real estate companies.

Yonetsu Kenichi, Representative Director, President



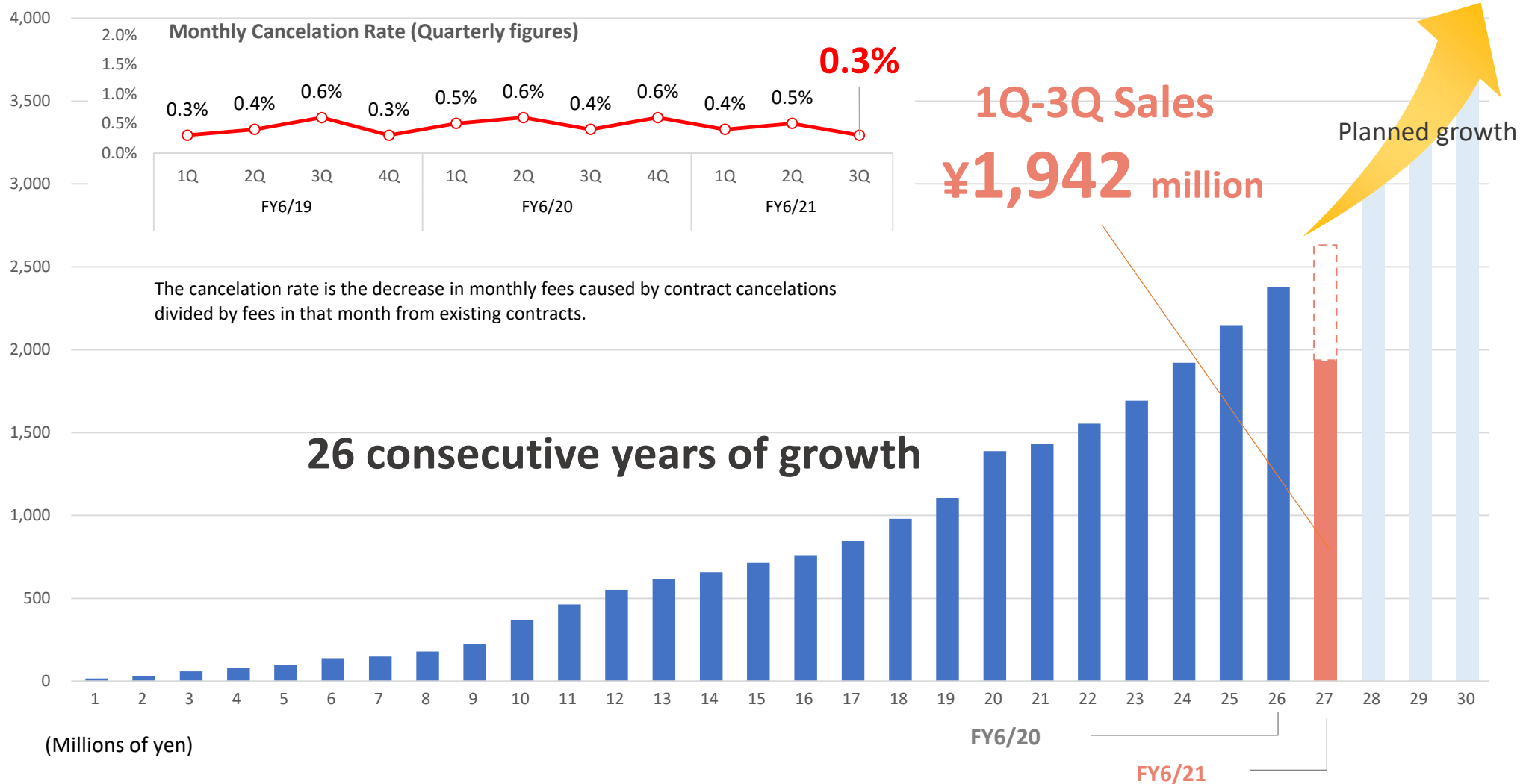
Building integrated platforms covering many categories of the real estate domain



3Q Financial Results

Sales –Aiming for 30 Consecutive Years of Growth

Low cancellation rate and increasing number of new customers



Achieved big increase in operating profit (+19.9% YoY)

(Millions of yen)	1Q-3Q FY6/20 results	1Q-3Q FY6/21 results	YoY change	Progress vs. initial plan
Net sales	1,743	1,942	+11.4%	74.3%
Gross profit	1,282	1,418	+10.7%	74.3%
Gross profit margin	73.5%	73.1%	-0.4pt	-
Operating profit	378	453	+19.9%	77.7%
Operating margin	21.7%	23.4%	+1.7pt	-
Ordinary profit	396	504	+27.2%	79.0%
Profit	260	351	+34.7%	83.5%

3Q Results (Quarterly)

Both sales and earnings increased YoY

The third quarter (January-March) is busiest period for the real estate industry in Japan. Business opportunities tend to decline compared to other quarters, but sales and earnings were higher than the same period last year.

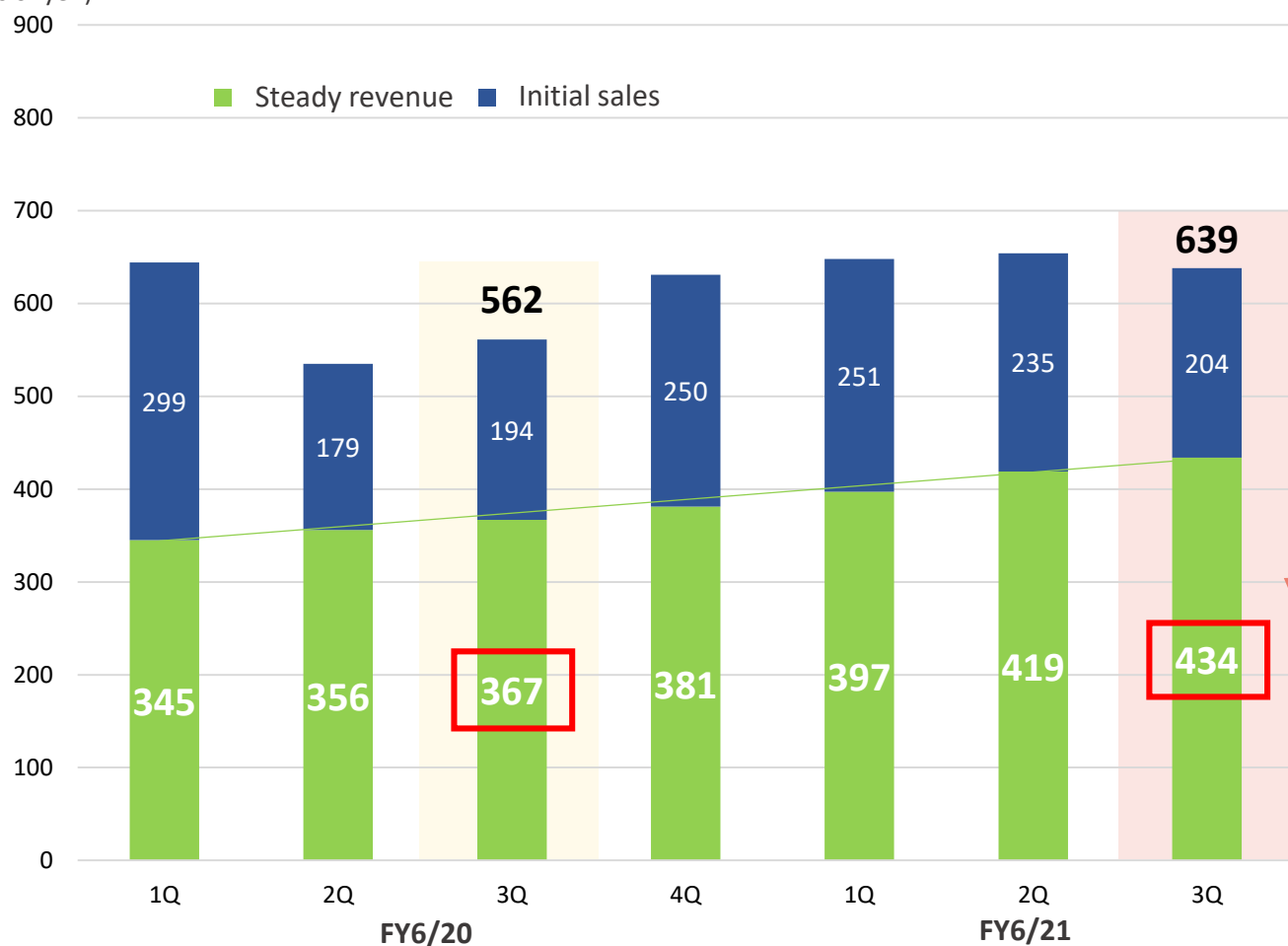
(Millions of yen)	FY6/20 (Previous fiscal year)				FY6/21 (Current fiscal year)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	YoY change
Net sales	644	536	562	631	648	654	639	+13.7%
Operating profit	164	108	105	146	163	175	114	+8.8%
Operating margin	25.6%	20.2%	18.7%	23.1%	25.2%	26.9%	17.9%	-0.8pt
Ordinary profit	168	117	110	169	150	217	135	+23.2%
Profit	110	76	72	107	104	151	94	+30.3%

3Q Results (Quarterly)

Higher steady revenue due to a low cancellation rate

Steady revenue, which supports a stable financial base, is increasing QoQ steadily.

(Millions of yen)



3Q Monthly Cancellation Rate

Cancellation Rate: 0.3%

The cancellation rate is the decrease in monthly fees caused by contract cancellations divided by fees in that month from existing contracts.

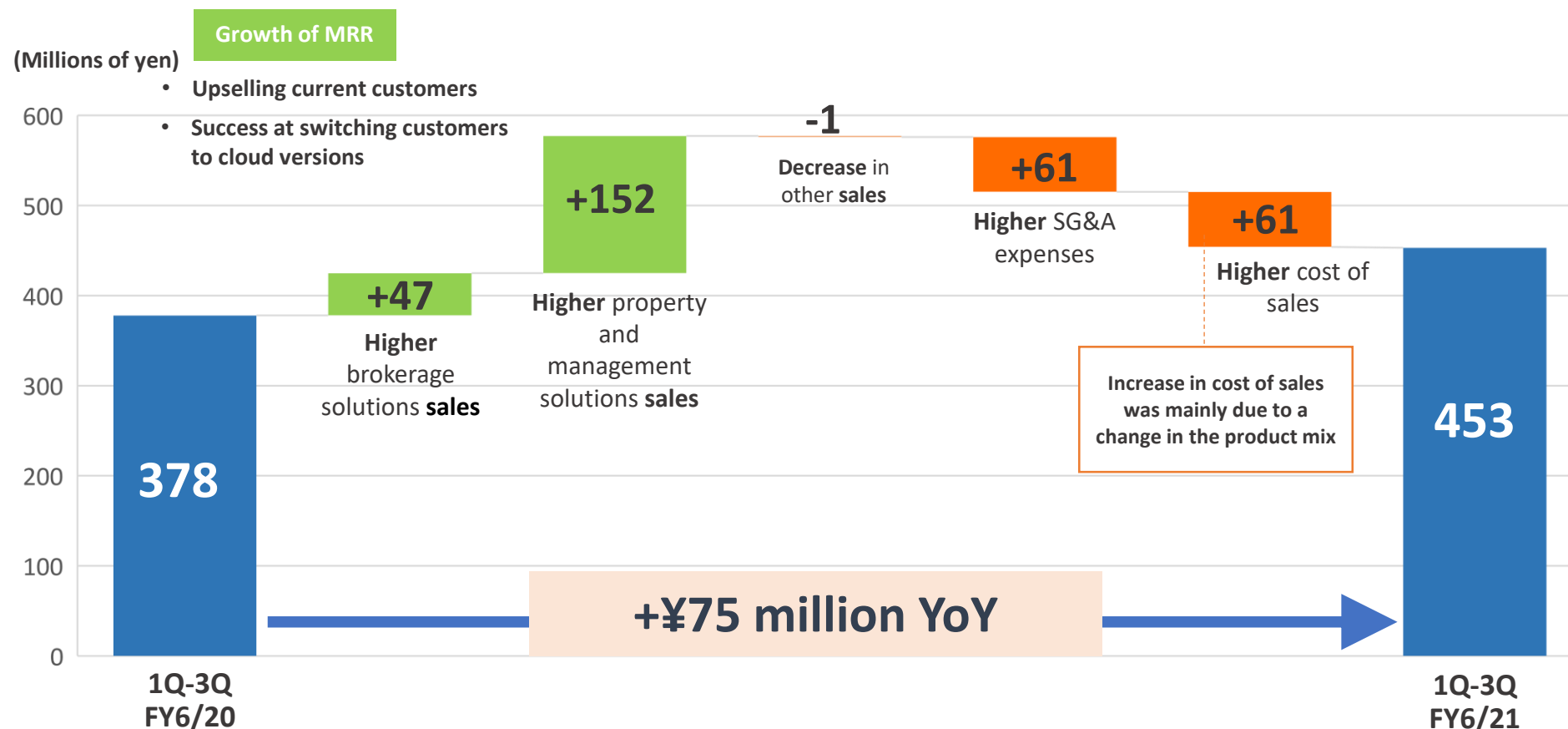
Sales activities produce growth

- Success at targeting DX demand
 - Increased the number of salespeople
 - Enlarged the lineup of products
 - Upselling current customers
- Successful cross-selling activities

Components of Change in Operating Profit

- Growth of monthly recurring revenue

- Hiring more people
- Operating profit: **¥453 million** Operating margin: **23.4%**



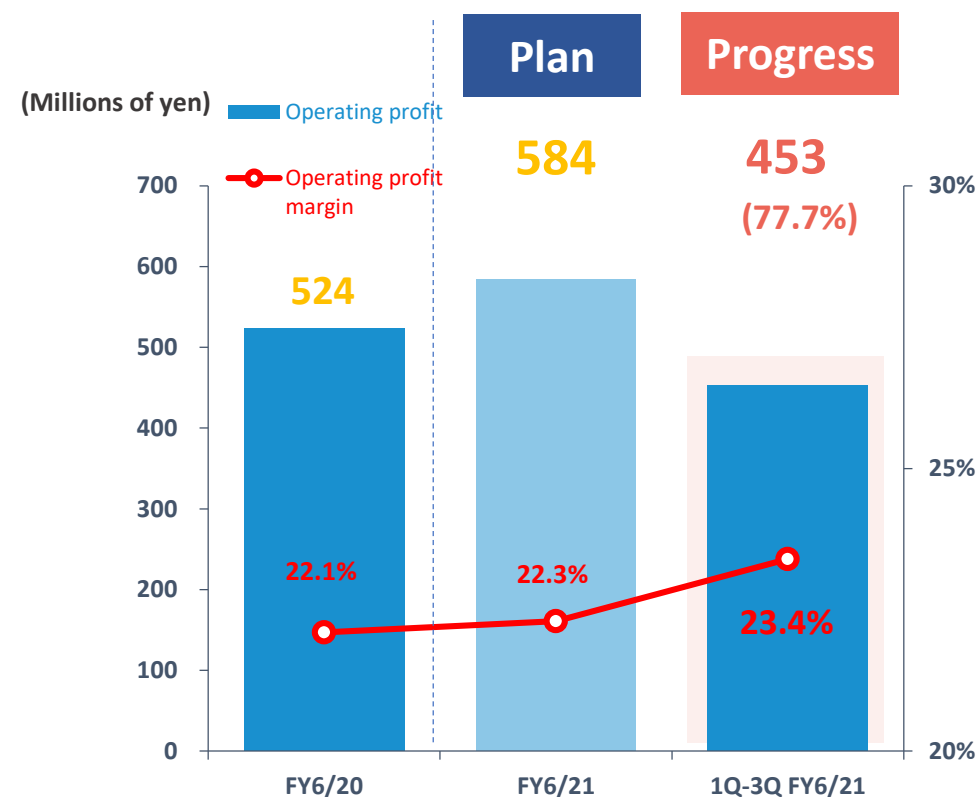
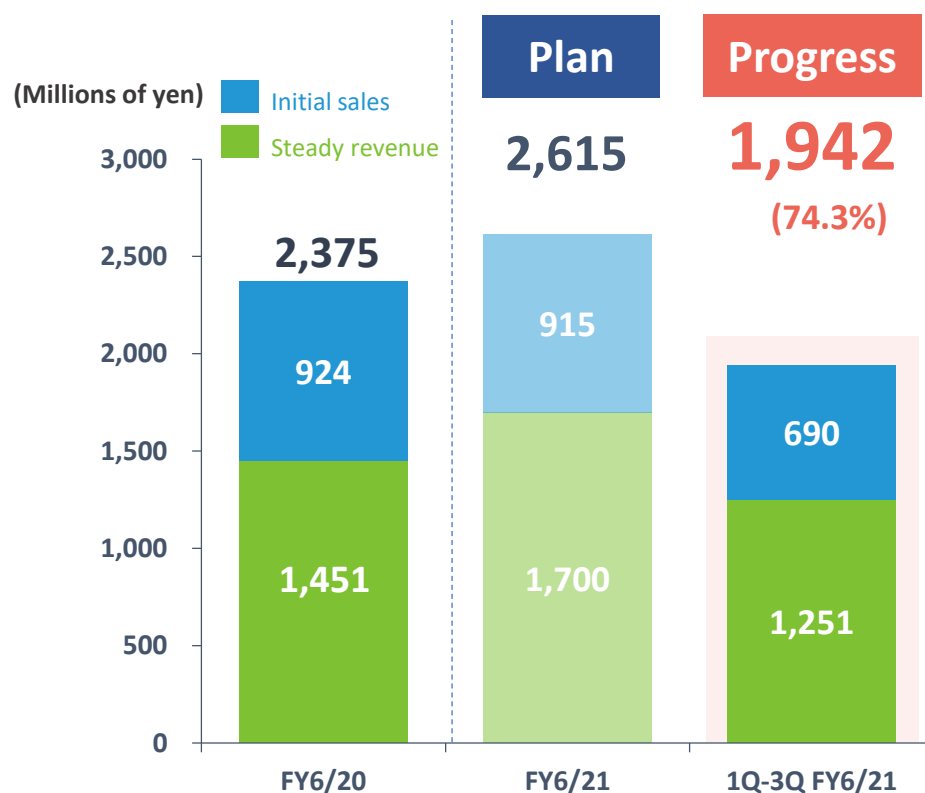
Performance far ahead of the plan due to successful upselling activities

Planned FY6/21 sales **¥2,615 million**

***Revised upward**

Planned FY6/21 operating profit **¥584 million**

***Revised upward**



Increasing Number of Customers

Progress with using the freemium model to attract prospective customers

More no-fee customers



Increase value provided to users

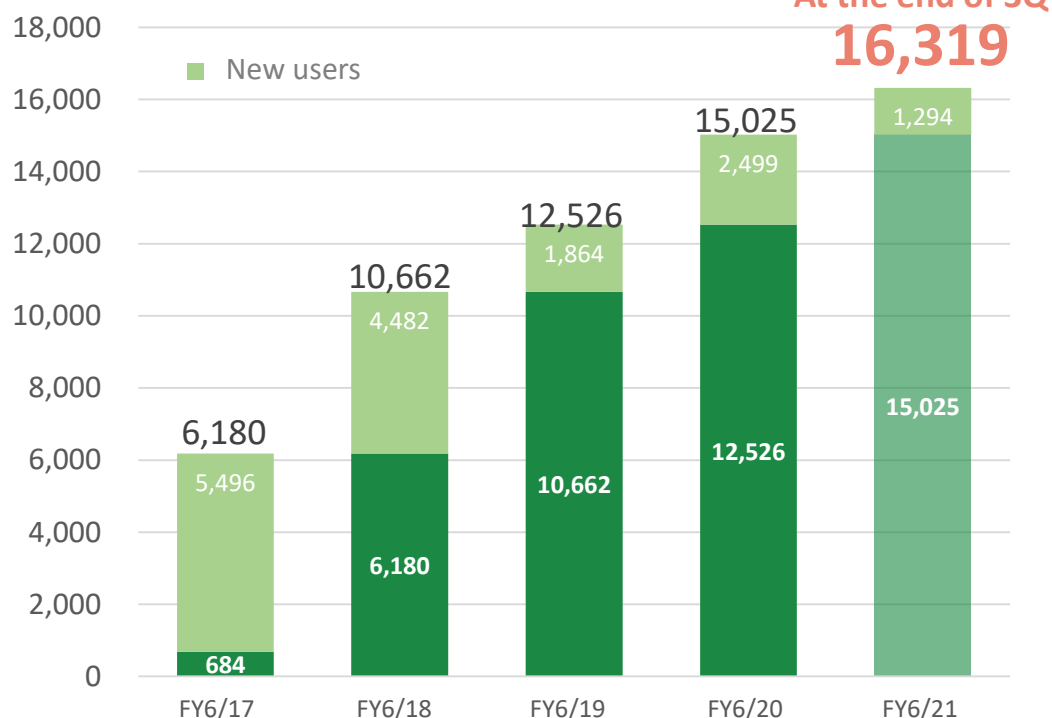


B-to-B Property Listing Platform

Fudosan BB

■ Number of companies using Fudosan BB (B-to-B internet listing service)

(No. of companies)



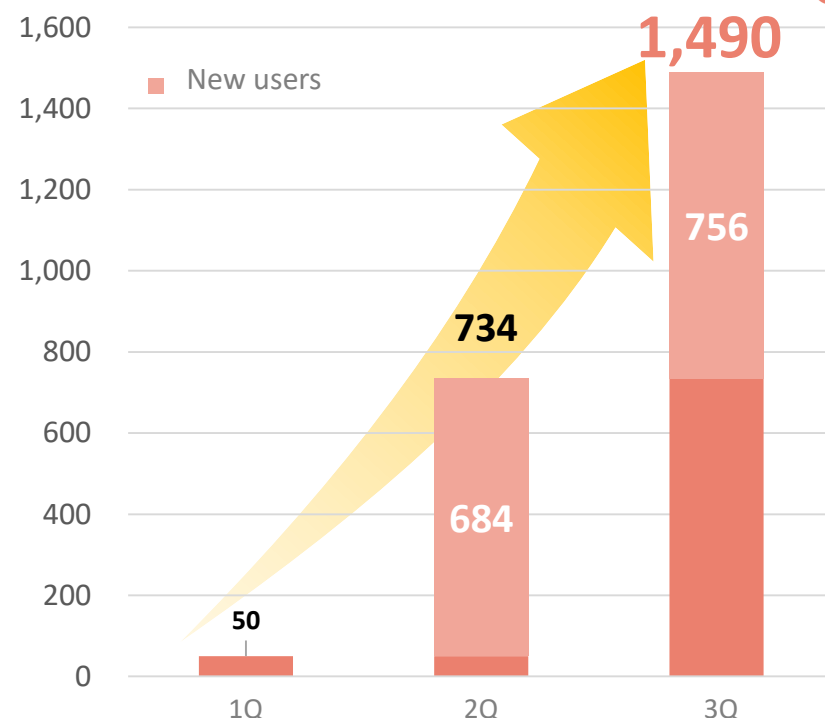
Aug. 2020
release

Electronic Rent Application

(An online service linked with Fudosan BB)

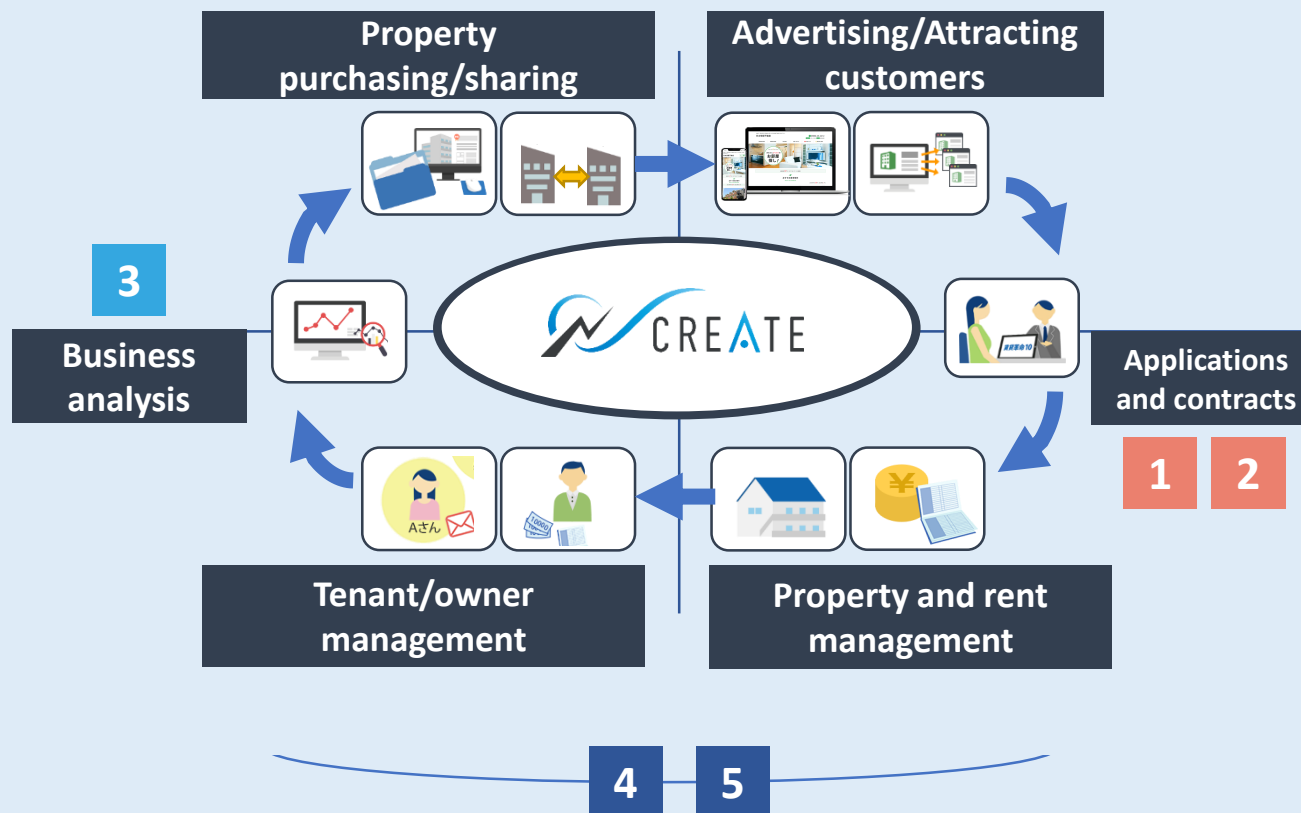
■ Growth in the number of companies using the e-apartment application service

(No. of companies)



3Q Highlights

Four activities to increase the value



- 1 Add value to Electronic Rent Application**
 New alliances with seven rent guarantee companies
- 2 Add value to Electronic Rent Application**
 New alliance with lifeline agents
- 3 New option for Chintai Kakumei**
 Business Analysis Option
 (To start in June 2021)
- 4 Creation of Platform**
 New alliance with PinT (TEPCO Group)
- 5 METI's DX Certification**
 Certified as a digital transformation promoter

Activities to Increase the Value of Platforms

1 Add value to Electronic Rent Application

New alliances with seven rent guarantee companies

By establishing agreements with seven more rent guarantee companies, we now have alliances with **24 of these companies**. Increasing the number of rent guarantee partners raises the value of our e-apartment application service and contributes to growth in the use of this service.

2 Add value to Electronic Rent Application

New alliance with lifeline agents

Alliance with lifeline (internet service, utilities, etc.) was **announced on February 1, 2021**. This service shifts from analog to digital formats the transfer of an applicant's information to required forms and of communications between real estate and lifeline agent companies (no need for a fax).
(Agency fees are shared with real estate companies.)

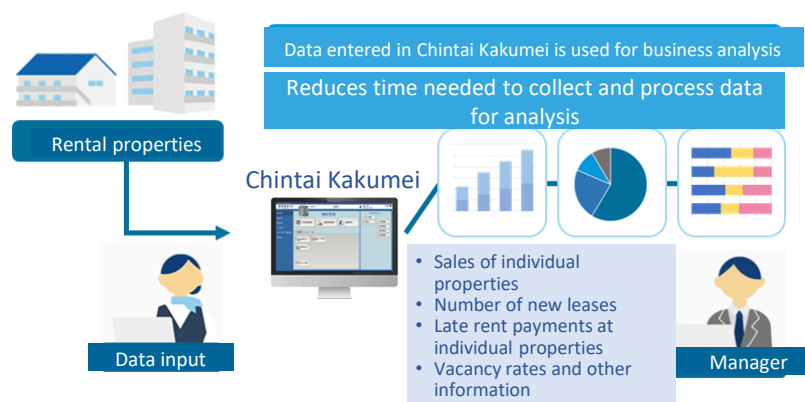
3 New option for Chintai Kakumei

Business Analysis Option

(To start in June 2021)

Comprehensive management system of rental properties

Chintai Kakumei



Activities to Increase the Value of Platforms

4 Creation of Platform

New alliance with PinT (TEPCO Group)

Established an alliance with PinT, Inc., a member of the Tokyo Electric Power Group that uses IT for making procedures involving electricity, gas and internet connections more efficient. Combining the strengths of Nihon Jyoho Create and PinT will further contribute to progress with the digital transformation of the real estate industry.



Nihon Jyoho Create Co., Ltd.

5 METI's DX Certification

Certified as a digital transformation promoter

On April 1, 2021, the Ministry of Economy, Trade and Industry (METI) certified Nihon Jyoho Create as a digital transformation promoter. Certification reflects our past achievements and goals for the future based on our medium and long-term vision. We will use this recognition to step up our DX activities in order to play an even greater role in progress in society and the real estate industry and to continue increasing our corporate value.



■The DX certification program
Digital transformation certification, which is based on the Act on Facilitation of Information Processing, is given to companies that follow the core elements of the Digital Governance Code.

IR Mail Distribution Registration added to the IR Website

Investors who register for IR mail will automatically receive announcements and other news for the investment community. Registration requires only the submission of an e-mail address.

[Register now](#)

*Link to the IR mail registration screen of the Nihon Jyoho Create IR website



IR Mail Distribution Registration

We will provide investors with our IR information by e-mail.

[IR Mail Distribution Registration](#)

Another example of Chintai Kakumei use due to teleworking demand

Information in the Nihon Jyoho Create corporate website about how companies are using Chintai Kakumei.

Please read the feedback of customers.

[See examples now](#)

* Link to the Nihon Jyoho Create corporate website

Use of Chintai Kakumei by Admini Co., Ltd.

Admini uses the cloud version of Chintai Kakumei 10 for its employees who are working at home and has significantly improved the efficiency of business processes as a result.

We asked Admini to explain the decision to start using Chintai Kakumei and their assessment of this product.

A comprehensive rental property management system

Chintai Kakumei Cloud version



Use of the cloud version of Chintai Kakumei 10 for working at home!

We were already using the local version of Chintai Kakumei and switched to the cloud version in order to enable our people to work at home. At the same time, we switched the oversight of maintenance work, which was using a different software, to Chintai Kakumei.

Work performed at home is mainly meter reading, deductions, and the processing of some rent payments and other types of data input tasks. **By using Chintai Kakumei cloud version, meter reading slips and other hand-written forms as well can be placed in a folder for sharing. We are also using a cloud version of our accounting software. As a result, our people working at home can perform all of their duties without coming to the office.**

Until now, people responsible for maintenance used a different software. It was impossible to make this information accessible to other sections of our company. Making maintenance part of Chintai Kakumei allows our people working at home to enter prices submitted by maintenance service providers in Chintai Kakumei. Our maintenance personnel can use this information to prepare estimates for our customers. Chintai Kakumei is also linked to billing and incoming and outgoing payments. Establishing this workflow has dramatically improved our efficiency.

Website Page for Sustainable Development Goal Information

The corporate website includes information about activities that contribute to accomplishing the SDGs. We use our real estate support services for activities with our stakeholders for the creation of a sustainable society.

[See SDG information now](#)

* Link to the Nihon Jyoho Create SDG page

Social progress due to the real estate industry digital transformation

We are building a stronger foundation for the real estate industry by creating a real estate industry data infrastructure using IT and by incorporating the digital transformation in all aspects of this industry. Our activities are also playing a role in social progress by eliminating variations in information accessibility in different areas in order to ensure that people everywhere in Japan have equal access to real estate data.



Examples of SDG activities

- Digitalization of real estate data in Japan
- Online real estate transactions
- One-stop solutions for real estate business processes
- Operation of a real estate portal site

SUSTAINABLE DEVELOPMENT GOALS

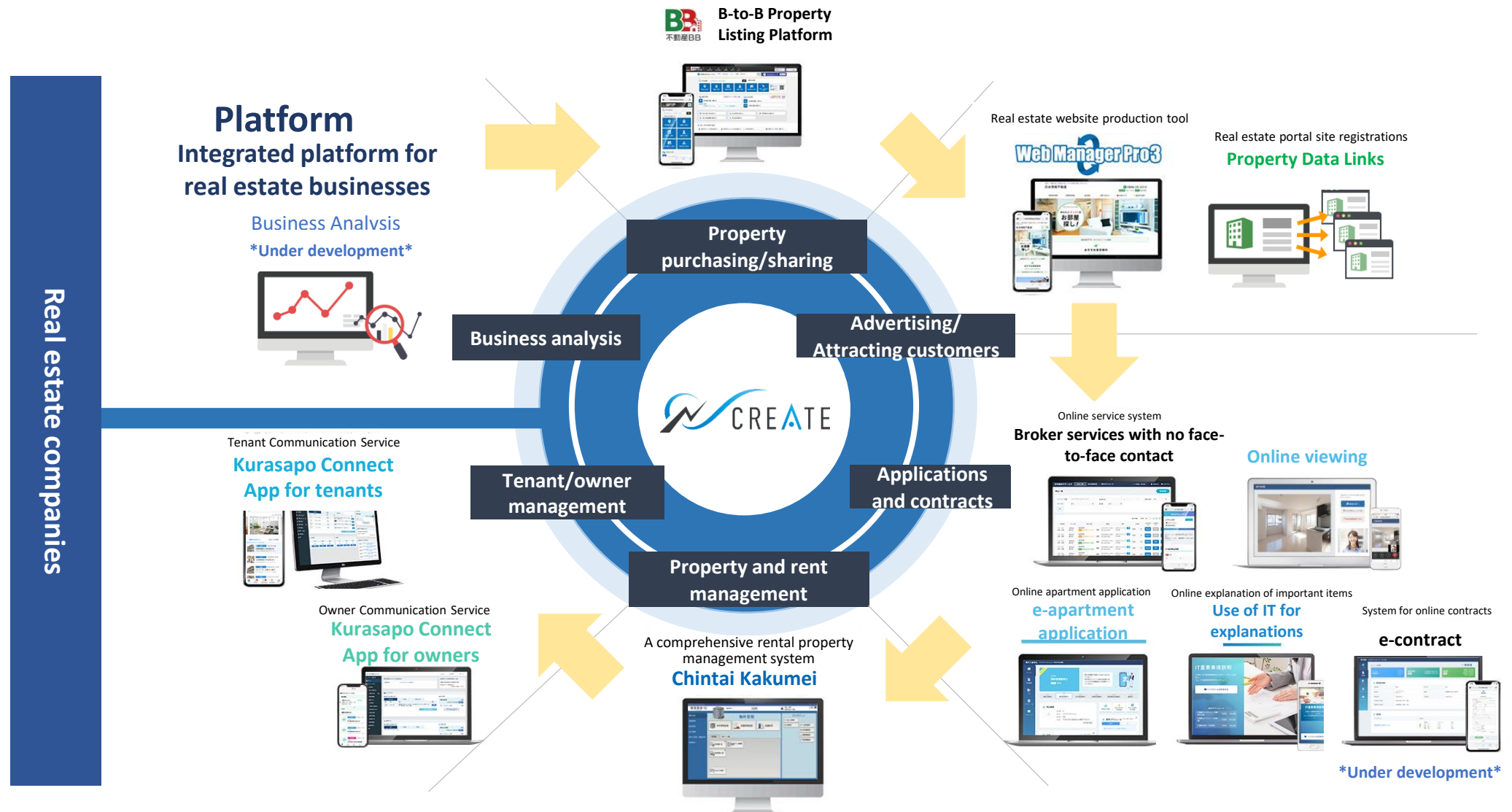


Q&A

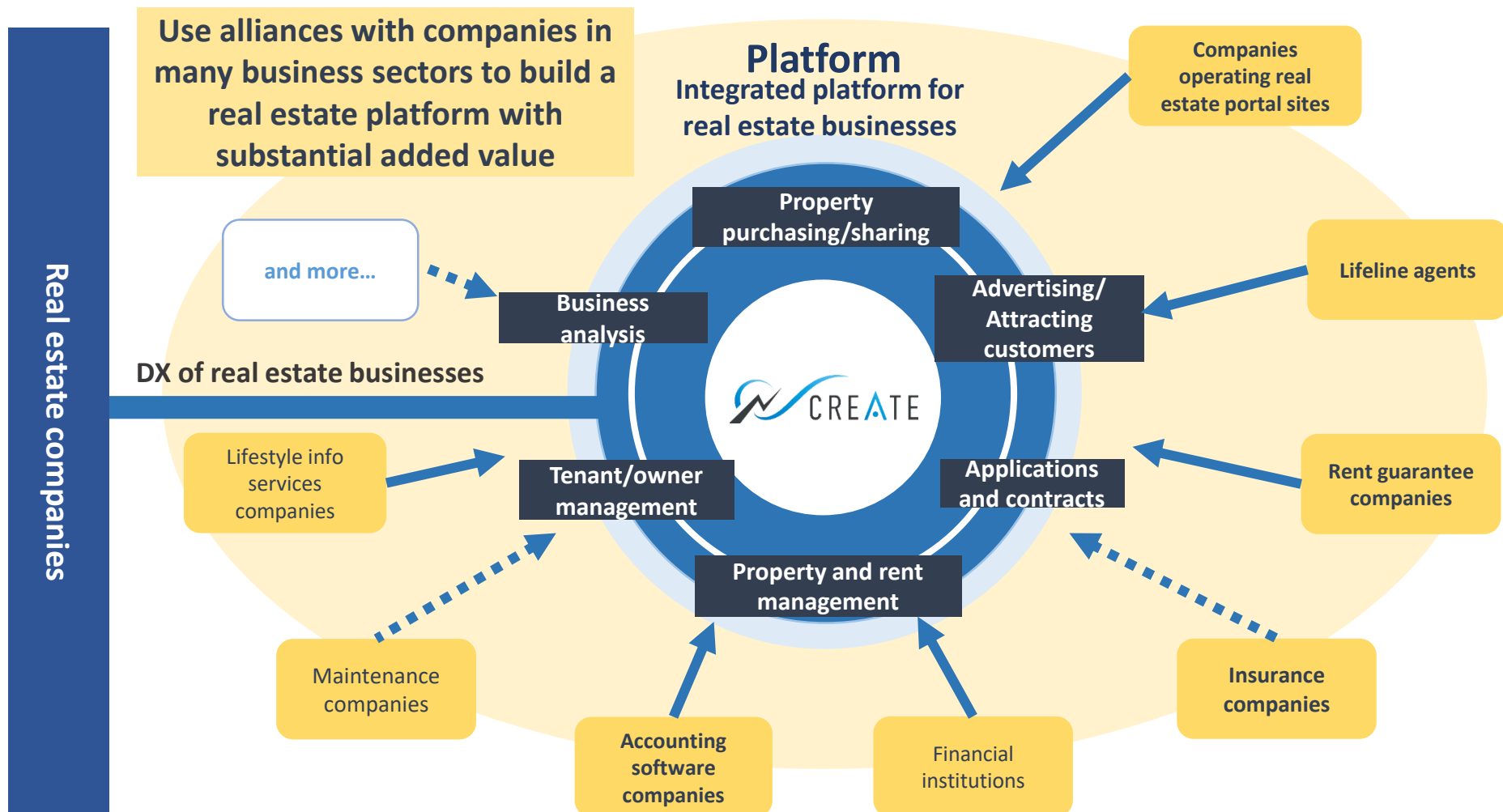
Category	Question	Answer
Financial	How did COVID-19 affect your performance?	There was no significant impact. Demand increased for cloud services, such as for real estate transactions that avoid face-to-face meetings and working at home.
Financial	Are there seasonal changes in quarterly sales?	Sales meetings decrease somewhat in the third quarter (Jan-March) because this is the busiest time of the year for real estate companies, which are our customers. We reflect this seasonality in our fiscal year sales plans.
Financial	What is your forecast for the fiscal year ending in June 2021?	Sales and operating profit are currently in line with the fiscal year plan. We think opportunity for sales meetings will increase in the fourth quarter after the peak season for real estate companies ends. We are aiming for strong sales and earnings in the fiscal year's final quarter.
Financial	How do changes in the number of companies using Fudosan BB and the e-apartment application service affect your sales?	There is no direct effect on sales because both services are currently offered at no charge. However, we use cross-selling activities to encourage companies using Fudosan BB or the apartment application service to purchase one or more of our services that require a fee. We are developing an e-contract service that we plan to provide for a fee. Sales activities for this new service will target current users of the apartment application service.
Business alliance	Do you plan to establish more alliances for many businesses?	We are a provider of one-stop solutions for real estate companies. As a result, the potential for new alliances exists in a broad range of business sectors. To establish more alliances, we will continue to seek partners that can help us build suitable platforms in the real estate industry.
Sales strategy	Please explain your sales strategy.	Resales of products to current customers are increasing as a share of sales in relation to initial sales (fees for new software licenses, etc.) from new customers. We have effective sales strategies for both initial sales and resales. To increase initial sales and sales from recurring income, we believe that we need to make our salesforce even more powerful.

Activities for More Growth

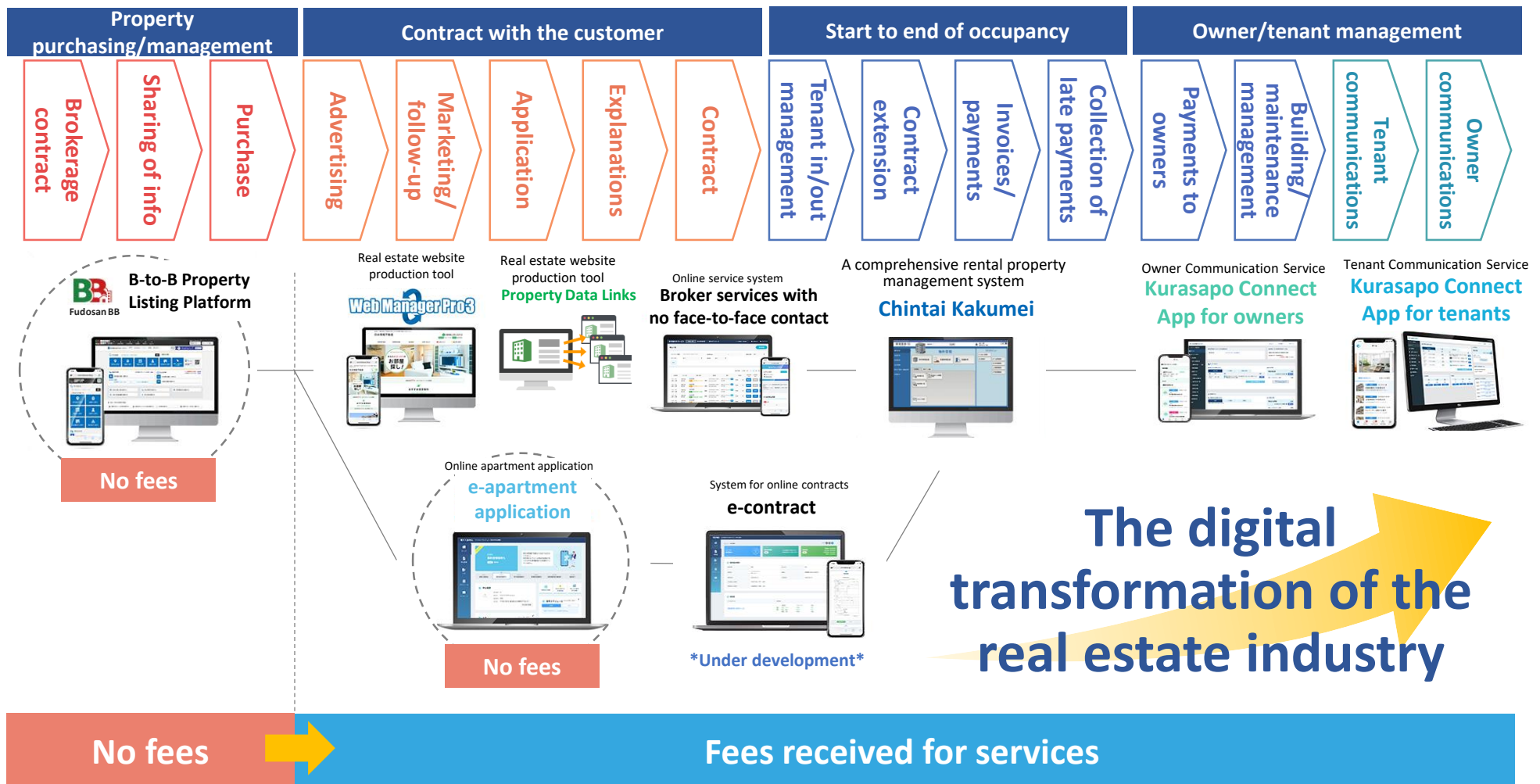
Build platforms in the real estate domain



Scalable Business Expansion Using a Segmented Platform

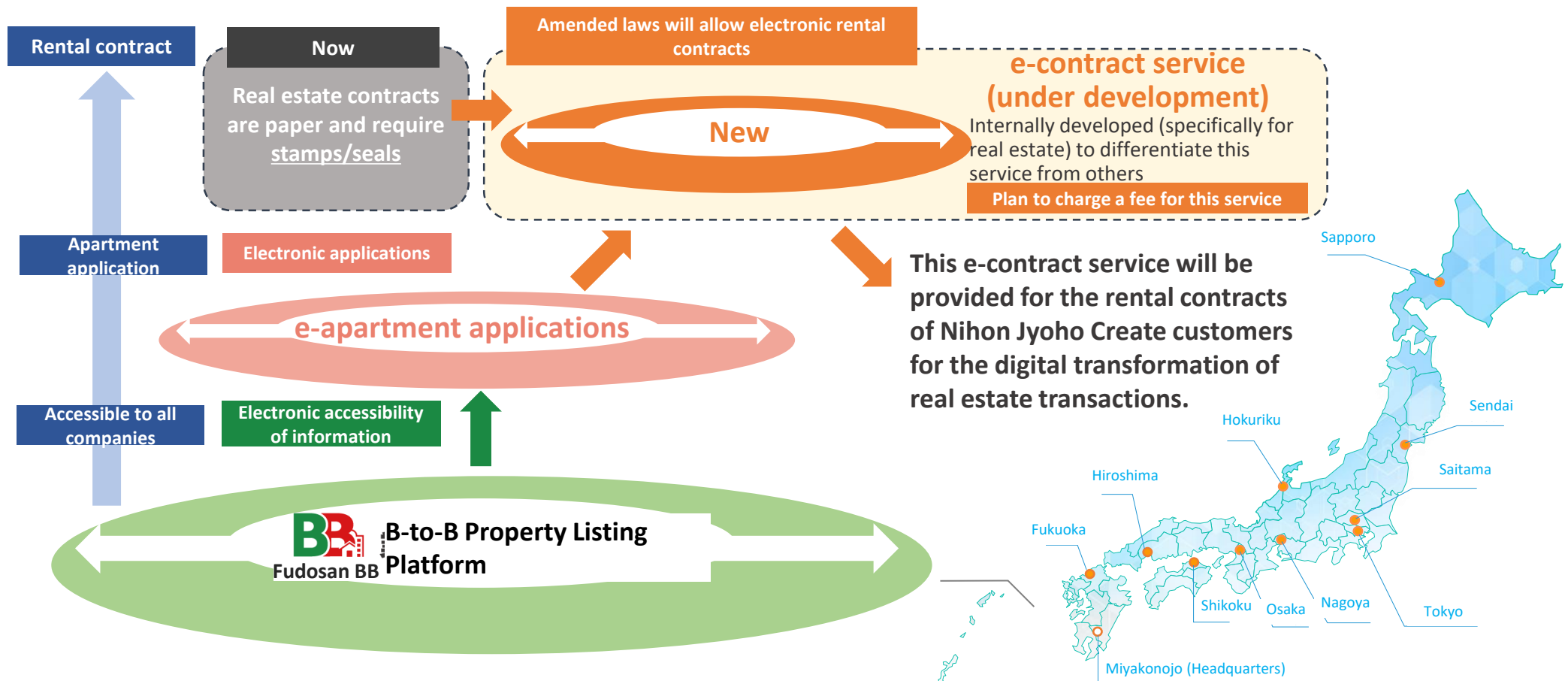


Use the freemium model for cross-selling and up-selling for more progress with the digital transformation of the real estate industry



The e-contract Service for the Growing Number of Nihon Jyoho Create Customers

Anticipating revision to applicable laws, we are developing an e-rental contract service that will enable customers to use the e-apartment application service with even greater ease. We plan to charge a fee for the e-contract service.

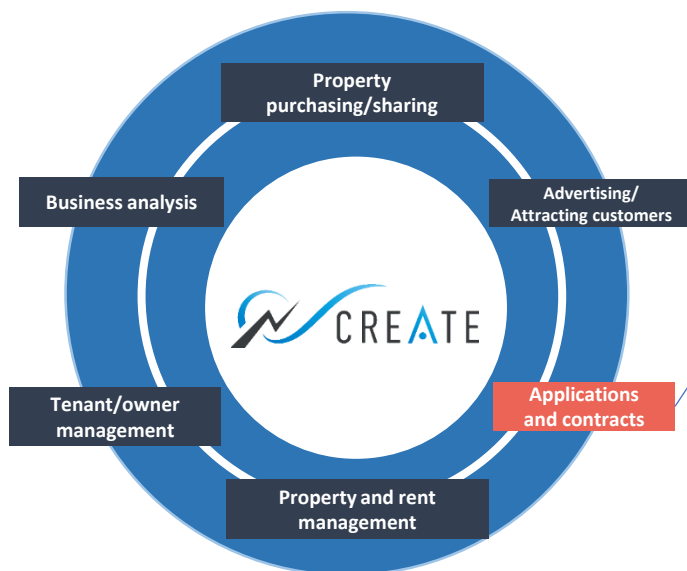


Proposed Amendments for Digitalization to Eliminate Personal Seals

Proposed amendments include revisions to procedures using personal seals and paper documents and are expected to result in the complete digitalization of real estate transactions.

Increase the speed of the real estate DX

Real estate contracts require the personal placement of seals, but the accelerating pace of the real estate DX will soon eliminate the need for personal and corporate seals and stamps.



Increase the platform's value

Internally developing an e-contract service to create new business opportunities

Development of **an e-apartment application service**, the application portion of this DX process, has been completed and work on the contract portion is under way.



Progress with proposed digitalization amendments

Amendments involving digital technology for six laws **received final approval** on May 12, 2021 by **receiving a majority of the votes** in the House of Councillors. The new Japan Digital Agency will oversee the digitalization of government operations and is using the utilization of a broad range of data for increasing convenience for individuals and companies.

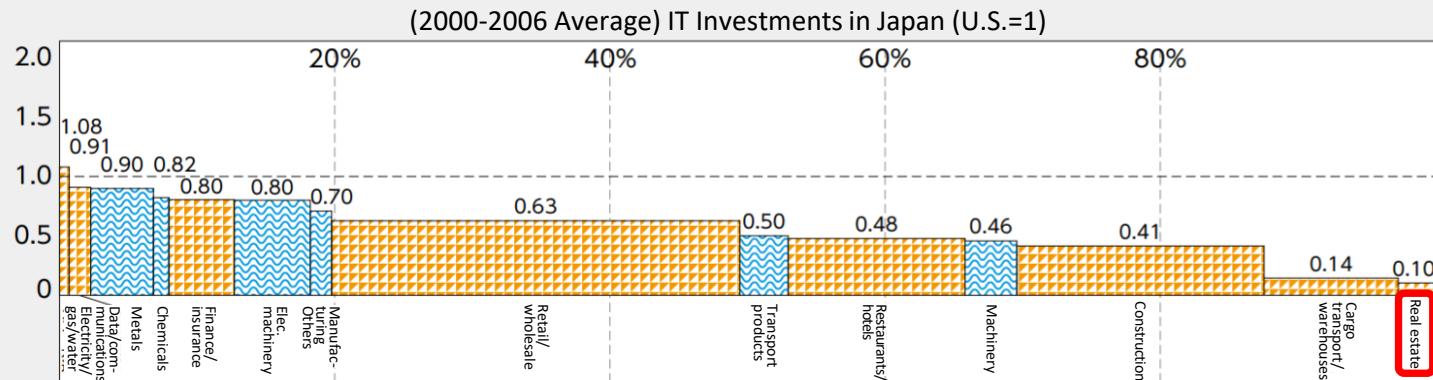


Appendix

Issues in Japan's Real Estate Industry

In Japan's real estate industry, IT investments are 10% and labor productivity is 40% of the levels in the U.S.

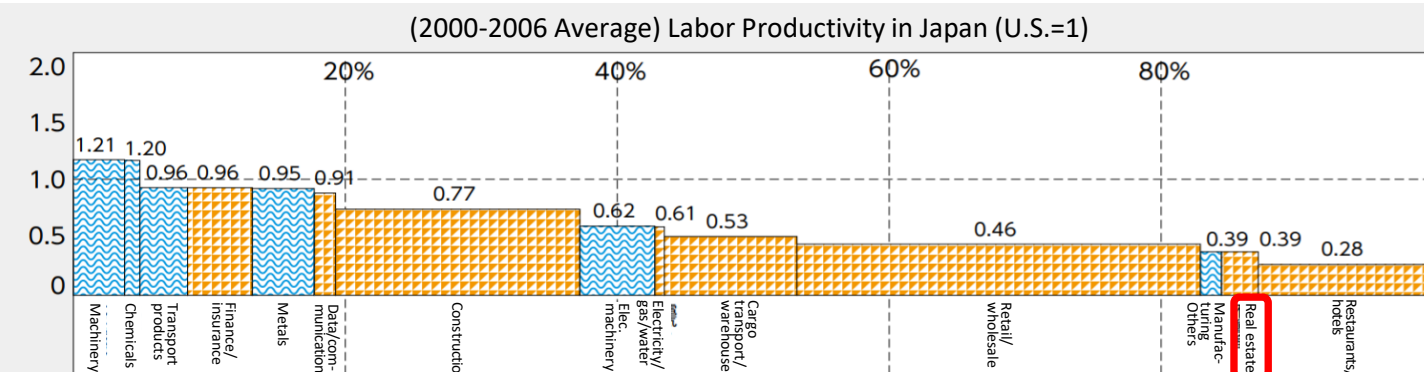
IT investments
by industry
(U.S.=1, 2000-2006
average)



Source: Ministry of Health, Labour and Welfare using data from the Groningen Growth and Development Center

Note: IT investments are based on manhours. Width shows the volume of labor used (working hours x number of workers).

Labor
productivity by
industry (U.S.=1,
2000-2006 average)



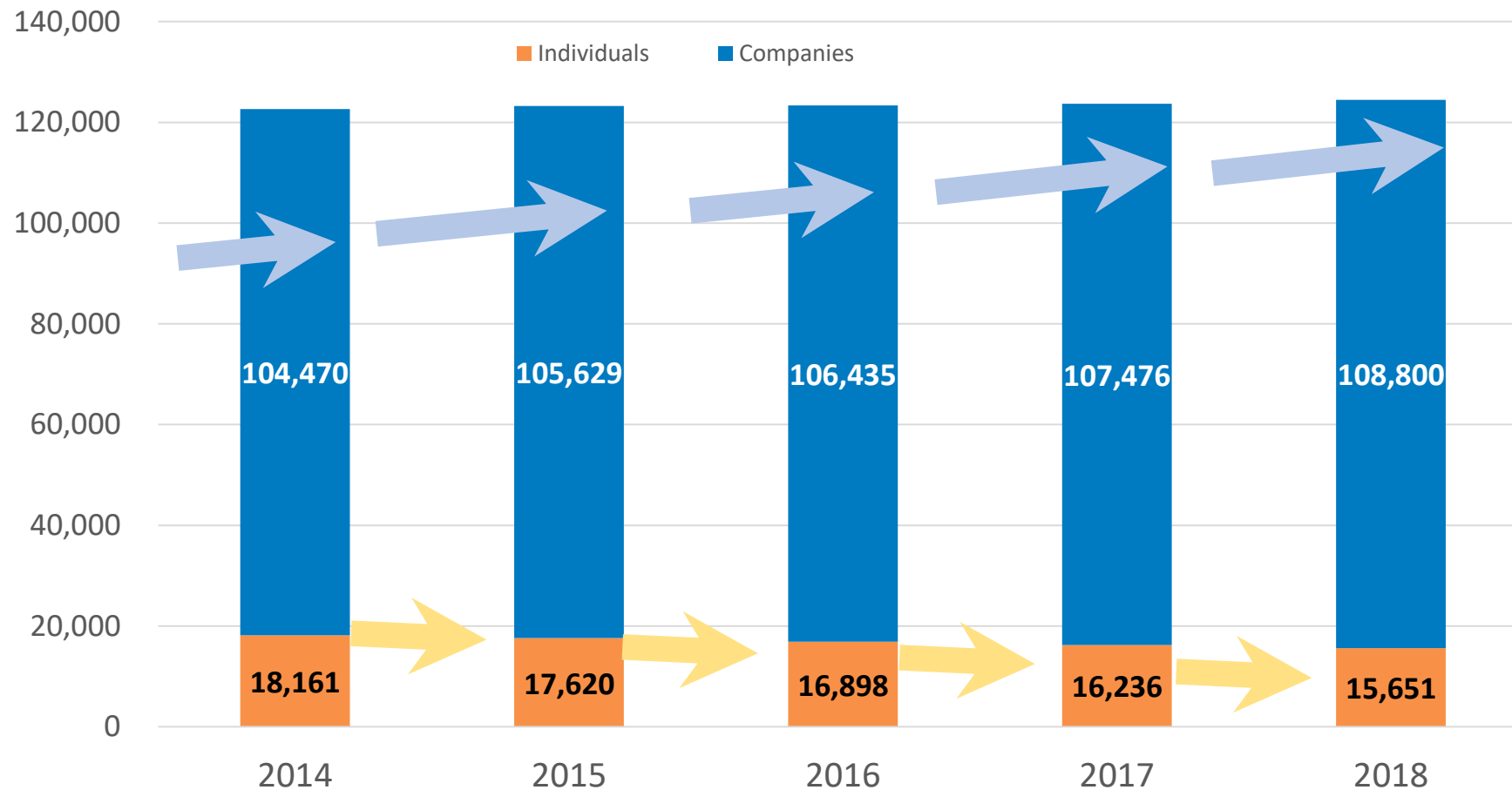
Source: Ministry of Health, Labour and Welfare using data from the Groningen Growth and Development Center

Note: Labor productivity are based on manhours. Width shows the volume of labor used (working hours x number of workers).

Source: 2015 Analysis of Labor Economics (September 2015), Ministry of Health, Labour and Welfare

Homebuilders in Japan

The number of homebuilders has increased slightly, **remaining generally steady at about 120,000**
The number of companies is increasing and **the number of operations by individuals is decreasing**

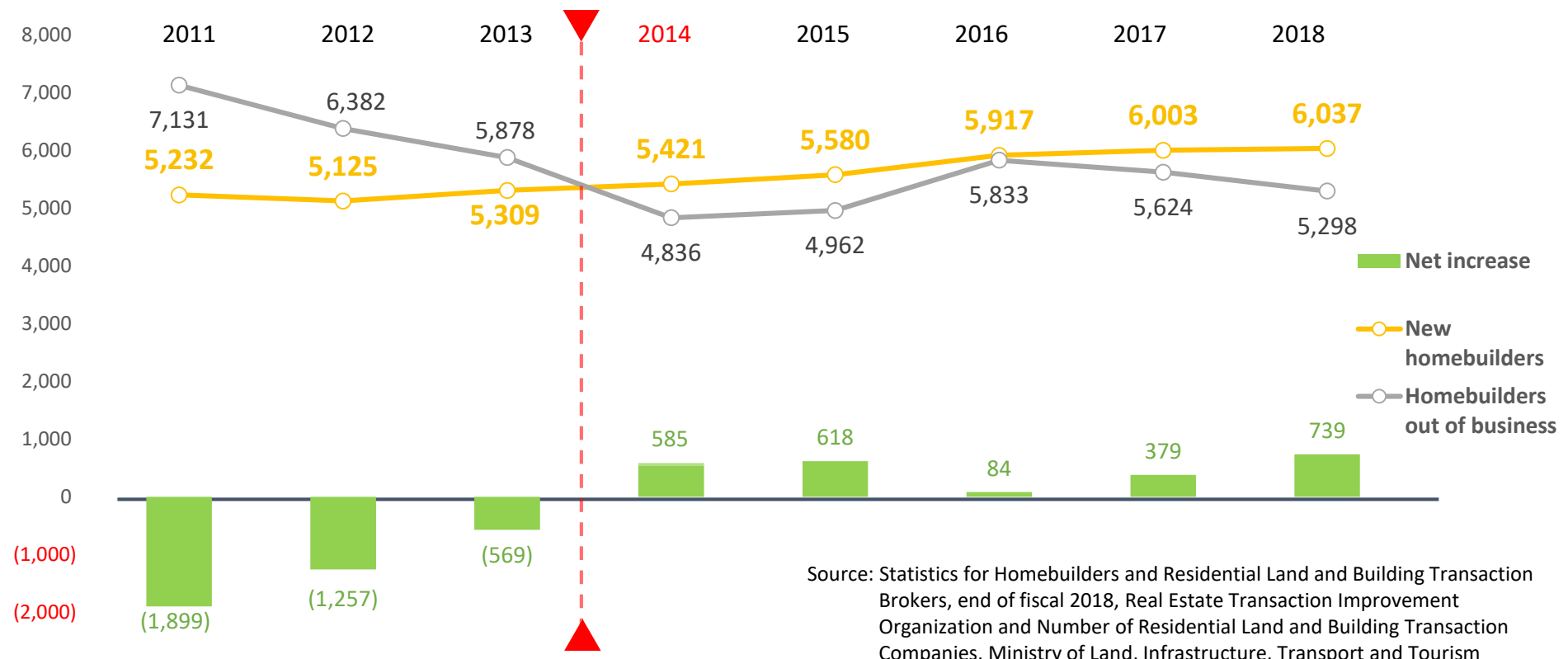


Source: Statistics for Homebuilders and Residential Land and Building Transaction Brokers, end of fiscal 2018,
Real Estate Transaction Improvement Organization

Change in Number of Homebuilders in Japan

More than 5,000 homebuilders are starting operations every year

The number of homebuilders is steady at about 120,000 as new customers constantly replace previous ones



Many government actions for the digital transformation of the real estate industry

1

Support for business owners to implement working style reforms

Measures to give people many choices for how to do their jobs, increase job opportunities, and create an environment where people are motivated and can achieve their full potential.



Chintai Kakumei is eligible for IT use subsidies and can contribute to improving efficiency (elimination of extended working hours).



2

Increase the use of cashless transactions

The Japanese government aims to raise the share of cashless purchases from 18.4% in 2015 to 40% in 2025.



The number of real estate e-transactions (payments of security deposits and rent) is increasing and Nihon Jyoho Create is using e-transaction services using alliances with payment processors to play a role in the growth of cashless payments.



3

Declaration of creating the world's most advanced IT nation

Create a digital society where people can live with confidence by using digital technologies and data utilization as well as enjoy fulfilling life styles.



Broker services with no face-to-face contact is a new real estate broker format proposed by Nihon Jyoho Create, using IT explanations and other measures that can make big contributions to improving efficiency.



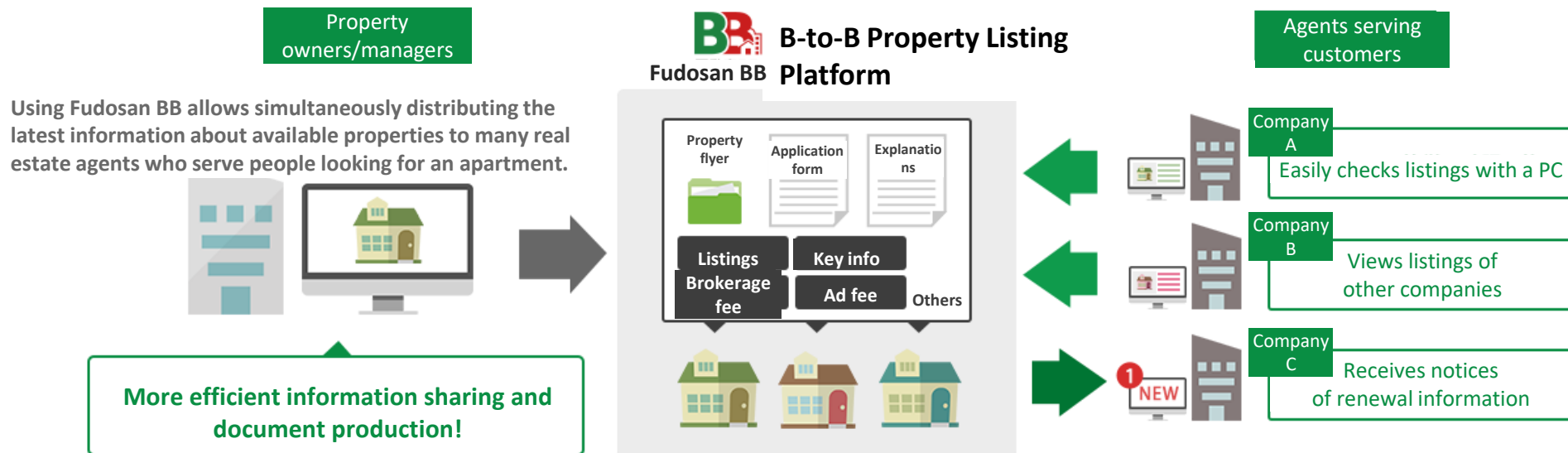
Fudosan BB – An Internet Platform for B-to-B Sharing of Property Listings

A **free** internet service for the **real-time sharing** among real estate agents **of their listings**

B-to-B Property Listing Platform

Fudosan BB

Fudosan BB allows real estate agents to view listings any time of the day, resulting in the more efficient sharing of information among property management companies and real estate brokers



Real estate website production tool

WebManagerPro Series

WebManagerPro3

WebManagerPro was created specifically to produce real estate websites designed to attract more customers. Many templates are available for the simple production of original websites.



- Compatible with mobile phones
- Responsive web design template
- Entry form optimization (EFO)
- Long tail optimization (LTO)
- SSL for secure internet communications
- Heat map function (optional)



Property listings registered on Fudosan BB are automatically listed on real estate websites, greatly improving the efficiency of inputting information about vacancies.

Real estate portal site registrations

Property Data Links

Brokerage business
support

BB B-to-B Property
Fudosan BB Listing Platform



Administration support

Chintai Kakumei
Baibai Kakumei



Real estate portal site registrations

Property Data Links



suumo
スーモ suumo.jp

at home

**LIFULL
HOME'S**

CHINTAI

ホームメイト

APAMAN

CENTURY 21

YAHOO! 不動産
JAPAN

CHINTAI SMOCCA-ex
スモッカ

くらさぽ

This service can post property information registered on Fudosan BB, Chintai Kakumei and Baibai Kakumei simultaneously on many types of portal sites. Using this service saves time and prevents input errors because there is no need to use the input forms of each site.

Chintai Kakumei 10

Centralizes every administrative task from tenant changes to rent

Seamless data linkage for B-to-B property listing sharing and support for brokerage business and consumers for all services



Centralized management of rent invoicing, collection and payment processing significantly reduces data processing errors and lost data.



Survey

Based on perception of rental management systems of individuals nationwide between the ages of 20 and 59.

Date: May 2018

Method: Internet questionnaire

Kurasapo Connect

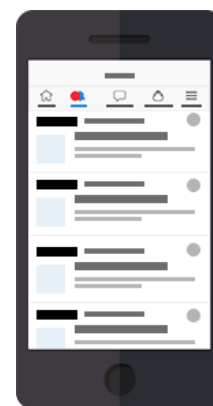
A smartphone app with a [link to Chintai Kakumei](#) for simple communications with tenants about late rent payments, lease renewals and other matters



Link with Chintai Kakumei facilitates easy management of property and tenant information



Chintai Kakumei



Notice of payment due

Notice of amount to pay

Kurasapo Connect makes it easy to send notices of amounts due to tenants

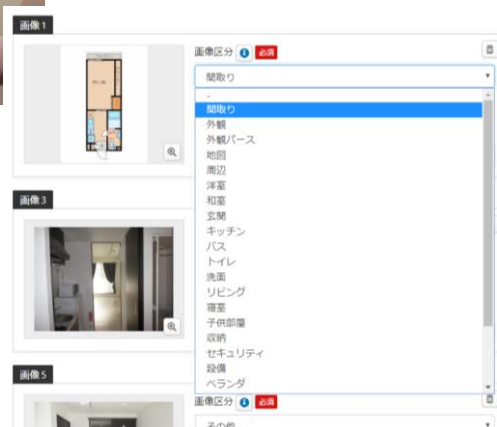
Constant System Updates that Incorporate the Latest Technologies

Using artificial intelligence to make business processes more efficient

Image recognition AI

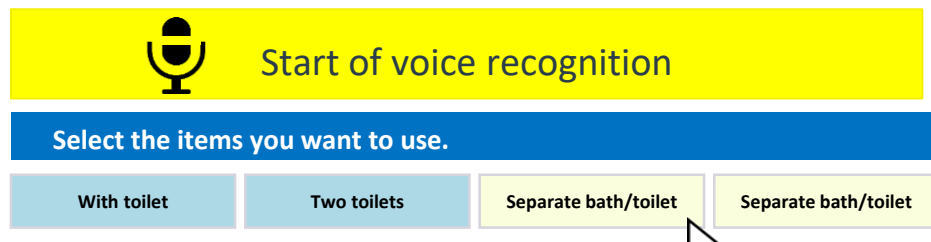
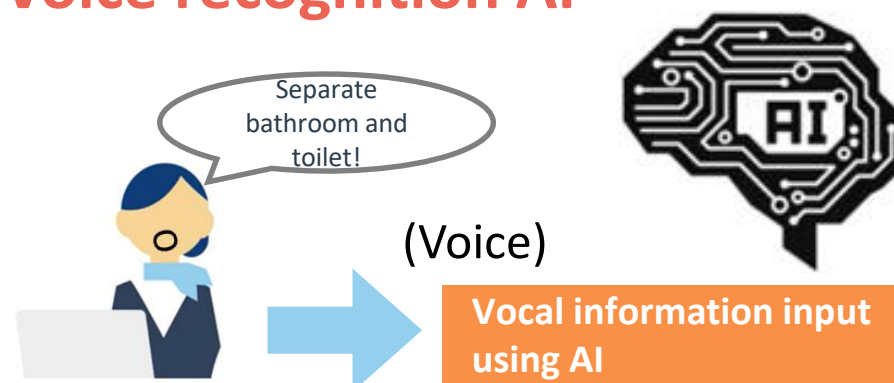


AI engine judgments of image sectors



Use a smartphone app for the real-time input of property information in a company's IT system

Voice recognition AI

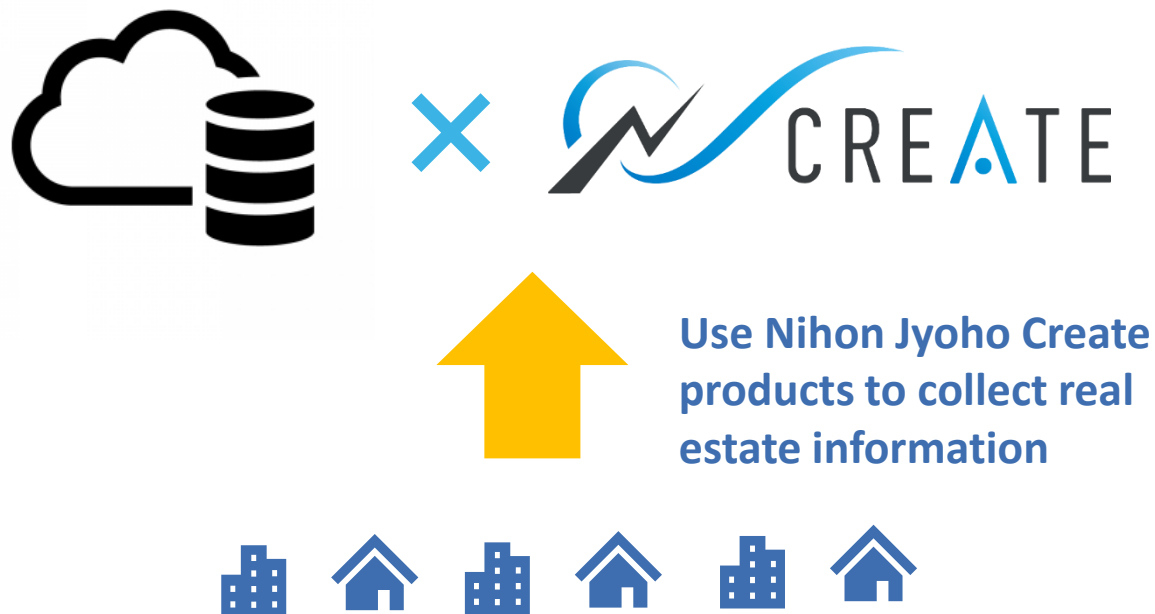


The AI engine analyzes voice and suggests suitable facilities

Create New Services That Use Big Data

Use Nihon Jyoho Create products to **collect enormous amounts of real estate information**

Create services with added value that **utilize big data**



Create new services

- Property database
- Detection of fraudulent properties
- Property input assistance
- Rent information in nearby areas
- Earnings forecasts for new stores
- Identify significant events and market trends and use this information to create proposals for owners, and other services

A Fully Integrated Infrastructure Ensures Services of a Consistently High Quality

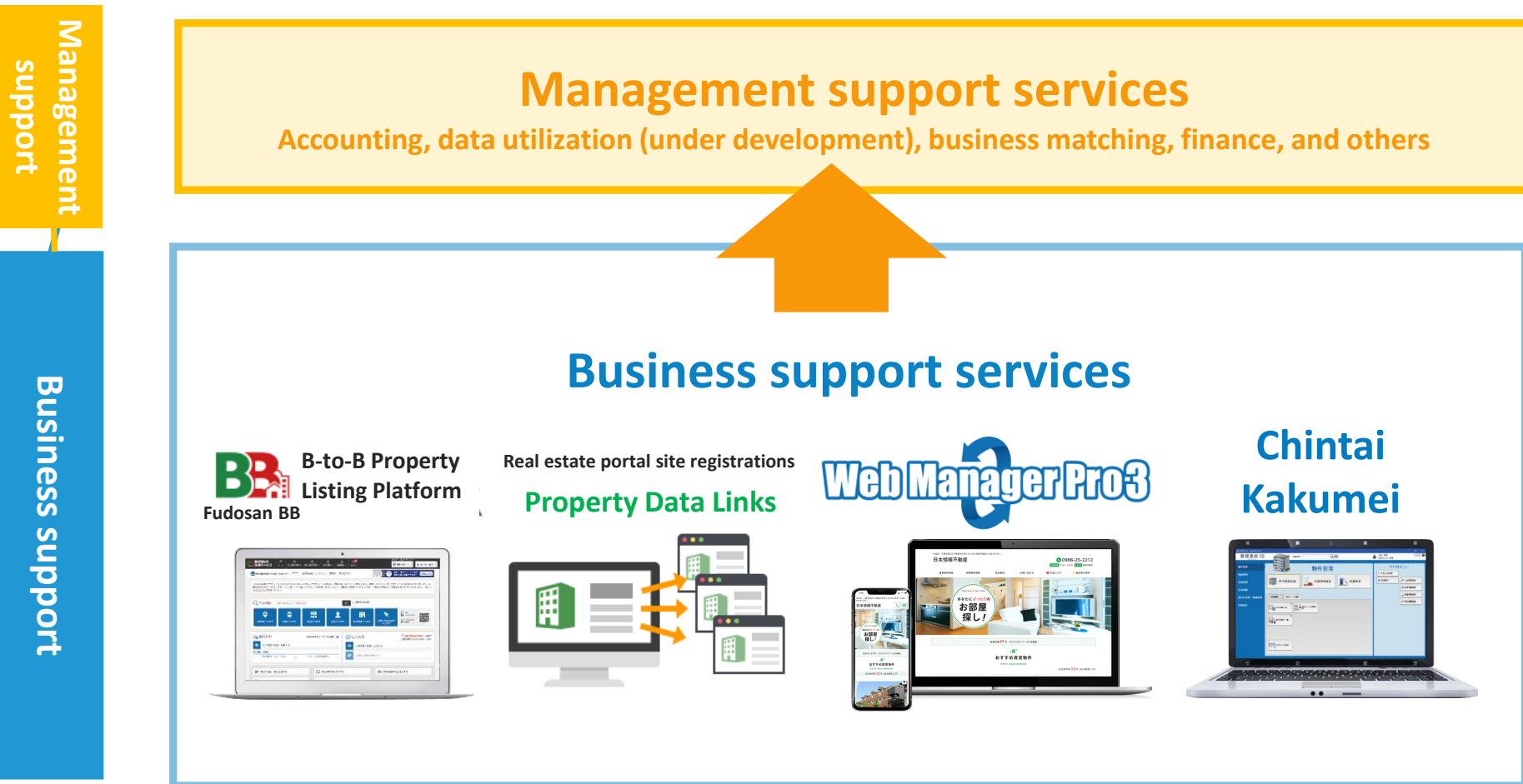
A fully integrated internal infrastructure for planning, development, sales and support services

Integrated operations create a powerful cycle of accumulating knowledge and using that know-how to further upgrade products and services



Management Support Linked with Business Support Services

Plan to start a management support service for business operators



Medium to Long-term Vision

Use Management Support to Provide a Broader Range of Support Services

Target current market trends for the growth of brokerage business support services and expand outward from business support services to cover more categories of support services

Add capabilities to cover a broader range of customers' business processes

More customers

Management support services

Accounting, use of data analysis (under development), other services

More monthly fees

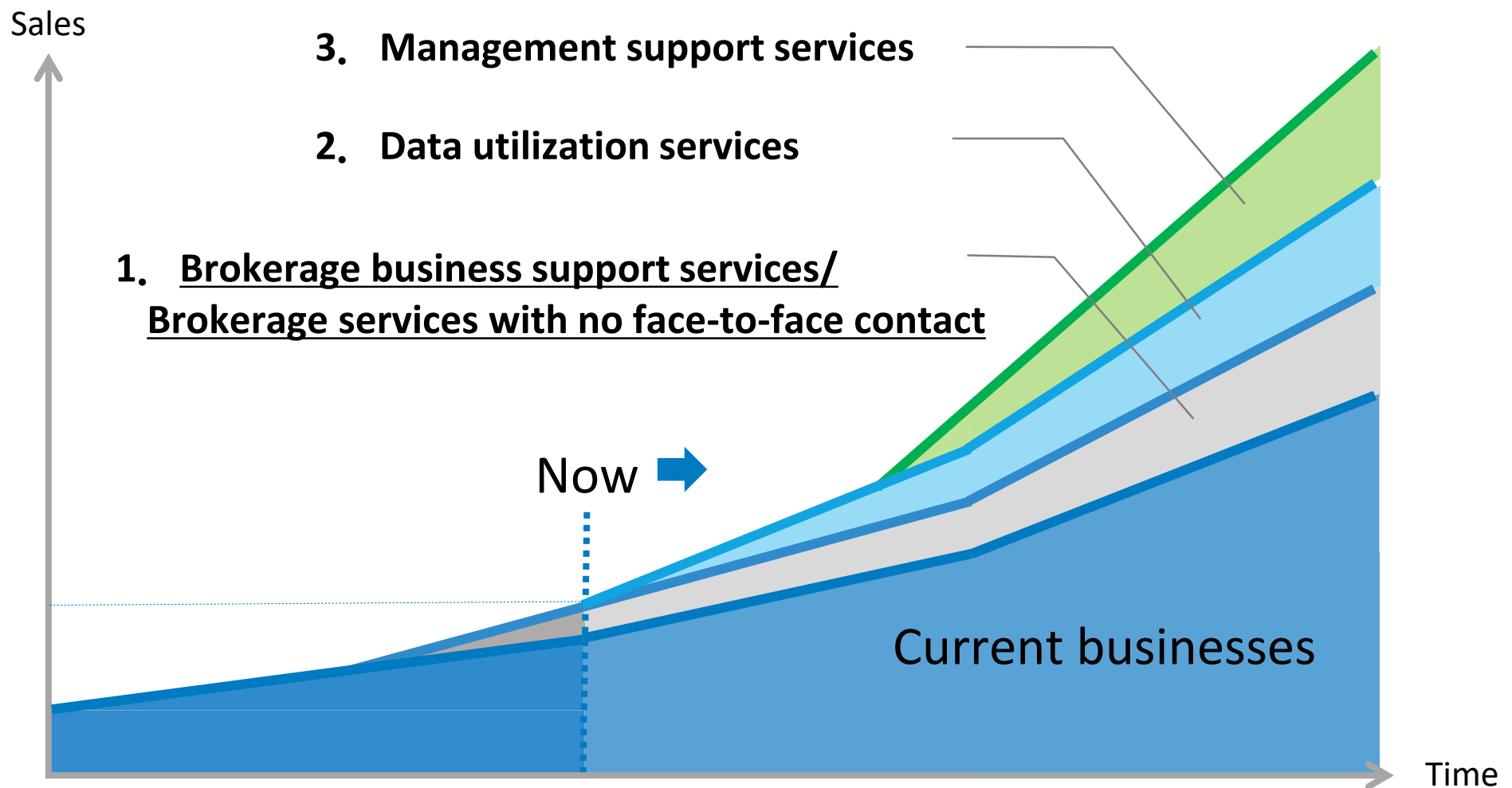
Business support services

Current coverage (listings, brokerage, management, consumers)

Medium to Long-term Vision

Vision for Medium to Long-term Growth

Use the increasing number of **customers** in current businesses for **more growth driven by new businesses**



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Precautions Concerning Forward-looking Statements

- This presentation contains forecasts and other forward-looking statements based on information that is currently available. Nihon Jyoho Create Co., Ltd. (NJC) makes no guarantees of assurance for the outcome of these forecasts as they include inherent uncertainties and risks. Actual performance, therefore, may differ from these forecasts due to changes in the business environment and other factors.
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Dedicated to the happiness of
everyone we serve!



Nihon Jyoho Create Co., Ltd.