

 President Nobutsuna Miyawaki	Fuji Corporation Ltd. (8860)
	

Company Information

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

Stock Information

Share Price	Share Outstanding		Market Cap.	ROE (Act.)	Trading Unit
¥640	35,752,443 shares		¥22,882 million	9.0%	100 shares
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
¥27.00	4.2%	¥106.29	6.0x	¥1,232.36	0.5x

* The share price is the closing price on December 5, 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	106.27	27.00

*Units: million yen, EPS and dividend are yen.

This Bridge Report provides information about the Second Quarter of Fiscal Year ending March 2023 earnings results of Fuji Corporation Ltd.

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Key Points

- In the second quarter of the fiscal year ending March 2023, sales and ordinary income decreased 0.4% and 17.1%, respectively, year on year. Despite the decrease in the number of custom houses delivered and the reactionary decline after selling the land for large-scale residential properties in Hyogo Prefecture in the same period of the previous year, sales remained at the same level as the previous year due to the increase in sales of the property leasing and management segment and the housing distribution segment. Profit was affected by declines in sales of custom housing and land sales.
- As of the end of the second quarter, the company's forecast for the fiscal year ending March 2023 remained unchanged. The company forecasts that sales will decline 6.8% and ordinary income will increase 1.3% from the previous 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 also unchanged the 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).
- Considering the trend of the company's performance, where property deliveries are concentrated in the fourth quarter every year, the earnings in the first half were favorable, and the company is moving toward achieving its full-year plan. Regarding the second half of the year, steady sales growth of used housing, rental apartment buildings for sale for individual investors, and property leasing are expected, and better results can be expected for the new detached house business. We will pay attention to earnings trends in the third quarter to see how much the company can make progress this term for achieving their medium-term management plan.

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.

Taking advantage of its strength in community-based management, the company aims to create homes that deliver high customer satisfaction by a special relationship with customers that doesn’t end just after sell or build them a home.

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 Management ethos

The company operates for the sake of:

- Employees,
- Employees' families,
- Customers and business partners,
- Shareholders,
- Local communities, and
- Ultimately, the nation.

The company's management ethos begins with "for employees and their families" because it believes that if employees or their families are not happy, they cannot do work that would truly please customers. By treasuring employees and their families and providing them with a sense of gratitude, pride in their work, motivation, and a sense of purpose in life, the employees will be able to value customers truly, which the company believes will lead to the happiness of all stakeholders, including business partners, shareholders, local communities, and the nation.

1-2 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 (30.7% of Total Sales for second quarter of fiscal year ending March 2023)

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: "Kongaoka Project", Right: "Chaman Fuji Wakayama Ekimae Gran Peak")

Housing Distribution (24.1% of Total Sales for second quarter of fiscal year ending March 2023)

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)

Property library on the first floor

The library always displays information on more than 1,000 properties, including those not disclosed to the public on the Internet. It is arranged so you can easily search for properties using conditions such as desired areas and preferences for new or used properties.



(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 (21.3% of Total Sales for second quarter of fiscal year ending March 2023)

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)

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

Right: Fuji Palace series, rental apartments for individual investors

Property Leasing and Management (22.7% of Total Sales for second quarter of fiscal year ending March 2023)

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 (1.2% of Total Sales for second quarter of fiscal year ending March 2023)

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.

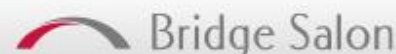
1-3 Strengths of Fuji Corporation

◎ 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)】

BRIDGE REPORT



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 seventh 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 220 serviced residences, making it the No. 1 operator in Japan. "Source: Reform Industry Newspaper, Annual Ranking of Units Sold for Purchase and Resale 2022 (issued on July 25, 2022); the Elderly Housing Newspaper dated August 3 and 10, 2022."

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.

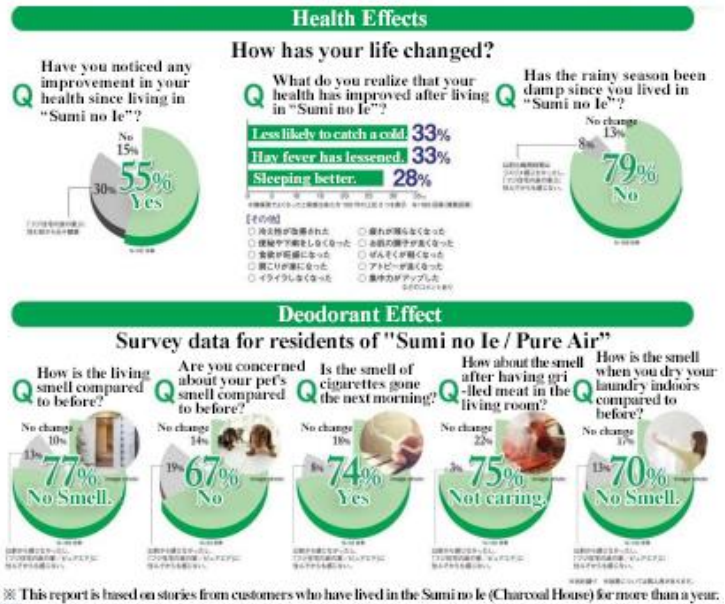
BRIDGE REPORT



(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/>



(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.

◎ Used asset business in collaboration with the leasing management division

The used asset business acquires used condominiums that are already rented. This business model profits by collecting rents until tenants move out, and then the company renovates and resells the properties by collaborating with the leasing management business division. The company is one of the leading companies in Japan in the property purchase and resale business that renovates and resells vacant, used homes. The company owns 891 properties in Osaka Prefecture and the Hanshinkan area. Namely, it holds a significant number of properties in Kansai, being comparable to the largest companies in the same industry. In addition, the company has diversified exit strategies, such as re-leasing properties with existing tenants as investment properties or selling them with the tenants living in them. Using the corporate group's leasing management division enables the company to manage the properties flexibly according to their attributes. The average area of properties owned as of the end of March 2022 is 65.57m², and the average building age is about 27 years. Regarding the location of the properties, 56% of them are in Osaka prefecture, and 36% are in Hyogo prefecture, making them the regions with the largest number of properties.

Number of Owned Properties and Percentage of Owned Properties		
Region	Number of owned properties	Percentage of owned properties
Osaka	500	56%
Hyogo	321	36%
Kyoto	43	5%
Nara	27	3%
Total	891	100%

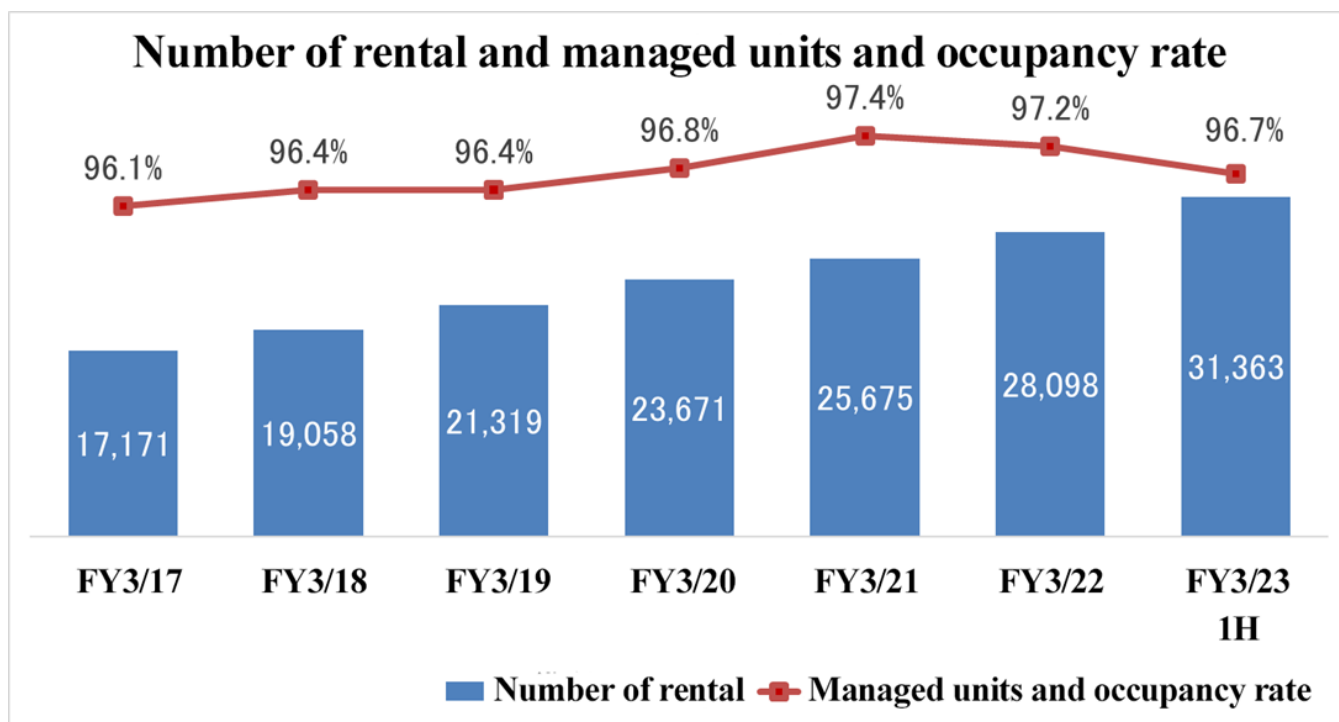
*Properties owned as of March 31, 2022

◎ No sales consignment. The company's employees handle all sales.

The company sells about 1,000 new condominium units annually, and the company's employees conduct sales activities at all sales sites. The company's employees handle land purchase, sales, plan design, construction site management, and after-sales follow-up. The company conducts face-to-face sales activities in an intensive and responsible manner aiming for the best customer satisfaction in Japan and pursuing customer happiness. In the sales department, there are no sales performance graphs for individual employees, but customer reviews and report graphs. The company places great importance on the positive reviews it receives from its customers and is promoting its sales activities by upholding the principles of "a special relationship with customers that doesn't end just after sell or build them a home."

◎ Leasing management that has maintained a high occupancy rate of 96% or higher for the past seven consecutive years

As of the end of September 2022, there are 31,363 managed units (2,157 managed facilities), and overall occupancy rate is 96.7%. Thus, the company has maintained a high occupancy rate of over 96% over the past seven years. This is thanks to the company carefully selecting the location of each property so that its buyer can manage the property with peace of mind over the long term, as well as (1) the company's ability to attract customers through strong cooperation with brokerage companies, (2) its high level of property management, and (3) the rapid and flexible management system due to division of labor.



1-4 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>Efforts in the refurbished used residential properties business Renovation of used residential properties produces significantly less CO₂ and waste than house reconstruction, which directly results in conservation of resources.</p> <p>Total heat exchange system that comes with the indoor air quality (IAQ) control system 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> <p>Precut technique 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> <p>Cellulose fiber (heat insulation) Cellulose fibers that Fuji adopts as heat insulation are made by recycling old newspapers that were not delivered, and can be produced with significantly less energy than glass wool, the general internal heat insulation.</p>	6. Clean water and sanitation 7. Affordable and clean energy 9. Industry, Innovation and infrastructure 11. Sustainable cities and communities 12. Responsible consumption and production 13. Climate action
Environmentally friendly product creation	<p>Beautiful landscapes and cityscapes 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>	15. Life on land
Environment conservation activities by employees	<p>Volunteer Tree-Planting "Fuji Housing Forest" (Hidakagawa-cho, Hidakagun, Wakayama Prefecture) A 2.16-hectare forest in Hidakagawa-cho, Hidakagun, Wakayama Prefecture, has</p>	6. Clean water and sanitation

	<p>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 CO₂ emissions by approximately 4 tons per year.</p>	<p>7. Affordable and clean energy</p>
<p>Improvement of the environmental friendliness in the office environment</p>	<p>Various Internal Initiatives for Environmental Conservation -Fuji has replaced all its company vehicles for sales activities with hybrid vehicles. -Fuji has gone paperless (abolished the practice of putting seals) for internal documents by adopting an electronic approval system. -Fuji has replaced the lights in their offices with LED lights. -Fuji promotes energy conservation by maintaining the room temperature constant through its proactive cool-biz campaign. -Fuji dissolves internally used paper to use them as recycled paper. -Fuji has installed a demand monitoring system that monitors the maximum electric power demanded in its offices and controls electric power.</p>	<p>9. Industries, innovation and infrastructure</p> <p>12. Responsible consumption and production</p> <p>13. Climate action</p> <p>15. Life on land</p>
<p>Establishment of TCFD Working Group</p>	<p>Promotion of initiatives with an awareness of the relationship between ESG and SDGs and the Company's business activities with community-based management 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>	

Social		
Activity	Fuji Group's efforts	SDGs
<p>Establishment of a comfortable work environment (1)</p>	<p>Health Management Initiatives "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." Specific Health Management Measures 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, 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). 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>	<p>1. No Poverty</p> <p>3. Good Health & Wellbeing</p> <p>4. Quality Education</p> <p>5. Gender Equality</p> <p>8. Decent Work and Economic Growth</p> <p>10. Reduced Inequalities</p>
<p>Creating a comfortable work environment (2)</p>	<p>Promoting Workplace Reform through the Introduction of Telework 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"</p>	<p>1. No poverty</p> <p>3. Good health and well-being</p>

	<p>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>A proactive approach to sports 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 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>4. Quality education</p> <p>5. Gender equality</p> <p>8 . Decent work and economic growth</p> <p>10. Reduced inequalities</p> <p>11 . Sustainable cities and communities</p>
<p>Creation of a comfortable work environment (3)</p>	<p>Operation of Shirahama Recreation Center 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>Safe and secure community development 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>Community Revitalization 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>2. Zero Hunger</p>
<p>Development of health-oriented homes</p>	<p>Fuji Charcoal House/Pure Air 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>3. Good Health & Wellbeing</p> <p>10. Reduced Inequalities</p> <p>11. Sustainable Cities and Communities</p>
<p>Cooperation in support activities for Asian countries</p>	<p>Support activities through Asia Child Support 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>Development of affordable rental apartments for seniors with nursing-care services 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 more than 200 and No. 1 in Japan. It aims to continue building rental housings in which elderly can continuously lead safe,</p>	<p>3. Good Health & Wellbeing</p> <p>11. Sustainable Cities and Communities</p>

	<p>healthy, and enriched life.</p> <p>Use of "ESG Target Setting Loan Try Now" 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>Blue crime prevention patrol 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>Donation of goods to all the full-time high schools in Kishiwada City 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>Donation to the Osaka Nursing Association 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>Environmental beautification activities 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>Promotion of e-Tax 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>

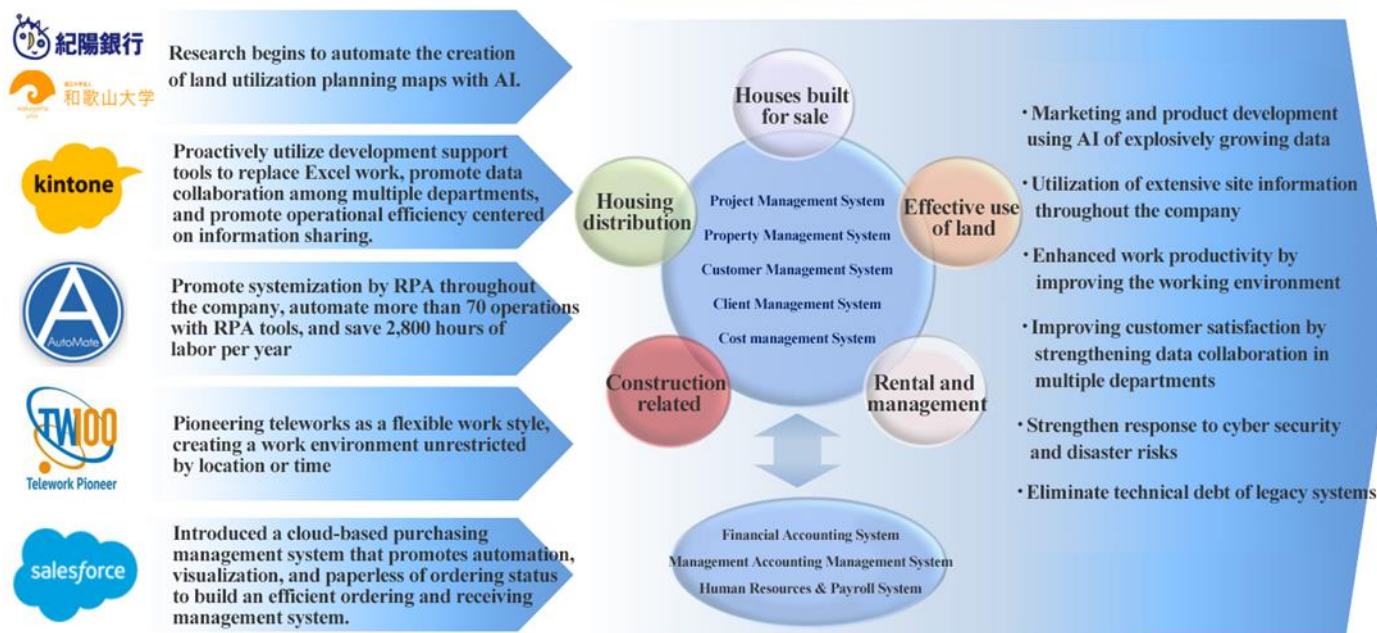
Governance		
Activity	Activity	Activity
<p>Governance enhancement based on the organizational structures</p>	<p>The Board of Directors, the Audit & Supervisory Board, and other organizational structures for enhancing corporate governance Fuji's Board of Directors consists of seven directors (including two outside directors) and its Audit & 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>4. Quality education</p> <p>5. Gender equality</p> <p>8. Decent work and economic growth</p>
<p>Governance enhancement through human resources development</p>	<p>Booklet of the management philosophy and policies 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>Direct dialogue between the management and the employees</p>	<p>12. Responsible consumption and production</p> <p>16. Peace, justice and strong institutions</p>

	<p>Fuji regularly holds meetings for asking questions for the chairman and the president in which 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.</p> <p>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>360-degree personnel assessment system</p> <p>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>Governance enhancement through customer satisfaction improvement</p>	<p>Insatiable pursuit of customer satisfaction</p> <p>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>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>4. Quality education</p> <p>8. Decent work and economic growth</p> <p>10. Reduced inequalities</p>
<p>Proactive dialogue with the stakeholders</p>	<p>Holding IR events and dialogue with the shareholders and institutional investors</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>	<p>11. Sustainable cities and communities</p> <p>16 . Peace, justice and strong institutions</p>
<p>Strengthening relationships with business partners</p>	<p>Holding of a session for explaining the consumption tax invoice system</p> <p>Before the launch of the invoice system in October 2023 due to the revision to the consumption tax law, the company invited the staff of the Kishiwada tax office and held a briefing session for the company's business partners, and a large number of people (about 200 people) participated.</p>	

1-5 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 Management 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 operating 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

2-1 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 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.

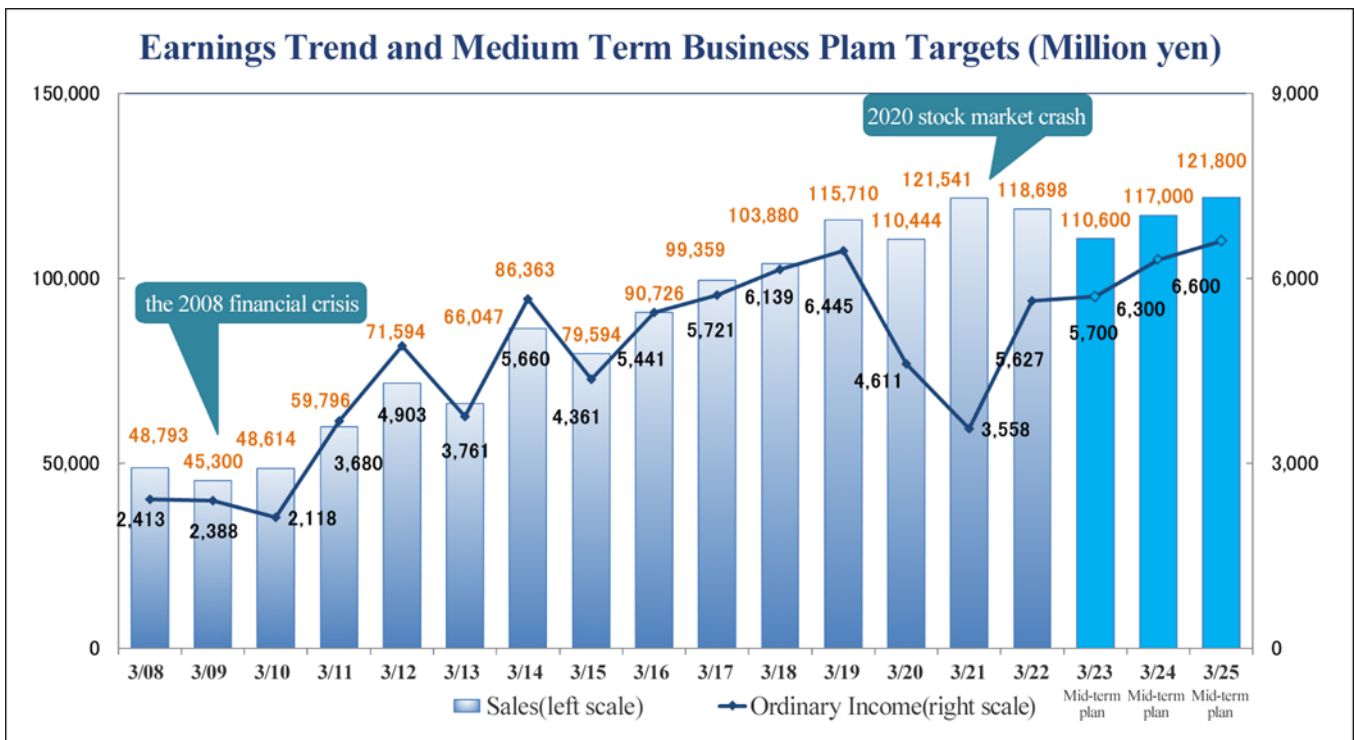
Plan for FY 03/25

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.

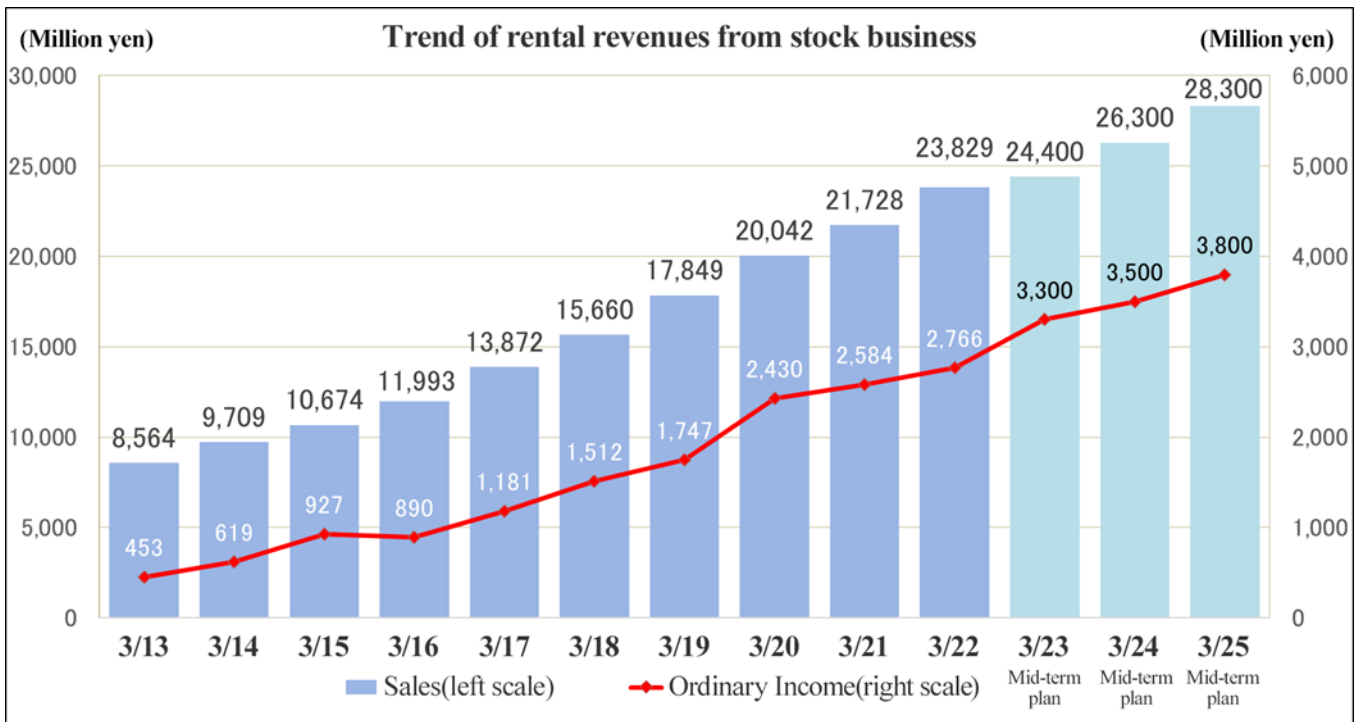
2-2 Performance Trends and a Medium-Term Management Plan

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.



2-3 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.



2-4 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 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. Second Quarter of the Fiscal Year ending March 2023 Earnings Results

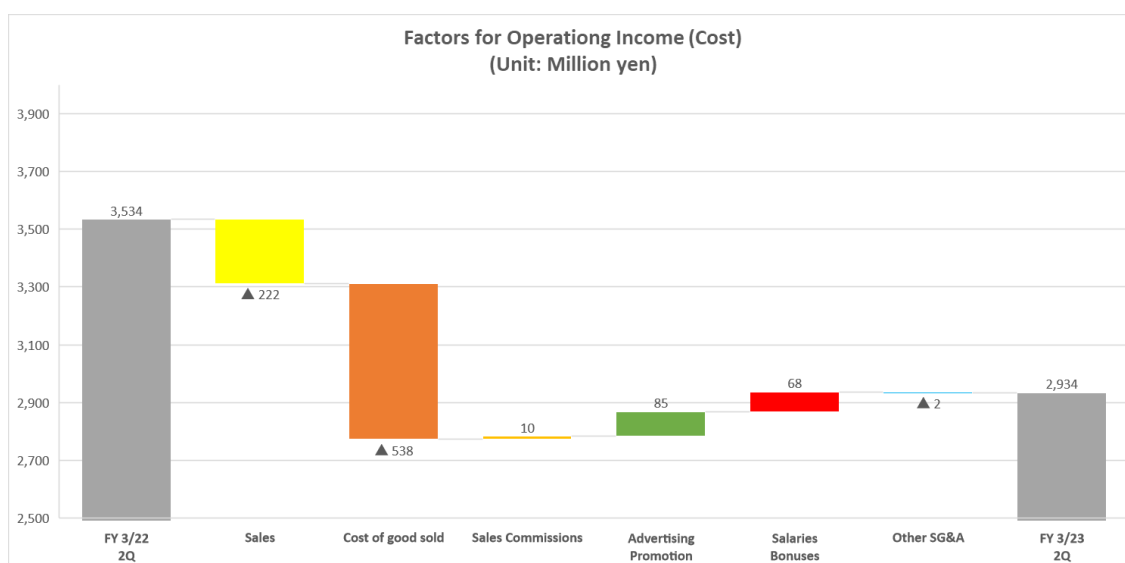
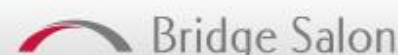
3-1 Consolidated Results

	FY 3/22 2Q	Ratio to sales	FY 3/23 2Q	Ratio to sales	YoY	Forecast at beginning of term	Ratio to forecasts
Sales	56,434	100.0%	56,212	100.0%	-0.4%	52,700	+6.7%
Gross Income	8,933	15.8%	8,172	14.5%	-8.5%	-	-
SG&A	5,399	9.6%	5,238	9.3%	-3.0%	-	-
Operating Income	3,534	6.3%	2,934	5.2%	-17.0%	2,600	+12.9%
Ordinary Income	3,354	5.9%	2,782	4.9%	-17.1%	2,500	+11.3%
Net Income	2,331	4.1%	1,851	3.3%	-20.6%	1,600	+15.7%

* 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

BRIDGE REPORT



*Created by Investment Bridge based on disclosed material of the company.

▲ of expense account indicates that the expense has increased.

Sales and ordinary income decreased 0.4% and 17.1%, respectively, year on year.

In the second quarter of the fiscal year ending March 2023, sales decreased 0.4% year on year to 56,212 million yen. Despite the decrease in the number of custom houses delivered and the reactionary decline after selling the land for large-scale residential properties in Hyogo Prefecture in the same period of the previous year, sales remained at the same level as the previous year due to the increase in sales of the property leasing and management and property distribution. At the end of September 2022, order backlog, which is a leading indicator of sales, was down 6.7% from the end of September 2021.

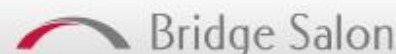
Ordinary income decreased 17.1% year on year to 2,782 million yen. Profit was affected by the decline in sales of free-design housing and land sales. Gross profit margin fell 1.3 points year on year to 14.5%. While sales were almost unchanged from the previous fiscal year, the ratio of SG&A expenses to sales decreased 0.3 points due to decreased advertising and personnel expenses. However, operating income margin declined 1.1 points to 5.2%. As a result, operating income fell 17.0% year on year to 2,934 million yen. In addition, the rate of decline in ordinary income was slightly lower than the rate of decline in operating income due to factors such as an increase in commissions received as non-operating income. Also, profit attributable to owners of parent decreased 20.6% year on year due to recording 1 million yen as extraordinary income in the first half of this fiscal year compared to 146 million yen in the same period of the previous fiscal year, which were gains on sales of fixed assets. Consolidated sales and all kinds of profits in the current second quarter are generally in line with the initial forecast. This is mainly due to the number of new detached houses and used condominiums delivered exceeding the company's initial forecast.

3-2 Segment Earnings (Second Quarter of Fiscal Year ending March 2023)

Results by Segment and Topics

	Sales	Share	YoY	Segment Profits	Share	YoY
Residential Properties for Sale	17,270	30.7%	-13.5%	512	13.6%	-59.7%
Housing Distribution	13,565	24.1%	+15.9%	781	20.7%	+26.4%
Effective Land Utilization	11,991	21.3%	-2.1%	978	25.9%	-20.2%
Property Leasing and Management	12,727	22.6%	+9.0%	1,518	40.2%	+11.0%
Construction Related	656	1.2%	-22.7%	-11	-0.3%	-
Adjustment	-	-	-	-845	-	-
Total	56,212	100.00%	-0.4%	2,934	100.00%	-17.0%

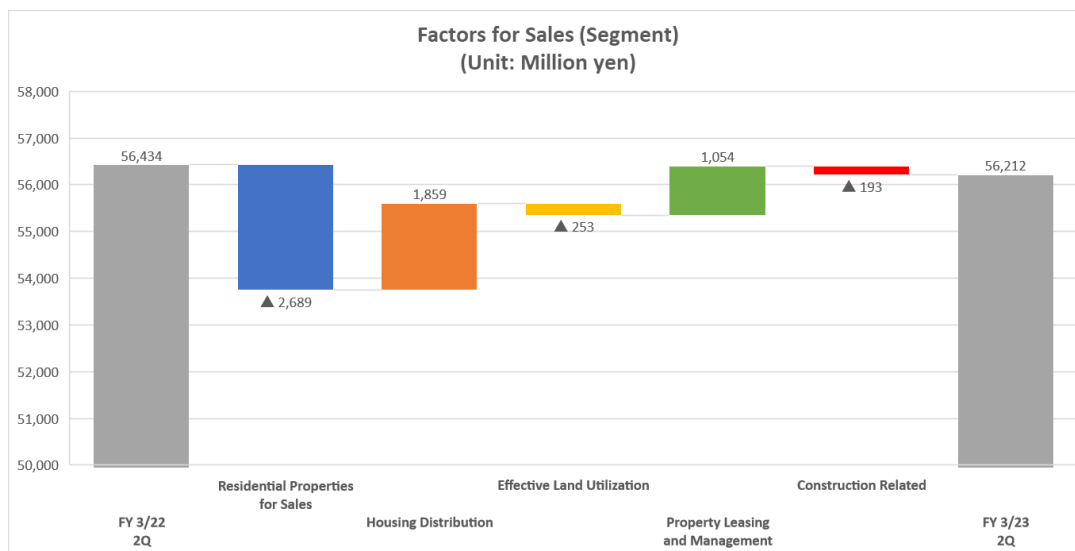
BRIDGE REPORT



* 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.



*Created by Investment Bridge based on disclosed material of the company.

In the segment of residential properties for sale, sales decreased 13.5% year on year to 17,270 million yen and profit decreased 59.7% year on year to 512 million yen.

Regarding the sales of free-design housing and residential properties for sale, orders decreased in the second half of the previous year, and the number of units delivered in the first half of this year decreased significantly due to the end of the special demand for housing resulting from the growing momentum to change the living environment amid the novel coronavirus pandemic. In addition, of the sales of condominiums, about 2 billion yen was prioritized for monetization by adjusting prices in preparation for the uncertain economic environment caused by the novel coronavirus crisis, which led to a low contribution to profits. Due to that and selling the highly profitable land for large-scale residential properties in Hyogo Prefecture in the same period of the previous year, sales and segment profit fell below the results in the same period of the previous year.

	FY 3/22 2Q		FY 3/23 2Q		YoY
	Volume	Value	Volume	Value	
Free-design Homes, etc.	393 homes	16,218	307 homes	12,562	-22.5%
Condominiums for Sales	30 homes	1,228	91 homes	3,718	+202.8%
Sale of Residential Land	87 homes	1,815	46 homes	940	-48.2%
Land sales	4,388 m ²	698	268 m ²	49	-93.0%
Net Sales in the Residential Properties for Sales Segment	510 homes 4,388 m ²	19,959	444 homes 268 m ²	17,270	-13.5%
Profit in the Residential Properties for Sales Segment		1,271		512	-59.7%

*Units: million yen

Large-scale project for delivering detached homes in FY 3/2023	
Asmo Town Higashi-Kishiwada	144 mansions (Kishiwada -shi, Osaka-fu)
Afujia City Koyoen	85 mansions (Nishinomiya-shi, Hyogo-pref)
Condominium projects scheduled for delivery in FY 3/2023	
Branneed Tower Joto Chuo	19-story, 50 residences, completed and delivered on April 25, 2022
Branneed Tower Nagai Garden Square	20-story, 111 residences, completed and delivered on October 7, 2022
Branneed Kawachi Kosaka	12-story, 66 residences, completed and delivered on December 9, 2022

(Taken from the reference material of the company)

Sales in the housing distribution segment increased 15.9% year on year to 13,565 million yen, and profit increased 26.4% year on year to 781 million yen.

Although the number of used detached houses sold decreased slightly, sales of used houses (detached houses) increased year on year due to an increase in unit sales price of properties. Sales of used condominiums also increased year on year due to a sharp rise in the number of properties delivered due to increased demand for used properties as the prices of newly built condominiums rose. Segment profit also exceeded the results in the same period of the previous fiscal year due to the stabilization of profitability through the continuation of the policy of carefully selecting properties to buy and management focused on inventory turnover rate.

	FY 3/22 2Q		FY 3/23 2Q		YoY
	Volume	Value	Volume	Value	
Used Residential Properties (Detached Homes)	64 homes	1,445	60 homes	1,578	+9.2%
Used Residential Properties (Condominiums)	457 homes	10,253	525 homes	11,978	+16.8%
Others	-	7	-	7	-
Net Sales in Housing Distribution Segment	521 homes	11,706	585 homes	13,565	+15.9%
Profit in Housing Distribution Segment		618		781	+26.4%

*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 used house 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 2.1% year on year to 11,991 million yen, and profit decreased 20.2% year on year to 978 million yen.

The commissioned construction of rental housing and housing for the elderly with nursing care services for which an order has been received progressed smoothly. Sales of rental apartment buildings for individual investors decreased slightly due to the large number of units delivered in the South Osaka area, where sales prices are relatively low.

On the other hand, internal sales decreased due to fewer completions of the company's own housing for the elderly with nursing care compared to the same period of the previous year, and sales and segment profit dropped from the same period of the previous year.

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	FY 3/22 2Q		FY 3/23 2Q		YoY
	Volume	Value	Volume	Value	
Contract Construction of Rental Properties	15 contracts	1,357	9 contracts	1,329	-2.0%
Affordable Apartments for Seniors with Nursing-care Services	7 contracts	1,536	3 contracts	1,493	-2.8%
Rental Apartments for Sale to Individual Investors	65 buildings	9,351	65 buildings	9,168	-2.0%
Net Sales in the Effective Land Utilization Segment	—	1,379	—	765	-44.5%
Profit in the Effective Land Utilization Segment	22 contracts 65 buildings	13,623	12 contracts 65 buildings	12,756	-6.4%
Contract Construction of Rental Properties		1,226		978	-20.2%

* 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 utilization in an aging society Housing for the elderly 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)

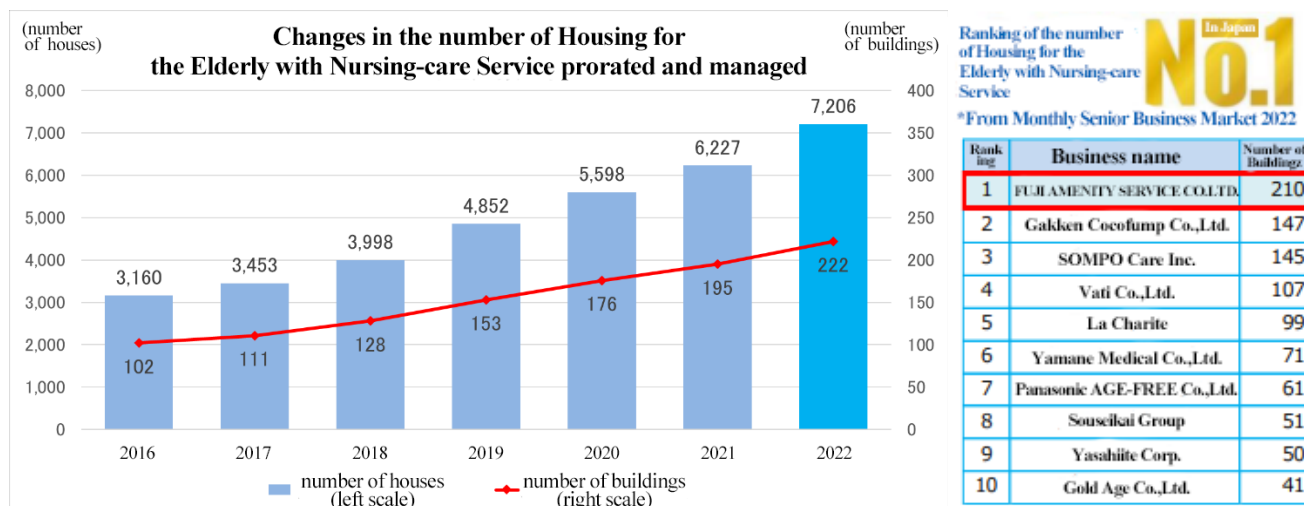
Sales in the property leasing and management segment increased 9.0% year on year to 12,727 million yen, and profit increased 11.0% year on year to 1,518 million yen.

Sales and profit grew year on year, 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.

	FY 3/22 2Q	FY 3/23 2Q	
	Value	Value	YoY
Rental Income	8,524	9,249	+8.5%
Income from Affordable Apartments for Seniors with Nursing-care Services	2,703	3,023	+11.8%
Management Fee Income	446	455	+2.1%
Net Sales in the Property Leasing and Management Segment	11,673	12,727	+9.0%
Profit from Property Leasing and Management	1,368	1,518	+11.0%

*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 September 2022, the number of apartment buildings for elderly people with nursing care services under management was 222 and the number of units under management was 7,206. According to the senior business data book 2022, the company has the largest number of buildings under management (210 buildings) and the largest number of residential properties for the elderly with nursing care services in Japan.



*Number of buildings in operated and managed as of September 2022 (Made by Investment Bridge Co., Ltd. based on senior business market)

*The ranking table for the number of buildings in operation is from the company's financial results presentation materials.

Sales in the construction related segment decreased 122.7% year on year to 656 million yen, and profit decreased 9 million yen year on year to 11 million yen.

The company promoted collaborations centered on construction work, such as steel frame construction of housing for the elderly with nursing care services owned by the corporate group. Sales, including inter-segment sales, exceeded the results in the same period of the previous year due to the expansion of collaborations and renovation of former employees' dormitories into housing for the elderly with nursing care services since the end of the previous term. The construction work has been decided for the 13-story, 38-unit condominium at 1-chome, Eiwa, Higashiosaka City, which the company is selling. Thus, the in-house construction within the corporate group is progressing, and synergistic effects are expected to increase further.

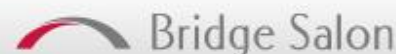
	FY 3/22	FY 3/23	
	2Q	2Q	YoY
	Value	Value	
Construction Related Segment	849	656	-22.7%
Intersegment sales and transfers	235	468	+98.7%
Net Sales in the Construction Related Segment	1,085	1,125	+3.7%
Profit in the Construction Related Segment	-2	-11	-

* 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 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



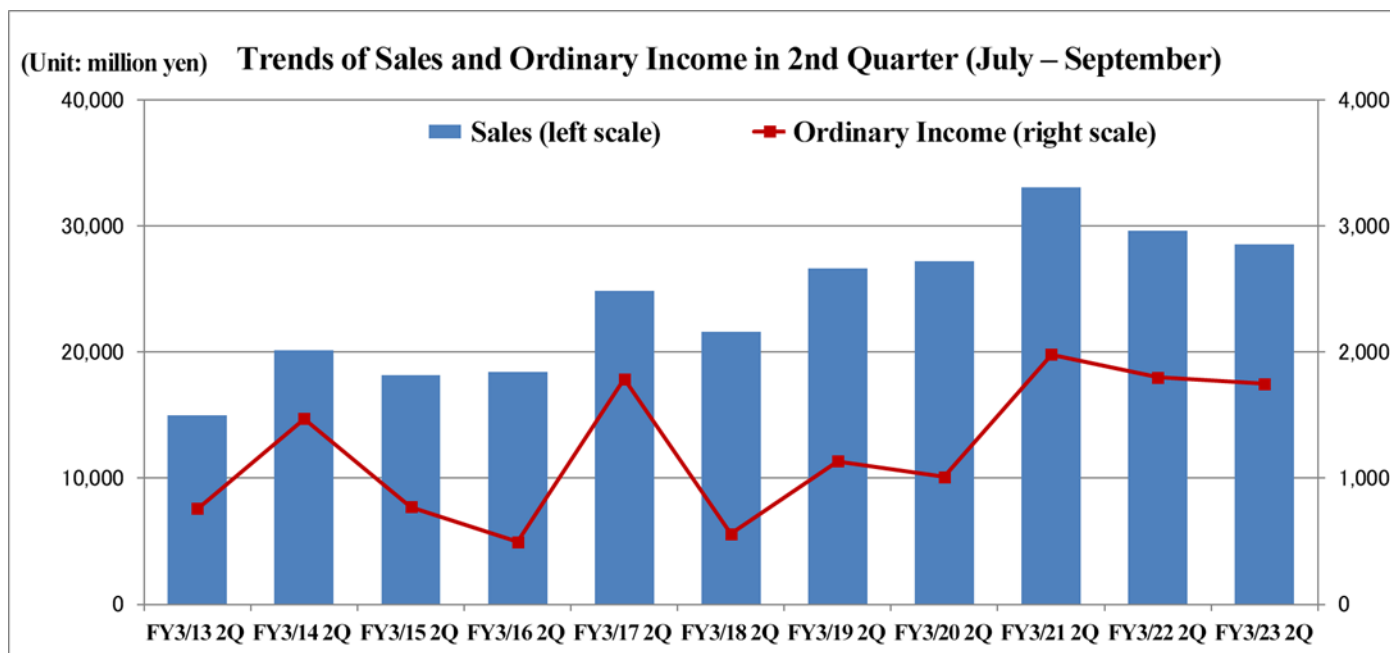
Housing for the Elderly with Services in Minami Suita, Suita City, Osaka, owned by our group



(Taken from the reference material of the company)

3-3 Quarterly Earnings Trends

Consolidated sales and ordinary income for the second quarter (July - September)

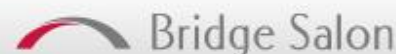


In the second quarter (July-September) of the current fiscal year, the contribution to earnings was low because condominium sales had already undergone an inventory valuation review, causing overall gross profit margin to decline. Yet, ordinary income and its margin were relatively strong due to efforts to reduce SG&A expenses, mainly advertising costs.

3-4. Status of order backlog

	FY3/22 2Q (End of Sep. 21)		FY3/23 2Q (End of Sep. 22)		YoY
	Volume	Value	Volume	Value	
Free Design Houses, etc.	552 homes	22,368	426 homes	17,758	-20.6%
Condominiums for Sale	230 homes	9,485	166 homes	7,710	-18.7%
Sale of Residential Land	28 homes	611	15 homes	466	-23.7%
Land Sales	810 homes	32,465	607 homes	25,935	-20.1%
Residential Properties for Sales	15 homes	386	20 homes	590	+52.9%

BRIDGE REPORT



Used Residential Properties (Detached Homes)	118 homes	2,743	112 homes	2,683	-2.2%
Used Residential Properties (Condominiums)	133 homes	3,130	132 homes	3,274	+4.6%
Housing Distribution	48 contracts	4,404	59 contracts	5,961	+35.3%
Contract Construction of Rental Properties	22 contracts	5,568	27 contracts	5,931	+6.5%
Affordable Apartments for Seniors with Nursing-care services	92 buildings	12,517	85 buildings	13,251	+5.9%
Rental Apartments for Sale to Individual Investors	70 contracts / 92 buildings	22,490	86 contracts / 85 buildings	25,143	+11.8%
Effective Land Utilization	28 contracts	787	17 contracts	563	-28.4%
Construction Related	-	58,874	-	54,916	-6.7%

* Units: million yen

(Taken from the reference material of the company)

The order backlog at the end of the second quarter of the fiscal year ending March 2023 (end of September 2022) was 54,916 million yen, down 6.7% from the end of the same period of the previous year (end of September 2021). The decrease in order backlog was mainly due to a decline in the sales of residential properties. In the same period of the previous year, order backlog reflected the special demand for housing due to the growing momentum to change the living environment due to the novel coronavirus crisis. However, at the end of the second quarter, it went back to normal and decreased from the same period of the previous year. On the other hand, demand for used housing, which is lower in price than newly built housing, is strong, and the order backlog in the housing distribution segment has increased significantly. Also, in the effective land utilization segment, orders for construction of rental housing recovered, and orders for rental apartment buildings for individual investors continued to be at a high level, partially offsetting the slump in the segment of residential properties for sale. Construction contracts for rental housing, which have received a favorable number of orders, have a high-profit margin and are expected to help make up for the impact of the decrease in the overall order backlog on profits.

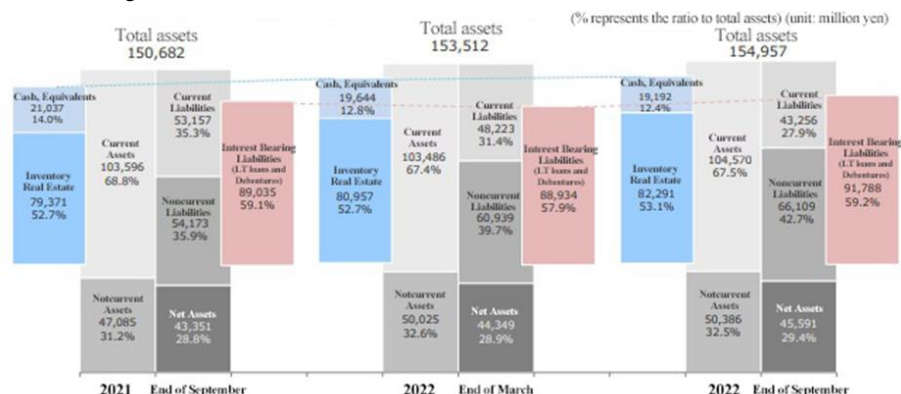
3-5 Financial Conditions and Cash Flow (CF)

	Mar. 2022	Sep. 2022		Mar. 2022	Sep. 2022
Cash, Equivalents	19,644	19,192	Payables	6,599	4,782
Inventories	81,000	82,345	ST Interest Bearing Liabilities	29,187	26,681
Current Assets	103,486	104,570	Unpaid Taxes	1,344	595
Tangible Noncurrent Assets	44,541	45,283	Prepayments	3,318	4,012
Intangible Noncurrent Assets	592	577	LT Interest Bearing Liabilities	59,901	65,239
Investments, Others	4,892	4,525	Liabilities	109,162	109,366
Noncurrent Assets	50,025	50,386	Net Assets	44,349	45,591
Total Assets	153,512	154,957	Total Interest-Bearing Liabilities	89,089	91,920

* Units: million yen

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

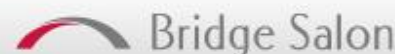
* Interest bearing liabilities = Loans + Lease liabilities + Debenture



* Inventory real estate is the sum of real estate for sale, real estate for sale in process, and real estate for development, and does not include costs on uncompleted construction contracts.

(Taken from the reference material of the company)

BRIDGE REPORT

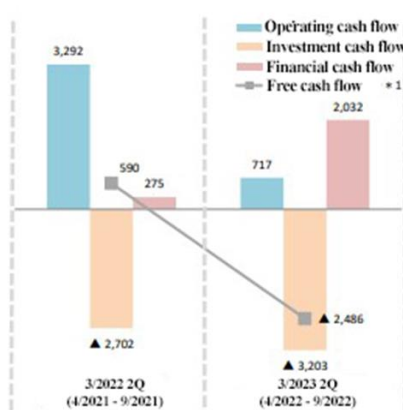


The total assets at the end of September 2022 were 154,957 million yen, up 1,445 million yen from the end of the previous term. Regarding assets, mainly cash & deposits and deferred tax assets decreased, while inventories and land increased. Regarding liabilities and net assets, primarily accounts payable, short-term interest-bearing debt, and accrued corporate taxes decreased, while long-term interest-bearing debt, advances received, and retained earnings increased. The main breakdown and number of inventories are as follows. Real estate for sale of 20.23 billion yen (22.09 billion yen at the end of the previous term), real estate for sale in process was 33.54 billion yen (27.02 billion yen at the end of the previous term), and real estate for development was 28.512 billion yen (31.83 billion yen at the end of the previous term). Although the procurement environment continues to be severe, the company secured sales inventory for the next three years, with a total of 2,592 detached houses and condominiums. The company will continue carefully selecting land for purchases, increasing inventory turnover rate, and aiming for a sturdy financial structure. Interest-bearing liabilities augmented 2,831 million yen. Capital-to-asset ratio stood at 29.4%, up 0.4 points from the end of the previous term.

Cash Flow

	FY 3/22 2Q	FY 3/23 2Q	YoY	
Operating Cash Flow (A)	3,292	717	-2,574	-78.2%
Investing Cash Flow (B)	-2,702	-3,203	-501	-
Free Cash Flow (A + B)	590	-2,485	-3,075	-
Financing Cash Flow	275	2,032	1,757	+637.1%
Cash and Equivalents at Term End of Quarter	21,022	19,176	-1,845	-8.8%

* Units: million yen



(Unit: million yen)

	3/2022 2Q	3/2023 2Q
Operating cash flow	3,292	717
Income before income taxes	3,474	2,783
Depreciation and amortization	534	565
Changes in inventories (▲ indicates an increase)	674	525
Income taxes paid	▲ 1,130	▲ 1,266
Others	▲ 260	▲ 1,889
Investment cash flow	▲ 2,702	▲ 3,203
Payments for purchases of property, plant, and equipment	▲ 3,403	▲ 3,111
Income from sales of property, plant, and equipment	566	51
Others	134	▲ 142
Financial cash flow	275	2,032
Net changes in short-term borrowings	2,646	4,377
Net changes in long-term borrowings	▲ 1,374	▲ 2,098
Net changes in bonds payable	▲ 425	560
Dividends paid	▲ 470	▲ 470
Others	▲ 100	▲ 335
Balance of cash and cash equivalents at the end of the second quarter	21,022	19,176

* 1 Free cash flow (Operating cash flow+Investment cash flow)

* 2 Balance of cash and cash equivalents at the end of the period excludes time deposits with deposit terms longer than three months from cash and deposits.

(Taken from the reference material of the company)

In terms of cash flow, the cash inflow from operating activities shrank due to a significant decrease in trade payables, which reflects the expenditure for the construction of condominiums that were delivered in the previous fiscal year, as well as a decline in net income before taxes and other adjustments. In addition, free CF recorded a deficit. This was attributed to the cash outflow from investing activities increasing mainly due to an increase in the amount of tangible fixed assets acquired due to the purchase of properties in the used asset business and the construction of housing for the elderly with nursing care services owned by the company. On the other hand, the cash inflow from financing activities increased due to an increase in short-term debt. As a result, the balance of cash and cash equivalents at the end of the quarter decreased 8.8% year on year.

3-6 Recent Topics

◎ Serialized advertisements for the 50th anniversary of the company's founding

On January 22, 2023, the company will celebrate its 50th anniversary. The company developed a total of five serialized article advertisements in the Sankei Shimbun Osaka head office version. The first was one year ago, on January 22, 2022, and the last on January 22, 2023. The company's chairman and president expressed in an interview about the 50th anniversary of the company's founding and the next 50 years in the company's future that the company has aimed to be a company that is loved like Mt. Fuji since its founding, Four articles have already been published, and you can check the details from the top screen of the company's website, and the company intends to post the upcoming articles once they are published.

◎ The company is listed in the book "Kirameku Only One, Number One Company 2022 Edition."

The company was listed in the book "Kirameku Only One, Number One Company 2022 Edition—Excellent Company Pioneering in the 21st

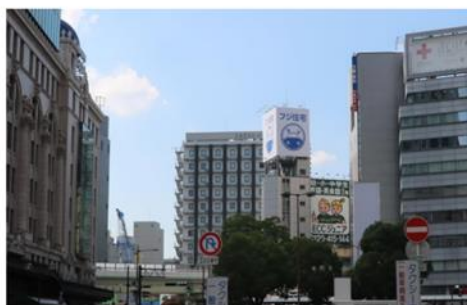
Century" released in June 2022. The book contains interviews with dynamic companies that provide original products and services all over the country about their corporate philosophies and business models.

◎ Large corporate advertising signboards installed in front of Namba Station

On Saturday, October 1, 2022, the company posted a corporate advertising signboard on the roof of the Namba Kooku Doll Building (4-5-14 Namba, Chuo-ku, Osaka). The Namba Kooku Doll Building is within a 5-minute walk from Nankai Namba Station, Osaka Metro's Namba Station, and Kintetsu's Osaka Namba Station. There are large commercial facilities such as Takashimaya Osaka Store and Namba Marui nearby. Therefore, there are many people coming and going. The view from the ground is also very good, and it is the best location that can be seen in front of the Hanshin Expressway No. 1 loop line.

(From the scramble intersection in front of Takashimaya Osaka)

(From Hanshin Expressway No.1 Loop Line)



(Day-time)



(Night-time)



(Taken from the reference material of the company)

4. Fiscal Year ending March 2023 Earnings Estimates

4-1 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%
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.

At the end of the second quarter, the company's forecast for the fiscal year ending March 2023 remained unchanged from the initial forecast of 110.6 billion yen in sales, down 6.8% year on year, and 5.7 billion yen in ordinary income, up 1.3% year on year. In the first half, sales and all kinds of profits exceeded the initial company forecasts. With land prices, raw material prices, and housing equipment prices soaring, the demand for housing is stable, but not strong. Under these circumstances, although the demand in the segment of residential properties for sale is weak, demand for used housing and rental apartment buildings for individual investors is expected to remain strong and steady, and the leasing business demand is also growing steadily. Thus, the company expects to continue to achieve stable earnings growth by leveraging its strength in balanced management.

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 also unchanged 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). Dividend payout ratio is 25.4%.

Consolidated Sales Forecast by Segment

Segment Sales	FY 3/22 Act	FY 3/23 Est.	Percentage change
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.	Percentage change
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 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.

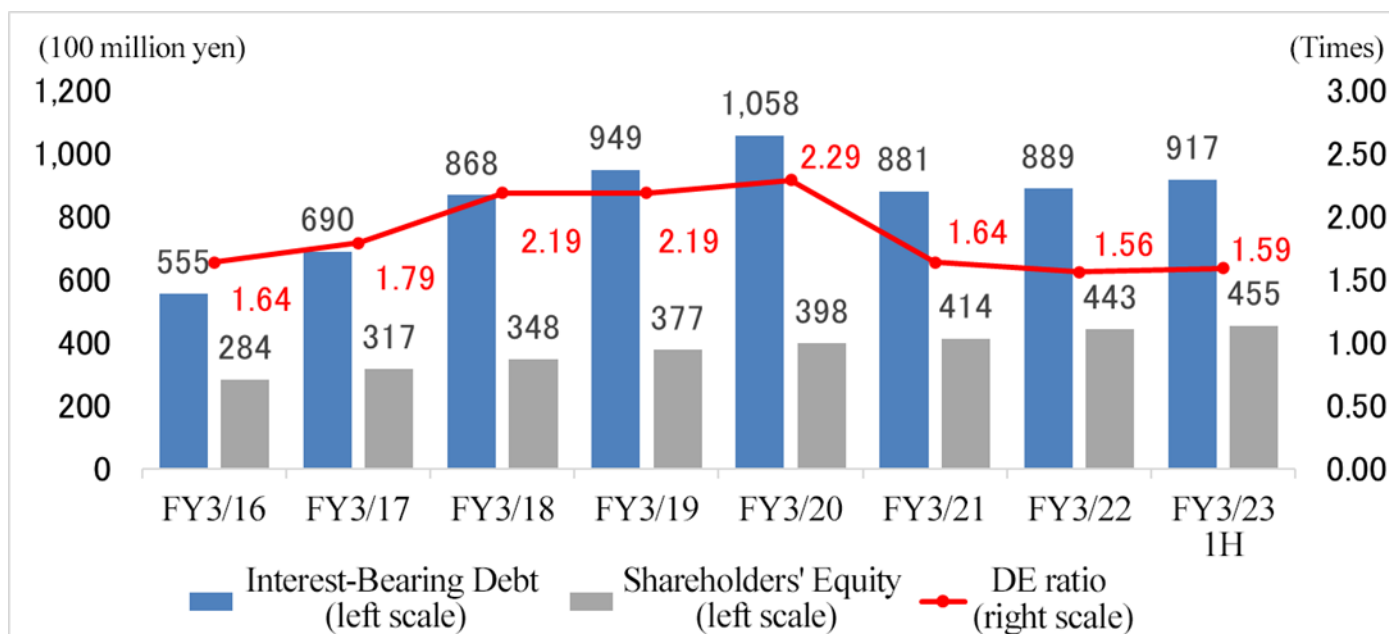
4-2 Progress rate

	FY 3/23 2Q	FY 3/23	Percentage of progress toward the full-year company plan
Sales	56,212	110,600	50.8%
Operating Income	2,934	6,000	48.9%
Ordinary Income	2,782	5,700	48.8%
Net Income	1,851	3,800	48.7%

* Units: million yen

The real estate sales business, the corporate group's main business, adopted delivery standards, and each year, the delivery of properties tends to increase in specific quarters. In the current second quarter, both sales and all kinds of profits exceeded the company's plan for the first half. Full-year company forecasts are progressing largely as initially planned at the beginning of the fiscal year.

4.3 Trends in Interest-Bearing Debt and Shareholders' Equity



*Net D/E ratio: (Interest-bearing debt - Cash and cash equivalents at end of period) / Shareholders' equity

From the fiscal year ended March 2016 to the fiscal year ended March 2020, the company actively purchased land for large-scale sites (detached houses and condominiums) to secure inventory while actively purchasing land for its own properties (housing for the elderly with nursing care services). The period from the fiscal year ended March 2021 to the fiscal year ending March 2023 has been a period in which the company carefully has selected its land purchases due to the surge in land prices, and it also has reviewed inventory levels (improved inventory turnover rate) by responding flexibly to sales prices.

5. Conclusions

In the first half of the fiscal year ending March 2023, sales and operating income fell 0.4% and 17.0%, respectively, year on year. Yet, both sales and all kinds of profits performed well, exceeding the company's first half forecast at the beginning of the term. This was because the number of new detached houses and used condominiums delivered exceeded the company's initial forecast. In addition, considering the trend of the company's earnings, where property deliveries are concentrated in the fourth quarter every year, it can be said that the company is making steady progress toward achieving its full-year forecast. Moreover, in the rental and management segment, a recurring revenue business, segment profit in the first half increased 11.0% year on year. This confirms that the recurring revenue is growing steadily, making the rental and management segment the largest earner, accounting for more than 40% of the total reportable segments. In the real estate industry, which fluctuates wildly, it has been recognized that the company has further strengthened its business foundation. In the second half of the year, while steady expansion is anticipated for sales of used houses, rental apartment buildings for individual investors, and the rental business, better results can be expected for the new detached house business. We will pay attention to earnings trends in the third quarter to see how much the company can make progress this term for achieving their medium-term management plan.

Regarding free-design housing, the decrease in order backlog has not stopped due to factors such as the end of the special demand for housing due to the growing momentum to change the living environment due to the novel coronavirus pandemic. However, the order backlog of free-design housing has fallen to the level before the special demand for housing, and it is expected that the decline will stop in the future. We will focus on the free-design housing order backlog trends and when the order backlog of free-design housing will start to bottom out due to the recovery of the order-receipt environment.

In addition, in preparation for the deterioration of the business environment due to the novel coronavirus crisis, the company has carefully selected properties to buy and improved inventory turnover rate. The company also has reduced inventories and interest-bearing debt in the fiscal year ended March 2021 and has maintained inventories and interest-bearing debt of the fiscal year ending March 2023 at the same level as the fiscal year ended March 2021 and the fiscal year ended March 2022. As of the end of September 2022, the company has a total of 2,592 detached houses and condominiums for sale in stock for the next three years. Thus, there is no need to increase purchases in this tough procurement environment forcibly.

However, in the real estate industry, to which the company belongs, an increase in interest-bearing debt due to an increase in inventories is inevitable for business expansion. While carefully selecting land for purchase, it is expected that the company will gradually increase purchases to accelerate future growth. We would also like to keep an eye on whether the company can expand purchases of attractive sites and its level of inventories and interest-bearing debt in the future.

<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 November 22, 2022.

Basic Policy

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.

(1) To Maximize Shareholder Value

This corporate group was founded with the business objectives of “building homes that bring happiness” and “making our customers happy after they buy homes,” and with the desire to become “the most loved company in Japan, like Mt. Fuji.” The company’s main areas of operation are the entire Osaka Prefecture, southern Hyogo Prefecture and northern Wakayama Prefecture, and its business is based on the management principle of building trustworthy houses with a customer-facing approach that does not ignore them after the completion and sale of houses. Therefore, instead of seeking temporary profits and business expansion, the company believes it is important to establish a company that will survive based on long-term stable management. For long-term stable management, human capital is essential, and it is important to develop respectable leaders with excellent knowledge, boldness, and insight, and thus, the corporate group has adopted the following management ethos and corporate philosophy, by using the expression “human capital” rather than “human resources,” based on the belief that people are assets.

“Management Ethos”

The company operates for the sake of:

- Employees,
- Employees’ families,
- Customers and business partners,
- Shareholders,
- Local communities, and
- Ultimately, the nation.

“Corporate Philosophy”

- We are employees of Fuji Corporation Limited.
- We shall engage in our work with enthusiasm and good faith.
- We shall recognize the responsibilities and importance of our own work.
- We shall work in a spirit of gratitude and service.
- We shall do a job that will be appreciated by our customers and business partners.

The company’s management ethos starts with “For the benefit of employees” and “employees’ families.” This is because the company believes that they cannot do a job that truly pleases their customers if their employees or their families are not happy. When the company values its employees and their families and all employees have a sense of appreciation, pride in their work, a sense of achievement, and a sense of purpose in life, the employees get more motivated and can care about their customers from the bottom of their hearts. The company believes that this will lead to the happiness of all stakeholders, including customers, business partners, shareholders, local communities, and consequently, the nation. While utilizing the above management ethos and policy and expanding business in line with the growth of human capital, the company aims to become a corporation that is always trusted by its customers, business partners, and shareholders, and that can serve society through its business, by further

cultivating the business areas it has been operating from the past, actively expanding into Osaka City, the largest market in the Osaka Prefecture, as well as the northern Osaka Prefecture and southern Hyogo Prefecture, and by promoting the improvement of profitability and strengthening the financial structure.

(2) Meetings of the Board of Directors

In order to formulate highly competitive strategies according to changes in the business environment and carry out quick decision-making, the Board of Directors meets once a month in principle. The Board meets based on a resolution in writing if there are urgent matters. The Board of Directors is currently composed of seven Directors (including two Outside Directors), and strives to ensure that there is a lively debate at meetings of the Board of Directors and that decisions are made quickly through a collegial system.

(3) Corporate Auditors and the Board of Corporate Auditors

The company has adopted a corporate auditor system. The Board of Corporate Auditors consists of one full-time Corporate Auditor (Mr. Hitoshi Kawade) and two Outside Corporate Auditors (Mr. Shinsuke Takatani and Mr. Inao Harato). The Board of Corporate Auditors holds regular meetings three times a year with the Representative Director and President to exchange views and opinions, and each Corporate Auditor attends the Board of Directors' meetings and meetings of department managers and expresses his or her opinions. In addition, they conduct a wide range of audits, including assessing the appropriateness and efficiency of the Directors' execution of duties and the status of the development and operation of internal control systems, through attending audits and exchanging information with the Internal Audit Office and auditing firms.

(4) To Strengthen the Internal Information Disclosure System

In order to ensure the timeliness, accuracy and fairness of information disclosure, the corporate group has established "Information Disclosure Rules" to restructure and standardize the group-wide information disclosure system, and has been working to raise awareness within the company in relation to timely disclosure. The "Information Disclosure Rules" designate the head of the IR Office as the person responsible for handling information, and clarifies the roles and responsibilities of each department in relation to timely disclosure. In addition, when disclosing information, each relevant department within the company examines and scrutinizes the information to be disclosed and mutually checks the disclosure documents prepared by each department, thereby establishing a system to ensure the appropriateness of the disclosure process starting from information gathering to disclosure.

(5) To Improve the Quality of IR Activities

The company is committed to IR activities based on its basic policy of disseminating information to shareholders and investors in a timely, appropriate, prompt, and easy-to-understand manner. Specifically, the company strives to actively disclose information on corporate details through the publication of financial statements and supplementary materials as well as other materials disclosed by the stock exchange on the company's website, the posting of electronic public notices, the active holding of company briefings for analysts and institutional investors and for general investors, also through its participation in IR events. Further, in order to fairly disclose the medium/long term direction of the company to shareholders and investors, the company publishes management indicators, which are published in the IR section of its website. Moreover, shareholder newsletters are prepared in an easy-to-understand manner to provide individual shareholders with a better understanding of the company's management philosophy and policies, as well as its management situation and direction. In principle, the company's financial results are announced before the end of the following month after the closing date, in an effort to accelerate and decentralize the announcement of financial results.

(6) To Strengthen Internal Control

The company believes that internal control is one of the most important mechanisms supporting corporate governance for a company to adequately fulfill its social responsibilities, and that the efforts to strengthen this internal control are the most significant initiatives for a company to adequately fulfill its social responsibilities, recognizing that such efforts are the responsibility of the management itself. As a specific effort to strengthen internal control, the company established the Internal Control Promotion Committee in February 2007, and has been actively exchanging opinions at its meetings held on a regular basis. To achieve 4 objectives of internal control: [1] effectiveness and efficiency of operations, [2] reliability of financial reporting, [3] compliance with laws and regulations related to business activities, and [4] preservation of assets, the company established an organization and corporate culture with a focus on the control environment in internal control. In addition, in order to further enhance monitoring activities, the Internal Audit Office is assigned as a complementary organization to maintain and strengthen compliance and risk management, which continuously perform internal checks on business execution in accordance with laws and internal regulations.

<Reasons for Non-compliance with the Principles of the Corporate Governance Code>

Principles	Reasons for not implementing the principles
<p>【Supplementary Principle 1-2-4. Electronic exercise of voting rights and the English translations of Convocation Notices of Shareholders' Meetings】</p>	<p>The electronic voting platform is available.</p> <p>With regard to the English translations of Convocation Notices of Shareholders' Meetings, the company considers that it is not necessary at the moment because the percentage of overseas investors in the company is low (5.9% as of March 31, 2022), however, the company will consider providing the English translations of the Convocation Notices if the percentage of voting rights of overseas investor exceeds 10% in the future.</p> <p>The main pages of the earnings briefing (financial statements) and the main sections of the company website (company profile, etc.) are available in English.</p>
<p>【Supplementary Principle 2-4-1 Ensuring diversity within the company, including promotion of women's activities】</p>	<p>To ensure the long-term stability of the corporate group's operations, the company believes it is important to hire talented human capital who are both capable and enthusiastic and who share the corporate group's management philosophy, policies, and values, and to create an environment in which such human capital can work comfortably, cheerfully, vigorously, and stress-free, while feeling a sense of achievement over the long term.</p> <p>With regard to establishing the comfortable working environment, the company is creating a working environment where employees can work comfortably and maintain good health, by actively encouraging the use of a health consultation hotline that allows employees to call for advice anytime, promoting flexible work styles through teleworking, conducting substantial health checkups with a full range of diagnostic items for all executives and employees including part-time employees, and installing hyperbaric oxygen chambers in the offices available for meetings and breaks.</p> <p>In addition, the company promotes the acquisition of various business qualifications by enhancing its qualification acquisition support system to help employees acquire specialized and advised knowledge.</p> <p>Furthermore, the company believes that the driving force for improved performance is the understanding and practice of its management philosophy and policies and the development of human capital who share the same values. The company has adopted a personnel evaluation system in which all employees and part-time employees, including executives, are evaluated by everyone not only their immediate supervisors, but also subordinates and colleagues, as well as those in other departments, in a 360-degree fair and impartial personnel evaluation and assessment, to appoint employees to positions based on their abilities and performance, regardless of age, gender, nationality, or mid-career employment.</p> <p>As such, the company has not set measurable numerical targets for ensuring diversity in appointment of core human capital, including the appointment of women, non-Japanese, and mid-career hires, to management positions. However, the company has diverse human capital actively working in management positions.</p> <p>In addition, a female Outside Director was appointed at the Ordinary General Meeting of Shareholders in June 2016.</p>
<p>【Supplementary Principle 3-1-3. Sustainability Initiatives, etc.】</p>	<p>The corporate group's Board of Directors adopted the following Basic Sustainability Policy on December 14, 2021.</p> <p>“Since its founding, the company has been committed to social contribution activities through its business activities, based on the corporate group's management philosophy that states that the company operates for the benefit of its employees and their families, its customers and business partners, shareholders, local communities, and ultimately, the nation.”</p> <p>The roles of companies in addressing social issues such as SDGs (Sustainable Development Goals) adopted by the United Nation is becoming increasingly critical. By being aware of the relationship between ESG (Environment, Society, and Corporate Governance) and SDGs and the company's business activities that are community-based management, and by working to make social contributions, the company strives to grow sustainably with society and become a trusted corporate group.</p> <p>To continuously ensure the long-term stability of the corporate group's operations, the company believes it is important to hire talented human capital who are both capable and enthusiastic and who share the corporate group's management philosophy, policies,</p>

	<p>and values, and to create an environment in which such human capital can work comfortably, cheerfully, vigorously, and stress-free, while feeling a sense of achievement over the long term. The company holds “Session for Asking the Chairman or the President Questions” on a regular basis, where all executives and employees including part-time employees can have direct dialogue with the Chairman or the President. The Chairman or the President personally holds a telephone meeting with each individual who asks a question, and works together to solve not only work-related issues, but also personal problems and issues in their private lives.</p> <p>The company believes that the driving force for improving business performance is the understanding and practice of its management philosophy and policies and the development of human capital who share the same values. The company has adopted a personnel evaluation system in which all employees and part-time employees, including executives, are evaluated by everyone, not only their immediate supervisors but also by subordinates and colleagues, as well as those in other departments, in a 360-degree fair and impartial personnel evaluation and assessment, to appoint employees to positions based on their abilities and performance, regardless of age, gender, and without limiting the scope of their duties.</p> <p>In addition, the company promotes the acquisition of various business qualifications by its qualification acquisition support system to help employees acquire specialized and advanced knowledge.</p> <p>With regard to establishing a comfortable working environment, the company is creating a working environment where diversity is respected and employees can work comfortably and maintain good health, by actively encouraging the use of a health consultation hotline that allows employees to call for advice anytime, promoting flexible work styles through teleworking, conducting substantial health checkups with a full range of diagnostic items for all executives and employees including part-time employees, and installing hyperbaric oxygen chambers in the offices available for meetings and breaks.</p> <p>Regarding investment in intellectual property, etc., the company does not believe it is necessary to disclose or provide specific information because it is not positioned as the core of its business and the amount of investment is small at the moment.</p> <p>Currently, the company does not make disclosures as recommended by TCFD, however, in order to respond to the recommendations from TCFD, the Board of Directors resolved, on April 12, 2022, to establish a Working Group (the “Group”) for TCFD as a subcommittee of the Internal Control Promotion Committee.</p> <p>The following matters are discussed in the Group.</p> <ol style="list-style-type: none"> (1) To assess the impact of climate change on the company’s business activities, and formulate content of information disclosure based on TCFD’s recommendations (2) To review the status of initiatives based on the Basic Sustainability Policy, and promote the initiatives
<p>【Principle 4-8. Effective use of Independent Outside Directors】</p>	<p>Currently, the Board of Directors consists of seven Directors and three Corporate Auditors. Of these, four are Outside Directors (two Outside Directors and two Outside Corporate Auditors), all of them are Independent Outside Directors as stipulated by the Tokyo Stock Exchange, and the four Outside Directors attend all meetings of the Board of Directors in principle.</p> <p>Two Outside Directors are certified public accountants and certified tax accountants, one of the two Outside Corporate Auditors is a certified public accountant and a certified tax accountant, and the other is a lawyer. They all have affluent experience and profound insight to check the effectiveness and efficiency of the Directors’ business execution when necessary, from an independent and fair standpoint, and contribute to ensuring management transparency and legal compliance.</p> <p>Outside Directors provide advice on deliberations at meetings of the Board of Directors from an objective and neutral standpoint, attend important meetings other than meetings of the Board of Directors (meetings of department managers) to express their opinions, and exchange opinions and information with Corporate Auditors as necessary.</p> <p>Based on the above, the company believes that the roles and responsibilities of the company’s Independent Outside Directors are adequately satisfied, and the</p>

	<p>monitoring and supervision of management is appropriately functioning with the four Independent Outside Directors even though the number of Independent Outside Directors does not reach one third of the Board. Therefore, at this point, the company does not intend to appoint Independent Outside Directors to increase the ratio to more than one third, or does not plan to increase the number of Independent Outside Directors.</p>
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<Disclosure Based on the Principles of the Corporate Governance Code>

Principles	Disclosure contents
【Principle 1-4. Strategically held shares】	<p>In all of the company's business, the company carries out comprehensive transactions with financial institutions, such as borrowing funds for acquisition of real estate, acquiring information on real estate purchases, and introducing customers in the effective land utilization business. Cooperative relationships with financial institutions are essential for business expansion and sustainable development.</p> <p>For the medium/long term goal of enhancing corporate value, it is the company's policy to hold investment shares of financial institutions that understand the company's management philosophy and management stance and are willing to engage in comprehensive transactions with the company, after checking their economic rationality.</p> <p>The maximum number of shares to be held for each individual issue is 500,000 and no more than 2% of the company's shareholders' equity. The company continuously monitors transactions with financial institutions and financial position and operating results of financial institutions in which it holds shares, and once a year, the Board of Directors meets to review the reasonableness for holding these shares based on factors such as share price trends, dividend amounts, and transaction status.</p> <p>With respect to the exercise of voting rights pertaining to the strategically held shares, the company makes decisions to approve or disapprove individual proposals after carefully reviewing them based on whether the proposals will enhance the corporate value of the company and its investee companies and whether they are compatible with the company's objectives for holding such 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>Each year, the effectiveness of the Board of Directors 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"> • The frequency of meetings of the Board of Directors and the attendance of each Director are both appropriate, and the management of the meetings is carried out appropriately, with appropriate content and volume of materials and deliberation on each agenda item.
【Principle 5-1. Policy on constructive dialogue with shareholders】	<p>The IR Office is in charge of dialogue with shareholders, which is overseen by the executive officer in charge of IR. The IR Office works closely with the Corporate Planning Department, General Affairs Department, Human Resources and Legal Department, Finance Department and Internal Audit Department on a daily basis, and the necessary information is reported to the IR Office.</p> <p>The IR Office holds company briefings for individual investors, financial institutions, analysts, and institutional investors in Osaka and Tokyo, not only explaining the company's business and performance in financial results presentation materials, but also explaining the company's management philosophy, management policies, and ESG and SDG initiatives, which provide the background for the company's business and performance.</p> <p>In addition, in order to communicate with shareholders, the company conducts shareholder questionnaires twice a year and have established an IR inquiry mail system, whereby the IR Office responds to inquiries (questions, etc.) from shareholders and investors.</p> <p>Questions from shareholders are accepted at the Ordinary General Meeting of Shareholders regardless of the agenda, and are basically handled by the President personally.</p> <p>In addition to the Ordinary General Meeting of Shareholders, Outside Directors and</p>

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	full-time Corporate Auditors are also available to respond to questions as necessary. Shareholder Opinions and concerns identified through shareholder questionnaires and other dialogue with shareholders are reported to Directors and the Board of Directors.
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*From the company's release on corporate governance dated November 22, 2022.

<https://ssl4.eir-parts.net/doc/8860/tdnet/2209540/00.pdf>

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