

 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	<a href="https://www.fuji-jutaku.co.jp/english/">https://www.fuji-jutaku.co.jp/english/</a>

## Stock Information

Share Price	Share Outstanding(excluding treasury stock)		Market Cap.	ROE (Act.)	Trading Unit
¥673	35,752,353 shares		¥24,061 million	8.4%	100 shares
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
¥27.00	4.0%	¥111.88	6.0x	¥1,316.94	0.51x

\* The share price is the closing price on July 14, 2023. The number of shares issued at the end of the most recent quarter excludes its treasury shares.

\* ROE and BPS are based on FY 3/23 earnings results. EPS and DPS are based on FY 3/24 earnings estimates.

## Earnings Trends

Fiscal Year	Net Sales	Operating Income	Ordinary Income	Net Income attributable to owners of the parent	EPS	Dividend
March 2020 Act.	110,444	5,002	4,611	3,088	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 Act.	114,473	6,091	5,744	3,817	106.65	27.00
March 2024 Est.	120,000	6,400	6,000	4,000	111.88	27.00

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

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

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## Key Points

- **In the fiscal year ended March 2023, sales decreased 3.6% year on year, and ordinary income increased 2.1% year on year. In terms of sales, sales decreased in the business of residential properties for sale, where the number of units delivered decreased year on year as the "special housing demand" stirred by the coronavirus crisis subsided. However, sales increased in the housing distribution business as the number of used residential properties delivered grew. Sales also increased in the effective land utilization business and the property leasing and management segment. In terms of profit, profits decreased in the residential properties for sale business due to the sales decline, but profits increased in the housing distribution business and the property leasing and management business, where sales increased.**
- **The company forecasts a 4.8% year-on-year increase in sales and a 4.5% year-on-year increase in ordinary income for the fiscal year ending March 2024. In the business of residential properties for sale, although there will be a decline in sales due to a decrease of orders for detached homes in particular, it is expected to be compensated for by an increase in the delivery of condominiums. In addition, sales and all kinds of profits are expected to grow due to the steady growth in the land utilization business and the property leasing and management business.**  
**The company plans to pay an annual dividend of 27 yen per share (14 yen at the end of the first half and 13 yen at the end of the term), unchanged from the previous term.**
- **Due to changes in workstyles in recent years, the preferences of customers for housing are diversifying. In addition, housing prices are rising due to the recent surge in land and building prices. Thus, there is a need to expand the range of products with lower selling prices while maintaining quality. In response to these customer needs, in November 2022, the company started selling the new standard houses, "S・O・U," and the one-story houses, "HIRANAGI." We will pay attention to the future sales of "S・O・U" and "HIRANAGI."**

## 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 (31.8% of Total Sales for fiscal year ended 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: “Korigaoka Project”, Right: “Chaman Fuji Wakayama Ekimae Gran Peak”)

**Housing Distribution (22.4% of Total Sales for fiscal year ended 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 (22.0% of Total Sales for fiscal year ended 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 ended 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 (1.1% of Total Sales for fiscal year ended 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 been highly recognized by customers. This is evident through the many introductions of new customers by existing customers and cooperating companies and the repeat contracts from existing customers. Moreover, in the 2023 Oricon Customer Satisfaction ® Survey, the company has been ranked first overall for "Kinki" for three years in a row, and has been ranked first for "Osaka Prefecture" for four years in a row.

【High rate of conclusion of contracts through referrals and high rate of conclusion of repeat contracts (FY 3/2023)】

Residential Properties for Sales (new construction)	
Number of contracts through referrals(※1)	258 contracts
Number of contracts	852 contracts
<b>Ratio</b>	<b>30.2%</b>
Residential Properties for Sales (used)	
Number of contracts through referrals(※2)	56 contracts
Number of contracts	142 contracts
<b>Ratio</b>	<b>39.4%</b>
Effective land utilization (Rental building for sale and construction contract)	
Repeat contracts	72 contracts
Number of contracts(※3)	182 contracts
<b>Ratio</b>	<b>39.6%</b>

※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.

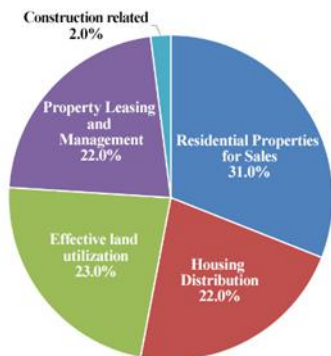
※3 The number of contracts is calculated based on the date of loan approval from the purchaser's financial institution.

(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 area builder ranking for 17 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 summer extra-large, 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 3/23)】



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

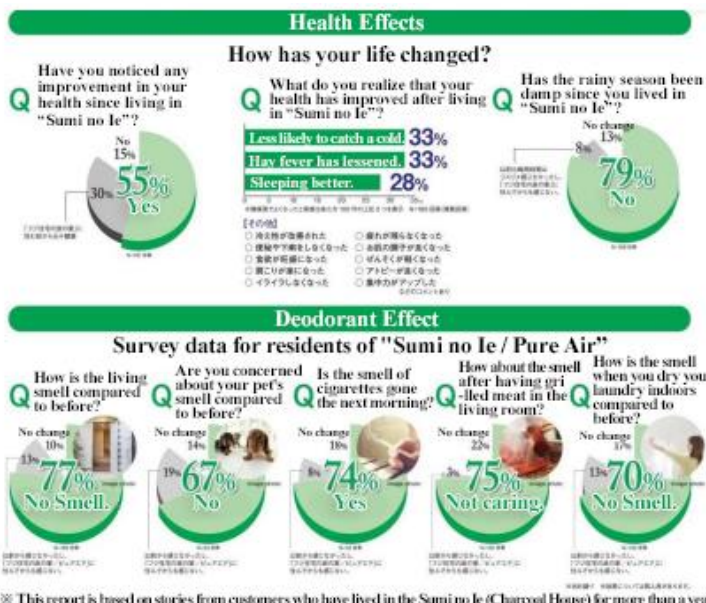
Pollens, bacteria, and viruses are becoming grave problems in addition to air pollution due to such factors as exhaust gas. Fuji Corporation’s “Sumi no Ie / Pure Air” was born through its efforts of putting together the technologies that it has cultivated and focusing thoroughly on air and quality. The 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.

Sumi no Ie (a house with a system for purifying air with charcoal)/Pure Air is a carbon air clean system that forcibly draws in outdoor air with a fan, and blocks minute harmful substances with a microparticle filter. By putting charcoal under the floor and passing air through it, clean air is supplied to each room.

(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 (having six kinds). 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.

Field	Item	Grade						
Structural stability	Earthquake resistance grade (Prevention of collapse of the structural frame)	1st	2nd	3rd "Highest grade"	Not only do we achieve a high level in each of the six items 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.			
	Earthquake resistance grade (Preventing damage to the structural frame)	1st	2nd	3rd "Highest grade"				
	Wind resistance grade	1st	2nd "Highest grade"					
Reduction of deterioration	Deterioration prevention grade (the structural frame, etc.)	1st	2nd	3rd "Highest grade"				
Thermal environment: Amount of energy consumption	Thermal insulation performance grade	1st	2nd	3rd	4th	5th	6th	7th "Highest grade"
Air environment	Formaldehyde emission grade	1st	2nd	3rd "Highest grade"				

※1 The information above is as of March 31, 2023.

※2 The highest thermal insulation performance grade is grade 7, but all 4 grades of the mandatory energy conservation standard compliance schedule for 2025 has been cleared. In addition, we have the quality and construction technology to clear the 5th and 6th grade of the so-called ZEH standard.

(Taken from the reference material of the company)

◎ **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 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 its founding spirit, the company aims to create high-quality housing that is community-based so that customers who have been with the company for decades can continue to live with 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 845 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 2023 is 65.06m<sup>2</sup>, and the average building age is about 29 years. Regarding the location of the properties, 57% of them are in Osaka prefecture, and 33% 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 (houses)	Percentage of owned properties
Osaka	480	57%
Hyogo	284	33%
Kyoto	59	7%
Nara	22	3%
Total	845	100%

\*Properties owned at the end of March, 2023

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

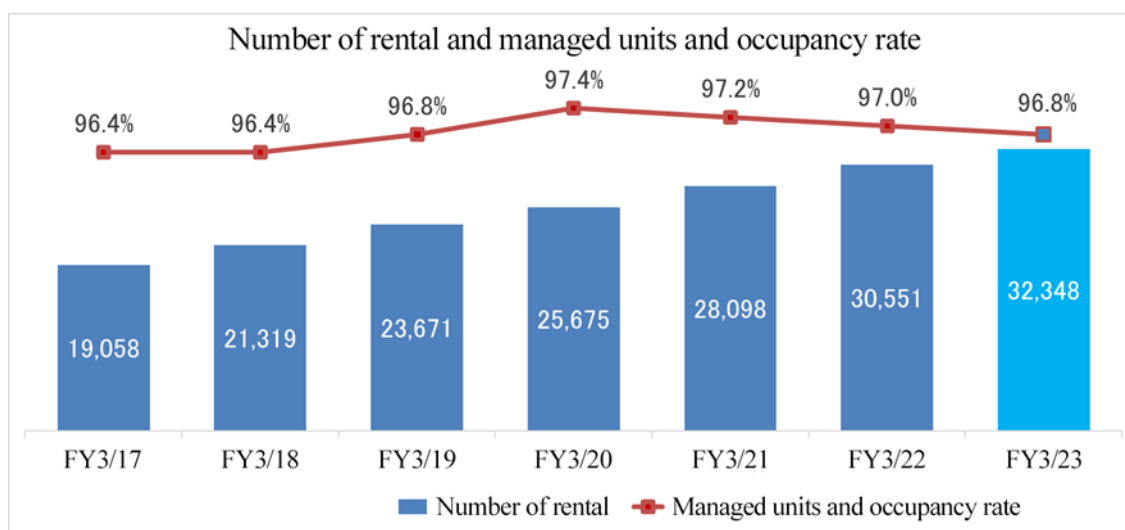
The company sells about 1,000 new condominium units annually, and the company's employees conduct sales activities at all sales sites. The company's employees handle land purchase, sales, plan design, construction site management, and after-sales follow-up. The company conducts face-to-face sales activities 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 March 2023, there are 32,348 managed units (2,236 managed facilities), and overall occupancy rate is 96.8%. 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><b>Efforts in the refurbished used residential properties business</b> Renovation of used residential properties produces significantly less CO<sub>2</sub> and waste than house reconstruction, which directly results in conservation of resources.</p>	<p>6. Clean water and sanitation</p> <p>7. Affordable and clean energy</p> <p>9. Industry, Innovation and infrastructure</p> <p>11. Sustainable cities and communities</p> <p>12. Responsible consumption and production</p> <p>13. Climate action</p>
	<p><b>Total heat exchange system that comes with the indoor air quality (IAQ) control system</b> Fuji's "Sumi no Ie / Pure Air" is energy-saving houses equipped with the total heat exchange system that prevents loss of thermal energy due to ventilation.</p>	
	<p><b>Precut technique</b> Fuji lightens environmental burdens by reducing waste materials with the precut technique in which wood, that is machined at factories in advance, is assembled on site.</p>	
	<p><b>Cellulose fiber (heat insulation)</b> Cellulose fibers that Fuji adopts as heat insulation are made by recycling old newspapers that were not delivered, and can be produced with significantly less energy than glass wool, the general internal heat insulation.</p>	

	<p><b>Participation in OSAKA Zero Carbon Smart City Foundation</b> The company participated in the OSAKA Zero Carbon Smart City Foundation to play a leading role in realizing a decarbonized society by 2050 by materializing even more ambitious and advanced initiatives related to the SDGs from Osaka and spreading them nationwide.</p>	15. Life on land
Promoting the use of sustainable wood	<p><b>Aiming for a sustainable society with wooden detached housing</b> In November 2022, the company became an SDGs member of the Japan Wood-Housing Association because the objective of the initiatives of Japan Wood-Housing Association, "Establishing a sustainable and developmental cycle of domestic timber and solving environmental problems," is in line with the company's basic sustainability policy. Thus, the company can strongly support it as a wooden house manufacturer. Since the company is aware of the relationship between ESG and SDGs and the company's business activities, which are community-based property management, it aims to grow sustainably with society and become a trusted corporate group by working to contribute to society.</p>	
Environment conservation activities by employees	<p><b>Volunteer Tree-Planting "Fuji Housing Forest" (Hidakagawa-cho, Hidakagun, Wakayama Prefecture)</b> A 2.16-hectare forest in Hidakagawa-cho, Hidaka-gun, Wakayama Prefecture, has been named "Fuji Housing Forest." The company's employees and their families volunteer to plant and nurture trees. Through these activities, as a member of the local community, the company is contributing to the preservation of the local natural environment and raising environmental awareness, and the afforestation activities are expected to reduce CO<sub>2</sub> emissions by approximately 4 tons per year.</p>	6. Clean water and sanitation
Improvement of the environmental friendliness in the office environment	<p><b>Various Internal Initiatives for Environmental Conservation</b> -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>	7. Affordable and clean energy 9. Industries, innovation and infrastructure 12. Responsible consumption and production 13. Climate action
Establishment of TCFD Working Group	<p><b>Promotion of initiatives with an awareness of the relationship between ESG and SDGs and the Company's business activities with community-based management</b> 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>	15. Life on land

<b>Social</b>		
Activity	Fuji Group's efforts	SDGs
Establishment of a comfortable work environment (1)	<p><b>Health Management Initiatives</b> "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 seventh consecutive year, the company has been recognized by the Ministry of Economy, Trade and Industry (METI) in collaboration with the Japan</p>	1. No Poverty 3. Good Health & Wellbeing 4. Quality Education 5. Gender Equality 8. Decent Work and Economic Growth

	<p>Health Council as a "White 500" company in the category of "Large Corporations for Excellent Health Management 2023."</p> <p><b>Specific Health Management Measures</b>                  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>10. Reduced Inequalities</p>
<p>Creating a comfortable work environment (2)</p>	<p><b>Promoting Workplace Reform through the Introduction of Telework</b>                  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 selected for the "Telework Promotion Award for Excellence" in 2020 and 2022. The company believes that the promotion of telework will lead to the balancing of work and childcare/nursing care, help people with disabilities who have difficulty commuting, secure excellent human resources in rural areas, and establish a business continuity plan (BCP), which will lead to the enhancement of their corporate value.</p> <p><b>A proactive approach to sports</b>                  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 2023" on February 17, 2023).</p>	<p>1. No poverty</p> <p>3. Good health and well-being</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>Creation of a comfortable work environment (3)</p>	<p><b>Operation of Shirahama Recreation Center</b>                  The company owns a recreation facility in Shirahama-cho, Nishimuro-gun, Wakayama Prefecture, which can be used by all employees, including part-time and temporary employees, including those of group companies. The sanatorium is conveniently located just a 2-minute walk from Shirahama Beach, and offers a hot spring with natural spring water and delicious food using local specialties at a reasonable price. The facility is operated with the aim of "for employees and their families" so that employees can spend a relaxing time with their families and loved ones.</p>	<p>10. Reduced inequalities</p> <p>11. Sustainable cities and communities</p>
<p>Residential development with consideration for safety and security, beautiful scenery, and local community revitalization</p>	<p><b>Safe and secure community development</b>                  The open exterior of the house gives an open, bright, and beautiful impression. In addition, it has the advantage in terms of crime prevention that it is difficult for suspicious people to enter the house because it has a sweeping view.                  The roads in the town are curved lines based on gentle curves, which naturally reduce the speed of cars and make the town safer.</p> <p><b>Community Revitalization</b>                  Town parks and meeting places have been established as community spaces where anyone, from children to the elderly, can casually drop by, aiming to create a "connected" town where the smiles of the people who live there abound.</p>	<p>1. No Poverty</p> <p>2. Zero Hunger</p> <p>3. Good Health &amp; Wellbeing</p> <p>10. Reduced Inequalities</p> <p>11. Sustainable Cities and Communities</p>
<p>Development of health-oriented homes</p>	<p><b>Fuji Charcoal House/Pure Air</b>                  In contrast to the general 24-hour ventilation system of "natural air supply + forced</p>	

	<p>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>Cooperation in support activities for Asian countries</p>	<p><b>Support activities through Asia Child Support</b>                  In March 2022, the company received a letter of appreciation from Asian Child Support. The company has set up donation boxes at its head office building and offices, and sends donations received from employees, customers who visit the company, and subcontractors. The company plans to continue its support for the relief efforts.</p>	
<p>Efforts against the aging society</p>	<p><b>Development of affordable rental apartments for seniors with nursing-care services</b>                  The birthrate has been decreasing and the population has been aging rapidly in recent years, and the ratio of people aged 65 and older to the total population is expected to exceed 30% in 2025. Under these circumstances, how houses as final abodes should be and enrichment of such services as nursing care and medical treatment are crucial social issues. The corporate group provides affordable and quality affordable rental apartments for seniors with nursing-care services based on a concept of housing at which people can entrust their parents with a sense of safety, and the number of the rental housings that it operates is more than 200 and No. 1 in Japan. It aims to continue building rental housings in which elderly can continuously lead safe, healthy, and enriched life.</p> <p><b>Use of "ESG Target Setting Loan Try Now"</b>                  On December 24, 2021, the company received a 500 million yen loan from Minato Bank, Kansai Mirai Financial Group, using the "ESG Target Setting Loan Try Now." This loan was set with the goal of increasing the number of serviced senior housing units supplied above a certain number, with the aim of contributing to the spread of safe and secure housing in an aging society.</p> <p><b>Utilization of Sustainability Linked Loans</b>                  On October 31, 2022, the company received a loan of 1 billion yen using the Sustainability Linked Loan from Kiyoo Bank. The company aims to enhance its sustainability management by setting a target value for sustainability activities aimed at contributing to the resolution of social issues, which is "To increase the number of houses for the elderly that provide services (such as nursing care) by approximately 5% annually."</p>	<p>3. Good Health &amp; Wellbeing</p> <p>11. Sustainable Cities and Communities</p>
<p>Contribution to local community</p>	<p><b>Blue crime prevention patrol</b>                  Fuji Corporation has formed the Fuji Blue Crime Prevention Patrol Team in cooperation with Kishiwada Police Station with the aim of protecting the safety of the children in the area and eliminating street crimes, and strives to prevent local crimes in the school zones in Kishiwada City as a company.</p> <p><b>Donation of goods to all the full-time high schools in Kishiwada City</b>                  Fuji donated goods and other necessary items to all the five full-time high schools in Kishiwada City in which its headquarters are based.</p> <p><b>Donation to the Osaka Nursing Association</b>                  Fuji gratefully donated to healthcare workers who have been devoting themselves to providing medical services and those who have been committed to continuing the medical system amid the novel coronavirus pandemic.</p> <p><b>Environmental beautification activities</b>                  Fuji's employees clean the roads around the headquarters building, Higashi-</p>	<p>4. Quality education</p> <p>11. Sustainable cities and communities</p> <p>15. Life on land</p>

	<p>Kishiwada building, and each “Ouchi Kan” shop, including the roads in front of the buildings and shops, which has allowed the sidewalk in front of the Higashi-Kishiwada building to be recognized by Osaka Prefecture as Adopt Road Habu-cho 2-Chome. The company has won a number of awards for its efforts for road beautification and contribution to cleanup activities in the community.</p> <p><b>Promotion of e-Tax</b> The Regional Taxation Bureau proactively promotes e-Tax, a system that allows its users to file final tax returns using the Internet. Fuji encourages all its officers and employees to use e-Tax for filing tax returns and received a letter of appreciation for the effort from the superintendent of Kishiwada Tax Office in May of 2021.</p>	
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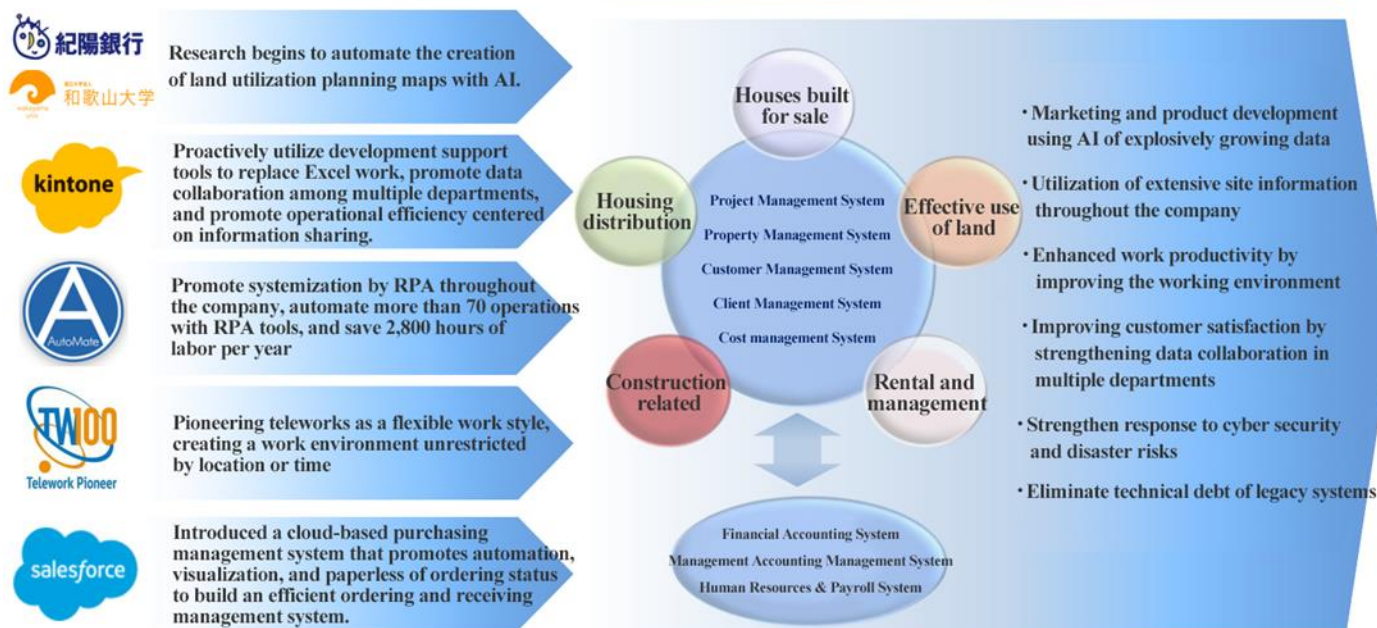
<b>Governance</b>		
Activity	Fuji Group’s efforts	SDGs
Governance enhancement based on the organizational structures	<p><b>The Board of Directors, the Audit &amp; Supervisory Board, and other organizational structures for enhancing corporate governance</b> Fuji’s Board of Directors consists of seven directors (including two outside directors) and its Audit &amp; Supervisory Board is composed of three auditors (including two outside auditors), and the company has set up a risk compliance promotion committee and an internal control promotion committee, established an internal reporting system, and TCFD working group.</p>	
Governance enhancement through human resources development	<p><b>Booklet of the management philosophy and policies</b> Exactly as stated by the words “The enterprise is its people,” Fuji Corporation gives the top priority to development of human resources. It requires all its employees to carry the booklet of the management philosophy and policies so that they can move forward unwaveringly toward the same goal and purpose, and strives to develop human resources so that all the officers and employees fully understand and follow the management philosophy and policies and to raise the ratio of such human resources.</p> <p><b>Direct dialogue between the management and the employees</b> Fuji regularly holds meetings for asking questions for the chairman and the president in which employees can have direct dialogue with the chairman and the president. The chairman and the president themselves are committed to settling not only the employees’ work-related issues, but also troubles and issues in their private life through telephone meetings with each employee who has questions. The company believes that direct dialogue between the employees and the management helps cement the relationship of trust and increase a sense of belonging among its employees, and thus it is essential for enhancing corporate governance through understanding and implementation of the management philosophy and policies.</p> <p><b>360-degree personnel assessment system</b> Believing that development of human resources that have excellent insight, boldness, and judgment, and thoroughly follow the management philosophy and policies contributes to long-term improvement of its corporate value, Fuji has adopted a fair and equitable personal assessment system, 360-degree personnel assessment system, that assesses the employees from all viewpoints, including not only their direct bosses but their co-workers, subordinates, and the officers in other departments.</p>	<p>4. Quality education</p> <p>5. Gender equality</p> <p>8. Decent work and economic growth</p> <p>12. Responsible consumption and production</p> <p>16. Peace, justice and strong institutions</p>
Governance enhancement through customer satisfaction improvement	<p><b>Insatiable pursuit of customer satisfaction</b> Fuji records words of joy and appreciation from customers on its “Bravo Card” and “Thank You Report,” and complaints and words of scolding on the “Yellow Card.” They are shared among the internal departments concerned and used for</p>	<p>4. Quality education</p> <p>8. Decent work and</p>

	<p>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 "2023 Oricon Customer Satisfaction® Survey," the company was awarded double honors for the third year in a row: No. 1 in the "2023 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. They ranked No. 1 overall in the Kinki region for the third consecutive year and No. 1 in Osaka Prefecture for the fourth consecutive year.</p>	<p>economic growth</p> <p>10. Reduced inequalities</p> <p>11. Sustainable cities and communities</p> <p>16. Peace, justice, and strong institutions</p>
<p>Proactive dialogue with the stakeholders</p>	<p><b>Holding IR events and dialogue with the shareholders and institutional investors</b></p> <p>Fuji holds company information sessions for individual investors and for analysts and institutional investors as necessary in Osaka and Tokyo, and accept requests from its institutional investors and other parties concerned for interviews and telephone meetings to a reasonable extent. It endeavors to give as clear explanations as possible in understandable words to inquiries from its individual investors, and has proactive dialogue with them via the shareholder questionnaire enclosed in the shareholder newsletters published twice a year.</p> <p>Fuji Corporation believes that constructive dialogue with the shareholders and investors will contribute to its medium- and long-term corporate value enhancement and sustainable growth.</p>	
<p>Strengthening relationships with business partners</p>	<p><b>Holding of a session for explaining the consumption tax invoice system</b></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) and Progress

The company formulated a medium-term management plan for the next three years from the fiscal year ended March 2023. 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 3/25, 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 3/25.

### Medium Term Business Plan Targets

	FY3/22 Act.	FY 3/23 Mid-Term Plan	FY3/23 Act.	FY 3/24 Mid-Term Plan	FY3/24 Est.	FY 3/25 Mid-Term Plan
Sales	118,698	110,600	114,473	117,000	120,000	121,800
Operating Income	5,871	6,000	6,091	6,800	6,400	7,000
Ordinary Income	5,627	5,700	5,744	6,300	6,000	6,600
Net Income	3,869	3,800	3,817	4,200	4,000	4,400
ROE	9.0%	8.4%	8.4%	8.7%	-	8.4%
Capital adequacy ratio	28.9%	Over 25%	30.5%	Over 25%	-	Over 25%

\*Units: million yen

### 2-1 Assumptions for the Medium-Term Management Plan and Progress

**Plan for FY 3/23****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.

In the fiscal year ended March 2023, targets were achieved for all items.

**Plan for FY 3/24****Performance recovered to the level of the fiscal year ended March 2022 due to the completion and delivery of four condominium buildings as well as steady growth in the leasing and management segment.**

Four 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.

The initial forecast for the fiscal year ending March 2024 is conservative, with net sales exceeding the medium-term plan, but all kinds of profits slightly lower than the medium-term plan.

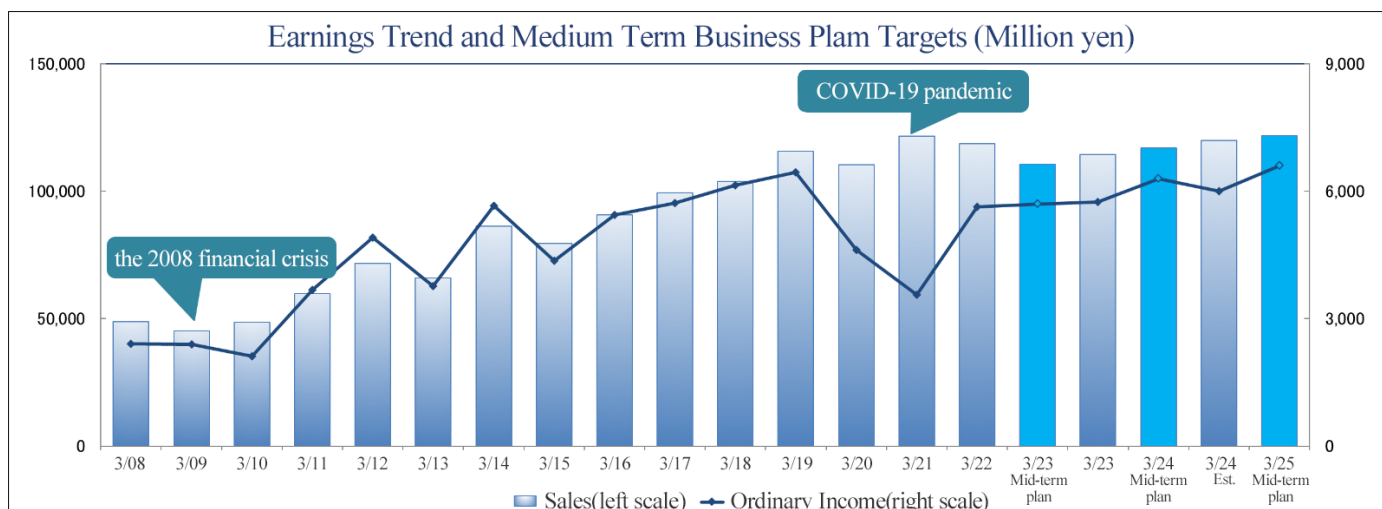
**Plan for FY 3/25****Consolidated sales and consolidated operating income reached record highs due to an increase in the delivery of condominiums and rental apartment buildings for individual investors.**

Four 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**

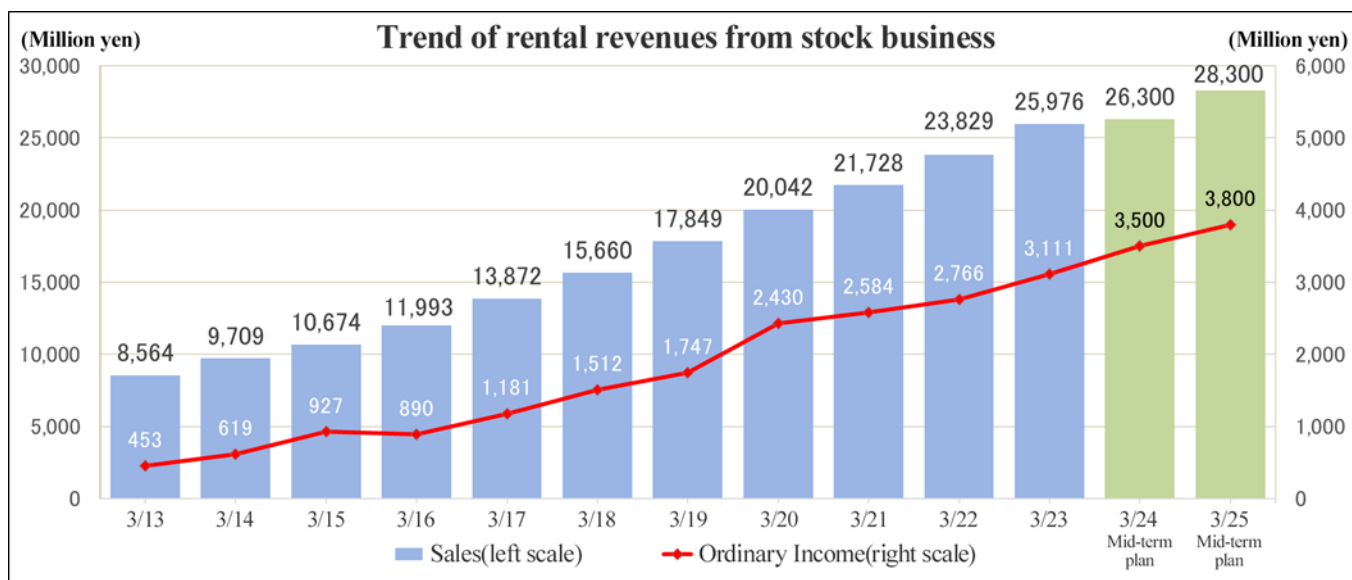
The company will respond to changes in the external environment during the current plan period, such as skyrocketing land purchase prices due to a rise in land prices and a continuing rise in construction costs due to a rise in the prices of raw materials. The fiscal year ended March 2023, which is the 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.

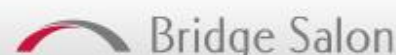


**2-4 Business Strategies by Segment**

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

Segment Sales	FY 3/22 Act	FY 3/23 Mid-Term	FY 3/23 Act	FY 3/24 Mid-Term	FY 3/25 Mid-Term
Residential Properties for Sales	45,388	34,900	36,495	39,100	41,300
Housing Distribution	23,928	25,700	25,628	25,400	26,500
Effective Land Utilization	26,775	25,100	26,576	26,000	25,900

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Property Leasing and Management	23,829	24,400	25,976	26,300	28,300
Construction related	2,454	2,100	2,299	2,100	2,200
<b>Segment Profits</b>	<b>FY 3/22 Act</b>	<b>FY 3/23 Mid-Term</b>	<b>FY 3/23 Act</b>	<b>FY 3/24 Mid-Term</b>	<b>FY 3/25 Mid-Term</b>
Residential Properties for Sales	1,475	700	1,237	1,300	1,300
Housing Distribution	1,280	1,400	1,370	1,400	1,500
Effective Land Utilization	2,365	2,300	2,217	2,400	2,300
Property Leasing and Management	2,766	3,300	3,111	3,500	3,800
Construction related	112	60	-14	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 condominium buildings: 3 in the fiscal year ending March 2023, 4 in the fiscal year ending March 2024 and 4 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 3/21 Act	FY 3/22 Act	FY 3/23 Mid-Term	FY 3/23 Act	FY 3/24 Mid-Term	FY 3/25 Mid-Term
No. of Rental Apartment Buildings	113	130	130	125	128	147
No. of Construction Contracts	61	40	32	29	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 3/21 Act	FY 3/22 Act	FY 3/23 Mid-Term	FY 3/23 Act.	FY 3/24 Est.	FY 3/25 Mid-Term
Number of Housing Units Under Management (houses)	28,098	30,551	32,500	32,348	34,700	37,000
Occupancy Rate	97.2%	97.0%	97.0%	96.8%	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.

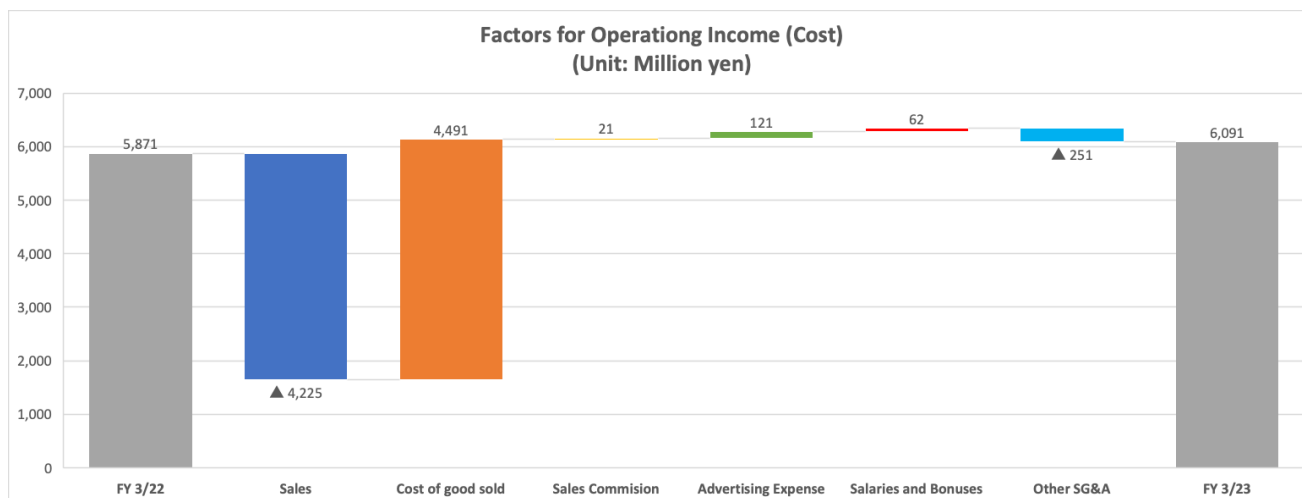
### 3. Fiscal Year ended March 2023 Earnings Results

#### 3-1 Consolidated Results

	FY 3/22	Ratio to sales	FY 3/23	Ratio to sales	YoY	Forecast at beginning of term	Ratio to forecasts
Sales	118,698	100.0%	114,473	100.0%	-3.6%	110,600	+3.5%
Gross Income	16,684	14.1%	16,950	14.8%	+1.6%	-	-
SG&A	10,813	9.1%	10,859	9.5%	+0.4%	-	-
Operating Income	5,871	4.9%	6,091	5.3%	+3.7%	6,000	+1.5%
Ordinary Income	5,627	4.7%	5,744	5.0%	+2.1%	5,700	+0.8%
Net Income attributable to owners of the parent	3,869	3.3%	3,817	3.3%	-1.3%	3,800	+0.5%

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

\* Units: million yen



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

\*▲ of expense account indicates that the expense has increased.

### Sales fell 3.6% year on year, and ordinary income increased 2.1% year on year

In the fiscal year ended March 2023, sales decreased 3.6% year on year to 114,473 million yen. In terms of sales, as expected at the beginning of the term, the "special demand for housing" stirred by the novel coronavirus crisis in the second half of the previous term subsided, and the order backlog decreased, leading to a decline in the number of free design houses delivered. Therefore, sales of the business of residential properties for sales declined significantly. On the other hand, in the housing distribution business, sales of used houses, which are cheaper than newly built detached houses, remained steady. Regarding the effective land utilization business, orders for construction contracts, such as for rental housing, remained strong, and construction progressed smoothly. In addition, the property leasing and management business, which is linked to the effective land utilization business and has been performing well than in the past, grew as expected. Therefore, sales of the effective land utilization business declined only 3.6% year on year.

Ordinary income increased 2.1% year on year to 5,744 million yen. In terms of profit, profits decreased in the business of residential properties for sales as sales declined. However, profits increased in the housing distribution and the property leasing and management businesses, where sales increased. Gross profit margin rose 0.7 points year on year to 14.8%. Although SG&A expenses increased 0.4% year on year due to an increase in consumption tax, operating income margin rose 0.4 points to 5.3% year on year. As a result, operating income increased 3.7% year on year to 6,091 million yen. In addition, the rate of increase in ordinary profit fell slightly short of the rate of growth in operating profit due to rising commitment fees as non-operating expenses. Moreover, profit attributable to owners of parent decreased 1.3% year on year due to factors such as recording a gain on sale of fixed assets of 1 million yen as extraordinary profit this term compared to 329 million yen recorded in the previous term.

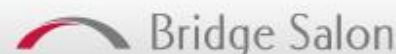
Both sales and all kinds of profits exceeded the company's initial forecast.

### 3-2 Segment Earnings (Fiscal Year ended March 2023)

#### Results by Segment and Topics

	Sales	Share	YoY	Segment Profits	Share	YoY
Residential Properties for Sale	36,495	31.8%	-19.6%	1,237	15.6%	-16.2%
Housing Distribution	25,628	22.4%	+7.1%	1,370	17.3%	+7.1%
Effective Land Utilization	25,133	22.0%	+5.6%	2,217	28.0%	-6.3%
Property Leasing and Management	25,976	22.7%	+9.0%	3,111	39.3%	+12.4%
Construction Related	1,239	1.1%	-29.6%	-14	-0.2%	-

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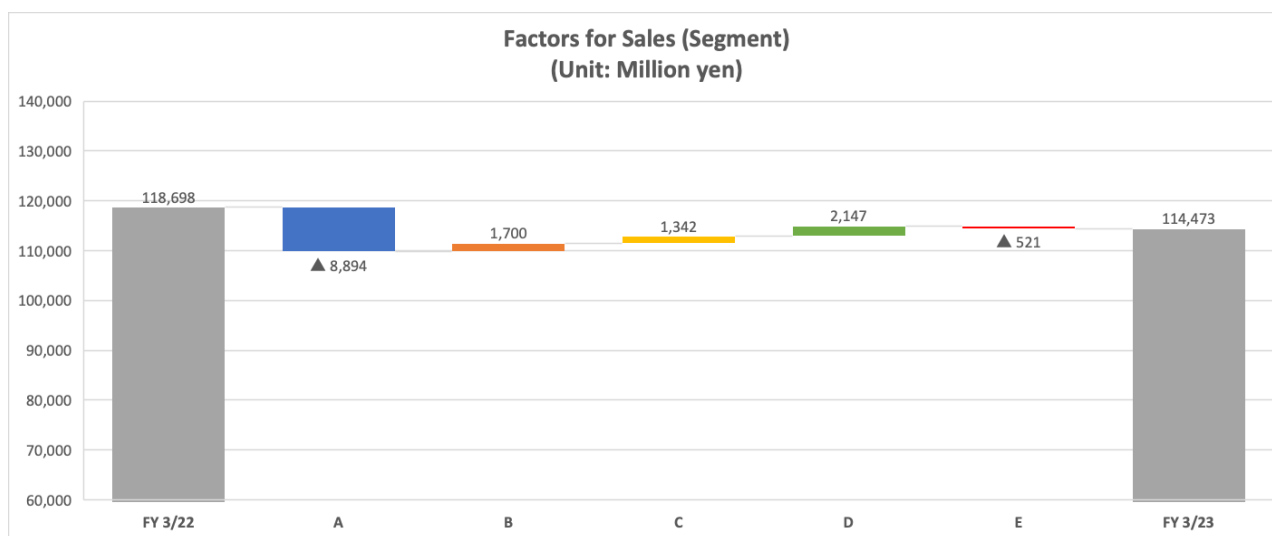


Adjustment	-	-	-	-1,830	-	-
Total	114,473	100.0%	-3.6%	6,091	100.0%	+3.7%

\* Units: million yen

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

\* The composition ratio of segment profit is a percentage to operating income reported in the consolidated statement of income.



\*A: Residential Properties for Sale, B: Housing Distribution, C: Effective Land Utilization, D: Property Leasing and Management, E: Construction Related

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

**In the segment of residential properties for sale, sales decreased 19.6% year on year to 36,495 million yen and profit decreased 16.2% year on year to 1,237 million yen.**

Regarding the sale of free design houses and condominiums for sale, “special demand for housing” stirred by the spread of the novel coronavirus subsided, and orders received in the second half of the previous fiscal year decreased, so the number of residential units delivered dropped considerably as expected. On the other hand, sales of condominiums increased significantly, despite only a slight increase in the number of units delivered, due to the delivery of three condominiums in the northern Osaka area, where unit sale prices are high. However, segment sales were lower than those in the previous year, partly due to the impact of the sale of land for large-scale residential properties in the previous year. Although segment profit decreased from the previous year due to profitable land sales in the previous year, the rate of decline in profit was less than the rate of decline in sales due to the high profit contribution from condominiums for sale.

	FY 3/22		FY 3/23		YoY
	Volume	Value	Volume	Value	
Free-design Homes, etc.	823 homes	33,647	623 homes	25,527	-24.1%
Condominiums for Sales	210 homes	7,988	214 homes	9,323	+16.7%
Sale of Residential Land	138 homes	3,054	70 homes	1,595	-47.8%
Land sales	4,388 m <sup>2</sup>	698	268 m <sup>2</sup>	49	-93.0%
Net Sales in the Residential Properties for Sales Segment	1,171 homes 4,388 m <sup>2</sup>	45,388	907 homes 268 m <sup>2</sup>	36,495	-19.6%
Profit in the Residential Properties for Sales Segment		1,475		1,237	-16.2%

\*Units: million yen

Large-scale project for delivering detached homes in FY 3/23	
Asmo Town Higashi-Kishiwada	144 homes (Kishiwada -shi, Osaka-fu)
Afujia City Koyoen	85 homes (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 7.1% year on year to 25,628 million yen, and profit increased 7.1% year on year to 1,370 million yen.**

Compared to new condominiums, which have seen a marked price increase in recent years, demand for inexpensive used condominiums has been strong, and their sales have increased based on an increase in the number of units delivered. Although the number of units delivered in the used detached homes segment decreased slightly, the increase in unit sale price compensated for the decrease, and net sales significantly increased from the previous year. Segment income also exceeded that in the previous year due to stable profitability resulting from the continuation of the policy of careful selection of purchases and profitable sales in the used residential properties business.

	FY 3/22		FY 3/23		
	Volume	Value	Volume	Value	YoY
Used Residential Properties (Detached Homes)	117 homes	2,826	114 homes	3,048	+7.8%
Used Residential Properties (Condominiums)	922 homes	21,079	963 homes	22,563	+7.0%
Others	-	22	-	16	-25.2%
Net Sales in Housing Distribution Segment	1,039 homes	23,928	1,077 homes	25,628	+7.1%
Profit in Housing Distribution Segment		1,280		1,370	+7.1%

\*Units: million yen

According to Japan Journal of Remodeling's Annual Ranking of Resale Units Sold 2022 (issued on July 25, 2022), the company ranked seventh 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 2023, the company holds 845 units.

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

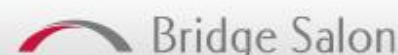
	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23
No. of units held [contracts]	1,098	1,052	946	891	845
Acquisition price [million yen]	14,308	14,130	12,985	13,043	13,867
Annual revenues from rents [million yen]	1,006	1,146	1,050	1,000	993

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 increased 5.6% year on year to 25,133 million yen, and profit decreased 6.3% year on year to 2,217 million yen.**

The number of deliveries in contract construction of rental properties and affordable apartments for seniors with nursing-care services decreased, and the sales of affordable apartments for seniors with nursing-care services decreased as well. However, the sales of contract construction of rental properties increased significantly as the construction work for which orders had already been received progressed smoothly and new orders also trended favorably. Orders for rental apartments for sale to individual investors continued to be strong, and net sales rose from the previous term. Both internal sales and segment profit declined from the previous year, due to a decrease in the construction of affordable apartments for seniors with nursing-care services owned by the company. However, sales and segment profit excluding internal transactions both exceeded those in the previous term.

## BRIDGE REPORT



	FY 3/22		FY 3/23		YoY
	Volume	Value	Volume	Value	
Contract Construction of Rental Properties	27 contracts	2,341	23 contracts	3,335	+42.4%
Affordable Apartments for Seniors with Nursing-care Services	13 contracts	3,322	6 contracts	3,147	-5.3%
Rental Apartments for Sale to Individual Investors	130 buildings	18,127	125 buildings	18,651	+2.9%
Net Sales in the Effective Land Utilization Segment	—	2,984	—	1,442	-51.7%
Profit in the Effective Land Utilization Segment	40 contracts 130 buildings	26,775	29 contracts 125 buildings	26,576	-0.7%
Contract Construction of Rental Properties		2,365		2,217	-6.3%

\* 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 96.8% as of the end of March 2023, 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.

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 25,976 million yen, and profit increased 12.4% year on year to 3,111 million yen.

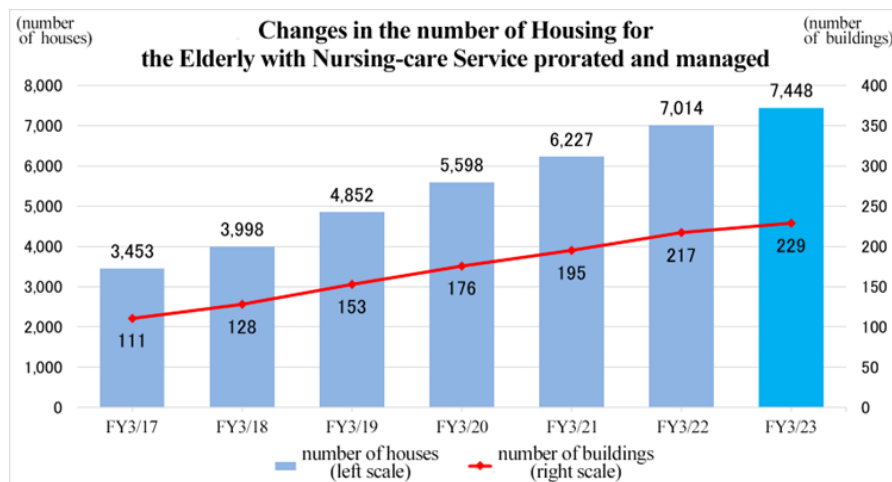
Both net sales and segment profit increased year on year due to an increase in the number of managed properties due to the delivery of rental properties linked to the effective land utilization business, progress in the operation of affordable apartments for seniors with nursing-care services owned by the company, and an increase in the number of managed condominiums following the delivery of condominiums.

	FY 3/22	FY 3/23	
	Value	Value	YoY
Rental Income	17,391	18,867	+8.5%
Income from Affordable Apartments for Seniors with Nursing-care Services	5,552	6,165	+11.0%
Management Fee Income	885	943	+6.5%
Net Sales in the Property Leasing and Management Segment	23,829	25,976	+9.0%
Profit from Property Leasing and Management	2,766	3,111	+12.4%

\*Units: million yen

While the number of units rented and managed has been increasing by 2,000 per year since 2016, occupancy rate remains high. As of the end of March 2023, the number of apartment buildings for elderly people with nursing care services under operation was 229 and the number of units under

management was 7,448. According to the senior business data book 2022, the company has the largest number of buildings under operation (210 buildings) and the largest number of residential properties for the elderly with nursing care services in Japan.



Ranking of the number of Housing for the Elderly with Nursing-care Service **No.1**  
\*From Monthly Senior Business Market 2022

Ranking	Business name	Number of Buildings
1	FUJIAEMENTY SERVICE COLTD.	210
2	Gakken Cocofump Co.,Ltd.	147
3	SOMPO Care Inc.	145
4	Vafi Co.,Ltd.	107
5	La Charite	99
6	Yamane Medical Co.,Ltd.	71
7	Panasonic AGE-FREE Co.,Ltd.	61
8	Sousaikai Group	51
9	Yasahiite Corp.	50
10	Gold Age Co.,Ltd.	41

\*Number of buildings in operated and managed as of December 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 29.6% year on year to 1,239 million yen, and profit decreased 126 million yen year on year to 14 million yen.**

The external sales of “Construction-related,” which handles mainly public works, decreased from the previous term. Although internal sales increased from the previous fiscal year due to the completion of a contract to renovate former company housing into an affordable apartment for seniors with nursing-care services and the start of contract construction work of a new condominium for sale by the company group, it was not enough to compensate for the higher construction costs, which pushed down segment income. However, with construction costs rising significantly in recent years, the company plans to further expand the scope of collaboration, as the increase in in-house construction contributes to the earnings of the entire group.

	FY 3/22	FY 3/23	
	Value	Value	YoY
Construction Related Segment	1,761	1,239	-29.6%
Intersegment sales and transfers	693	1,059	+52.8%
Net Sales in the Construction Related Segment	2,454	2,299	-6.3%
Profit in the Construction Related Segment	112	-14	-

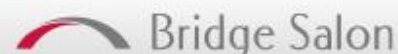
\* Units: million yen

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

In January 2020, the company welcomed the renowned Yuuken Kensetsu Group as a partner in constructing steel-framed and reinforced concrete structures. Among the group’s numerous development projects, the company previously did not handle construction work involving steel-frame or reinforced concrete, except for condominiums, but with the addition of the Yuuken Kensetsu Group as a partner, the company now has a wider range of options and a richer product lineup. In January 2023, the company group completed the construction of its first affordable apartment for seniors with nursing-care services, which was renovated from the company’s former company housing (Shishigaguchi-cho, Nishinomiya City).



# BRIDGE REPORT



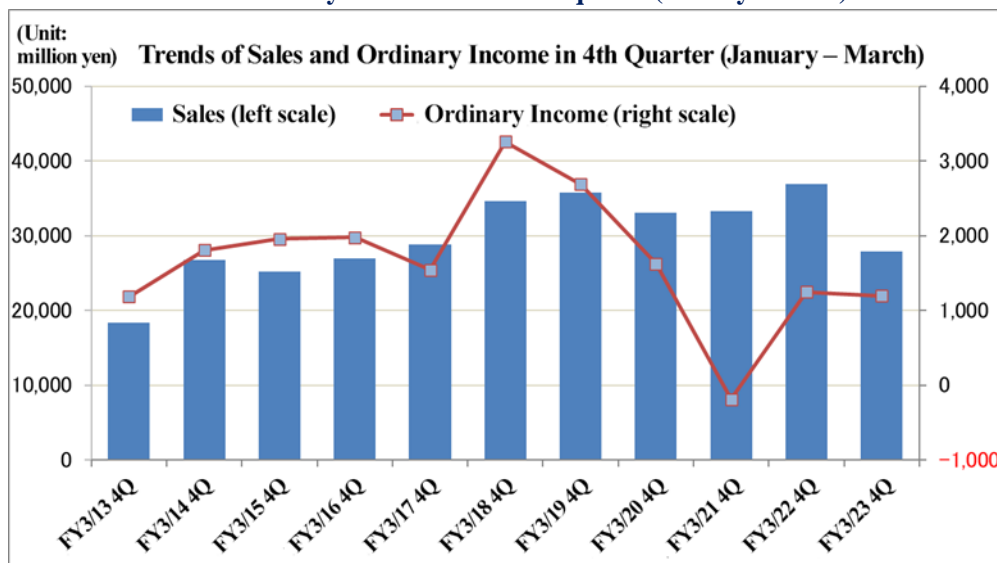
Nishinomiya Shishigakuchicho apartments for seniors with nursing-care services owned by company's group  
 Completion January 26, 2023 RC build 5-story building 62 rooms



(Taken from the reference material of the company)

### 3-3 Quarterly Earnings Trends

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

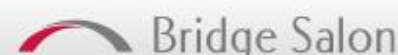


In the fourth quarter (January-March) of FY 3/23, sales declined year on year, but ordinary income increased due to improved profitability.

### 3-4. Status of order backlog

	End of FY3/22		End of FY3/23		
	Volume	Value	Volume	Value	YoY
Free Design Houses, etc.	426 homes	17,412	324 homes	13,928	-20.0%
Condominiums for Sale	152 homes	6,641	195 homes	8,576	+23.5%
Sale of Residential Land	19 homes	310	16 homes	443	+42.9%
Land Sales	268 m <sup>2</sup>	49	1,765 m <sup>2</sup>	420	+757.1%
Residential Properties for Sales	597 homes /268 m <sup>2</sup>	24,713	535 homes /1,765 m <sup>2</sup>	23,368	-5.4%

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Used Residential Properties (Detached Homes)	23 homes	578	10 homes	276	-52.1%
Used Residential Properties (Condominiums)	139 homes	3,126	131 homes	3,105	-0.7%
Housing Distribution	162 homes	3,704	141 homes	3,382	-8.7%
Contract Construction of Rental Properties	48 contracts	4,804	62 contracts	5,920	+23.2%
Affordable Apartments for Seniors with Nursing-care services	21 contracts	5,153	32 contracts	6,710	+30.2%
Rental Apartments for Sale to Individual Investors	87 buildings	12,449	91 buildings	13,930	+11.9%
Effective Land Utilization	69 contracts /87 buildings	22,406	94 contracts /91 buildings	26,561	+18.5%
Construction Related	16 contracts	683	16 contracts	465	-32.0%
Total	-	51,508	-	53,777	+4.4%

\* Units: million yen

(Taken from the reference material of the company)

The order backlog at the end of the fiscal year ended March 2023 was up 4.4% from the previous year. The main factors behind the increase in order backlog include the effective land utilization segment, with contract construction for rental housing up 23.2% year on year, affordable apartments for seniors with nursing-care services up 30.2% from the previous year, and rental apartments for sale to individual investors continuing to perform well, up 11.9% year on year.

In the segment of residential properties for sale, the decrease in the backlog of contracts for free design houses due to higher sales prices resulting from high land prices and rising construction costs was covered by strong orders for condominiums currently on sale.

In the housing distribution segment, demand for used homes remained strong, and although the number of order contracts declined, higher unit sales prices mitigated the decline in the order contract backlog.

### 3-5 Financial Conditions and Cash Flow (CF)

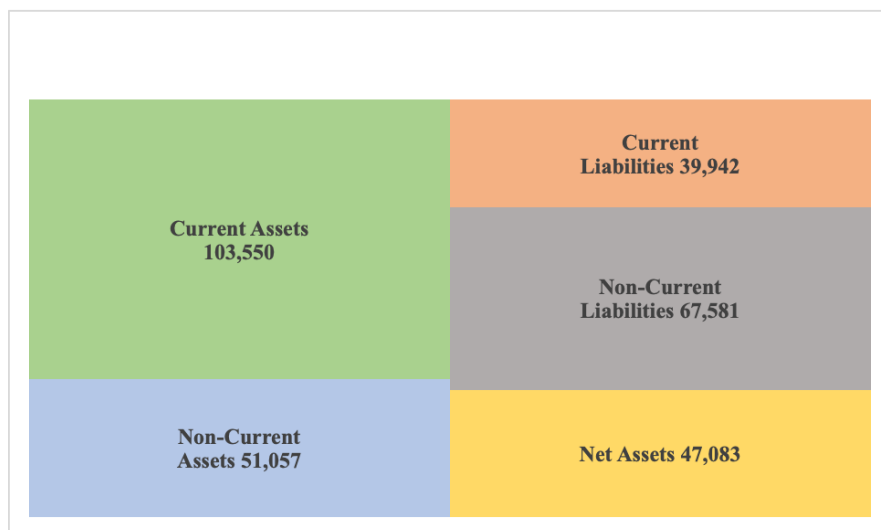
#### Financial Conditions

	Mar. 2022	Mar. 2023		Mar. 2022	Mar. 2023
Cash, Equivalents	19,644	20,308	Payables	6,599	4,601
Inventories	81,000	79,944	ST Interest Bearing Liabilities	29,187	21,985
Current Assets	103,486	103,550	Unpaid Taxes	1,344	972
Tangible Noncurrent Assets	44,541	46,006	Prepayments	3,318	3,667
Intangible Noncurrent Assets	592	560	LT Interest Bearing Liabilities	59,901	66,862
Investments, Others	4,892	4,490	Liabilities	109,162	107,524
Noncurrent Assets	50,025	51,057	Net Assets	44,349	47,083
Total Assets	153,512	154,608	Total Interest-Bearing Liabilities	89,089	88,848

\* 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



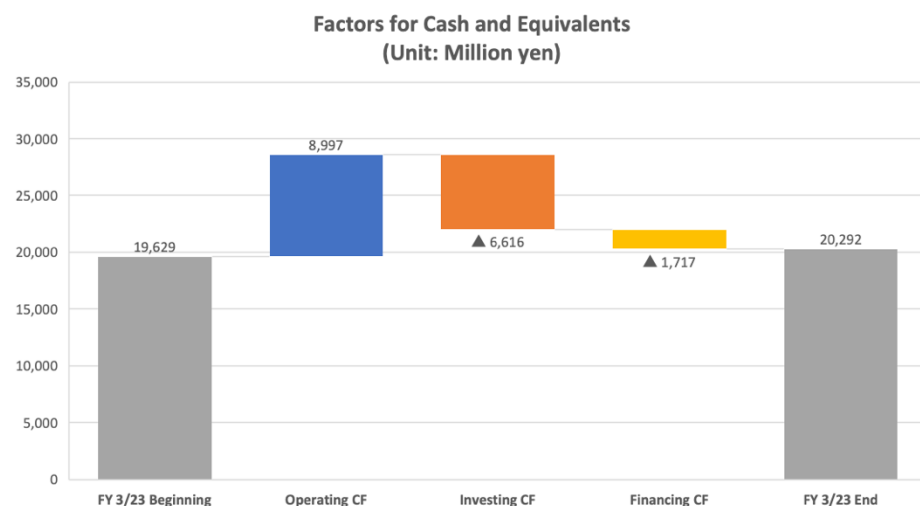
\*Created by Investment Bridge Co., Ltd. based on disclosed material of the company.

Total assets at the end of the fiscal year ended March 2023 were 154,608 million yen, up 1,095 million yen from the end of the previous fiscal year. On the asset side, mainly cash & deposits, buildings, structures, land, etc. increased, while inventories and deferred tax assets decreased. Regarding liabilities and net assets, mainly contract liabilities, long-term debts, and retained earnings increased, while bills and accounts payable for contract construction, electronically recorded monetary obligations, and short-term debts decreased. The main breakdown and amounts of inventories are as follows. Real estate for sale was 25.3 billion yen (22.09 billion yen at the end of the previous fiscal year), real estate for sale in process was 30.2 billion yen (27.02 billion yen), and real estate for development was 24.39 billion yen (31.83 billion yen). Although the purchasing environment remains difficult, the company has secured enough inventory for the next two to three years, with a total of 2,393 detached homes and condominiums for sale. The company will continue to maintain its policy of careful selection of purchases, while ensuring adequate profits without rushing to sell.

**Cash Flow**

	FY 3/22	FY 3/23	YoY	
Operating Cash Flow (A)	6,324	8,997	+2,673	+42.3%
Investing Cash Flow (B)	-6,333	-6,616	-283	-
Free Cash Flow (A + B)	-8	2,380	+2,389	-
Financing Cash Flow	-518	-1,717	-1,199	-
Cash and Equivalents at Term End of Quarter	19,629	20,292	+663	3.4%

\* Units: million yen

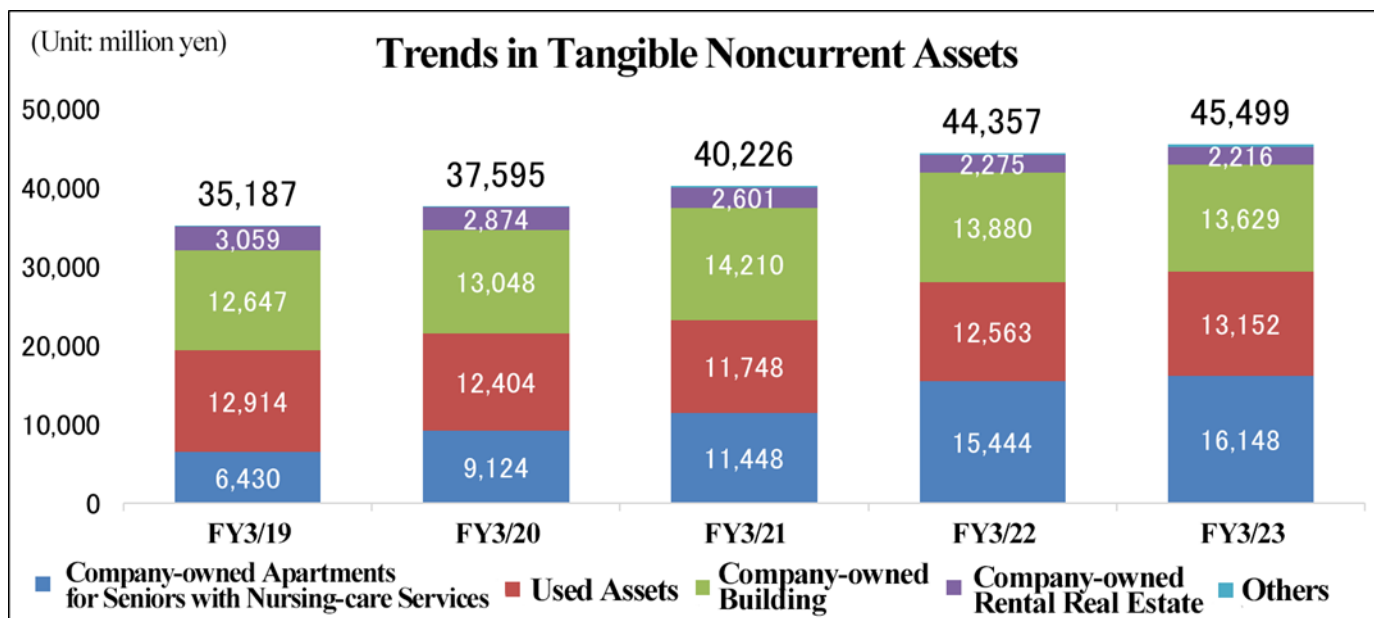


\*Created by Investment Bridge based on disclosed material of the company.

In terms of cash flows, the cash inflow from operating activities expanded due to the further decrease in inventories and other factors. This is because the sale of used assets, which until the previous fiscal year had been accounted for as revenues from the sale of property, plant, and equipment, were transferred to inventories at the time of the decision to sell and recorded as sales from the current fiscal year, when sales were in full swing. In addition, free CF turned positive due to an increase in the cash inflow from operating activities, although the cash outflow from investing activities increased due to a decrease in income from the sale of property, plant, and equipment. On the other hand, the cash outflow from financing activities augmented due to the repayment of long-term debts. As a result, the balance of cash and cash equivalents at the end of the period increased by 3.4% from the previous fiscal year.

The balance of cash and cash equivalents at the end of the fiscal year was maintained at 20 billion yen. In addition, the cash inflow from operating activities covered cash outflow from investing activities, and the surplus was used to reduce interest-bearing debt, resulting in good cash flow.

### 3-6 Trends in Tangible Noncurrent Assets

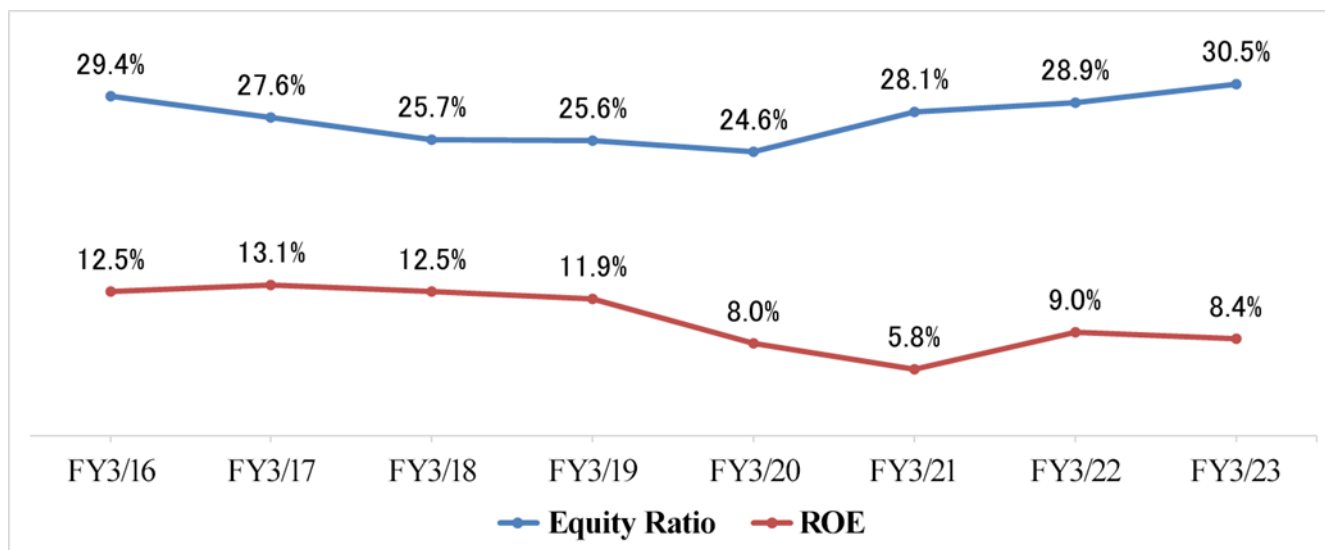
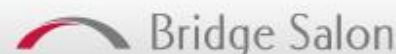


\* Tangible fixed assets are the total value of buildings & structures, machinery, equipment & vehicles, tools, furniture & fixtures, and land, excluding leased assets and construction work-in-progress assets.

Over the past five years, the company has actively acquired its own affordable apartments for seniors with nursing-care services (serviced residences for the elderly) and used assets (used condominiums with sectional ownership by rental tenants). The company is strengthening its efforts in the recurring-revenue business to build a foundation for stable earnings.

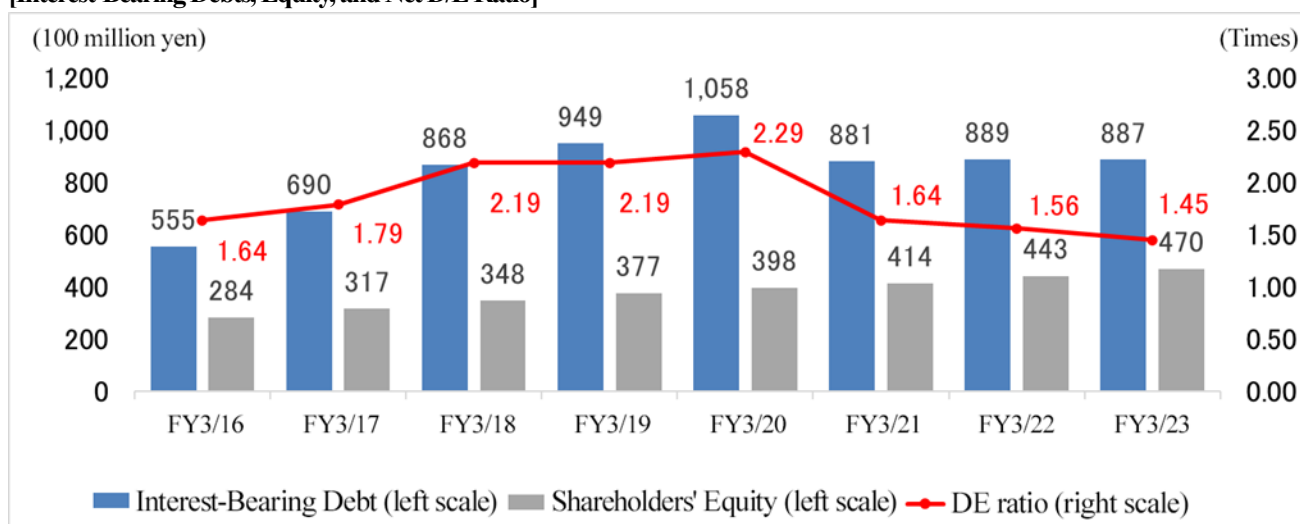
### 3-7 Trends in Management Indicators

BRIDGE REPORT



Equity Ratio / ROE

[Interest-Bearing Debts, Equity, and Net D/E Ratio]



\*Net D/E ratio: (Interest-bearing debt - Cash and cash equivalents at end of period) / 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 (apartment for seniors 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.

3-8 Recent Topics

© Serialized advertisements for the 50<sup>th</sup> anniversary of the company's founding

On January 22, 2023, the company celebrated its 50<sup>th</sup> 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 50<sup>th</sup> 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. All articles have already been published, and you can check the details from the top screen of the company's website.

**◎ 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 21<sup>st</sup> 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.

**◎ Installed a Corporate Billboard in Hommachi Riverside Building**

On Tuesday, December 20, 2022, the company installed a corporate billboard on the roof of Hommachi Riverside Building (2-1, Hommachi 1-chome, Chuo-ku, Osaka City).

The billboard is located near the ground level of Osaka Metro's "Sakaisuji-Hommachi" Station, at the intersection of the Hanshin Expressway No. 1 Loop Route and the Hanshin Expressway No. 13 Higashi-Osaka Route, on the right side of the road in the traveling direction and is quite prominent off the expressway. This will be the company's fourth corporate billboard, following Dojima Building, Hanshin Expressway No. 4 Bayshore Route, and Namba Cockdoll Building.

**◎ Received the Excellence Award at the "Telework Promotion Awards"**

The company received the excellence award at the "23rd Telework Promotion Awards," which is held by the Japan Telework Association. This is the second time for the company to receive the award, having previously received the excellence award at the "21st Telework Promotion Awards" in 2020. In 2018, the company was also selected for the "Top 100 Telework Pioneers, Minister of Internal Affairs and Communications Award," and plans to continue promoting telework in the future.

**◎ Started sales of new-standard housing**

Recent changes in work styles and other factors have led to diversification in customers' housing preferences. In addition, housing prices are rising due to the recent surge in land and building prices, and there is a need to expand the range of products with lower selling prices while maintaining quality. To meet those customer needs, the company began selling the new "S-O-U" standard housing and the "HIRANAGI" one-story houses in November 2022.

**◎ Certified as "Sports Yell Company 2023"**

The Japan Sports Agency certifies companies that are proactive in promoting sports to improve the health of their employees as "sports yell companies." It aims to encourage the "working generation" who lacks exercise, to practice sports and foster social motivation for sports. The company was certified in February 2023 for the fourth consecutive year.

**◎ Recognized as one of the "White 500" enterprises in the large enterprise category in Health & Productivity Management Outstanding Organizations 2023**

In March 2023, the company was recognized for the seventh consecutive year by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, as a "White 500" company in the large enterprise category of "Health & Productivity Management Outstanding Organizations 2023." From a long-term perspective, the company plans to improve business performance and corporate value as a company that considers the health management of its employees from a managerial perspective and promotes their health.

**◎ Ranked No. 1 in the number of housings starts in Osaka Prefecture in the regional builder ranking**

In the "2023 National No.1 Home Builder Compilation—Western Japan Edition" published by Jutaku Sangyo Kenkyusho Co., Ltd., the company was ranked No.1 in the number of housing starts in Osaka Prefecture in the builder category, excluding Osaka City, for the 17th consecutive year.

The company was also ranked No. 2 in the overall ranking of Osaka Prefecture excluding Osaka City, including housebuilders, and has been in the top three for 17 consecutive years.

#### ◎ Recognized as an excellent company in the “Program for Commending Excellent Companies Promoting Cancer Control”

On February 28, 2023, the company was recognized as an excellent company under the “Program for Commending Excellent Companies Promoting Cancer Control” sponsored by the Ministry of Health, Labor and Welfare of Japan. The company conducts regular health checkups during working hours and maintains checkup rate 100%. In addition to non-statutory items such as colon cancer, breast cancer ultrasound, tumor markers, H. pylori test, which can cause stomach cancer, and NT-proBNP test, in April 2022, the company also introduced CA19-9 test for pancreatic, bile duct, and gall bladder cancer. Further, the company has implemented a medical checkup referral system that allows employees and their families to undergo the same health checkups.

## 4. Fiscal Year ending March 2024 Earnings Estimates

### 4-1 Consolidated Earnings

	FY 3/23 Act.	Ratio to sales	FY 3/24 Est.	Ratio to sales	YoY
Sales	114,473	100.0%	120,000	100.0%	+4.8%
Operating Income	6,091	5.3%	6,400	5.3%	+5.1%
Ordinary Income	5,744	5.0%	6,000	5.0%	+4.5%
Net Income attributable to owners of the parent	3,817	3.3%	4,000	3.3%	+4.8%

\*Units: million yen

#### Sales are projected to rise 4.8% year on year, and ordinary income is expected to rise 4.5% year on year.

According to the company's plan for the fiscal year ending March 2024, sales are expected to increase 4.8% year on year to 120 billion yen, and ordinary income to rise 4.5% year on year to 6 billion yen.

The real estate industry, to which the group belongs, has completely changed from the situation in 2021 when the new housing market was booming due to the growing need for improving the living environment because of the novel coronavirus crisis. The sales environment is getting more challenging as the rise in building costs over the past several years due to rising land prices, construction prices, and housing equipment prices has been passed on to sales prices. Under these circumstances, in the business of newly built residential properties for sales, although there will be a decline in sales due to a decrease in orders for detached homes in particular, it is expected that the delivery of condominiums will make up for this decline. In addition, the company's strength of balanced property management is expected to succeed, and the steady expansion in the effective land utilization and the property leasing and management businesses is expected to increase sales and all kinds of profits. Ordinary income margin is expected to remain flat year on year at 5.0%.

The company plans to pay an annual dividend of 27 yen per share, unchanged from the previous term (14 yen at the end of the first half and 13 yen at the end of the year). The payout ratio will be 24.1%.

## 5. Conclusions

The company's performance in the fiscal year ended March 2023 exceeded the performance in the first year of the medium-term management plan in terms of both sales and all kinds of profits. As the "special demand for housing" stirred by the novel coronavirus crisis came to an end, the company conservatively forecasted sales and all kinds of profits in the business of residential properties for sales. However, strong sales of condominiums in the northern Osaka area, which has a high unit price, contributed to the increase in sales and all kinds of profits. In the fiscal year ending March 2024, the second year of the medium-term management plan, it is forecast that sales will exceed the medium-term management plan, but all kinds of profits will fall below the medium-term management plan. Due to the decrease in order backlog, sales of free design houses will inevitably decline. Still, the increase in the deliveries of condominiums in the residential properties for sale business and the expanding sales in the effective land utilization business, the property leasing, management business are forecasted to cover it. In addition, the company adopts a sales policy that secures a suitable profit without rushing to sell the current inventory of real estate. Therefore, it is expected that profitability will improve in the future. We

will closely watch the trend of business performance in the following first quarter to see whether the company will be able to demonstrate its innately balanced management ability and create savings to achieve the numerical targets for the second year of the medium-term management plan.

In addition, inventory for real estate of detached homes and condominiums for sale is on a downward trend due to a decrease in orders due to the end of the "special housing demand" during the novel coronavirus crisis and stricter selection of purchases. In order to expand earnings in the future, it will be necessary to increase the inventory of real estate. We would also like to pay attention to the level of inventory in the future to find out when aggressive purchasing happens.

Furthermore, in response to changes in customer needs, the company started selling the new standard housing, "S・O・U," and one-story housing, "HIRANAGI," in November 2022. "S・O・U" has a simple cube-shaped design, realizing a low price range, and is equipped with essential functions such as earthquake resistance. It is a product that has a wide selection of exterior, interior, and floor plans. In addition, "HIRANAGI" adopts an impressive exterior design with accents and has a one-floor interior that offers a simple lifestyle and makes it easy to move around and do household chores. Thus, It is a one-story free design house that fully incorporates the preferences of people. We have high hopes for the future sales status of "S・O・U" and "HIRANAGI" with high expectations and will keep an eye on them.

## <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 July 18, 2023

#### 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). In principle, 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> (Excerpts)

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 (5.2% as of March 31, 2023), 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 they respect diversity 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>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>

【Supplementary Principle 3-1-3. Sustainability Initiatives, etc.】

The corporate group's Board of Directors adopted the following Basic Sustainability Policy on December 14, 2021.

“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.”

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.

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, 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.

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.

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.

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.

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.

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 with the cooperation of relevant internal departments and group companies, on April 12, 2022, to establish a Working Group (the “Group”) for TCFD as a subcommittee of the Internal Control Promotion Committee.

The following matters are discussed in the Group.

- (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

<p><b>【Principle 4-8. Effective use of Independent Outside Directors】</b></p>	<p>promote the initiatives</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). One outside director and two outside corporate auditors, for a total of three are independent outside officers as stipulated by the Tokyo Stock Exchange, and all outside officers including the three independent outside officers attend all board meetings 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 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> (Excerpts)

Principles	Disclosure contents
<p><b>【Principle 1-4. Strategically held shares】</b></p>	<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>
<p><b>【Supplementary Principle 4-11-3. Summary of the results of analysis and evaluation of the effectiveness of the overall Board of Directors】</b></p>	<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"> <li>▪ The frequency of meetings of the Board of Directors and the attendance of each</li> </ul>

	<p>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.</p>
<p><b>【Principle 5-1. Policy on constructive dialogue with shareholders】</b></p>	<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 SDGs 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 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.</p>

\*The company's July 18, 2023 release on the status of corporate governance discloses the expertise and experience (skills matrix) possessed by directors and auditors on the last page of the corporate governance status.

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

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