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Consolidated Financial Results for the Fiscal Year Ending June 30, 2024



[Japanese GAAP]

Aug 6, 2024

Company name: Japan PropTech Co., Ltd.

Listing: Tokyo Stock Exchange

Stock code: 4054

URL: <https://www.n-create.co.jp/>

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Scheduled date of the Annual General Meeting of Shareholders: Sep 27, 2024

Scheduled date of filing of annual report: Sep 27, 2024

Scheduled date of payment of dividend: Sep 30, 2024

Preparation of supplementary materials for 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 Fiscal Year Ending June 30, 2024

(July 1, 2023 to June 30, 2024)

(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	%
Year ended June. 30, 2024	4,436	17.7	709	115.2	740	96.9	428	131.5
Year ended June. 30, 2023	3,770	23.5	329	(34.2)	376	(30.1)	185	(34.6)

Note: Comprehensive income (millions of yen)

Year ended June. 30, 2024: 430 (132.3%)

Year ended June. 30, 2023: 185 ((34.6%))

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating profit to sales ratio
	Yen	Yen	%	%	%
Year ended June. 30, 2024	30.43	30.13	13.0	13.9	16.0
Year ended June. 31, 2023	13.06	12.88	5.9	7.2	8.7

Reference: Equity method investment profit/loss (millions of yen)

As of Jun. 30, 2024: - As of Jun. 30, 2023: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2024	5,569	3,466	62.2	246.26
As of Jun. 30, 2023	5,109	3,121	61.1	221.54

Reference: Shareholders' equity (millions of yen)

As of Jun. 30, 2024: 3,466

As of Jun. 30, 2023: 3,121

(3) Consolidated cash flow status

	Cash flows from operating activities	cash flows from investing activities	Cash Flow from Financial Activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of Jun. 30, 2024	640	(540)	(267)	787
As of Jun. 30, 2023	279	(112)	(401)	954

2. Dividends

	Dividend per share					Total dividend amount (total)	Dividend payout ratio (consolidation)	net worth Dividend rate (consolidation)
	1Q -end	2Q -end	3Q -end	Year -end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Jun. 30, 2023	—	0.00	—	5.00	5.00	70	38.3	2.3
Fiscal year ending Jun. 30, 2024	—	0.00	—	5.00	5.00	70	16.4	2.1
Fiscal year ending Jun. 30, 2025 (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, 2025 (July 1, 2024 to June 30, 2025)

(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	5,000	12.7	1,000	40.9	1,002	35.4	624	45.5	44.27

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(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 Jun. 30, 2024: 14,354,440 shares As of Jun. 30, 2023: 14,339,440 shares

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

As of Jun. 30, 2024: 278,271 shares As of Jun. 30, 2023: 248,571 shares

3) Average number of outstanding shares during the period

Year ended Jun. 30, 2024: 14,095,891 shares Year ended Jun. 30, 2023: 14,192,760 shares

(Reference) Overview of individual performance

1. Non-consolidated Financial Results for the Fiscal Year Ending June 30, 2024

(July 1, 2023 to June 30, 2024)

(1) Non-Consolidated results of operations

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended June. 30, 2024	3,780	16.1	489	111.9	521	85.6	326	99.0
Year ended June. 30, 2023	3,256	6.6	230	(61.4)	280	(55.8)	163	(57.0)

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended June. 30, 2024	23.14	22.90
Year ended June. 31, 2023	11.55	11.39

(1) Non-Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Jun. 30, 2024	5,126	3,439	67.1	244.37
As of Jun. 30, 2023	4,590	3,197	69.7	226.95

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2024: 3,439 As of Jun. 30, 2023: 3,197

* This 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 Attachment P4 "1. Overview of business results, etc. (4) Future outlook" regarding preconditions or other related matters for the forecasts.

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1. Overview of business results, etc.

(1) Overview of business results for the current fiscal year

During the year under review, Japan's economy is expected to continue its gradual recovery, with an improving employment and income environment and the effects of various policies. However, there is a risk that a downturn in overseas economies, such as the effects associated with continued high interest rate levels in Europe and the USA and concerns about the outlook for the Chinese economy, will put downward pressure on the Japanese economy, and it is necessary to pay close attention to the effects of rising prices, developments surrounding the Middle East region, and fluctuations in financial and capital markets.

In the market for real estate business support, where the Group provides SaaS-type cloud services, there is a chronic shortage of workers in the real estate industry, and demand for IT capital investment to improve productivity remains high among real estate businesses that are opening new businesses or expanding their operations. As a tailwind for digitisation, the industry as a whole is gaining momentum for DX promotion through the 'full digitisation of real estate transactions', which was lifted by the revised Building Lots and Buildings Transaction Business Law in May 2022, the invoice system, which will come into effect in October 2023, and the Electronic Bookkeeping Law, which will come into effect in January 2024.

In this business environment, our Group has promoted real estate DX, which covers a wide range of business scope, through a comprehensive service line-up for the real estate domain and collaboration with partner companies via its own platform. In addition, our Group has promoted its business by utilising the products, offices and sales personnel structure invested in the past two fiscal years towards the achievement of its three-year plan (medium-term management plan), of which the current fiscal year is the final year. As a result, we achieved record highs in both sales and operating profit in the current financial year, and were able to land on a good footing for growth in the following financial year and beyond.

The basic strategy for the past three years, including the period under review, has been to increase contacts with real estate businesses throughout Japan by proposing the introduction of the free inter-dealer property distribution services fudosan BB and Rearpro (brokerage), and then follow a freemium strategy (see note) to sell paid-for services as further added value provision. We have been using a freemium strategy (see note) to sell paid-for services as a further value-added offering. The agency solutions include products that support operations from attracting customers to signing contracts, such as website creation, linking to real estate portal sites, customer relationship management (CRM), viewing reservations, IT instruction, and e-contracts. In management solutions, the Group provides products and services to improve operational efficiency by centrally managing complex and diverse rental management tasks in a database.

(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 sales activities by customer consultants, which are the mainstay of paid service sales, the Group has focused on marketing activities based on area strategies to segmented customers in order to maximise the sales resources increased by the previous year, and has built a foundation for performance through PDCA in a short span of time. In terms of sales support, the Group is working to improve the number of deals won and the closing rate through logistical support teams such as Inside Sales and Customer Success. In addition, a specialised team has been formed to meet the high demand in the market for the inter-vendor property distribution service ReaPro (Management), which is the main product of Realnet Pro Corporation, which was integrated in June 2022, and has been actively working since the the current financial year to expand sales of the service.

In the development of new products, we are currently developing "ReaPro BB", which will be an integrated version of "ReaPro", a paid service, and "Fudosan BB", which is provided free of charge, with a release date planned for autumn this year. After the integration, it will be the largest inter-dealer property distribution service in Japan in terms of the number of property information and the number of businesses using it, and we believe it will make a significant contribution towards promoting DX in the real estate industry as a whole. The two services are similar as inter-dealer property distribution services, and until now have implemented market share expansion strategies for each area, but after the integration, they will be integrated into a single service and further accelerate the expansion of market share while strengthening cooperation with other services. For "Fudosan BB" customers who will be transferred to the integrated service, it is planned that they will be paid for their services in line with the timing of the integration.

Other product development focuses on developing the next version of Chintai Kakumei and enhancing the functions of existing products. We are also carrying out research and development into operational efficiency using generated AI and new businesses utilising our real estate data as the latest technology, and we are continuing to invest in anticipation of long-term growth.

With regard to platform creation, which is our medium-term vision, we are progressively forming alliances with various companies, mainly through data linkages with rent guarantee companies and insurance companies. While expanding the domain of our platform, we will further contribute to the DXing of 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, a dedicated team was formed to expand sales of "ReaPro," a vendor-to-vendor property distribution service provided by subsidiary RealNet Pro Inc. and a strategy to increase market share by area was promoted, resulting in a steady accumulation of monthly usage fees from "ReaPro" fee-paying customers.

The sales of this category was 1,650 million yen (+9.6% year-on-year).

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 2,740million yen (+23.2% year-on-year).

* In addition to above sales of 4,391 million yen from the Solutions for Brokers and the Solutions for Property Management, sales of 46 million yen were recorded from other activities.

(2) Explanation of Financial Position

1) Assets

Current assets at the end of the financial year amounted to 2,100 million yen. The main breakdown was cash and deposits of JPY 961 million yen and accounts receivable of 709 million yen.

In addition, non-current assets amounted to 3,470 million yen. The main breakdown is as follows: property, plant and equipment amounted to 508 million yen, intangible assets 2,397 million yen and investments and other assets 565 million yen.

As a result of the above, total assets at the end of the financial year amounted to 5,570 million yen.

2) Liabilities

Current liabilities at the end of the financial year amounted to 1,767 million yen. The main breakdown was 311 million yen in accounts payable, 284 million yen in accrued expenses and 894 million yen in contract liabilities.

In addition, non-current liabilities amounted to 336 million yen. The main breakdown was deferred tax liabilities of 317 million yen.

As a result of the above, total liabilities at the end of the current financial year amounted to 2,103 million yen.

3) Net assets

Net assets at the end of the financial year amounted to 3,466 million yen. The main components were capital of 730 million yen, capital surplus of 701,358 thousand yen and retained earnings of 2,260 million yen.

(3) Overview of cash flows during the year

Cash and cash equivalents (hereinafter referred to as 'funds') in the current financial year amounted to 787 million yen at the end of the current financial year. The status of each cash flow and their factors in the current financial year are as follows.

(Cash flow from operating activities)

The increase in funds from operating activities amounted to 640 million yen.

This was mainly due to an increase in funds of 723 million yen from net profit before taxes and other adjustments, an increase in funds of 272 million yen from an increase in depreciation and amortisation, and a decrease in funds of 276 million yen from an increase in trade receivables.

(Cash flows from investing activities)

Net cash used in investing activities amounted to JPY 540 million yen.

This was mainly due to expenditure of 460 million yen on the acquisition of intangible fixed assets.

(Cash flow from financing activities)

Net cash used in financing activities amounted to 268 million yen.

This was mainly due to expenditure of 17 million yen on the acquisition of treasury shares and a decrease of JPY 132 million yen due to an increase in deposits for the acquisition of treasury shares.

(4) Future outlook

With regard to the future outlook, in the real estate DX market, the momentum for DX is growing due to the chronic shortage and ageing of the workforce in small and medium-sized real estate businesses and the computerisation of real estate transactions, which started in May 2022. In addition, the number of new businesses is increasing by 5,000-6,000 every year, and the demand for IT equipment investment in new businesses remains high. There is considerable room for growth, particularly in the market for intermediary solutions, and we intend to further expand our market share in the future.

We plan to accelerate the speed of growth in sales and profits by making full use of the synergies from the significant increase in sales personnel and the expansion of sales offices that it has invested in upfront, as well as M&A and other measures, in order to realise its medium-term vision of "creating an innovative platform in the real estate sector through technology". As a specific medium- to long-term growth plan, a new three-year plan (FY6/25-FY6/27) has been formulated from the current financial year, and details are provided in the financial results document disclosed on the same day as this document.

The basic strategy is to promote the penetration of the product through an area strategy, centred on the inter-dealer property distribution service ReaPro BB, which is scheduled for release around autumn this year, and to use the Group's strengths in community-based consultancy sales to make optimal proposals to customers for its expanding customer base, thereby expanding business performance. We has two main solution services, Brokerage Solutions and Property management solutions, whereas Brokerage Solutions proposes optimal services to improve the direct performance of clients, such as attracting customers and improving the closing rate, and Property management Solutions proposes services to improve the productivity of clients or to maximise the asset value of property owners who entrust their properties to management companies. Although our customers are small and medium-sized property operators, who account for 90% of property operators, we will promote our business while also promoting cooperation with major property operators in order to support more customers in optimising property transactions through our services. We will also actively propose our original Electronic Contract Service and Electronic Tenant Application Service, which digitises the tenant application process, to expand our market share in the brokerage field for electronic transactions in real estate, which are becoming increasingly popular due to legal changes.

Based on the above, our consolidated forecasts for the year ending FY6/25 are: net sales of 5,000 million yen operating profit of 1,000 million yen ordinary profit of 1,002 million yen and net profit attributable to shareholders of the parent company of 624 million yen.

2. Basic approach to the choice of accounting standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP as it does not operate or raise funds internationally.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY6/23 (As of Jun. 30, 2023)	FY6/24 (As of Jun. 30, 2024)
Assets		
current assets		
Cash and bank deposits	1,157,291	961,024
Accounts receivable	431,711	708,606
Merchandise	252	6,473
Work in progress	33,306	36,270
Stores	2,113	1,447
Other	203,958	386,458
Allowance for doubtful accounts	(1,069)	(398)
Total current assets	1,827,564	2,099,882
fixed assets		
property, plant and equipment		
Buildings and structures	303,632	340,434
Accumulated depreciation	(60,376)	(75,154)
Buildings and structures, net	243,256	265,279
Tools, furniture and fixtures	72,469	87,196
Accumulated depreciation	(49,730)	(66,700)
Tools, furniture and fixtures, net	22,738	20,496
Machinery, equipment and vehicles	38,444	29,990
Accumulated depreciation	(37,137)	(29,515)
Machinery, equipment and vehicles, net	1,306	475
Land	221,532	221,532
Total property, plant and equipment	488,834	507,783
Intangible fixed assets		
Software	409,591	223,083
Software temporary account	190,400	588,450
Goodwill	724,052	643,601
Customer-related assets	999,600	928,200
Other intangible assets	13,422	13,422
Total intangible assets	2,337,066	2,396,757
Investments and other assets		
Investment securities	15,779	16,159
Long-term loans receivable	340	100
Deferred tax assets	46,146	76,821
Insurance reserve fund	272,326	364,614
Other	152,752	139,939
Allowance for doubtful accounts	(30,929)	(32,146)
Total investments and other assets	456,415	565,489
Total fixed assets	3,282,316	3,470,030
total assets	5,109,880	5,569,912

(Thousands of yen)

	FY6/23 (As of Jun. 30, 2023)	FY6/24 (As of Jun. 30, 2024)
Liabilities		
Current liabilities		
accounts payable	13,487	26,441
arrears	308,678	310,668
Accrued expenses	264,598	283,519
Accrued income tax	100,232	220,123
Contract liabilities	915,064	893,953
Allowance for losses on orders received	6,377	16,620
Current portion of long-term debt	20,268	—
Other	5,046	15,780
Total current liabilities	1,633,752	1,767,107
Non-current liabilities		
Long-term debt	29,710	—
Asset retirement obligations	16,557	17,775
Deferred tax liabilities	302,452	316,689
Other	5,654	1,884
Total non-current liabilities	354,374	336,350
Total liabilities	1,988,127	2,103,457

(Thousands of yen)

	FY6/23 (As of Jun. 30, 2023)	FY6/24 (As of Jun. 30, 2024)
Net assets		
Shareholders' equity Share		
capital	728,448	729,648
Capital surplus	700,158	701,358
Retained earnings	1,900,817	2,259,350
Treasury shares	(207,831)	(225,631)
Total shareholders' equity	3,121,592	3,464,725
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	161	493
Deferred hedge gains and losses	-	1,236
Total accumulated other comprehensive income	161	1,729
Total net assets	3,121,753	3,466,455
Total liabilities and net assets	5,109,880	5,569,912

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY 6/23 (Jul.1,2022 – Jun. 30, 2023)	FY 6/24 (Jul. 1, 2023 – Jun. 30, 2024)
Net sales	3,770,377	4,436,894
Cost of sales	1,283,499	1,529,684
Gross profit	2,486,877	2,907,210
Selling, general and administrative expenses	2,157,158	2,197,692
Operating profit	329,719	709,517
Non-operating income		
Interest income	74	17
Dividends received	33	36
Foreign exchange profits	-	25,131
Insurance return	55,141	-
property rental	-	7,624
Other	4,698	930
Total non-operating income	59,947	33,739
Non-operating expenses		
Interest expenses	1,545	624
Foreign exchange losses	7,338	-
Other	4,772	2,360
Total non-operating expenses	13,656	2,984
Ordinary profit	376,010	740,273
Extraordinary profit		
Gain on sales of fixed asset	528	441
Total extraordinary profit	528	441
Extraordinary losses		
Loss on sale of non-current assets	155	-
Loss on removal of fixed assets	10	17,460
Total extraordinary losses	165	17,460
Profit before income taxes	376,373	723,253
Corporate, inhabitant and enterprise taxes	213,020	311,293
Income tax adjustments	(21,960)	(17,027)
Income taxes	191,060	294,266
Profit	185,313	428,987
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	185,313	428,987

Quarterly Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY6/23 (Jul. 1, 2022 – Jun. 30, 2023)	FY 6/24 (Jul. 1, 2023 – Jun. 30, 2024)
Profit	185,313	428,987
Other comprehensive income		
Valuation difference on available-for-sale securities	49	331
Deferred hedge gains and losses	—	1,236
Total other comprehensive income	49	1,568
Comprehensive income	185,362	430,556
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	185,362	430,556
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statement of changes in equity

FY 6/23 (Jul.1,2022 – Jun. 30, 2023)

(Thousands of yen)

	capital stock				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	722,608	694,318	1,786,593	(63,307)	3,140,211
Changes during the year					
Dividends from surplus			(71,089)		(71,089)
Issuance of new shares (exercise of share options)	5,840	5,840			11,680
Net profit for the year attributable to shareholders of the parent company			185,313		185,313
Repurchase of own shares				(144,523)	(144,523)
Net changes in items other than shareholders' equity					
Total changes during the year	5,840	5,840	114,223	(144,523)	(18,619)
Balance at the end of current period	728,448	700,158	1,900,817	(207,831)	3,121,592

	Accumulated other comprehensive income			Total net assets
	Net unrealised gains (losses) on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income	
Balance at the beginning of current period	111	—	111	3,140,323
Changes during the year				
Dividends from surplus				(71,089)
Issuance of new shares (exercise of share options)				11,680
Net profit for the year attributable to shareholders of the parent company				185,313
Repurchase of own shares				(144,523)
Net changes in items other than shareholders' equity	49	—	49	49
Total changes during the year	49	—	49	(18,570)
Balance at the end of current period	161	—	161	3,121,753

FY 6/24 (Jul.1,2023 – Jun. 30, 2024)

(Thousands of yen)

	capital stock				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	728,448	700,158	1,900,817	(207,831)	3,121,592
Changes during the year					
Dividends from surplus			(70,454)		(70,454)
Issuance of new shares (exercise of share options)	1,200	1,200			2,400
Net profit for the year attributable to shareholders of the parent company			428,987		428,987
Repurchase of own shares				(17,799)	(17,799)
Net changes in items other than shareholders' equity					
Total changes during the year	1,200	1,200	358,533	(17,799)	343,133
Balance at the end of current period	729,648	701,358	2,259,350	(225,631)	3,464,725

	Accumulated other comprehensive income			Total net assets
	Net unrealised gains (losses) on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income	
Balance at the beginning of current period	161	—	161	3,121,753
Changes during the year				
Dividends from surplus				(70,454)
Issuance of new shares (exercise of share options)				2,400
Net profit for the year attributable to shareholders of the parent company				428,987
Repurchase of own shares				(17,799)
Net changes in items other than shareholders' equity	331	1,236	1,568	1,568
Total changes during the year	331	1,236	1,568	344,702
Balance at the end of current period	493	1,236	1,729	3,466,455

(4) Consolidated statement of cash flows

(Thousands of yen)

	FY6/23 (Jul. 1, 2022 – Jun. 30, 2023)	FY 6/24 (Jul. 1, 2023 – Jun. 30, 2024)
Cash flows from operating activities		
Income before income taxes and minority interests	376,373	723,253
Depreciation and amortisation	179,743	272,078
Amortisation of goodwill	80,450	80,450
Amortisation of customer-related assets	71,400	71,400
Increase (decrease) in provision for doubtful debts	(12,112)	545
Increase (decrease) in provision for loss on orders received	5,569	10,243
Interest and dividend income	(107)	(53)
Interest expenses	1,545	624
Insurance refunds	(55,141)	—
Rent income from real estate	—	(7,624)
(Gain) loss on sale of property, plant and equipment	(373)	(441)
Loss (gain) on disposal of property, plant and equipment	10	17,460
(Gain) loss on foreign exchange transactions	—	(28,749)
(Increase) decrease in trade receivables	(3,809)	(276,894)
(Increase) decrease in inventories	(24,450)	(8,518)
(Increase) decrease in prepaid expenses	(38,494)	(67,492)
Increase (decrease) in accrued expenses	132,327	(6,744)
Increase (decrease) in accrued expenses	4,024	18,920
Increase (decrease) in contract liabilities	3,079	(21,110)
Other	(143,526)	31,107
Subtotal	576,508	808,452
Interest and dividends received	107	53
Interest paid	(1,545)	(624)
Income tax paid	(295,997)	(174,784)
Rental income received	—	7,624
Cash flow from operating activities	279,073	640,722
Cash flows from investing activities		
Proceeds from sale of investment property	232,722	—
Payments for acquisition of property, plant and equipment	(64,592)	(50,192)
Payments for the acquisition of intangible assets	(247,399)	(459,546)
Proceeds from sales of investment property	3,074	—
Payments for the accumulation of insurance reserves	(67,737)	(63,538)
Proceeds from withdrawal of insurance reserves	55,141	—
Proceeds from withdrawal of time deposits	2	30,000
Other	(24,065)	3,073
Cash flows from investing activities	(112,854)	(540,204)

	FY6/23	FY 6/24
	(Jul. 1, 2022 – Jun. 30, 2023)	(Jul. 1, 2023 – Jun. 30, 2024)
Cash flows from financing activities		
Repayments of long-term borrowings	(195,930)	(49,978)
Proceeds from issue of shares upon exercise of subscription rights	11,680	2,400
Payments for acquisition of treasury shares	(144,523)	(17,799)
(Increase) decrease in deposits for acquisition of own shares	—	(132,024)
Cash dividends paid	(70,881)	(70,386)
Other	(1,542)	—
Cash flows from financing activities	(401,197)	(267,788)
Effect of exchange rate changes on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	(234,978)	(167,270)
Cash and cash equivalents at beginning of year	1,189,695	954,716
Cash and cash equivalents at end of year	954,716	787,446

(5) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Segment information)

This information is omitted as the Group has a single segment of real estate operations support business.

(Per share information)

	FY6/23 (Jul. 1, 2022 – Jun. 30, 2023)	FY 6/24 (Jul. 1, 2023 – Jun. 30, 2024)
Net assets per share	221.54yen	246.26yen
Net profit per share	13.06yen	30.43yen
Diluted net profit per share	12.88yen	30.13yen

1.The basis for calculating net profit per share and diluted net profit per share is as follows.

	FY6/23 (Jul. 1, 2022 – Jun. 30, 2023)	FY 6/24 (Jul. 1, 2023 – Jun. 30, 2024)
Net profit for the year per share	13.06yen	30.43yen
Net profit attributable to shareholders of the parent company (thousands of yen)	185,313	428,987
Amount not attributable to ordinary shareholders (thousands of yen)	—	—
Net profit attributable to shareholders of the parent company on ordinary shares (thousand yen)	185,313	428,987
Average number of ordinary shares during the year (shares)	14,192,760	14,095,891
Diluted net profit per share	12.88yen	30.13yen
Adjustment to net profit attributable to shareholders of the parent company (¥ thousand)	—	—
Increase in the number of ordinary shares (shares)	190,939	144,314
(of which subscription rights (shares))	190,939	144,314
Summary of potential shares not included in the calculation of diluted net profit per share as they have no dilutive effect	—	—

2.The basis for the calculation of net assets per share is as follows.

	FY6/23 (Jul. 1, 2022 – Jun. 30, 2023)	FY 6/24 (Jul. 1, 2023 – Jun. 30, 2024)
Total net assets (in thousands of yen)	3,121,753	3,466,455
Amounts deducted from total net assets (in thousands)	—	—
(Of which subscription rights (¥ thousand))	—	—
(Of which non-controlling interests (¥ thousand))	—	—
Net assets at the end of the year relating to ordinary shares (thousands of yen)	3,121,753	3,466,455
Number of ordinary shares used in the calculation of net assets per share at the end of the year (shares)	14,090,869	14,076,169

(Significant subsequent events)

(Absorption-type merger with a consolidated subsidiary)

The Board of Directors of the Company resolved at its meeting on 24 May 2024 to conduct an absorption-type merger with the Company's wholly-owned subsidiary Realnet Pro Inc. effective 1 July 2024, and entered into a merger agreement on the same date. In accordance with this agreement, the Company merged with the absorbed company as of 1 July 2024.

Outline of the transaction.

1. purpose of the merger

The Company is proceeding with the integration of products ('Fudosan BB' + 'ReaPro') towards one of Japan's largest inter-dealer property distribution services, which is scheduled for release this autumn. After the release, we plan to develop the current 'Real Estate BB' from a free service to a paid service as 'RearPro BB'.

In view of the future business environment, the decision was made to merge the company, as it was judged that the same organisation would be able to handle everything from manufacturing to sales consistently, leading to improved operational efficiency and new business expansion.

2. summary of the merger

Schedule of the merger

Board of directors' meeting to approve the merger agreement 24 May 2024

Date of signing of merger agreement 24 May 2024

Merger date (effective date) 1 July 2024

Merger method

The merger is an absorption-type merger with the Company as the surviving company and Realnet Pro Co Ltd dissolved on the effective date.

As the merger falls under the category of a simplified merger under Article 796(2) of the Companies Act, a general meeting of shareholders to approve the merger agreement has not been held.

Details of allocations relating to the merger

As this is a merger with a wholly-owned subsidiary, the Company will not issue new shares or increase its capital and will not deliver any money, etc. for the shares of Realnet Pro Co.

Outline of accounting procedures to be implemented

The merger will be accounted for as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, 16 January 2019) and the Guidance on Accounting Standards for Business Combinations and Business Divestitures (ASBJ Guidance No. 10, 16 January 2019).

3. overview of the parties to the merger (as at 30 June 2024)

	Surviving company in absorption-type merger	Company absorbed in absorption-type merger
(1) Name	Japan PropTech Co., Ltd.	Real Net Pro Co.
(2) Location	No. 18, 13th Street, Kamimachi, Miyakishi, Miyazaki Prefecture	6-10-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
(3) Name and title of representative	Representative Director and President: Tsujimura, Tsugio	Representative Director Takaya Muramoto
(4) Business activities	Software development, sales and support	Software development, sales and support
(5) Capital	729,648 thousand yen	30,000 thousand yen
(6) Date of establishment	1 August 1994.	22 Aug 2008.
(7) Number of shares issued (including treasury shares)	14,354,440 shares	30,000 shares
(8) Fiscal year end	30 June.	31 March.
(9) Major shareholders and shareholding ratios	NJC Corporation 40.5% Kenichi Yonezu 30.7% Yoshiyuki Goto 1.9% The Master Trust Bank of Japan, Ltd. 1.7% Japan PropTech Co., Ltd. Employee Shareholding Association 1.1%	Japan PropTech Co., Ltd. 100%
(10) Financial position and results of operations in the immediately preceding financial year		
Financial year	FY6/24	FY6/23
Net assets	3,439,801 thousand yen	561,207 thousand yen
Total assets	5,126,646 thousand yen	661,415 thousand yen
Net assets per share	244.37 yen	18,706.93 yen
Net sales	3,780,948 thousand yen	657,146 thousand yen
Operating profit	489,004 thousand yen	264,363 thousand yen
Ordinary profit	521,097 thousand yen	263,025 thousand yen
Net profit for the year	326,111 thousand yen	160,962 thousand yen
Net profit for the year per share	23.14 yen	5,365.43 yen

4. status of the merger

There will be no change in the company's name, location, name and title of representative, business, capital and financial year after the merger.

5. Outlook for the future

As the merger is a merger with a wholly-owned subsidiary, the impact on consolidated results is expected to be negligible.