

 President Nobutsuna Miyawaki	Fuji Corporation Ltd. (8860)
	

## Company Information

Exchange	TSE Prime Section
Industry	Real Estate
President	Nobutsuna Miyawaki
HQ Address	1-4-23 Habucho, Kishiwada-shi, Osaka
Year-end	End of March
Homepage	<a href="https://www.fuji-jutaku.co.jp/english/">https://www.fuji-jutaku.co.jp/english/</a>

## Stock Information

Share Price	Share Outstanding		Market Cap.	ROE (Act.)	Trading Unit
¥655	35,985,543 shares		¥23,571 million	9.0%	100 shares
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
¥27.00	4.1%	¥105.60	6.2x	¥1,232.36	0.5x

\* The share price is the closing price on June 1 2022.

\* The number of shares issued at the end of the most recent quarter excludes its treasury shares. Figures are rounded to the nearest decimal point.

\* ROE and BPS are based on FY 3/22 earnings results. EPS and DPS are based on FY 3/23 earnings estimates.

## Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Parent Net Income	EPS	DPS
March 2019 Act.	115,710	6,636	6,445	4,298	120.40	27.00
March 2020 Act.	110,444	5,002	4,611	3,038	87.40	27.00
March 2021 Act.	121,541	3,986	3,558	2,358	66.00	27.00
March 2022 Act.	118,698	5,871	5,627	3,869	107.68	27.00
March 2023 Est.	110,600	6,000	5,700	3,800	105.60	27.00

\*Units: million-yen

This Bridge Report provides information about the fiscal year ended March 2022 earnings results of Fuji Corporation Ltd.

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## Key Points

- **In the fiscal year ended March 2022, sales declined 2.3% year on year, while ordinary income rose 58.2% year on year. In terms of sales, the number of deliveries of free-design homes, residential properties for sale, and rental apartment buildings for individual investors increased, but the company sold part of the land for large-scale residential properties in Kakogawa City, Hyogo Prefecture and significantly reduced the inventory of used housing in the previous term, so the number of units sold decreased. Accordingly, sales declined from the previous term.**  
**In terms of profit, the company significantly reduced unprofitable inventory and carefully selected properties to procure in the previous term, and sales commissions decreased, so the profitability of the housing distribution segment improved considerably, and the company reduced costs, including advertising expenses. Accordingly, profit grew from the previous term.**
- **According to the corporate plan for the fiscal year ending March 2023, sales are projected to drop 6.8% year on year, while ordinary income is expected to grow 1.3% year on year. In terms of sales, it is forecasted that the sale of used condominiums and rental apartment buildings for individual investors, rental and management of housing, etc. will grow steadily, but the number of deliveries of newly built detached houses will decrease from the previous term due to the decline in the number of orders received in the second half of the previous term after the special demand amid the coronavirus pandemic subsided. On the other hand, profit will be influenced by the sales growth of used condominiums, rental apartment buildings for individual investors, rental and management of housing, etc. and the decline in temporary expenses related to the repair of Charcoal House (a house with a system for purifying air with charcoal), which was recorded in the previous term. The company plans to pay a dividend of 27 yen/share like in the previous term (an interim dividend of 14 yen/share and a term-end dividend of 13 yen/share).**
- **A new mid-term management plan began in April. Due to the decline in the number of orders for free-design homes, sales are projected to drop in the initial fiscal year, but sales and profits are expected to recover in the second and third years. The company aims to establish a business base that can tolerate the unexpected changes in the economic environment, by strengthening the Used Residential Property Business, whose entry barrier is high, establishing trusting relationships with owners and those who introduce them (tax accountants, financial institutions, and others) to improve the rates of repeat orders and referrals, and expanding revenues from rents in the recurring-revenue business to establish a stable revenue base. The variation in KPIs for attaining the mid-term management plan is noteworthy.**

## 1. Company Overview

Fuji Corporation Ltd. provides various real estate related services including sales of new and used condominiums and detached homes primarily in Osaka Prefecture (where the Company is based), between Osaka and Kobe, and within Wakayama City. Their main business is the sale of detached homes, albeit a built-for-sale type, that would maximize customer satisfaction by allowing for the “free-design home” regarding layout, specifications, etc. within the boundaries of Japan’s Building Standards Act. Fuji also boasts of strengths in the development of properties where 50 to 200 homes are constructed in coordination with the surrounding environment and each other to provide uniformity in neighborhoods. The other main pillars of the Company’s business include renovation and sale of used residential properties, collaboration with financial institutions for effective land utilization, sales of rental apartments for sale to individual investors,

property leasing and management services.

Fuji boasts of unique knowhow developed in various businesses realms derived from its sales agency and detached home services. Furthermore, the complementary and synergistic effects that occur between its various business divisions allow the Company as a Complete Home Provider to respond with solutions that match the needs of home owners and residents in various geographic regions and times. Another strength of Fuji is local community-based management to match the time and place of the markets, and to maintain high levels of customer satisfaction by upholding the principles of “never ignoring customers after the sale” and “never ignoring customers after the completion of construction.”

In addition, each of the company's businesses, consisting of residential properties for sale, housing distribution, effective land utilization, leasing and management, and construction-related businesses, has its own know-how and promotes balanced management that complements each other's business segments. Starting with the sublease business of rental apartment buildings for individual investors and serviced housing for seniors for individual investors, the company has been diversifying the business, operating the asset business of existing residential properties and the business of owning serviced rental housing for seniors, and expanding its recurring-revenue business that will withstand any change in economic trends.

### 1-1 Business Description

\*The percentage represents the ratio of sales in each business segment to the total sales of the reporting segments (excluding internal sales).

#### Residential Properties for Sales (38.2% of Total Sales for fiscal year ended March 2022)

Sales of detached homes and condominiums are conducted in this business. A characteristic of this business is Fuji's ability to develop neighborhoods of new detached homes in 50 to 200 units that match the local neighborhoods, and to allow its customers to participate in the designing of the property. It is developing a town with an emphasis on freedom, safety, communities, and landscapes. More specifically, these “free-design” homes respond to the needs of individual customers by allowing them to customize the layout and specification of the homes to suit their tastes and needs. Furthermore, new condominiums for sale are also included in the residential properties for sales business segment. Fuji halted the condominium for sale business in spring of 2005, based upon the outlook for a weakening in pricing due to declines in demand and increases in supplies. However, in the aftermath of the Lehman Shock, declines in land prices and improvements in supply and demand conditions in the condominiums for sale market led Fuji to restart the condominiums for sale business in February 2012. Another feature of Fuji is its focus upon condominiums and residential properties that are carefully selected (such as their convenient proximity to stations) and that are attractively priced for first-time buyers.



(Taken from the reference material of the company)

(Left: “Korigaoka Project”, Right: “Charman Fuji Wakayama Ekimae Gran Peak”)

**Housing Distribution (20.2% of Total Sales for fiscal year ended March 2022)**

Sales of refurbished used residential property called "Kaizo Kun" is conducted in this business segment. "Kaizo Kun" refurbished used residential properties are used residential properties purchased for renovation and sales. The company conducts business activities in this segment mainly in the region between Osaka City and Kobe City.



Before renovation



After renovation

(Taken from the reference material of the company)

“Ouchi Kan” Housing information showroom where customers can browse and make selections. (Kishiwada City, Osaka)

**1F Property Library**



More than 1,000 property information is always disclosed, including online private properties. The information is arranged by area, new construction, and used properties, making it easy to find the desired property.

(Taken from the reference material of the company)

Housing information exhibition hall where you can look around and choose freely, "Ouchikan Main Branch" (Kishiwada, Osaka)

**Effective Land Utilization (20.0% of Total Sales for fiscal year ended March 2022)**

Contract construction for leased properties and sales of rental apartment for sale to individual investors are conducted in this business. Construction work is performed for construction of rental residential properties sold on a proposal basis and leverages Fuji’s knowhow developed in its property leasing and management business. In addition, Fuji purchases lands and then constructs rental apartment buildings for sale to individual investor in this business. The highly price competitive wooden structure apartments called “Fuji Palace” were launched in November 2008, subsequently affordable apartments for seniors with nursing-care service, which are called “Fuji Palace Senior” as a means of differentiation. With regards to rental apartments for sales to individual investors, the price for apartments is roughly ¥100 million, and the demand for these types of rental properties remains strong as a fund management method. In addition, recently, the Company has been proactively developing affordable rental apartments for seniors with nursing-care services.



(Taken from the reference material of the company)

Affordable apartments seniors with nursing-care services, "Fuji Palace Senior" (Sakai City, Osaka Prefecture)



(Taken from the reference material of the company)

Fuji Palace series, rental apartments for individual investors

### **Property Leasing and Management (20.1% of Total Sales for fiscal year ended March 2022)**

The fully owned subsidiary Fuji Amenity Services Co., Ltd. provides rental apartment structure management, tenant solicitation, rent collection and other management services, in addition to consigned management of condominiums. Superior rental and management related services not only act as stable source of earnings, but also provide opportunities to achieve high synergy with contract construction of rental income properties, sales of rental apartments for sale to individual investors, and sales of condominiums.

### **Construction related (1.5% of Total Sales for fiscal year ended March 2022)**

This business consists of the sales of Yuuken Kensetsu Co., Ltd., and Kansai Densetsu Kogyo Co., Ltd., whose shares were all acquired by the company on January 29, 2020, to make them wholly owned subsidiaries of the company. It became a reporting segment in the first quarter of the fiscal year ending March 2021.

To further meet the demand for effective land utilization projects, the company welcomed the Yuuken Kensetsu Group as a partner in constructing steel frames and reinforced concrete structures. Yuuken Kensetsu Group has a wide range of construction achievements for government offices and private companies, mainly in Osaka prefecture. The company aims to stabilize and expand its business performance by enhancing its project lineup by providing non-wooden housing.

BRIDGE REPORT



## 1-2 Strengths of Fuji Corporation

### Creating customer-oriented homes that can take responsibility for meeting customer needs

The company's name is derived from Mt. Fuji, with the aim of becoming "the most beloved company in Japan." The company believes that a house is a once-or-twice-in-a-lifetime purchase, and that it must be a business that satisfies its customers to the very end. The company believes that providing safe and reliable products and services, and meeting the expectations and trust of its customers are of utmost importance, so that all its customers will be happy to say, "Fuji will take care of everything right through to the end, and I am glad I bought a house from Fuji." Since the company's founding, it has continued to build homes that are customer-focused and responsible. As a result, the company has received many new customer referrals from existing customers and subcontractors, as well as repeat contracts from existing customers, and has received high praise from customers, winning first place for two consecutive years in the 2022 Oricon Customer Satisfaction® Survey in the "Kinki" and "Kinki Osaka Prefecture" categories for builders of built-for-sale housing. The company has received high evaluations from customers.

【High rate of conclusion of contracts through referrals and high rate of conclusion of repeat contracts (FY 3/2022)】

Residential Properties for Sales (new construction)	
Number of contracts through referrals(※1)	301 contracts
Number of contracts	994 contracts
Ratio	30.2 %

Residential Properties for Sales (used)	
Number of contracts through referrals(※2)	67 contracts
Number of contracts	122 contracts
Ratio	54.9 %

Effective land utilization (Rental building for sale and construction contract)	
Repeat contracts	68 contracts
Number of contracts(※3)	183 contracts
Ratio	37.1 %

※1 The number of contracts concluded through referrals for newly constructed homes for sale is calculated based on the number of lots when multiple lots are purchased at the same time (excluding sales of land).

※2 The number of used homes is for the homes sold directly by the company without an intermediary.

※3 The number of contracts is calculated based on the date of loan approval from the purchaser's financial institution.

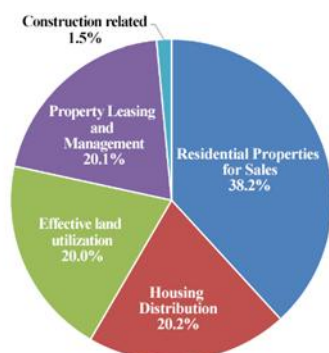
(Taken from the reference material of the company)

### Stable Business Structure with Balanced Management

Although the company's sales area is limited to Osaka and parts of Hyogo and Wakayama Prefectures, each of its divisions boasts a national level or the largest market share within its sales area. The company's Residential Housing Division has ranked first in Osaka for six consecutive years in terms of the number of housings starts; the Residential Distribution Division ranks fifth in Japan in terms of the number of used homes purchased and resold; and the Land Use Division ranks fifth in Japan in terms of the number of senior citizen facilities under management, including a whopping 210 serviced residences, making it the No. 1 operator in Japan. "Source: Reform Industry Newspaper, Annual Ranking of Units Sold for Purchase and Resale 2021 (issued on July 26, 2021); Senior Business Data Book 2022; "For housing constructions started, figures are total amounts for areas excluding Osaka City (Osaka City is not included in the results) (surveyed by Jutaku Sangyo Research Institute, Inc.)."

In addition, (1) the ability to conduct business that meets the needs of a wide range of customers, (2) the expansion of business opportunities by responding to a wide variety of commercialization, and (3) a high tolerance for changes in the economy and market conditions are strengths of balanced management.

【Sales composition by business segment in balance (FY 3/22)】



**Sumi no Ie(House of Charcoal) / Pure Air**

Pollens, bacteria, and viruses are becoming grave problems in addition to air pollution due to such factors as exhaust gas. Fuji Corporation’s “Sumi no Ie / Pure Air” was born through its efforts of putting together the technologies that it has cultivated and focusing thoroughly on air and quality. The company has gained the right to use the patented system “Sumi no Ie” within the corporate group’s sales area, and offers safe housing as a product that differentiates it from other companies and possesses added value.

**(Outline of “Sumi no Ie / Pure Air”)**  
 “The carbon air clean system” forces outside air in with a fan and blocks minute harmful substances with a “filter for minute particles”. In addition, “charcoal” is spread out on the floor to supply clean air to each room through the double measure of passing air through it.



For more information  
<https://www.fuji-ie.com/kodawari/>

**Health Effects**

**How has your life changed?**

Q Have you noticed any improvement in your health since living in “Sumi no Ie”?

No 15%  
 Yes 55%  
 No change 30%

Q What do you realize that your health has improved after living in “Sumi no Ie”?

Less likely to catch a cold. 33%  
 Hay fever has lessened. 33%  
 Sleeping better. 28%

Q Has the rainy season been damp since you lived in “Sumi no Ie”?

No change 13%  
 No 79%  
 Yes 8%

**Deodorant Effect**

**Survey data for residents of “Sumi no Ie / Pure Air”**

Q How is the living smell compared to before?

No change 10%  
 No Smell 77%

Q Are you concerned about your pet’s smell compared to before?

No change 14%  
 No 67%

Q Is the smell of cigarettes gone the next morning?

No change 18%  
 Yes 74%

Q How about the smell after having grill-meat in the living room?

No change 22%  
 Not caring 75%

Q How is the smell when you dry your laundry indoors compared to before?

No change 17%  
 No Smell 70%

※ This report is based on stories from customers who have lived in the Sumi no Ie (Charcoal House) for more than a year.

(Taken from the reference material of the company)

\*Examples of the effects felt by customers

**Items on which Fuji has earned the highest grades in the Housing Performance Indication System**

The company considers that its mission is to provide customers with high-quality housing that is full of peace of mind. As one of the approaches to the mission, Fuji has obtained the housing performance assessment report for all its free design houses, and this means that the company has established a corporate system that enables it to earn the highest grades for all the housing performance indication items. Furthermore, the company has adopted “TRC Damper”, a vibration control system that dampens seismic vibrations, to achieve more effective prevention of walls from being damaged and furniture from falling down.



Residential performance indication system Acquisition items of highest grade (Obtained performance evaluation certificate for all homes)

Field	Item	Grade			
Structural stability	Earthquake resistance grade (Prevention of collapse of the structural frame)	1st	2nd	3rd	
	Earthquake resistance grade (Preventing damage to the structural frame)	1st	2nd	3rd	
	Wind resistance grade	1st	2nd		
Reduction of deterioration	Deterioration prevention grade (the structural frame, etc.)	1st	2nd	3rd	
Thermal environment - Amount of energy consumption	Thermal insulation performance grade	1st	2nd	3rd	4th
Air environment	Formaldehyde emission grade	1st	2nd	3rd	

Not only do we achieve a high level of each item of the Housing Performance Indication, but we also pursue the ideal home for our customers through our unique free design, and provide them with a high quality and reliable home.



(Taken from the reference material of the company)

\*As of March 31, 2022

### Building a home that can be built because of their close ties to the local community

The company's founding spirit is to "keep taking care of a house even after sold or built." The company is committed to continuing its dense business within the scope of its customers' face-to-face contact, and to ensuring a complete after-sales follow-up system, which is why it does not expand its business nationwide. In line with the spirit of the company's founding, they aim to create high-quality, community-based homes so that their customers, with whom they will have a decades-long relationship, can trust us with their peace of mind.

### 1-3 Efforts for ESG and SDGs

Fuji Corporation aims to become a corporate group that continues growing sustainably together with the society and builds up trust by contributing to the society while being conscious of the relationship of its local community-based business activities with Environmental, Social, and Corporate Governance (ESG) and the Sustainable Development Goals (SDGs).

Environment		
Activity	Fuji Group's efforts	SDGs
Environmentally friendly business activities	<p><b>Efforts in the refurbished used residential properties business</b> Renovation of used residential properties produces significantly less CO<sub>2</sub> and waste than house reconstruction, which directly results in conservation of resources.</p>	6. Clean water and sanitation
	<p><b>Total heat exchange system that comes with the indoor air quality (IAQ) control system</b> Fuji's "Sumi no Ie / Pure Air" is energy-saving houses equipped with the total heat exchange system that prevents loss of thermal energy due to ventilation.</p>	7. Affordable and clean energy
	<p><b>Precut technique</b> Fuji lightens environmental burdens by reducing waste materials with the precut technique in which wood, that is machined at factories in advance, is assembled on site.</p>	9. Industry, Innovation and infrastructure
	<p><b>Cellulose fiber (heat insulation)</b> Cellulose fibers that Fuji adopts as heat insulation are made by recycling old newspapers that were not delivered, and can be produced with</p>	11. Sustainable cities and communities
		12. Responsible consumption and production
		13. Climate action
		15. Life on land

	significantly less energy than glass wool, the general internal heat insulation.	
Environmentally friendly product creation	<p><b>Beautiful landscapes and cityscapes</b></p> <p>Their streetscapes are colorfully planted so that residents can feel the changing seasons close at hand, and their buildings are built in a uniform color scheme and materiality to create a townscape.</p>	
Environment conservation activities by employees	<p><b>Volunteer Tree-Planting "Fuji Housing Forest" (Hidakagawa-cho, Hidaka-gun, Wakayama Prefecture)</b></p> <p>A 2.16-hectare forest in Hidakagawa-cho, Hidaka-gun, Wakayama Prefecture, has been named "Fuji Housing Forest." The company's employees and their families volunteer to plant and nurture trees. Through these activities, as a member of the local community, the company is contributing to the preservation of the local natural environment and raising environmental awareness, and the afforestation activities are expected to reduce CO<sub>2</sub> emissions by approximately 4 tons per year.</p>	
Improvement of the environmental friendliness in the office environment	<p><b>Various Internal Initiatives for Environmental Conservation</b></p> <ul style="list-style-type: none"> <li>-Fuji has replaced all its company vehicles for sales activities with hybrid vehicles.</li> <li>-Fuji has gone paperless (abolished the practice of putting seals) for internal documents by adopting an electronic approval system.</li> <li>-Fuji has replaced the lights in their offices with LED lights.</li> <li>-Fuji promotes energy conservation by maintaining the room temperature constant through its proactive cool-biz campaign.</li> <li>-Fuji dissolves internally used paper to use them as recycled paper.</li> <li>-Fuji has installed a demand monitoring system that monitors the maximum electric power demanded in its offices and controls electric power.</li> </ul>	
Establishment of TCFD Working Group	<p><b>Promotion of initiatives with an awareness of the relationship between ESG and SDGs and the Company's business activities with community-based management</b></p> <p>TCFD Working Group was established on April 12, 2022. Based on the framework proposed by the TCFD recommendations regarding the impact of climate change on the company's business, the group is examining future changes in the external environment and promoting initiatives based on the Basic Sustainability Policy.</p>	

<b>Social</b>		
Activity	Fuji Group's efforts	SDGs
<p>Establishment of a comfortable work environment (1)</p>	<p><b>Health Management Initiatives</b></p> <p>“A company’s performance is determined by its personnel. Without the health and happiness of employees, customer satisfaction or company growth cannot be achieved.” The company has believed this since its establishment, and for its customers to be truly happy, it is important for its employees to be healthy in mind and body, to take pride in their work, to have a sense of fulfillment, and to lead fulfilling lives both in their professional and personal lives. The company considers the health management of its employees from a managerial perspective, and is committed to creating a workplace environment that will lead to increased corporate value over the long term. For the sixth consecutive year, the company has been recognized by the Ministry of Economy, Trade and Industry (METI) in collaboration with the Japan Health Council as a "White 500" company in the category of "Large Corporations for Excellent Health Management 2022."</p> <p><b>Specific Health Management Measures</b></p> <p>The company's Board of Directors has adopted a policy of priority measures for health promotion. Among the various priority measures, the company has positioned health checkups for all employees, including part-timers, as an important issue. In addition to the legally required medical checkups, many additional items are added (tumor marker test, cancer marker test, H. pylori test, breast cancer echo test for all female employees, and CA19-9 cancer marker test to detect pancreatic cancer, bile duct cancer, and gall bladder cancer starting in April 2022).</p> <p>Employees are now able to monitor their own health daily by undergoing health checkups and seeing the results. The company has set a goal of 100% of employees undergoing health checkups, including the added items, and has achieved a 100% health checkup rate for the past 10 years. The company aims to improve long-term business performance through ongoing efforts to maintain and promote employee health.</p>	<ul style="list-style-type: none"> <li>1. No Poverty</li> <li>3. Good Health &amp; Wellbeing</li> <li>4. Quality Education</li> <li>5. Gender Equality</li> <li>8. Decent Work and Economic Growth</li> <li>10. Reduced Inequalities</li> </ul>
<p>Creating a comfortable work environment (2)</p>	<p><b>Promoting Workplace Reform through the Introduction of Telework</b></p> <p>The Company promotes telework as a flexible work style that is not restricted by location or time, utilizing ICT (Information and Communication Technology), and received the "Minister of Internal Affairs and Communications Award for the 100 Pioneers of Telework" in 2018 and the "Telework Promotion Award for Excellence" in 2021. The company believes that the promotion of telework will lead to the balancing of work and childcare/nursing care, help people with disabilities who have difficulty commuting, secure excellent human resources in rural areas, and establish a business continuity plan (BCP), which will lead to the enhancement of their corporate value.</p> <p><b>A proactive approach to sports</b></p> <p>In support of the idea that the inherent value of sports is that they support "people's lifelong commitment to a healthy and cultured lifestyle in both mind and body," the company has been involved in a variety of sports-related initiatives, including the installation of a box-type hyperbaric oxygen box (maximum capacity of 10 people) for stretching and training, holding walking</p>	<ul style="list-style-type: none"> <li>1. No poverty</li> <li>3. Good health and well-being</li> <li>4. Quality education</li> <li>5. Gender equality</li> <li>8. Decent work and economic growth</li> <li>10. Reduced inequalities</li> <li>11. Sustainable cities and communities</li> </ul>

	<p>events, and encouraging people to walk to work in sneakers (the company was recognized as "Sports Yell Company 2022" on February 4, 2022).</p>	
<p>Creation of a comfortable work environment (3)</p>	<p><b>Operation of Shirahama Recreation Center</b>                  The company owns a recreation facility in Shirahama-cho, Nishimuro-gun, Wakayama Prefecture, which can be used by all employees, including part-time and temporary employees, including those of group companies. The sanatorium is conveniently located just a 2-minute walk from Shirahama Beach, and offers a hot spring with natural spring water and delicious food using local specialties at a reasonable price. The facility is operated with the aim of "for employees and their families" so that employees can spend a relaxing time with their families and loved ones.</p>	
<p>Residential development with consideration for safety and security, beautiful scenery, and local community revitalization</p>	<p><b>Safe and secure community development</b>                  The open exterior of the house gives an open, bright, and beautiful impression. In addition, it has the advantage in terms of crime prevention that it is difficult for suspicious people to enter the house because it has a sweeping view. The roads in the town are curved lines based on gentle curves, which naturally reduce the speed of cars and make the town safer.</p> <p><b>Community Revitalization</b>                  Town parks and meeting places have been established as community spaces where anyone, from children to the elderly, can casually drop by, aiming to create a "connected" town where the smiles of the people who live there abound.</p>	<p>1. No Poverty</p> <p>3. Good Health &amp; Wellbeing</p>
<p>Development of health-oriented homes</p>	<p><b>Fuji Charcoal House/Pure Air</b>                  In contrast to the general 24-hour ventilation system of "natural air supply + forced exhaust," Fuji employs a "forced air supply + forced exhaust" system with a fan. In addition, the house is equipped with a double measure to block harmful substances by using a "filter for minute particles" when supplying air, and to pass air through charcoal installed under the floor to remove harmful substances with a particle diameter of 0.5 μm or greater (PM2.5, yellow sand, bacteria, pollen, etc.), keeping clean and clean air in the house 24 hours a day. The company strives to build houses that are healthy and comfortable.</p>	<p>10. Reduced Inequalities</p> <p>11. Sustainable Cities and Communities</p>
<p>Cooperation in support activities for Asian countries</p>	<p><b>Support activities through Asia Child Support</b>                  In March 2022, the company received a letter of appreciation from Asian Child Support. The company has set up donation boxes at its head office building and offices, and sends donations received from employees, customers who visit the company, and subcontractors. The company plans to continue its support for the relief efforts.</p>	
<p>Efforts against the aging society</p>	<p><b>Development of affordable rental apartments for seniors with nursing-care services</b>                  The birthrate has been decreasing and the population has been aging rapidly in recent years, and the ratio of people aged 65 and older to the total population is expected to exceed 30% in 2025. Under these circumstances, how houses as final abodes should be and enrichment of such services as nursing care and medical treatment are crucial social issues. The corporate group provides affordable and quality affordable rental apartments for seniors with nursing-care services based on a concept of housing at which people can entrust their parents with a sense of safety, and the number of the rental housings that it operates is 210 building and No. 1 in Japan. It aims to continue building rental housings in which elderly can continuously lead safe,</p>	<p>3. Good Health &amp; Wellbeing</p> <p>11. Sustainable Cities and Communities</p>

	<p>healthy, and enriched life.</p> <p><b>Use of "ESG Target Setting Loan Try Now"</b>                  On December 24, 2021, the company received a 500 million yen loan from Minato Bank, Kansai Mirai Financial Group, using the "ESG Target Setting Loan Try Now." This loan was set with the goal of increasing the number of serviced senior housing units supplied above a certain number, with the aim of contributing to the spread of safe and secure housing in an aging society.</p>	
<p>Contribution to local community</p>	<p><b>Blue crime prevention patrol</b>                  Fuji Corporation has formed the Fuji Blue Crime Prevention Patrol Team in cooperation with Kishiwada Police Station with the aim of protecting the safety of the children in the area and eliminating street crimes, and strives to prevent local crimes in the school zones in Kishiwada City as a company.</p> <p><b>Donation of goods to all the full-time high schools in Kishiwada City</b>                  Fuji donated goods and other necessary items to all the five full-time high schools in Kishiwada City in which its headquarters are based.</p> <p><b>Donation to the Osaka Nursing Association</b>                  Fuji gratefully donated to healthcare workers who have been devoting themselves to providing medical services and those who have been committed to continuing the medical system amid the novel coronavirus pandemic.</p> <p><b>Environmental beautification activities</b>                  Fuji's employees clean the roads around the headquarters building, Higashi-Kishiwada building, and each "Ouchi Kan" shop, including the roads in front of the buildings and shops, which has allowed the sidewalk in front of the Higashi-Kishiwada building to be recognized by Osaka Prefecture as Adopt Road Habu-cho 2-Chome. The company has won a number of awards for its efforts for road beautification and contribution to cleanup activities in the community.</p> <p><b>Promotion of e-Tax</b>                  The Regional Taxation Bureau proactively promotes e-Tax, a system that allows its users to file final tax returns using the Internet. Fuji encourages all its officers and employees to use e-Tax for filing tax returns and received a letter of appreciation for the effort from the superintendent of Kishiwada Tax Office in May of 2021.</p>	<p>4. Quality education</p> <p>11. Sustainable cities and communities</p> <p>15. Life on land</p>

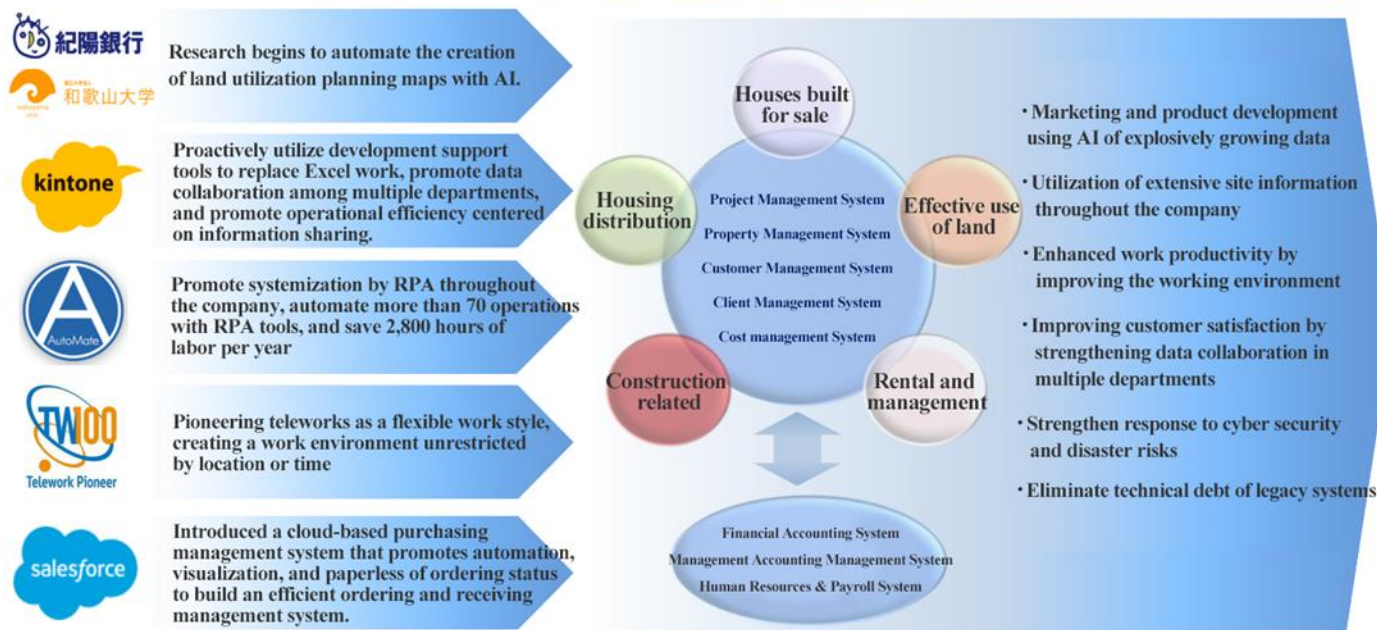
Governance		
Activity	Fuji Group's efforts	SDGs
<p>Governance enhancement based on the organizational structures</p>	<p><b>The Board of Directors, the Audit &amp; Supervisory Board, and other organizational structures for enhancing corporate governance</b>                      Fuji's Board of Directors consists of seven directors (including two outside directors) and its Audit &amp; Supervisory Board is composed of three auditors (including two outside auditors), and the company has set up a risk compliance promotion committee and an internal control promotion committee, and established an internal reporting system.</p>	
<p>Governance enhancement through human resources development</p>	<p><b>Booklet of the management philosophy and policies</b>                      Exactly as stated by the words "The enterprise is its people," Fuji Corporation gives the top priority to development of human resources. It requires all its employees to carry the booklet of the management philosophy and policies so that they can move forward unwaveringly toward the same goal and purpose, and strives to develop human resources so that all the officers and employees fully understand and follow the management philosophy and policies and to raise the ratio of such human resources.</p> <p><b>Direct dialogue between the management and the employees</b>                      Fuji regularly holds meetings for asking questions for the chairman and the president in which all the employees can have direct dialogue with the chairman and the president. The chairman and the president themselves are committed to settling not only the employees' work-related issues, but also troubles and issues in their private life through telephone meetings with each employee who has questions.                      The company believes that direct dialogue between the employees and the management helps cement the relationship of trust and increase a sense of belonging among its employees, and thus it is essential for enhancing corporate governance through understanding and implementation of the management philosophy and policies.</p> <p><b>360-degree personnel assessment system</b>                      Believing that development of human resources that have excellent insight, boldness, and judgment, and thoroughly follow the management philosophy and policies contributes to long-term improvement of its corporate value, Fuji has adopted a fair and equitable personal assessment system, 360-degree personnel assessment system, that assesses the employees from all viewpoints, including not only their direct bosses but their co-workers, subordinates, and the officers in other departments.</p>	<p>4. Quality education</p> <p>5. Gender equality</p> <p>8. Decent work and economic growth</p> <p>12. Responsible consumption and production</p> <p>16. Peace, justice and strong institutions</p>
<p>Governance enhancement through customer satisfaction improvement</p>	<p><b>Insatiable pursuit of customer satisfaction</b>                      Fuji records words of joy and appreciation from customers on its "Bravo Card" and "Thank You Report," and complaints and words of scolding on the "Yellow Card." They are shared among the internal departments concerned and used for resolving issues arising in the worksites and assessing personnel, and the company believes that these efforts to gain greater customer satisfaction with a focus on the worksites will help identify true needs and fundamental issues and problems, and will directly result in enhanced governance.</p>	<p>4. Quality education</p> <p>8. Decent work and economic growth</p> <p>10. Reduced inequalities</p> <p>11. Sustainable cities and communities</p>

	<p>In the "2022 Oricon Customer Satisfaction® Survey," the company was awarded double honors for the second year in a row: No. 1 in the "2022 Oricon Customer Satisfaction® Survey for Builders of Built-for-Sale Housing in the Kinki Region" and No. 1 in the "2022 Oricon Customer Satisfaction® Survey for Builders of Built-for-Sale Housing in the Kinki Region, Osaka Prefecture." This is the first time since the launch of the "Built for Sale Housing Builder Kinki" ranking that a builder has topped all evaluation items for two consecutive years, making it No. 1 overall in the Kinki region for the second consecutive year and No. 1 in Osaka Prefecture for the third consecutive year.</p>	<p>16. Peace, justice and strong institutions</p>
<p>Proactive dialogue with the stakeholders</p>	<p><b>Holding IR events and dialogue with the shareholders and institutional investors</b></p> <p>Fuji holds company information sessions for individual investors and for analysts and institutional investors as necessary in Osaka and Tokyo, and accept requests from its institutional investors and other parties concerned for interviews and telephone meetings to a reasonable extent. It endeavors to give as clear explanations as possible in understandable words to inquiries from its individual investors, and has proactive dialogue with them via the shareholder questionnaire enclosed in the shareholder newsletters published twice a year.</p> <p>Fuji Corporation believes that constructive dialogue with the shareholders and investors will contribute to its medium- and long-term corporate value enhancement and sustainable growth.</p>	

#### (4) DX (Digital Transformation) Initiatives

To promote next-generation system construction projects to dramatically accelerate the improvement of duplicated operations through overall optimization and the improvement of operational efficiency through information sharing, with the aim of building a system infrastructure that is resistant to change.

Past initiatives (examples) × Started a project to build a next-generation system → Transition to the DX Era



(Taken from the reference material of the company)

## 2. Mid-term profit plan (FY 3/23 to FY 3/25)

The company formulated a medium-term management plan for the next three years. The business environment surrounding the real estate industry, the rise in land prices over the past several years, the increase in timber prices due to the lumber shortage and the rise in building costs due to a series of price hikes in housing equipment are expected to be reflected in selling prices, and the increasingly uncertain economic conditions are expected to exacerbate the severity of the sales environment. In this environment, the company aims to maximize its synergy effect by strengthening cooperation among the five business segments of the group, making efforts to further create a stable earnings structure with an emphasis on recurring revenues that can withstand unexpected changes in the economic environment, and contributing to the realization of a sustainable society through human resources development. In FY 03/25, the final year of the medium-term management plan, the company aims to set new records in sales as well as all kinds of profits. The company is aiming for 121.8 billion yen in sales and 7 billion yen in ordinary income for FY 03/25.

### Medium Term Business Plan Targets

	FY3/22 Act.	FY 3/23 Mid-term Plan	FY 3/24 Mid-term Plan	FY 3/25 Mid-term Plan
Sales	118,698	110,600	117,000	121,800
Operating income	5,871	6,000	6,800	7,000
Ordinary Income	5,627	5,700	6,300	6,600
Net Income	3,869	3,800	4,200	4,400
ROE	9.0%	8.4%	8.7%	8.4%
Capital adequacy ratio	28.9%		Over 25%	

\*Units: million yen

### (1) Assumptions for the Medium-Term Management Plan



**Plan for FY 03/23****Profit is expected to increase year on year due to the development of a stable revenue structure based on recurring revenues.**

Although the number of new detached houses delivered decreased year on year due to a decrease of orders received in the second half of the previous fiscal year as a result of the shrinkage of the special demand brought about by the COVID-19 pandemic, profit in the property leasing and management business is expected to exceed 3 billion yen due to an increase in the number of housing units under management accompanying the steady delivery of rental apartments and construction contracts for individual investors, thereby stabilizing the revenue base. The company plans to complete and deliver three condominium buildings to compensate for the decline in the number of newly built detached houses. Regarding construction contracts, sales based on percentage of completion as a result of favorable orders in the previous term contributed to profit. In the construction-related segment, the renovated rental apartment building for seniors with nursing-care services (Nishinomiya City), the second one since the Yuuken Kensetsu Group became a subsidiary, will be completed and delivered.

**Plan for FY 03/24****Performance recovered to the level of the fiscal year ended March 2022 due to the completion and delivery of three condominium buildings as well as steady growth in the leasing and management segment.**

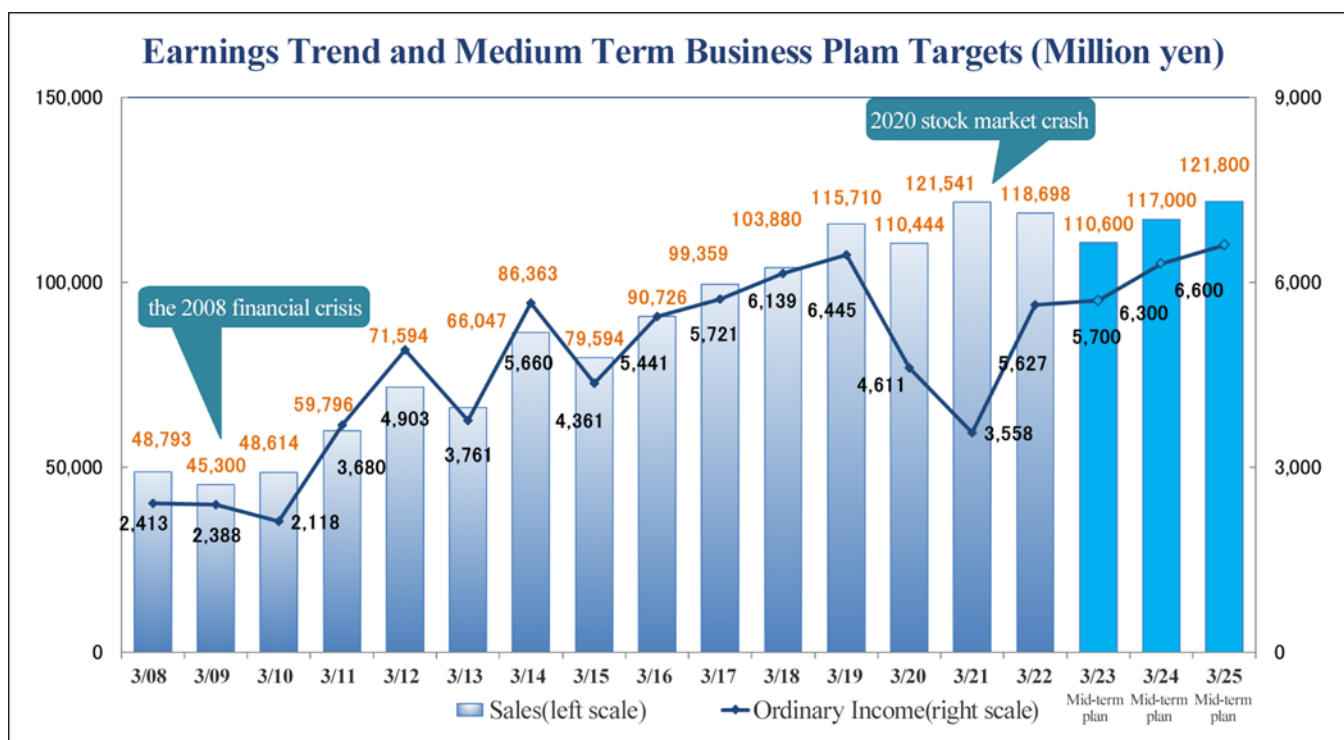
Three condominium buildings are scheduled to be completed and delivered, driving the performance of the residential housing segment. In the housing distribution segment, the company will continue to adopt selective purchasing policies and focus on the highly competitive and profitable existing housing asset business. Regarding construction contracts, 54 buildings are scheduled to be delivered, which will drive the performance of the effective land utilization segment. In the leasing and management segment, sales will exceed 25 billion yen due to a steady increase in the number of housing units under management, contributing to the stabilization of the revenue base.

**Plan for FY 03/25****Consolidated sales and consolidated operating income reached record highs due to an increase in the delivery of condominiums and rental apartment buildings for individual investors.**

Five condominium buildings are scheduled to be completed and delivered, and consolidated net sales and consolidated operating income are expected to reach record highs due to the recovery of sales in the residential housing segment to the level of 40 billion yen and an increase in the delivery of rental apartment buildings for individual investors. The company plans to increase the number of residences with health and welfare services for the elderly to 50. In the leasing and management segment, the number of housing units under management has exceeded 35,000, and the construction of long-term stable infrastructure is progressing steadily.

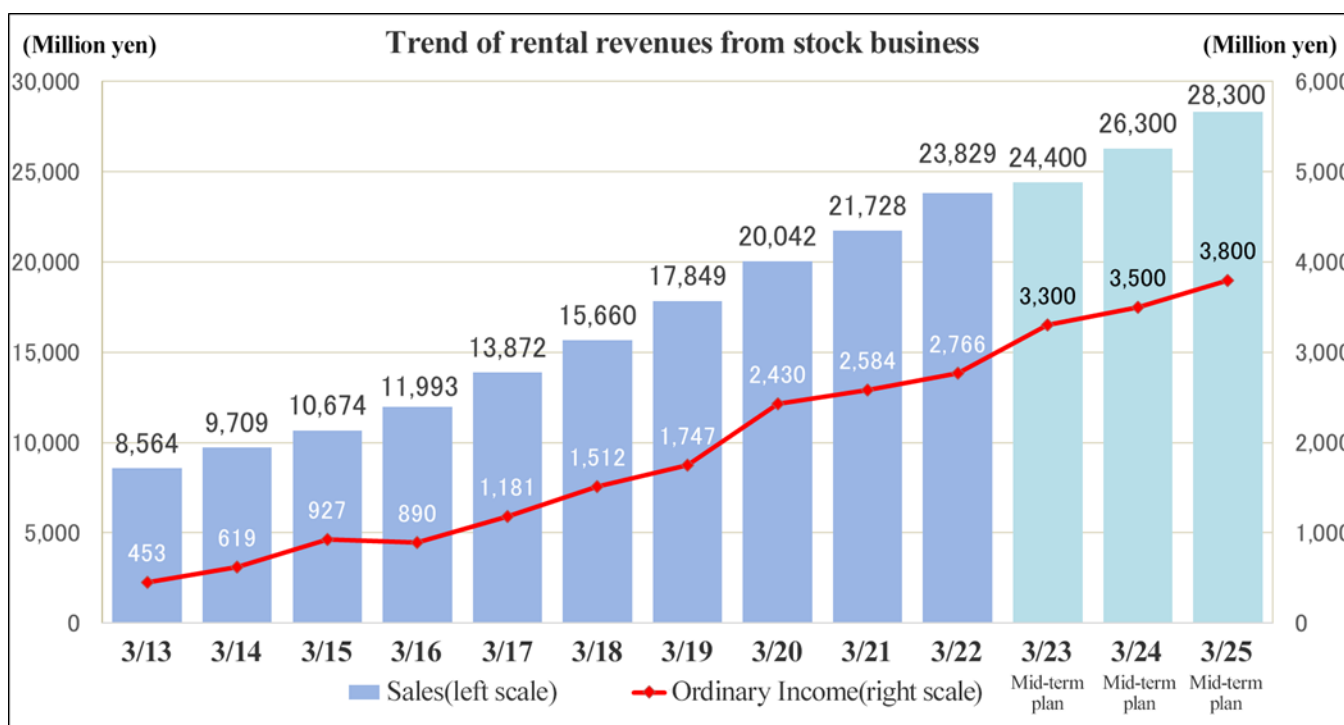
**(2) Performance Trends and a Medium-Term Management Plan**

The company will respond to changes in the external environment during the current plan period, such as skyrocketing land purchase prices due to a rise in land prices and a continuing rise in construction costs due to a rise in the prices of raw materials. The fiscal year ending March 2023, which is the first term of the medium-term management plan, will be the final year of the adjustment period, and the company will aim to set new records in sales as well as all kinds of profits in the fiscal year ending March 2025.



**(3) Variation in Rental Income from Recurring-Revenue Business**

Revenues from the recurring-revenue business are expected to remain strong in the current plan period as a result of steady growth in construction contracts and rental apartment buildings for individual investors in the effective land utilization business and the sale and delivery of condominiums in the residential housing business. The company will continue with its efforts to create a stable revenue structure with an emphasis on recurring revenues and aim to establish a business foundation that can withstand unexpected changes in the economic environment.



**(4) Business Strategies by Segment**

### Medium Term Business Plan Targets for each Industry Segment

Segment Sales	FY 3/22 Act	FY 3/23 Mid-term	FY 3/24 Mid-term	FY 3/25 Mid-term
Residential Properties for Sales	45,388	34,900	39,100	41,300
Housing Distribution	23,928	25,700	25,400	26,500
Effective Land Utilization	26,775	25,100	26,000	25,900
Property Leasing and Management	23,829	24,400	26,300	28,300
Construction related	2,454	2,100	2,100	2,200
Segment Profits	FY 3/22 Act	FY 3/23 Mid-term	FY 3/24 Mid-term	FY 3/25 Mid-term
Residential Properties for Sales	1,475	700	1,300	1,300
Housing Distribution	1,280	1,400	1,400	1,500
Effective Land Utilization	2,365	2,300	2,400	2,300
Property Leasing and Management	2,766	3,300	3,500	3,800
Construction related	112	60	60	70

\* Units: million yen

\* Segment profits before adjustments. Intersegment transactions are included.

\* Derived from Fuji Corporation's Medium-Term Business Plan announced on May 10, 2022.

### Residential Properties for Sales Business

The current plan calls for the completion and delivery of 11 condominium buildings (745 units): 3 in the fiscal year ending March 2023, 3 in the fiscal year ending March 2024 and 5 in the fiscal year ending March 2025, driving one-shot revenues in each fiscal year. The aim of the project will continue to be "Creation of Homes that Bring Happiness," providing residential areas with higher added value that will serve as landmarks in the surrounding areas with beautiful scenery, safety, and community.

### Housing Distribution Business

Continuing with the inventory optimization and profit-oriented selective procurement policies established in the previous plan period, the company aims to further stabilize its revenue base, centered on the existing housing asset business, which has competitive advantages and is highly profitable. The existing housing asset business is a business that acquires existing housing units with tenants, and collects rental income as profit-yielding real estate and profit through resale. This business model, which requires rental management and long-term funding, has a higher barrier to entry than the purchase and resale business, in which competition is intensifying. This will serve as collateral against the risk of a decline in resale prices due to rental income, lead to the diversification of exit strategies in anticipation of sales to investors as well as actual demand, and contribute to further stabilization of the profit base. Under the current plan, the number of owned units will be kept about 1,000 and the annual rental income will be about 1.1 billion yen.

### Effective Land Utilization Business

The demand for residences with health and welfare services for the elderly is expected to increase further as property inheritance and inheritance tax measures are taken and as the population ages. The demand for rental apartment buildings for individual investors is also expected to continue due to the impact of monetary easing.

The company will aim to build a more trustworthy relationship with owners and those who introduce them (tax accountants, financial institutions, etc.) and to improve the rates of repeat orders and referrals.

## [Delivery Plan]

	FY 3/20 Act	FY 3/21 Act	FY 3/22 Act	FY 3/23 Est.	FY 3/24 Est.	FY 3/25 Est.
No. of Rental Apartment Buildings	110	113	130	130	128	147
No. of Construction Contracts	48	61	40	32	54	43

**Property Leasing and Management Business**

This business is expected to remain strong in the current plan period, too, due to construction contracts and rental apartment buildings for individual investors in the effective land utilization business and the sale and delivery of condominiums in the residential housing business. The ratio of the profit in the property leasing and management business has been increasing year by year and is expected to remain steady.

## [Number of Housing Units Under Management and Occupancy Rate Forecast]

	FY 3/20 Act	FY 3/21 Act	FY 3/22 Act	FY 3/23 Est.	FY 3/24 Est.	FY 3/25 Est.
Number of Housing Units Under Management	25,675	28,098	30,551	32,500	34,700	37,000
Occupancy Rate	97.4%	97.2%	97.0%	97.0%	97.0%	97.0%

**Construction-related Businesses**

In January 2020, the company invited the Yuuken Kensetsu Group, which has a track record in steel frame and reinforced concrete construction, as a partner. In addition to providing steel frame houses in the "Fuji Palace Senior" apartment for seniors with nursing-care services, the company is also engaged in public works, mainly in construction and civil engineering. The company aims to expand its business lineup through in-house construction of steel frame and reinforced concrete structures and to achieve stable earnings growth. In February 2022, in its first cooperation with Yuuken Kensetsu Group, the company finished the construction of a steel-frame apartment building for seniors with nursing-care services in Minamisuita, Suita City, Osaka Prefecture. During the current plan period, the company plans to complete the renovation and delivery of the second rental apartment building for seniors with nursing-care services (Nishinomiya City) since the Yuuken Kensetsu Group became a subsidiary. The company plans to further enhance the synergy effects of such collaborations.

**3. Fiscal Year ended March 2022 Earnings Results****(1) Consolidated Earnings**

	FY 3/21	Ratio to sales	FY 3/22	Ratio to sales	YoY	Company forecasts (2/8 Revised forecasts)	Ratio to forecasts
Sales	121,541	100.0%	118,698	100.0%	-2.3%	119,000	-0.3%
Gross Income	15,853	13.0%	16,684	14.1%	+5.2%	-	-
SG&A	11,866	9.8%	10,813	9.1%	-8.9%	-	-
Operating Income	3,986	3.3%	5,871	4.9%	+47.3%	5,400	+8.7%
Ordinary Income	3,558	2.9%	5,627	4.7%	+58.2%	5,000	+12.5%
Parent Net Income	2,358	1.9%	3,869	3.3%	+64.0%	3,400	+13.8%

\* Data in this table and other parts of this report include figures which have been calculated by Investment Bridge, and may differ from those of the Company (same as below)

\* Units: million yen

### Sales declined 2.3% year on year, but ordinary income grew 58.2% year on year.

In the fiscal year ended March 2022, sales decreased 2.3% year on year to 118,698 million yen. In terms of sales, the number of deliveries of free-design homes, condominiums, and rental apartment buildings for individual investors increased significantly, but the number of units sold declined from the previous term, in which the company sold the land for large-scale residential properties in Kakogawa City, Hyogo Prefecture and significantly reduced used residential properties in stock. The balance of order backlog at the end of the term (ended March 2022), which is a leading indicator of sales, dropped 6.2% from the end of the previous term (ended March 2021).

Ordinary income grew 58.2% year on year to 5,627 million yen. In terms of profit, the company reduced unprofitable inventory significantly and rigorously selected properties to be procured in the previous term, and sales commission and advertisement costs decreased, so the profitability of the housing distribution segment improved considerably, while the company reduced costs, including advertisement expenses. Accordingly, all kinds of profits increased from the previous term.

Operating income margin rose 1.6 points to 4.9%, as gross profit margin grew 1.1 points year on year and the ratio of SGA to sales decreased 0.7 points year on year. Accordingly, operating income increased 47.3% year on year to 5,871 million yen. Although the company posted a temporary expense of about 840 million yen for the repair of Charcoal House (a house with a system for purifying air with charcoal), profitability improved considerably. In addition, the growth rate of ordinary income exceeded that of operating income, because the revenues from subsidies increased in the section of non-operating revenues and there was no longer expenditure for issuing corporate bond, which was posted in the previous term, and interest paid decreased in the section of non-operating expenses. In addition, extraordinary profit/loss fluctuated mainly because the company posted 329 million yen as gain on sale of fixed assets (127 million yen in the previous term) and loss on sale of fixed assets decreased from 82 million yen to 10 million yen. With regard to the comparison with the revised corporate forecast announced on February 8, 2022, sales slightly fell below the forecast, while all kinds of profits exceeded the forecast.

## (2) Segment Earnings (Fiscal Year ended March 2022)

### Results by Segment and Topics

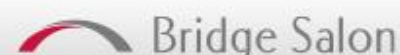
	Sales	Share	YoY	Segment Profits	Share	YoY
Residential Properties for Sale	45,388	38.2%	+12.8%	1,475	18.4%	+273.0%
Housing Distribution	23,928	20.2%	-27.0%	1,280	16.0%	+153.3%
Effective Land Utilization	23,791	20.0%	-2.5%	2,365	29.6%	+2.4%
Property Leasing and Management	23,829	20.1%	+9.7%	2,766	34.6%	+7.0%
Construction Related	1,761	1.5%	-26.0%	112	1.4%	+388.6%
Adjustment	-	-	-	-2,129	-	-
Total	118,698	100.00%	-2.3%	5,871	100.00%	+47.3%

\* Units: million yen

\* Net sales are sales to external customers, segment income is the figure for the reportable segment.

\* The composition ratio of profit is the ratio to the total profit of reportable segments.

## BRIDGE REPORT



**In the segment of residential properties for sale, sales grew 12.8% year on year to 45,388 million yen and profit rose 273.0% year on year to 1,475 million yen.**

In terms of sales, the sales of land decreased significantly from the previous term, in which the company sold the land for large-scale residential properties in Kakogawa City, but the sales of free-design homes and condominiums were healthy, offsetting the decline in sales of land. In terms of profit, the company posted a significant loss on valuation in the previous term, as it conducted sales promotion by changing selling prices flexibly to reduce the impact of the coronavirus pandemic on future business performance, but there was no such impact this term, so the sales growth directly led to the increase in profit. On the other hand, there was a temporary expense of about 840 billion yen for the repair of Charcoal House (a house with a system for purifying air with charcoal).

	FY 3/21		FY 3/22		
	Volume	Value	Volume	Value	YoY
Free-design Homes, etc.	714 homes	28,734	823 homes	33,647	+17.1%
Condominiums for Sales	138 homes	4,816	210 homes	7,988	+65.9%
Sale of Residential Land	97 homes	1,674	138 homes	3,054	+82.4%
Land Sales	37,667 m <sup>2</sup>	5,016	4,388 m <sup>2</sup>	698	-86.1%
Net Sales in the Residential Properties for Sales Segment	949 homes 37,667 m <sup>2</sup>	40,241	1,171 homes 4,388 m <sup>2</sup>	45,388	+12.8%
Profit in the Residential Properties for Sales Segment		395		1,475	+273.0%

\*Units: million yen

Large-scale project for delivering detached homes in FY 3/2022	
Airs City	163 mansions (Shirasagi-cho, Higashi-ku, Sakai-shi)
Afujia City Amagasaki	143 mansions (Kema, Amagasaki-shi)
Condominium projects scheduled for delivery in the fiscal year ended March 2022	
Branneed Senri-Oka	10-story, 90 residences, completed and delivered on September 24, 2021
Charmant Fuji Mikunigaoka Keyakidori	8-story, 49 residences, Completed and delivered on March 25, 2022
Charmant Fuji Sakai City Front	15-story, 147 residences, Completed and delivered on February 25, 2022

(Taken from the reference material of the company)

**Sales in the housing distribution segment decreased 27.0% year on year to 23,928 million yen, and profit increased 153.3% year on year to 1,280 million yen.**

Like in the segment of residential properties for sale, the sales in the housing distribution segment dropped considerably due to the decrease in inventory as the company carried out significant inventory adjustment, mainly for unprofitable inventory, in the previous term. On the other hand, revenues per unit improved considerably, thanks to the optimization of inventory and the rigorous selection of properties to be procured. In addition, profit grew considerably from the previous term, due to the significant drop in sales commission caused by the decrease of units sold.

	FY 3/21		FY 3/22		YoY
	Volume	Value	Volume	Value	
Used Residential Properties (Detached Homes)	215 homes	5,554	117 homes	2,826	-49.1%
Used Residential Properties (Condominiums)	1,244 homes	27,233	922 homes	21,079	-22.6%
Others	-	1	-	22	-
Net Sales in Housing Distribution Segment	1,459 homes	32,798	1,039 homes	23,928	-27.0%
Profit in Housing Distribution Segment		505		1,280	153.3%

\*Units: million yen

According to Japan Journal of Remodeling's Annual Ranking of Resale Units Sold 2021 (issued on July 26, 2021), the company ranked fifth in Japan in the annual ranking of resale units sold. The company's housing distribution business takes place mainly in the Hanshin region, and although its sales activities are limited to this area, it boasts one of the largest purchase and resale volumes in Japan. Fuji Home Bank operates the assets business with a significant competitive advantage, buying and reselling used condominiums and acquiring used condominiums occupied by tenants as real estate for investment and reselling them after occupants move out. As of the end of March 2022, the company holds 891 units.

#### 【Variation in the used condominium business】

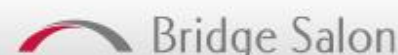
	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22
No. of units held	876	1,098	1,052	946	891
Acquisition price [million yen]	10,868	14,308	14,130	12,985	13,043
Annual revenues from rents [million yen]	831	1,006	1,146	1,050	1,000

In addition, "Ouchi Kan" main store is a general housing exhibition hall that always displays information on more than 1,000 properties, including properties that are not available on the Internet, and is arranged by area, new construction, and pre-owned to make it easier to find the property of choice, and touch panel devices make it intuitive to search for properties.

#### **Sales in the effective land utilization segment decreased 2.5% year on year to 23,791 million yen, and profit rose 2.4% year on year to 2,365 million yen.**

The number of construction contracts decreased as the company refrained from marketing for about 3 months in response to the first declaration of a state of emergency amid the coronavirus pandemic in the previous term. This affected the sales in FY 3/22. On the other hand, rental apartment buildings for individual investors attracted more attention from investors than before, and the number of orders was healthy, leading to the increase of deliveries and sales and offsetting the decline in sales from construction contracts.

## BRIDGE REPORT



	FY 3/21		FY 3/22		
	Volume	Value	Volume	Value	YoY
Contract Construction of Rental Properties	35 contracts	3,460	27 contracts	2,341	-32.3%
Affordable Apartments for Seniors with Nursing-care Services	26 contracts	5,369	13 contracts	3,322	-38.1%
Rental Apartments for Sale to Individual Investors	113 buildings	15,571	130 buildings	18,127	+16.4%
Net Sales in the Effective Land Utilization Segment	—	1,692	—	2,984	+76.3%
Profit in the Effective Land Utilization Segment	61 contracts 113 buildings	26,094	40 contracts 130 buildings	26,775	+2.6%
Contract Construction of Rental Properties		2,309		2,365	+2.4%

\* Units: million yen

\* Table sales are before deducting intersegment sales or transfers.

Regarding rental apartment buildings for individual investors, the company rigorously selects and procures rare profitable buildings based on abundant information accumulated as a general real estate company, and keeps occupancy rate as high as 97% as of the end of March 2022, based on the advanced management and tenant attracting capabilities of group companies. Owners highly evaluate their capabilities of developing products, managing properties in good faith, and attracting tenants as well as the contents of contracts beneficial for owners. Accordingly, properties handled by the company are all purchased by existing owners or clients introduced by financial institutions. At the time of release, the number of would-be buyers is five or more times that of available properties. The company also prepared a system for renting properties for up to 30 years at once, and during the contract period, the company cannot request cancellation.

Construction Cases from the Fuji Palace Series	
Fuji Palace Stairwell Type	Urban compact designers' residential rental housing.
Fuji Palace Senior (The largest number of residential buildings for elderly people with nursing-care services in Japan)	A new form of land use for an aging society: affordable rental apartments for seniors with nursing-care services
Fuji Palace Detached Homes for Rent	A savior of suburban land utilization that opens new possibilities for valuable assets that had almost been disregarded for utilization.
Fuji Palace Three Herbs	All-unit maisonette-type rental housing that achieves high occupancy and high profitability.
Fuji Palace Loft Type	A loft type to meet the new needs of single people.

(Taken from the reference material of the company)

**Sales in the property leasing and management segment increased 9.7% year on year to 23,829 million yen, and profit rose 7.0% year on year to 2,766 million yen.**

Sales and profit grew from the previous term, as the number of properties under management increased through the delivery of rental properties in the land utilization business and the number of properties under management increased through the delivery of housing for elderly people with nursing-care services and condominiums.



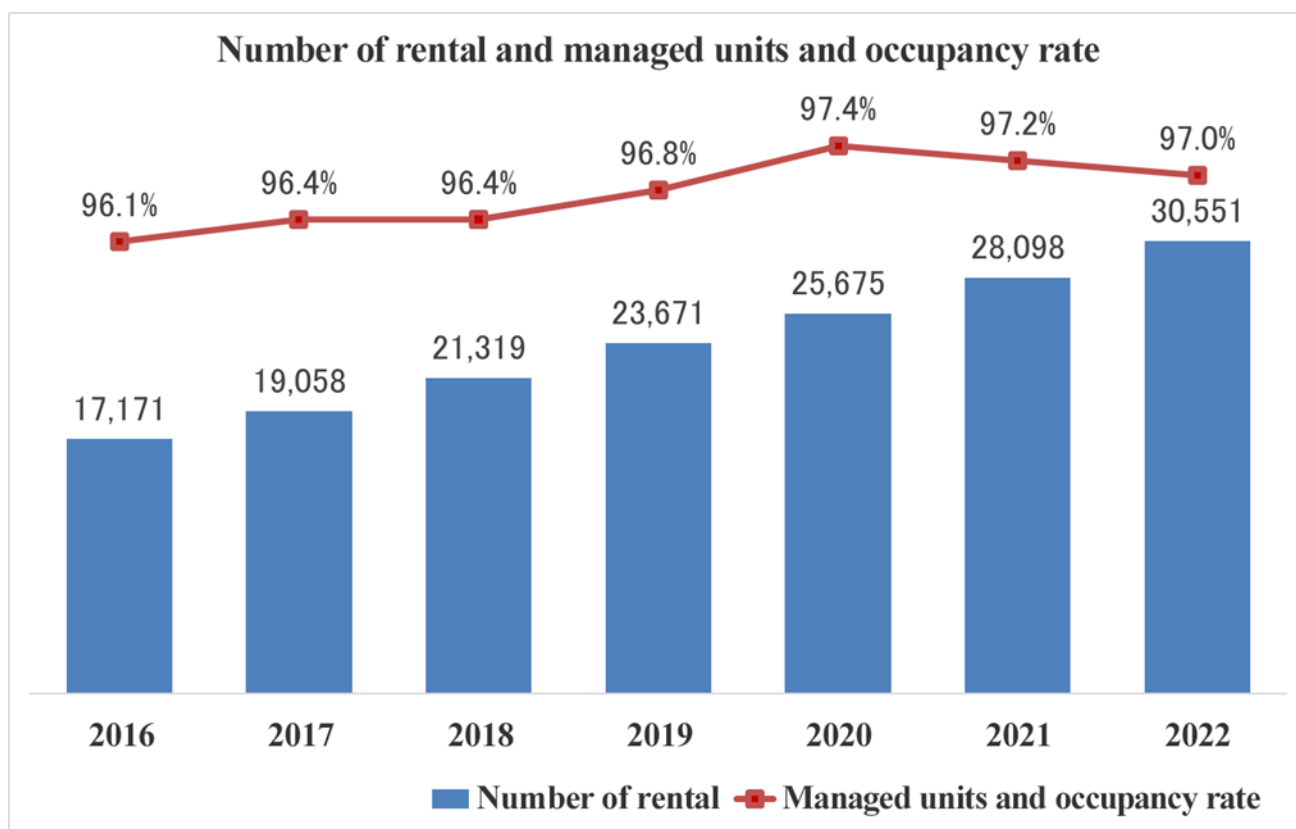
**BRIDGE REPORT**

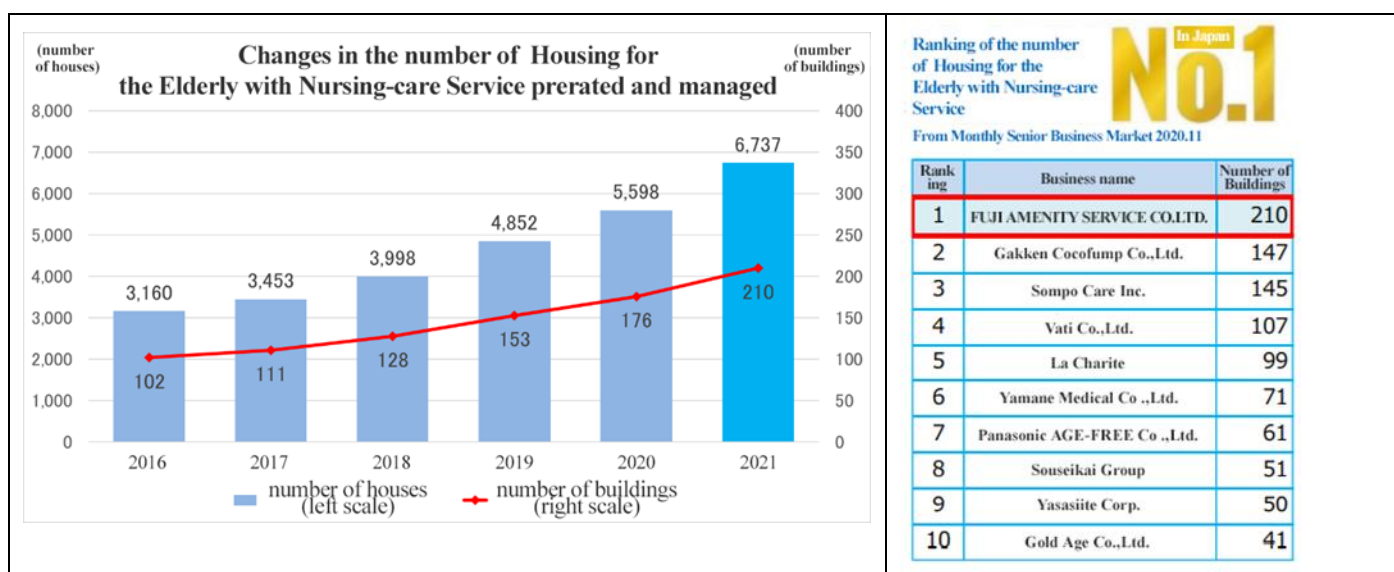


	FY 3/21	FY 3/22	
	Value	Value	YoY
Rental Income	16,058	17,391	+8.3
Income from Affordable Apartments for Seniors with Nursing-care Services	4,796	5,552	+15.8
Management Fee Income	874	885	+1.3
Net Sales in the Property Leasing and Management Segment	21,728	23,829	+9.7
Profit from Property Leasing and Management	2,584	2,766	+7.0

\*Units: million yen

While the number of units rented and managed has been increasing by 2,000 per year since 2016, occupancy rate remains high. As of the end of March 2022, the number of apartment buildings for elderly people with nursing care services under management was 218 and the number of units under management was 7,043. According to the senior business data book 2022, the company has the largest number of buildings under management (210 as of the end of October 2021) and the largest number of rental residential properties for the elderly with nursing care services in Japan.





Ranking of the number of Housing for the Elderly with Nursing-care Service  
**No.1**  
 From Monthly Senior Business Market 2020.11

Ranking	Business name	Number of Buildings
1	FUJIAMENTY SERVICE CO.LTD.	210
2	Gakken Cocofump Co.,Ltd.	147
3	Sompo Care Inc.	145
4	Vati Co.,Ltd.	107
5	La Charite	99
6	Yamane Medical Co.,Ltd.	71
7	Panasonic AGE-FREE Co.,Ltd.	61
8	Souseikai Group	51
9	Yasasiite Corp.	50
10	Gold Age Co.,Ltd.	41

\*Number of buildings in operated and managed as of October 2021

(Made by investmentbridge based on senior business market)

**Sales in the construction related segment declined 26.0% year on year to 1,761 million yen, and profit rose 388.6% year on year to 112 million yen.**

The housing for the elderly with nursing care services owned by the corporate group in Minamisuita, Suita-shi, Osaka has been constructed by the Yuuken Kensetsu Group. The company purchased old company housing with a steel-reinforced concrete structure in Nishinomiya City, and is renovating it to transform it into housing for elderly people with nursing care services, so synergetic effects are expected to increase further through collaboration.

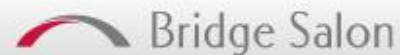
	FY 3/21	FY 3/22	
	Value	Value	YoY
Construction Related Segment	2,379	1,761	-26.0%
Intersegment sales and transfers	—	693	—
Net Sales in the Construction Related Segment	2,379	2,454	+3.2%
Profit in the Construction Related Segment	22	112	+388.6%

\* Units: million yen

\* Table sales are before deducting intersegment sales or transfers.

In January 2020, the Yuuken Kensetsu Group, which has the experience of constructing steel-framed and steel-reinforced concrete buildings, became a partner. The projects for constructing steel-framed and steel-reinforced concrete buildings had been excluded, except condominiums, but options increased as the Yuuken Kensetsu Group became a partner, and the product lineup expanded. As the steel-framed rental housing for elderly people with nursing care services in Minami-suita, Suita-shi, Osaka was completed in February 2022 as the first collaboration, synergetic effects in collaboration are being exerted.

BRIDGE REPORT



Housing for the Elderly with Services in Minami Suita, Suita City, Osaka, owned by our group



(Appearance)



(Entrance)



(Entrance hall)

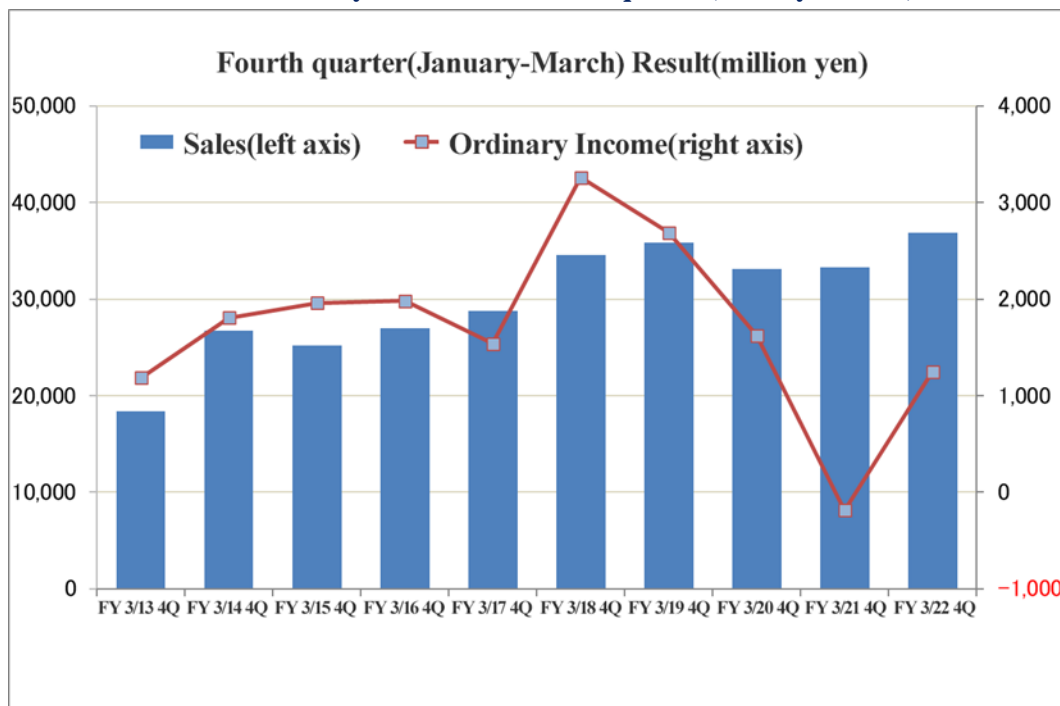


(Stage 1 Shared Gallery)

(Taken from the reference material of the company)

(3) Quarterly Earnings Trends

Consolidated sales and ordinary income for the fourth quarter (January - March)



In the fourth quarter (January-March), sales and profit grew year on year. Sales were large compared with those in the past fourth quarters, but ordinary income was affected by the posting of temporary expenses for the repair of Charcoal House (a house with a system for purifying air with charcoal).

## Status of order backlog

	FY3/21 (End of Mar. 21)		FY3/22 (End of Mar. 22)		
	Volume	Value	Volume	Value	YoY
Free Design Houses, etc.	608 homes	24,782	426 homes	17,412	-29.7%
Condominiums for Sale	128 homes	5,054	152 homes	6,941	+37.3%
Sale of Residential Land	49 homes	955	19 homes	310	-67.5%
Land Sales	4,388 m <sup>2</sup>	696	268 m <sup>2</sup>	49	-93.0%
Residential Properties for Sales	785 homes /4,388 m <sup>2</sup>	31,489	597 homes /268 m <sup>2</sup>	24,713	-21.5%
Used Residential Properties (Detached Homes)	29 homes	587	23 homes	578	-1.7%
Used Residential Properties (Condominiums)	112 homes	2,303	139 homes	3,126	+35.7%
Housing Distribution	141 homes	2,891	162 homes	3,704	+28.1%
Contract Construction of Rental Properties	40 contracts	3,215	48 contracts	4,804	+49.4%
Affordable Apartments for Seniors with Nursing-care services	17 contracts	3,277	21 contracts	5,153	+57.2%
Rental Apartments for Sale to Individual Investors	89 buildings	12,491	87 buildings	12,449	-0.3%
Effective Land Utilization	57 contracts /89 buildings	18,984	69 contracts /87 buildings	22,406	+18.0%
Construction Related	18 contracts	1,533	16 contracts	683	-55.4%
Total	-	54,898	-	51,508	-6.2%

\* Units: million yen

(Taken from the reference material of the company)

The order backlog as of the end of FY 3/2022 (the end of March 2022) stood at 51,508 million yen, down 6.2% from the end of the previous term (the end of March 2021). The primary factor in the decrease in order backlog is the 29.7% year-on-year drop in order backlog for free-design homes in the Segment of Residential Properties for Sale. This is mainly because the “special demand for housing,” which emerged due to the gain of momentum for reviewing the residential environment amid the coronavirus pandemic around the summer season in the previous term, subsided in the second half of the current term. Another reason is that the land prices remaining high and the rise in prices of raw materials due to the shortage of lumber, etc. were reflected in selling prices, and the number of orders for used residential properties, whose prices are relatively low, is strong. In the Effective Land Utilization Business, the number of orders for commissioned construction is recovering and the number of orders for rental apartment buildings for individual investors is healthy. Accordingly, order backlog increased 18.0% from the end of the previous term.

**(4) Financial Conditions and Cash Flow (CF)**

	Mar. 2021	Mar. 2022		Mar. 2021	Mar. 2022
Cash, Equivalents	20,325	19,644	Payables	3,956	6,599
Inventories	79,117	81,000	ST Interest Bearing Liabilities	28,225	29,187
Current Assets	101,788	103,486	Unpaid Taxes	1,206	1,344
Tangible Noncurrent Assets	40,866	44,541	Prepayments	4,616	3,318
Intangible Noncurrent Assets	667	592	LT Interest Bearing Liabilities	60,161	59,901
Investments, Others	4,271	4,892	Liabilities	106,101	109,162
Noncurrent Assets	45,805	50,025	Net Assets	41,492	44,349
Total Assets	147,594	153,512	Total Interest-Bearing Liabilities	88,386	89,089

\* Units: million yen

\* Inventories = Real estate for sale + Real estate for sale in progress + Real estate for development + Payments for uncompleted construction + Inventories

\* Interest bearing liabilities = Loans + Lease liabilities + Debenture

The total assets as of the end of March 2022 stood at 153,512 million yen, up 5,918 million yen from the end of the previous term. In the side of assets, mainly cash and deposits decreased, while inventory assets and tangible fixed assets, including buildings, structures, and land, increased. In the side of liabilities and net assets, mainly advances received decreased, while accounts payable, short-term interest-bearing liabilities, retained earnings, etc. grew. Inventory assets included real estate for sale amounting to 22.09 billion yen (15.65 billion yen at the end of the previous term), real estate for sale in progress amounting to 27.02 billion yen (29.22 billion yen at the end of the previous term), and real estate for development amounting to 31.83 billion yen (34.02 billion yen at the end of the previous term). As the sale of detached homes was healthy and it was forecast that the shortage of lumber would occur, the company focused on the acquisition of land for condominiums rather than the land for detached homes, and also the acquisition of used residential properties, which remain in high demand, and the land for rental apartment buildings. Although it is still difficult to procure properties, the company has secured inventory for the coming three years by acquiring a total of 2,767 units of detached homes and condominiums. Interest-bearing liabilities augmented 702 million yen. Capital-to-asset ratio stood at 28.9%, up 0.8 points from the end of the previous term.

**Cash Flow**

	FY 3/21	FY 3/22	YoY	
Operating Cash Flow (A)	28,040	6,324	-21,715	-77.4%
Investing Cash Flow (B)	-5,129	-6,333	-1,203	-
Free Cash Flow (A + B)	22,910	-8	-22,919	-
Financing Cash Flow	-17,311	-518	16,793	-
Cash and Equivalents at Term End	20,156	19,629	-527	-2.6%

\* Units: million yen

Regarding cash flows, the cash inflow from operating activities shrank as the decrease of inventory assets diminished. In addition, the cash outflow from investing activities expanded due to the rise in the acquisition amount of tangible fixed assets, so free cash flow turned negative. On the other hand, the cash outflow from financing activities dropped, due to the shrinkage of repayment of long-term debt, etc. As a result, the balance of cash and cash equivalents decreased 2.6% from the previous term.

## 4. Fiscal Year ending March 2023 Earnings Estimates

### (1) Consolidated Earnings

	FY 3/22 Act.	Ratio to sales	FY 3/23 Est.	Ratio to sales	YoY
Sales	118,698	100.0%	110,600	100.0%	-6.8%
Operating Income	5,871	4.9%	6,000	5.4%	+2.2%
Ordinary Income	5,627	4.7%	5,700	5.2%	+1.3%
Parent Net Income	3,869	3.3%	3,800	3.4%	-1.8%

\*Units: million yen

### Sales are projected to decline 6.8% year on year, but ordinary income is expected to rise 1.3% year on year.

According to the corporate plan for the fiscal year ending March 2023, sales are projected to drop 6.8% year on year to 110.6 billion yen, while ordinary income is expected to grow 1.3% year on year to 5.7 billion yen.

In the aspect of sales, it is forecasted that the sale of used condominiums and rental apartment buildings for individual investors, rental and management of housing, etc. will grow steadily, but the number of deliveries of newly built detached houses will decrease from the previous term due to the decline in the number of orders received in the second half of the previous term after the special demand amid the coronavirus pandemic subsided.

On the other hand, profit will be influenced by the sales growth of used condominiums, rental apartment buildings for individual investors, rental and management of housing, etc. and the decline in temporary expenses related to the repair of Charcoal House (a house with a system for purifying air with charcoal) amounting to about 840 million yen, which was recorded in the previous term. The ratio of ordinary income to sales is expected to rise 0.5 points year on year to 5.2%.

The company plans to pay a dividend of 27 yen/share like in the previous term (an interim dividend of 14 yen/share and a term-end dividend of 13 yen/share).

### Consolidated Sales Forecast by Segment

Segment Sales	FY 3/22 Act	FY 3/23 Est.	Increase / Decrease
Residential Properties for Sales	45,388	34,900	-23.1%
Housing Distribution	23,928	25,700	+7.4%
Effective Land Utilization	26,775	25,100	-6.3%
Property Leasing and Management	23,829	24,400	+2.4%
Construction related	2,454	2,100	-14.4%
Segment Profits	FY 3/22 Act	FY 3/23 Est.	Increase / Decrease
Residential Properties for Sales	1,475	700	-52.6%
Housing Distribution	1,280	1,400	+9.3%
Effective Land Utilization	2,365	2,300	-2.8%
Property Leasing and Management	2,766	3,300	+19.3%
Construction related	112	60	-46.5%

\* Units: million yen

\* Segment profits before adjustments. Intersegment transactions are included.

\* Derived from Fuji Corporation's Medium-Term Business Plan announced on May 10, 2022.

In the business of Residential Properties for Sale, the company will rigorously select properties to be procured, according to the changes in the external environment, such as the skyrocketing of prices of land and construction costs remaining high due to the steep rise in

prices of materials. In the Housing Distribution Business, the company will strengthen the business of used residential properties, which has a high entry barrier, to stabilize the revenue base further. In the Effective Land Utilization Business, the company aims to cement trusting relationships with owners and those who introduce them (such as tax accountants and financial institutions), and improve the ratio of repeat orders and the ratio of referrals. In the Property Leasing and Management business, recurring revenues are expected to remain healthy, as construction contracts in the Effective Land Utilization Business and the sale and delivery of rental apartment buildings for individual investors and condominiums in the Business of Residential Properties for Sale will be healthy. The company will make continuous efforts to develop a stable revenue structure focused on recurring revenues, with the aim of establishing a business base that can tolerate unexpected changes in the economic environment. In the Construction-related Business, the company plans to deliver renovated rental housing for the elderly with nursing care services (Nishinomiya City), and enhance synergetic effects through collaboration.

Sales and profit are expected to grow through the Property Leasing and Management Business, as the number of deliveries of newly built detached homes will decline from the previous term due to the decrease of orders in the second half of the previous term as the special demand amid the coronavirus pandemic has subsided, but the number of units under management will increase through the steady delivery of rental apartment buildings for individual investors and buildings constructed in accordance with construction contracts. The company plans to deliver 3 condominium buildings, compensating for the decrease of newly built detached homes delivered. The sales on the percentage-of-completion basis are expected to contribute to the rise in profit, as the number of orders for construction was favorable in the previous term.

## 5. Conclusions

The order backlog, which is the leading indicator of sales of the company, as of the end of FY 3/22 was down 6.2% from the end of the previous term. Accordingly, sales are projected to decline 6.8% year on year in FY 3/23, as the special demand for housing, which emerged due to the gain of momentum of reviewing the residential environment amid the coronavirus pandemic around the summer season of FY 3/21, peaked out, and started diminishing in the second half of FY 3/22. It is necessary to pay attention to the fact that the demand in the domestic housing market, where the company operates business, is weakening. In addition, the skyrocketing of prices of land to be procured and materials, the shortage of housing equipment, etc. are casting a shadow. It is noteworthy how much such worsening of the external environment will affect performance and when it will bottom out. For the company, the lead time between order receipt and posting of sales is as long as about 9 months for free-design homes and about 1 year for rental apartment buildings for individual investors, except used residential properties, so the impact of the worsening of the external environment on the results for FY 3/23 will be minor. This is because the order backlog will account for 70-80% of the forecast sales in FY 3/23. The sale of used residential properties, whose lead time is short, will cause a difference between results and the corporate forecast, but fortunately, the number of orders for used residential properties whose prices are relatively low seems to be healthy. Whether or not they can overcome the worsening of the external environment surrounding free-design homes and the future receipt of orders for used residential properties are noteworthy.

In addition, a new mid-term management plan began in April. Due to the decline in the number of orders for free-design homes, sales are projected to drop in the initial fiscal year, but sales and profits are expected to recover in the second and third years. The company aims to develop a stable revenue base based on recurring revenues and establish a business base that can tolerate the unexpected changes in the economic environment. Concretely, they plan to strengthen the Used Residential Property Business, whose entry barrier is high, establish trusting relationships with owners and those who introduce them (tax accountants, financial institutions, and others) to improve the rates of repeat orders and referrals, and expand revenues from rents in the recurring-revenue business. We would like to pay attention to the variation in KPIs for attaining the mid-term management plan.

## <Reference: Regarding Corporate Governance>

### ◎Organization type, and the composition of directors and auditors

Organization type	Company with auditors
Directors	7 directors, including 2 external ones
Auditors	3 auditors, including 2 external ones

### ◎Corporate Governance Report

The company submitted its latest corporate governance report on April 12, 2022.

### <Reasons for Non-compliance with the Principles of the Corporate Governance Code (Excerpts)>

Principles	Reasons for not implementing the principles
<p>【Supplementary principle 1-2-4. Electronic exercise of voting rights and translation of notices of convocation of shareholders' meetings into English】</p>	<p>The electronic voting platform is available.</p> <p>Because the proportion of overseas investors in our company is small (As of March 31, 2021, 6.9%), we currently consider that it is not necessary to translate Notice of Convocation of Shareholders' Meetings into English; however, when the ratio of voting rights overseas investors hold to all voting rights exceeds 10%, we will consider providing the English version of Notices of Convocation.</p> <p>Furthermore, the main pages of the Brief Financial Results (Financial Statements) and the main parts of the website (Corporate Profile, etc.) are posted in English.</p>
<p>【Supplementary Principle 2-4-1. Ensuring In-House Diversity Including the Promotion of the Advancement of Women】</p>	<p>Our corporate group believes that in order to keep up stable management in the long term, it is important to recruit excellent human resources with both ability and passion who can agree with the management philosophy and policy and values of our corporate group, and arrange a working environment where such human resources can easily work in the long term in a positive, energetic and lively way without any stress, while feeling that what they do is worthwhile.</p> <p>Regarding the arrangement of a comfortable working environment, we have created a working environment that allows employees to easily work and maintain their health, by proactively promoting the utilization of a health consultation desk that allows for a telephone consultation anytime, promoting a flexible workstyle based on telework, providing health checkups with a rich variety of checkup items available to all staff including part-timers, setting up a room-type high pressure oxygen box in the company which can be used during meetings, breaks, etc.</p> <p>In addition, we are encouraging the acquisition of a variety of professional qualifications by enriching the support system for acquiring qualifications to allow employees to obtain specialized and advanced knowledge.</p> <p>Moreover, we believe that the improvement of performance is driven by the development of human resources who understand and implement the management philosophy and policy and share the same values, and we have adopted a personnel evaluation system where all employees including executive directors as well as part-time employees grade each other, and by performing a fair and impartial personnel evaluation and assessment based on a 360-degree evaluation from all directions including subordinates and colleagues also from</p>



	<p>other departments instead of only the evaluation from the direct superior, we promote our staff to positions according to their capabilities and accomplishments, regardless of age, sex, nationality and mid-career recruitment. This is why we have not set measurable goals for ensuring diversity in regard to the promotion of core human resources, etc., such as the promotion of women, foreigners and mid-career recruits to managerial positions. However, diverse human resources are successfully working in managerial positions.</p> <p>Furthermore, we appointed a female external director at the annual meeting of shareholders in June 2016.</p>
<p>【Supplementary Principle 3-1-3. Initiatives, etc. concerning sustainability】</p>	<p>Our corporate group has engaged in activities contributing to society through our business activities ever since the establishment, based on the management philosophy that states that “the company operates for the sake of its employees and their families, its clients and partners, shareholders, local communities, and the nation.”</p> <p>Currently, the importance of the roles of enterprises in addressing social challenges such as measures to prevent the spread of the novel coronavirus which is considerably impacting the whole world and “SDGs” (sustainable development goals) adopted by the UN is on the rise.</p> <p>We shall keep sustainably growing alongside the society and aim for becoming a trusted corporate group by bearing in mind the relation among ESG (environment, society and governance), SDGs and the business activities of our company whose management is centered on local communities, and engaging in contribution to society.</p> <p>Moreover, our corporate group believes that in order to keep up stable management in the long term, it is important to recruit excellent human resources with both ability and passion who can relate to the management philosophy and policy and values of our corporate group, and arrange a working environment where such human resources can easily work in the long term in a positive, energetic and lively way without any stress, while feeling that what they do is worthwhile.</p> <p>We believe that the improvement of performance is driven by the development of human resources who understand and implement the management philosophy and policy and share the same values, and we have adopted a personnel evaluation system where all employees including executive directors as well as part-time employees grade each other, and by performing a fair and impartial personnel evaluation and assessment based on a 360-degree evaluation from all directions including subordinates and colleagues also from other departments instead of only the evaluation from the direct superior, we promote our staff to positions according to their capability and accomplishments, regardless of age, sex, nationality and mid-career recruitment.</p> <p>In addition, we are encouraging the acquisition of a variety of professional qualifications by enriching the support system for acquiring qualifications to allow employees to obtain specialized and advanced knowledge.</p> <p>Regarding the arrangement of a comfortable working environment, we have created a working environment that allows employees to easily work and maintain their health, proactively promoting the utilization of a health consultation desk that allows for a telephone consultation anytime, promoting a flexible workstyle based on telework, providing health checkups with a rich variety of checkup items available to all staff including part-timers, setting up a room-type high pressure oxygen box in the company which can be used during</p>

	<p>meetings, breaks, etc.</p> <p>We have not started making disclosure as proposed by TCFD, but we decided to establish a TCFD Working Group (hereinafter referred to as “the Group”) as a subgroup of the Internal Control Promotion Committee to respond to TCFD at the Board of Directors meeting on Tuesday, April 12, 2022.</p> <p>The Group shall debate on the following items.</p> <p>(1) Grasping the influence that climate change has on our company’s business activities and preparing the contents to be disclosed based on the proposal by TCFD</p> <p>(2) Checking the situation of initiatives based on the basic sustainability policy, and promoting initiatives</p>
<p>[Supplementary Principle 4-10-1. Nomination Committee and Compensation Committee]</p>	<p>The Company's Board of Directors consists of seven directors, two of whom are independent outside directors, which does not constitute a majority.</p> <p>However, we believe that the establishment of the Nomination Committee and the Compensation Committee is unnecessary as of now for the following reasons.</p> <p>(1) Nominating Committee</p> <p>In line with the words “The performance of a company is determined by its personnel,” our company develops human resources based on the management philosophy and policy, and adopts a 360-degree personnel evaluation system where all employees including directors as well as part-time employees grade everyone, which means that directors are also the subjects of a personnel assessment and evaluation by all employees. As personnel outstanding in the understanding and implementation of the management philosophy and policy are appointed as directors and the 360-degree personnel evaluation system is fair and impartial, we think that the establishment of a Nominating Committee is unnecessary at this point.</p> <p>(2) Compensation Committee</p> <p>The policy regarding the determination of the compensation for directors is set out in the “Standards for the Raise of Executives’ Salaries” of the executives’ regulations which have been approved at a Board of Directors’ meeting. Regarding the method for calculating the compensation for individual directors, it is determined based on the former salary level in accordance with the “Standards for the Raise of Executives’ Salaries” at the point of promotion to a director, and following promotions and the amount of regular salary raises are also set out in the “Standards for the Raise of Executives’ Salaries.” As the accomplishments, experience and capability of our directors are comprehensively evaluated by all employees in the 360-degree personnel evaluation system, and the “Standards for the Raise of Executives’ Salaries” are regularly circulated among all employees, we believe that the impartiality, transparency and objectivity of the process pertaining to the compensation of directors is ensured and it is therefore not necessary to establish a Compensation Committee at this point.</p>

## &lt;Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)&gt;

Principles	Disclosure contents
【Principle 1-4. Strategically held shares】	<p>In all of our businesses, we carry out comprehensive transactions with financial institutions, such as borrowing funds for acquisition of real estate, acquiring information on real estate purchasing, and introducing customers in the effective land utilization business. Cooperation with financial institutions is essential for business expansion and sustainable development.</p> <p>For the medium- to long-term goal of improving corporate value, we seek understanding on our management philosophy and management attitude, and we plan to hold investment stocks of financial institutions, which are premised on comprehensive transactions, after verifying their economic rationality.</p> <p>The maximum number of shares held for each issue is 500,000 and the shareholder's equity is within 2%. In addition to continuously monitoring the status of transactions with financial institutions and the financial position and operating results of financial institutions, the Board of Directors meets once a year to review the reasonableness of holding the Company's shares based on trends in stock prices, dividend amounts, transaction conditions, etc.</p> <p>With respect to the exercise of voting rights for shares held for policy purposes, the Company examines individual proposals closely and makes decisions on whether to approve or disapprove individual proposals based on whether the proposals will lead to an increase in the corporate value of the Company and its investing companies and whether they are compatible with the Company's purpose of holding the shares.</p>
[Supplementary Principle 4-11-3. Summary of the results of analysis and evaluation of the effectiveness of the overall board of directors]	<p>Every year, the board of directors' effectiveness is evaluated in the form of an anonymous questionnaire, and the results are reported to the Board of Directors. The results of the analysis and evaluation of the effectiveness of the Board of Directors are as follows.</p> <ul style="list-style-type: none"> <li>• The frequency of meetings of the Board of Directors and each officer's attendance status is appropriate, and the management of the meetings is carried out appropriately, with appropriate content and quantity in the distribution materials and deliberation on each agenda item.</li> </ul>
[Principle 5-1 Policy on constructive dialogue with shareholders]	<p>The IR Office is in charge of dialogue with shareholders, and the officer in charge of IR is responsible for its supervision.</p> <p>The IR Office cooperates with the Corporate Planning Department, General Affairs Department, Human Resources and Legal Department, Finance Department, and Internal Audit Office on a daily basis, and the necessary information is to be reported to the IR Office.</p> <p>The IR Office holds company information sessions for individual investors and for analysts and institutional investors, in Osaka, Tokyo, Nagoya, and Fukuoka. We are also working to deepen the shareholders' understanding of our management philosophy and policies, by making the content of results briefings, information disclosed on our website, and shareholder newsletters easy to understand for individual investors.</p> <p>We provide feedback to the directors and the Board of Directors regarding the opinions and concerns of shareholders that were identified during the dialogue.</p>

**<Other>**

The Company's basic policy on corporate governance is as follows: "Our basic policy on corporate governance is to maximize corporate value from the standpoint of our shareholders while improving management efficiency and transparency and achieving steady business results. We regard this as one of the most important management issues." In addition, it also states the following clause individually.

(1) maximizing shareholder value, (2) the Board of Directors, (3) Corporate Auditors and the Board of Corporate Auditors, (4) strengthening the internal information disclosure system, (5) improving the quality of IR activities, and (6) strengthening internal control.

\*From the company's release on corporate governance dated April 12, 2022.

<https://ssl4.eir-parts.net/doc/8860/tdnet/2105397/00.pdf>

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