

BRIDGE REPORT



 President Nobutsuna Miyawaki	Fuji Corporation Ltd. (8860)
	

Company Information

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

Stock Information

Share Price	Share Outstanding(excluding treasury stock)		Market Cap.	ROE (Act.)	Trading Unit
¥712	36,073,023 shares		¥25,684 million	8.4%	100 shares
DPS (Est.)	Dividend Yield (Est.)	EPS (Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
¥27.00	3.8%	¥110.89	6.4x	¥1,316.94	0.5x

* The share price is the closing price on December 6, 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	110.89	27.00

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

This Bridge Report provides information about Second Quarter of Fiscal Year ending March 2024 Earnings Results of Fuji Corporation Ltd.

Table of Contents

Key Points

1. Company Overview
 2. Mid-Term Management Plan (FY 3/23 to FY 3/25) and Progress
 3. Second Quarter of Fiscal Year ending March 2024 Earnings Results
 4. Fiscal Year ending March 2024 Earnings Estimates
 5. Conclusions
- <Reference: Regarding Corporate Governance>

Key Points

- **In the second quarter of the fiscal year ending March 2024, sales and ordinary income decreased 6.5% and 17.0%, respectively, year on year. In terms of sales, the sales of the effective land utilization segment increased thanks to the healthy performance of contract construction of rental properties and affordable apartments for seniors with nursing-care services, and the sales of the property leasing and management segment, too, increased. On the other hand, the sales of the segment of residential properties for sale declined, because the number of units delivered decreased year on year as there was no construction and delivery of condominium buildings like in the same period of the previous year. In terms of profit, the segments of residential properties for sale and housing distribution saw a decline in profit due to the decrease in the number of units delivered, but the segments of effective land utilization and property leasing and management witnessed a profit growth, so total profit was in line with the initial forecast of the company.**
- **As of the end of the second quarter, there is no revision to the initial forecast calling for a 4.8% y/y increase in sales and a 4.5% y/y rise in ordinary income in the fiscal year ending March 2024. In the second half of the fiscal year, 4 condominium buildings will be completed and delivered, and two thirds of the annual number of rental apartment buildings for individual investors will be delivered, so sales will become larger in the second half than usual. Accordingly, the company is expected to reach the full-year earnings forecast. In addition, there is no change to their plan to pay dividends amounting to 27 yen/share per year (an interim dividend of 14 yen/share and a year-end dividend of 13 yen/share) like in the previous fiscal year.**
- **According to the balance sheet as of the end of the second quarter of the fiscal year ending March 2024, inventory real estate increased 5.7 billion yen from the end of the previous fiscal year, due to the acquisition of land for condominiums and effective land utilization. Seeing the rise in prices and the intensification of competition, the company has selected and procured properties more rigorously in recent years, but it seems that the procurement environment is improving gradually, and attractive properties are increasing. We would like to pay attention to how many attractive properties they can accumulate.**

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(accounting for 26.3% of total sales in 2Q of FY 3/2024)

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: "Airs city")

Housing Distribution (accounting for 23.5% of total sales in 2Q of FY 3/2024)

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.



(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 (accounting for 22.8% of total sales in 2Q of FY 3/2024)

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 (accounting for 26.0% of total sales in 2Q of FY 3/2024)

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 (accounting for 1.1% of total sales in 2Q of FY 3/2024)

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.

Other business (accounting for 0.1% of total sales in 2Q of FY 3/2024)

This business segment is not included in segments to be reported, but includes the insurance agency business operated by the company.

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" and "Osaka Prefecture".

【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
Ratio	30.2%
Residential Properties for Sales (used)	
Number of contracts through referrals(※2)	56 contracts
Number of contracts	142 contracts
Ratio	39.4%
Effective land utilization (Rental building for sale and construction contract)	
Repeat contracts	72 contracts
Number of contracts(※3)	182 contracts
Ratio	39.6%

※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)

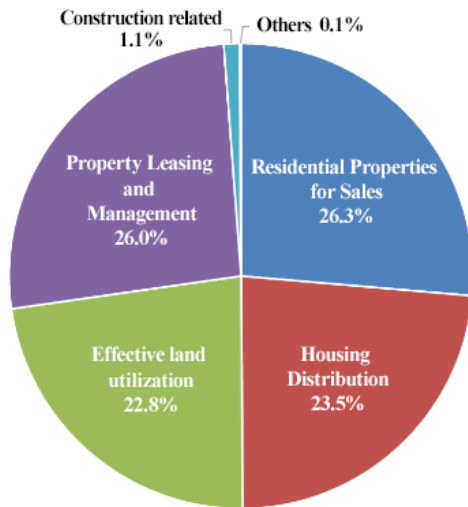
◎ Stable Business Structure with Balanced Management

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 including a whopping 237 serviced residences, making it the No. 1 operator in Japan. "Source: Reform Industry Newspaper, Annual Ranking of Units Sold for Purchase and Resale 2023 (issued on July 31, 2023); the Elderly Housing Newspaper dated summer extra-large, 2023."

The company was certified as No. 1 in the ranking of local builders in terms of housing starts in Osaka Prefecture, excluding Osaka City (Osaka City is out of scope for this survey.) (surveyed by Jutaku Sangyo Kenkyusho Co., Ltd.)

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 (2Q of FY 3/24)】



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

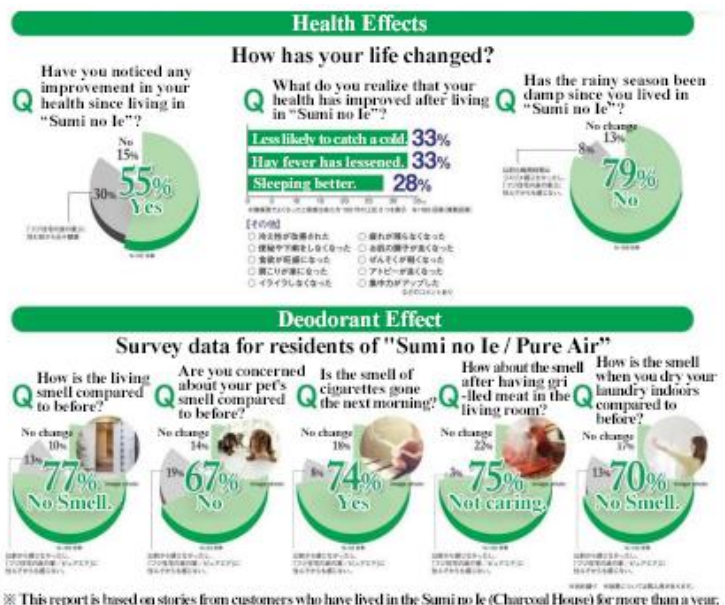
Pollens, bacteria, and viruses are becoming grave problems in addition to air pollution due to such factors as exhaust gas. Fuji Corporation’s “Sumi no Ie / Pure Air” was born through its efforts of putting together the technologies that it has cultivated and focusing thoroughly on air and quality. The 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 849 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 September 2023 is 64.13m², and the average building age is about 29 years. Regarding the location of the properties, 58% 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	489	58%
Hyogo	276	33%
Kyoto	63	7%
Nara	21	2%
Total	849	100%

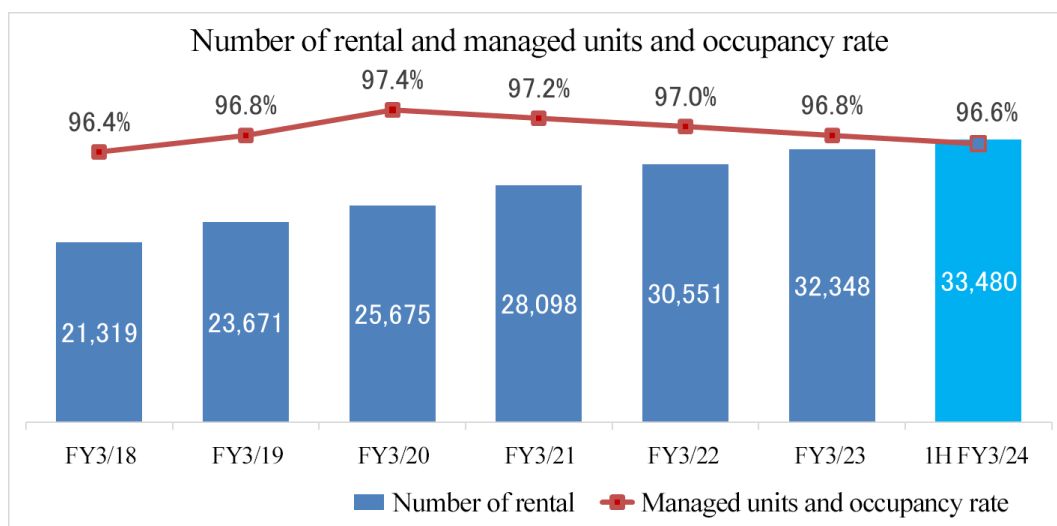
*Properties owned at the end of September, 2023

◎ **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 September 2023, there are 33,480 managed units (2,318 managed facilities), and overall occupancy rate is 96.6%. 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.



◎ **Stable supply of high-quality housing based on deep trusting relationships with cooperative firms**

In order to provide high-quality housing, the company holds a meeting of the council for safety and health every month and a conference of the association for on-site cooperation once a year, to share the management philosophy of the company and carry out the thoroughgoing management of safety and quality. At the conference of the association for on-site cooperation in FY 2022, 761 people of cooperative firms got together, and held a ceremony for commending companies and artisans who aim to “bring happiness to customers” together with Fuji Corporation. In addition, they hold a ceremony for offering letters of appreciation to cooperative firms that make daily efforts to satisfy customers three times a year to express their thanks. Fuji Corporation and cooperative firms join hands to provide high-quality housing in a stable manner.

1-4 Efforts for ESG and SDGs

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

Environment		
Activity	Fuji Group’s efforts	SDGs
Environmentally friendly business activities	<p>Efforts in the refurbished used residential properties business Renovation of used residential properties produces significantly less CO₂ and waste than house reconstruction, which directly results in conservation of resources.</p>	<p>6. Clean water and sanitation</p> <p>7. Affordable and clean</p>

	<p>Total heat exchange system that comes with the indoor air quality (IAQ) control system Fuji's "Sumi no Ie / Pure Air" is energy-saving houses equipped with the total heat exchange system that prevents loss of thermal energy due to ventilation.</p> <p>Precut technique Fuji lightens environmental burdens by reducing waste materials with the precut technique in which wood, which is machined at factories in advance, is assembled on site.</p> <p>Cellulose fiber (heat insulation) Cellulose fibers that Fuji adopts as heat insulation are made by recycling old newspapers that were not delivered and can be produced with significantly less energy than glass wool, the general internal heat insulation.</p> <p>Participation in OSAKA Zero Carbon Smart City Foundation 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>	<p>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>15. Life on land</p>
<p>Promoting the use of sustainable wood</p>	<p>Aiming for a sustainable society with wooden detached housing 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>	
<p>Environment conservation activities by employees</p>	<p>Volunteer Tree-Planting "Fuji Housing Forest" (Hidakagawa-cho, Hidakagun, Wakayama Prefecture) 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 CO₂ emissions by approximately 4 tons per year.</p>	<p>6. Clean water and sanitation</p>
<p>Improvement of the environmental friendliness in the office environment</p>	<p>Various Internal Initiatives for Environmental Conservation</p> <ul style="list-style-type: none"> -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. -Replace the lamps at offices and the advertisement tower of the headquarters building with LED lamps -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</p> <p>9. Industries, innovation and infrastructure</p> <p>12. Responsible consumption and production</p> <p>13. Climate action</p>
<p>Establishment of TCFD Working Group</p>	<p>Promotion of initiatives with an awareness of the relationship between ESG and SDGs and the Company's business activities with community-based management TCFD Working Group was established on April 12, 2022. Based on the framework proposed by the TCFD recommendations regarding the impact of climate change on the company's business, the group is examining future changes in the external environment and promoting initiatives based on the Basic Sustainability Policy.</p>	<p>15. Life on land</p>

Social		
Activity	Fuji Group's efforts	SDGs
Establishment of a comfortable work environment (1)	<p>Health Management Initiatives “A company’s performance is determined by its personnel. Without the health and happiness of employees, customer satisfaction or company growth cannot be achieved.” The company has believed this since its establishment, and for its customers to be truly happy, it is important for its employees to be healthy in mind and body, to take pride in their work, to have a sense of fulfillment, and to lead fulfilling lives both in their professional and personal lives. The company considers the health management of its employees from a managerial perspective and is committed to creating a workplace environment that will lead to increased corporate value over the long term. For the seventh consecutive year, the company has been recognized by the Ministry of Economy, Trade and Industry (METI) in collaboration with the Japan Health Council as a "White 500" company in the category of "Large Corporations for Excellent Health Management 2023." In addition, in February 2023, the company was commended as an excellent enterprise at the ceremony for commending “excellent enterprises implementing measures against cancer” of the Ministry of Health, Labor and Welfare.</p> <p>Specific Health Management Measures The company’s Board of Directors has adopted a policy of priority measures for health promotion. Among the various priority measures, the company has positioned health checkups for all employees, including part-timers, as an important issue. In addition to the legally required medical checkups, many additional items are added (tumor marker test, H. pylori test, breast cancer echo test for all female employees, and CA19-9 cancer marker test to detect pancreatic cancer, bile duct cancer, and gall bladder cancer starting in April 2022). Employees are now able to monitor their own health daily by undergoing health checkups and seeing the results. The company has set a goal of 100% of employees undergoing health checkups, including the added items, and has achieved a 100% health checkup rate for the past 10 years. The company aims to improve long-term business performance through ongoing efforts to maintain and promote employee health.</p>	<ul style="list-style-type: none"> 1. No Poverty 3. Good Health & Wellbeing 4. Quality Education 5. Gender Equality 8. Decent Work and Economic Growth 10. Reduced Inequalities
Creating a comfortable work environment (2)	<p>Promoting Workplace Reform through the Introduction of Telework The Company promotes telework as a flexible work style that is not restricted by location or time, utilizing ICT (Information and Communication Technology), and received the "Minister of Internal Affairs and Communications Award for the 100 Pioneers of Telework" in 2018 and 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>A proactive approach to sports In support of the idea that the inherent value of sports is that they support "people's lifelong commitment to a healthy and cultured lifestyle in both mind and body," the company has been involved in a variety of sports-related initiatives, including the installation of a box-type hyperbaric oxygen box (maximum capacity of 10 people) for stretching and training, holding walking events, and encouraging people to walk to work in sneakers (the company was recognized as "Sports Yell Company 2023" on February 17, 2023).</p>	<ul style="list-style-type: none"> 1. No poverty 3. Good health and well-being 4. Quality education 5. Gender equality 8. Decent work and economic growth 10. Reduced inequalities
Creation of a comfortable work environment (3)	<p>Operation of Shirahama Recreation Center The company owns a recreation facility in Shirahama-cho, Nishimuro-gun, Wakayama Prefecture, which can be used by all employees, including part-time and temporary employees, including those of group companies. The sanatorium is conveniently located just a 2-minute walk from Shirahama Beach, and offers a hot</p>	

	<p>spring with natural spring water and delicious food using local specialties at a reasonable price. The facility is operated with the aim of "for employees and their families" so that employees can spend a relaxing time with their families and loved ones.</p>	
<p>Residential development with consideration for safety and security, beautiful scenery, and local community revitalization</p>	<p>Safe and secure community development The open exterior of the house gives an open, bright, and beautiful impression. In addition, it has the advantage in terms of crime prevention that it is difficult for suspicious people to enter the house because it has a sweeping view. The roads in the town are curved lines based on gentle curves, which naturally reduce the speed of cars and make the town safer.</p> <p>Community Revitalization Town parks and meeting places have been established as community spaces where anyone, from children to the elderly, can casually drop by, aiming to create a "connected" town where the smiles of the people who live there abound.</p>	<p>1. No Poverty 2. Zero Hunger</p>
<p>Development of health-oriented homes</p>	<p>Fuji Charcoal House/Pure Air In contrast to the general 24-hour ventilation system of "natural air supply + forced exhaust," Fuji employs a "forced air supply + forced exhaust" system with a fan. In addition, the house is equipped with a double measure to block harmful substances by using a "filter for minute particles" when supplying air, and to pass air through charcoal installed under the floor to remove harmful substances with a particle diameter of 0.5 μm or greater (PM2.5, yellow sand, bacteria, pollen, etc.), keeping clean and clean air in the house 24 hours a day. The company strives to build houses that are healthy and comfortable.</p>	<p>3. Good Health & Wellbeing 10. Reduced Inequalities 11. Sustainable Cities and Communities</p>
<p>Cooperation in support activities for Asian countries</p>	<p>Support activities through Asia Child Support In March 2022, the company received a letter of appreciation from Asian Child Support. The company has set up donation boxes at its head office building and offices, and sends donations received from employees, customers who visit the company, and subcontractors. The company plans to continue its support for the relief efforts.</p>	
<p>Efforts against the aging society</p>	<p>Development of affordable rental apartments for seniors with nursing-care services The birthrate has been decreasing and the population has been aging rapidly in recent years, and the ratio of people aged 65 and older to the total population is expected to exceed 30% in 2025. Under these circumstances, how houses as final abodes should be and enrichment of such services as nursing care and medical treatment are crucial social issues. The corporate group provides affordable and quality affordable rental apartments for seniors with nursing-care services based on a concept of housing at which people can entrust their parents with a sense of safety, and the number of the rental housings that it operates is more than 230 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>Use of "ESG Target Setting Loan Try Now" On December 24, 2021, the company received a 500 million yen loan from Minato Bank, Kansai Mirai Financial Group, using the "ESG Target Setting Loan Try Now." This loan was set with the goal of increasing the number of serviced senior housing units supplied above a certain number, with the aim of contributing to the spread of safe and secure housing in an aging society.</p> <p>Utilization of Sustainability Linked Loans The company received a loan of 1 billion yen from Kiyo Bank on Oct. 31, 2022, and a Sustainability Linked Loan of 500 million yen from Chugoku Bank on Apr. 3, 2023. 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 & Wellbeing 11. Sustainable Cities and Communities</p>

<p>Contribution to local community</p>	<p>Blue crime prevention patrol Fuji Corporation has formed the Fuji Blue Crime Prevention Patrol Team in cooperation with Kishiwada Police Station with the aim of protecting the safety of the children in the area and eliminating street crimes, and strives to prevent local crimes in the school zones in Kishiwada City as a company. For this activity contributing to crime prevention, the company was commended by the chief of Osaka Prefectural Police and Osaka Federation of Associations for Crime Prevention in the occupational section on September 30, 2023.</p> <p>Donation of goods to all the full-time high schools in Kishiwada City Fuji donated goods and other necessary items to all the five full-time high schools in Kishiwada City in which its headquarters are based.</p> <p>Donation to the Osaka Nursing Association Fuji gratefully donated to healthcare workers who have been devoting themselves to providing medical services and those who have been committed to continuing the medical system amid the novel coronavirus pandemic.</p> <p>Environmental beautification activities Fuji’s employees clean the roads around the headquarters building, Higashi-Kishiwada building, and each “Ouchi Kan” shop, including the roads in front of the buildings and shops, which has allowed the sidewalk in front of the Higashi-Kishiwada building to be recognized by Osaka Prefecture as Adopt Road Habu-cho 2-Chome. The company has won a number of awards for its efforts for road beautification and contribution to cleanup activities in the community.</p> <p>Promotion of e-Tax The Regional Taxation Bureau proactively promotes e-Tax, a system that allows its users to file final tax returns using the Internet. Fuji encourages all its officers and employees to use e-Tax for filing tax returns and received a letter of appreciation for the effort from the superintendent of Kishiwada Tax Office in May of 2021.</p>	<p>4. Quality education</p> <p>11. Sustainable cities and communities</p> <p>15. Life on land</p>
--	---	---

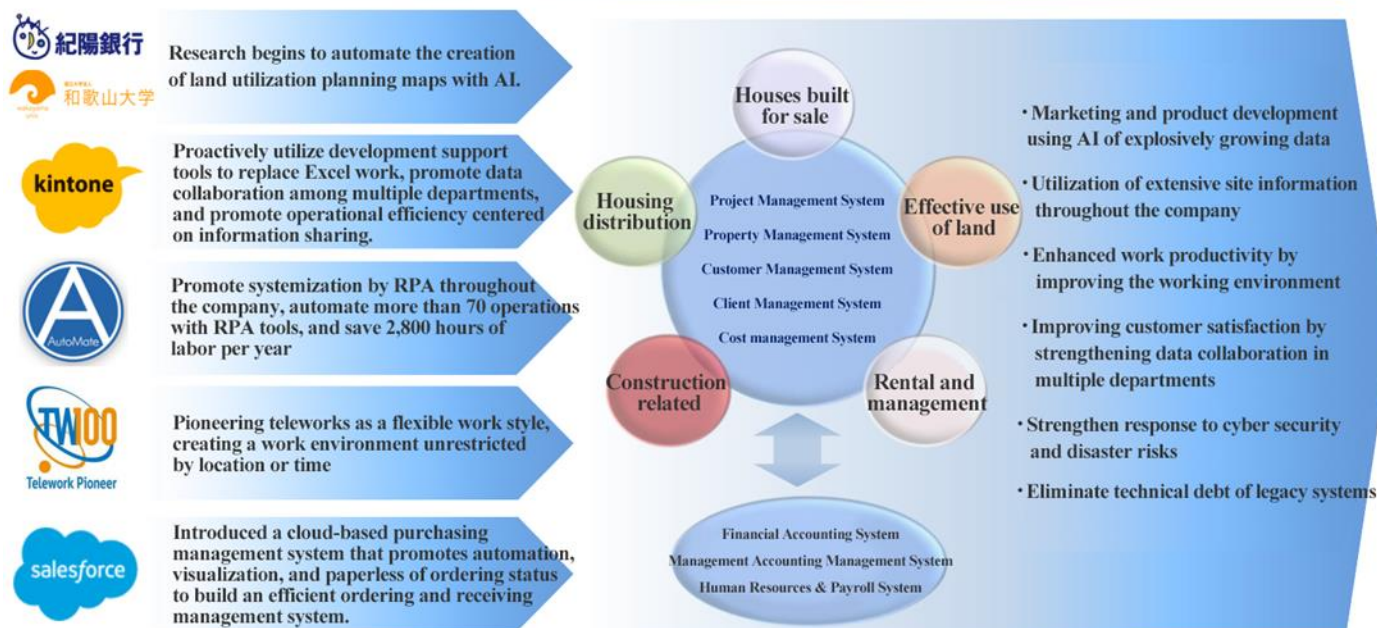
Governance		
Activity	Fuji Group’s efforts	SDGs
<p>Governance enhancement based on the organizational structures</p>	<p>The Board of Directors, the Audit & Supervisory Board, and other organizational structures for enhancing corporate governance Fuji’s Board of Directors consists of seven directors (including two outside directors) and its Audit & Supervisory Board is composed of three auditors (including two outside auditors), and the company has set up a risk compliance promotion committee and an internal control promotion committee, established an internal reporting system, and TCFD working group.</p>	<p>4. Quality education</p> <p>5. Gender equality</p>
<p>Governance enhancement through human resources development</p>	<p>Booklet of the management philosophy and policies Exactly as stated by the words “The enterprise is its people,” Fuji Corporation gives the top priority to development of human resources. It requires all its employees to carry the booklet of the management philosophy and policies so that they can move forward unwaveringly toward the same goal and purpose, and strives to develop human resources so that all the officers and employees fully understand and follow the management philosophy and policies and to raise the ratio of such human resources.</p> <p>Direct dialogue between the management and the employees 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</p>	<p>8. Decent work and economic growth</p> <p>12. Responsible consumption and production</p> <p>16. Peace, justice and strong institutions</p>

	<p>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>360-degree personnel assessment system Believing that development of human resources that have excellent insight, boldness, and judgment, and thoroughly follow the management philosophy and policies contributes to long-term improvement of its corporate value, Fuji has adopted a fair and equitable personal assessment system, 360-degree personnel assessment system, that assesses the employees from all viewpoints, including not only their direct bosses but their co-workers, subordinates, and the officers in other departments.</p>	
<p>Governance enhancement through customer satisfaction improvement</p>	<p>Insatiable pursuit of customer satisfaction Fuji records words of joy and appreciation from customers on its “Bravo Card” and “Thank You Report,” and complaints and words of scolding on the “Yellow Card.” They are shared among the internal departments concerned and used for resolving issues arising in the worksites and assessing personnel, and the company believes that these efforts to gain greater customer satisfaction with a focus on the worksites will help identify true needs and fundamental issues and problems, and will directly result in enhanced governance.</p> <p>In the "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>4. Quality education</p> <p>8. Decent work and economic growth</p> <p>10. Reduced inequalities</p> <p>12. Responsibility to Create Responsibility to use</p> <p>16. Peace, justice, and strong institutions</p>
<p>Proactive dialogue with the stakeholders</p>	<p>Holding IR events and dialogue with the shareholders and institutional investors 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. 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>Holding of a session for explaining the consumption tax invoice system 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 because 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 three condominium buildings as well as steady growth in the leasing and management segment.

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

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.

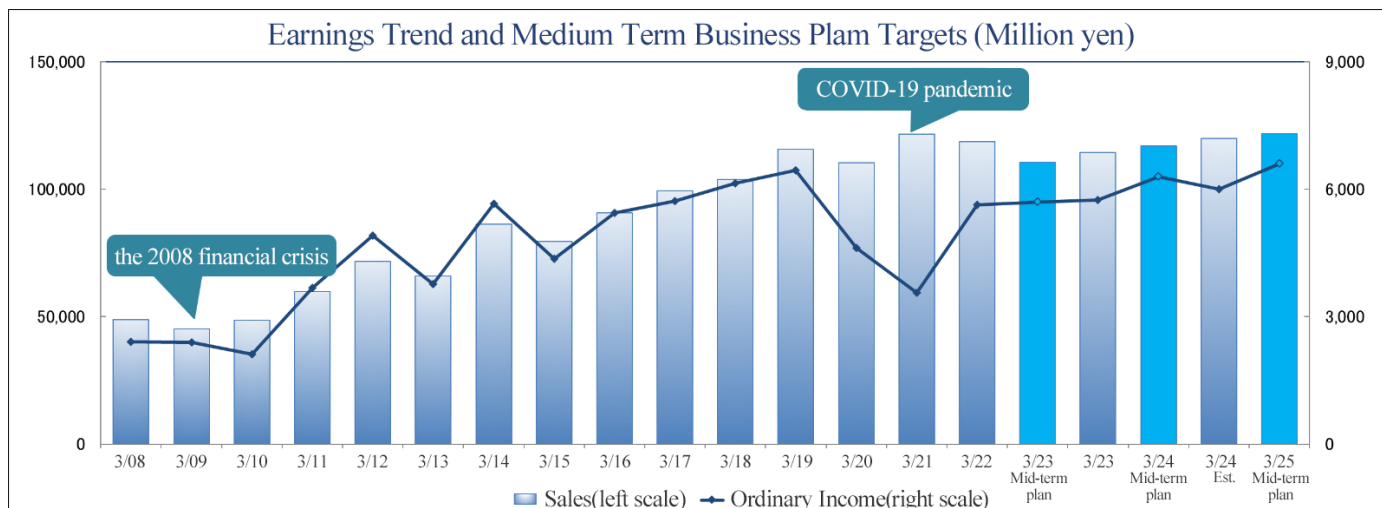
Plan for FY 3/25

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.

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

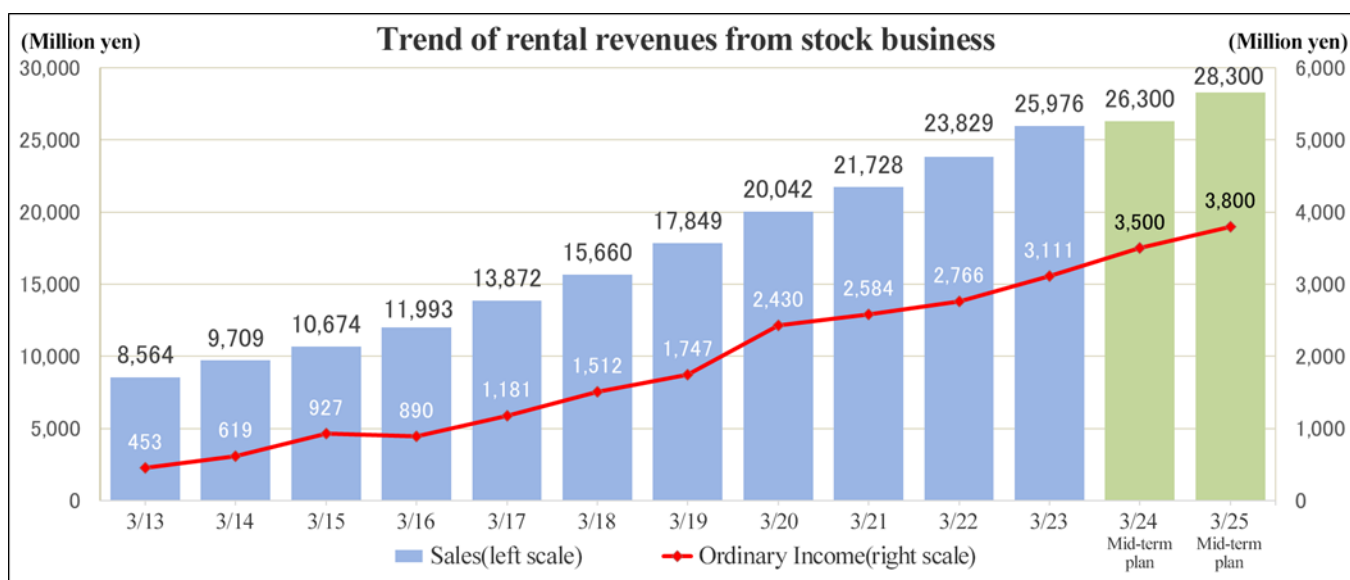
2-2 Performance Trends and a Medium-Term Management Plan

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

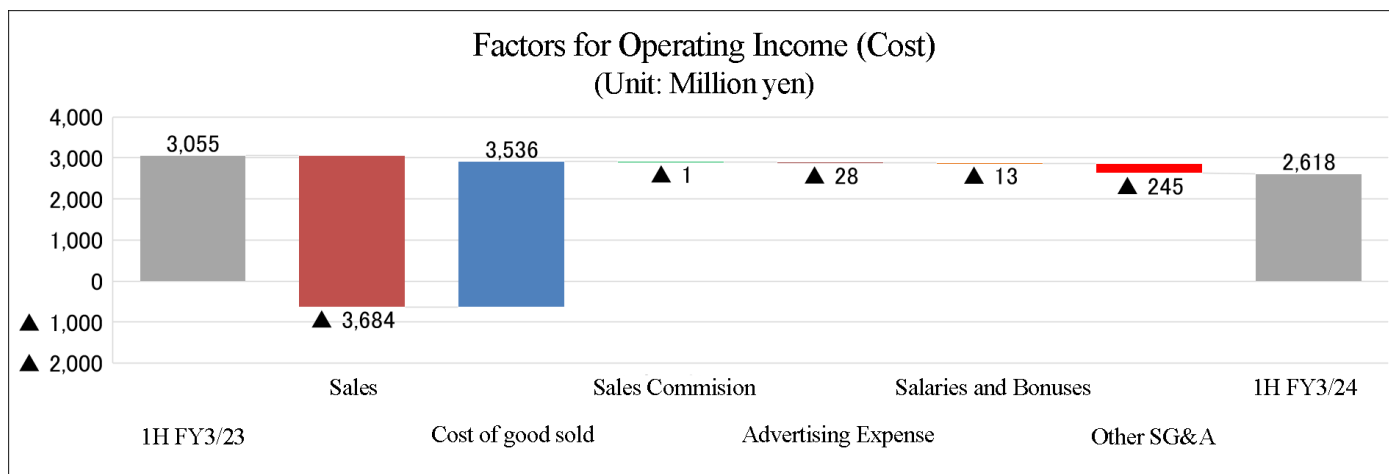
3.Second Quarter of Fiscal Year ending March 2024 Earnings Results

3-1 Consolidated Results

	2Q of FY 3/23	Ratio to sales	2Q of FY 3/24	Ratio to sales	YoY	Forecast at beginning of term	Ratio to forecasts
Sales	56,333	100.0%	52,648	100.0%	-6.5%	53,200	-1.0%
Gross Income	8,294	14.7%	8,145	15.5%	-1.8%	-	-
SG&A	5,238	9.3%	5,527	10.5%	+5.5%	-	-
Operating Income	3,055	5.4%	2,618	5.0%	-14.3%	2,600	+0.7%
Ordinary Income	2,782	4.9%	2,309	4.4%	-17.0%	2,400	-3.8%
Quarterly profit attributable to owners of parent	1,851	3.3%	1,536	2.9%	-17.0%	1,600	-4.0%

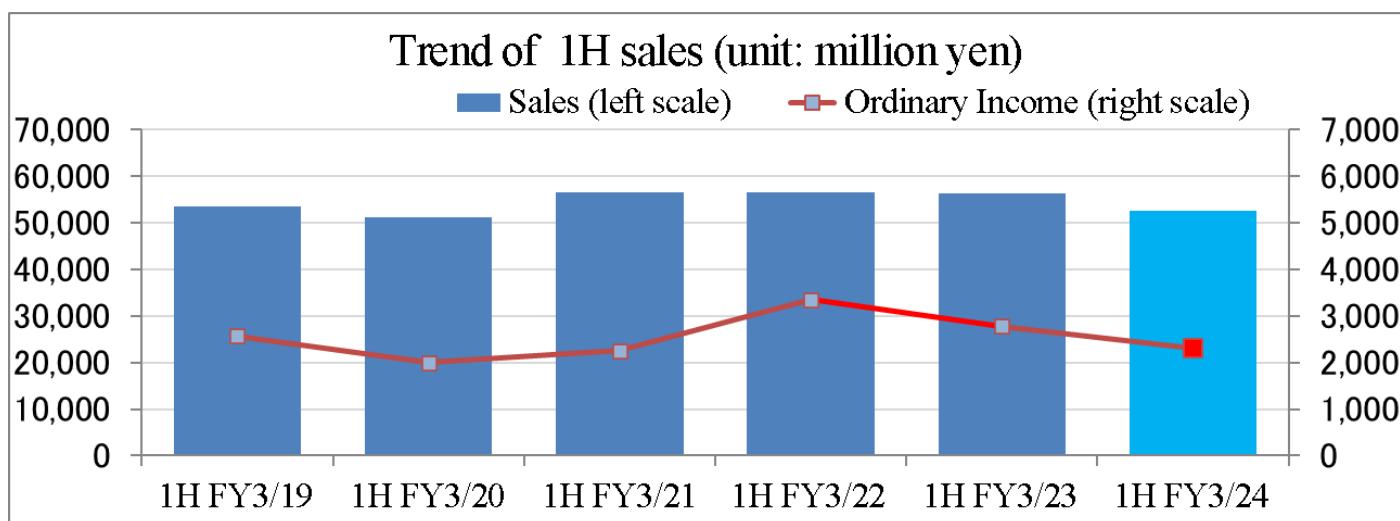
* Data in this table and other parts of this report include figures which have been calculated by Investment Bridge, and may differ from those of the Company (same as below)

* Units: million yen



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

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



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

Sales and ordinary income declined 6.5% and 17.0%, respectively, year on year.

In the cumulative second quarter of the fiscal year ending March 2024, sales were 52,648 million yen, down 6.5% year on

year. In terms of sales, the sales of the effective land utilization segment increased thanks to the healthy performance of contract construction of rental residential properties and affordable apartments for seniors with nursing-care services, and the sales of the property leasing and management segment, too, increased. On the other hand, the sales of the segment of residential properties for sale declined, because the number of units delivered decreased year on year as there was no construction or delivery of condominium buildings like in the same period of the previous year.

Ordinary income was 2,309 million yen, down 17.0% year on year. In terms of profit, the segments of residential properties for sale and housing distribution saw a decline in profit due to the decrease in the number of units delivered, but the segments of effective land utilization and property leasing and management witnessed a profit growth covering the above decline in profit. Gross profit margin increased 0.8 points year on year to 15.5%. Operating income margin declined 0.4 points year on year to 5.0%, as SGA augmented 5.5% year on year due to the rise in expenses for advertisement, human resources, bonuses, consumption tax, etc. Accordingly, operating income decreased 14.3% year on year to 2,618 million yen. In addition, the decrease rate of ordinary income exceeded that of operating income, because interest paid and others in non-operating expenses augmented. A major extraordinary profit was a gain on sale of fixed assets of 12 million yen. Regarding the consolidated performance in the cumulative second quarter of this fiscal year, sales and all kinds of profits were almost in line with the initial forecast of the company.

3-2 Segment Earnings (the cumulative second quarter of FY3/24)

Results by Segment and Topics

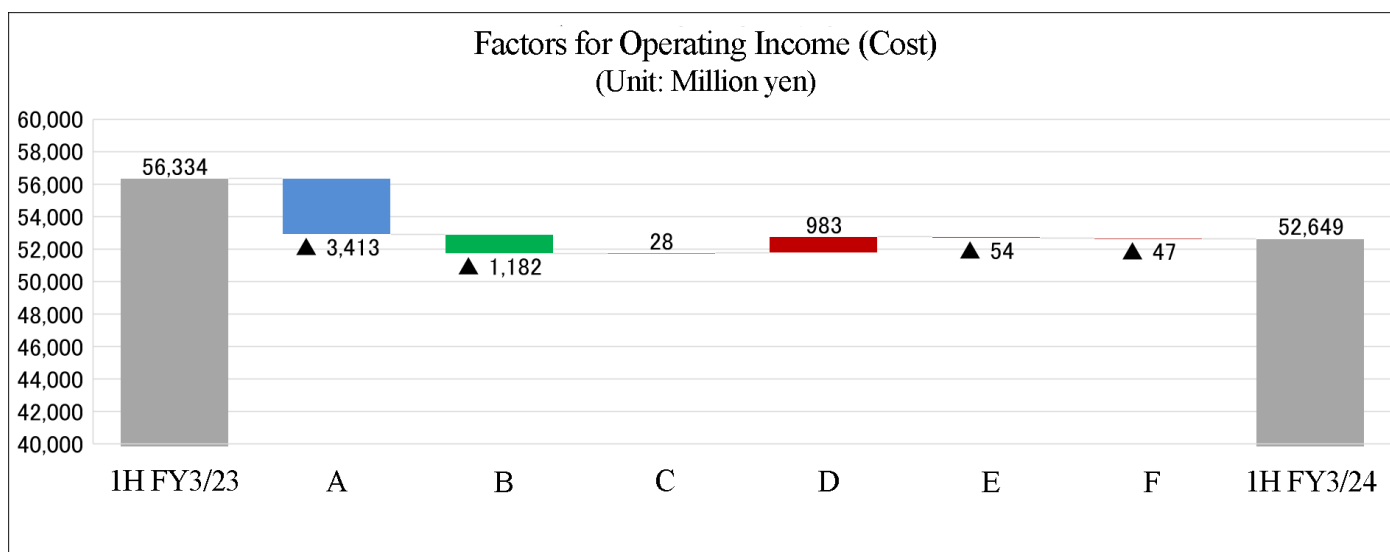
	Sales	Share	YoY	Segment Profits	Share	YoY
Residential Properties for Sale	13,858	26.3%	-19.8%	415	11.7%	-19.0%
Housing Distribution	12,383	23.5%	-8.7%	497	14.0%	-36.3%
Effective Land Utilization	12,018	22.8%	+0.2%	1,055	29.8%	+7.8%
Property Leasing and Management	13,710	26.0%	+7.7%	1,592	44.9%	+4.8%
Construction Related	602	1.1%	-8.2%	-65	-1.8%	-
Others	74	0.1%	-38.5%	51	1.4%	-48.2%
Adjustment	-	-	-	-926	-	-
Total	52,648	100.00%	-6.5%	2,618	100.00%	-14.3%

* Units: million yen

*Sales mean sales to external clients, while segment profit means operating income.

*The composition ratio of segment profit means the ratio to operating income before adjustments.

*The revenue from the insurance agency business had been posted in “non-operating revenue,” but they adopted the method for posting it in “sales” in the first quarter of this fiscal year, so that in the same period of the previous year, too, was posted in “sales.”



*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 dropped 19.8% year on year to 13,858 million yen, and profit decreased 19.0% year on year to 415 million yen.

The sales of the segment of residential properties for sale decreased, due to the y/y decline in the number of units delivered. As the company concentrated on courteous sale without rushing, gross profit margin per property improved, but segment profit declined, due to the decline in the number of units delivered.

In this fiscal year, condominiums will be completed and delivered mostly in the second half. The number of condominium units delivered in the cumulative second quarter of this fiscal year was smaller than that in the same period of the previous year, because the company delivered already completed condominiums in stock only.

	2Q of FY 3/23		2Q of FY 3/24		YOY
	Volume	Value	Volume	Value	
Free-design Homes, etc.	307 homes	12,562	271 homes	11,330	-9.8%
Condominiums for Sales	91 homes	3,718	35 homes	1,631	-56.1%
Sale of Residential Land	46 homes	940	34 homes	896	-4.7%
Land sales	268 m ²	49	-	-	-
Net Sales in the Residential Properties for Sales Segment	444 homes 268 m ²	17,270	340 homes -	13,858	-19.8%
Profit in the Residential Properties for Sales Segment		512		415	-19.0%

*Units: million yen

Large-scale project for delivering detached homes in FY 3/24	
Asmo Town Higashi-Kishiwada	144 homes (Kishiwada -shi, Osaka-fu)
Afujir Ishibashihandaimae	37 homes (Ikeda-shi, Osaka -pref)
Condominium projects scheduled for delivery in FY 3/2024	
Branneed Amagasaki Tachibana	15-story, 78 residences, completed and delivered on October 31, 2023
Charmant Fuji Wakayamashi Registage	14-story, 82 residences, completed and delivered on December 15, 2023
Branneed Yao Sakuragaoka 1tyoume	13-story, 48 residences, completed and delivered on March 29, 2024
Charmant Fuji Sakaiekimae frontier terrace	15-story, 57 residences, completed and delivered on March 29, 2024

(Taken from the reference material of the company)

In the housing distribution segment, sales decreased 8.7% year on year to 12,383 million yen, and profit dropped 36.3% year on year to 497 million yen.

For both used detached homes and condominiums, the number of units delivered decreased year on year, so sales and profit dropped year on year.

The prices of used residential properties are lower than those of newly built ones but rising due to the rise in prices of newly built ones. Accordingly, the willingness to purchase homes weakened somewhat, while the costs for procurement and renovation, too, augmented.

Therefore, the company also concentrates on the used asset business, in which they own condominiums with occupants as income properties and earn revenues from rental. In the second half of this fiscal year, they will procure properties to secure a certain number of properties, and enhance the sale of used assets with occupants, which has a high gross profit per property, in order to make up for the delay in the profit plan.

	2Q of FY 3/23		2Q of FY 3/24		YOY
	Volume	Value	Volume	Value	
Used Residential Properties (Detached Homes)	60 homes	1,578	38 homes	998	-36.8%
Used Residential Properties (Condominiums)	525 homes	11,978	482 homes	11,379	-5.0%
Others	-	7	-	6	-
Net Sales in Housing Distribution Segment	585 homes	13,565	520 homes	12,383	-8.7%
Profit in Housing Distribution Segment		781		497	-36.3%

*Units: million yen

According to Japan Journal of Remodeling's Annual Ranking of Resale Units Sold 2023 (issued on July 31, 2023), 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 September 2023, the company holds 849 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.

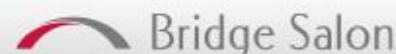
In the effective land utilization segment, sales grew 0.2% year on year to 12,018 million yen and profit increased 7.8% year on year to 1,055 million yen.

In the effective land utilization segment, both sales and profit increased year on year.

The sales from contract construction of rental properties and affordable apartments for seniors with nursing-care services increased significantly, as ordered construction projects progressed smoothly and the company received a healthy number of new orders.

Regarding rental apartment buildings for individual investors, the number of buildings delivered decreased year on year in the cumulative second quarter of this fiscal year, but the company is expected to deliver 88 buildings in the second half (60 buildings in the previous fiscal year), and the progress is in line with the initially forecast.

BRIDGE REPORT



	2Q of FY 3/23		2Q of FY 3/24		YOY
	Volume	Value	Volume	Value	
Contract Construction of Rental Properties	9contacts	1,329	22contacts	2,601	+95.7%
Affordable Apartments for Seniors with Nursing-care Services	3contacts	1,493	7contacts	1,891	+26.7%
Rental Apartments for Sale to Individual Investors	65buildings	9,168	50buildings	7,525	-17.9%
Net Sales in the Effective Land Utilization Segment (External Sales)	12contacts	11,991	29contacts	12,018	+0.2%
Intersegment sales and transfers	-	765	-	897	+17.2%
Net Sales in the Effective Land Utilization Segment	12contacts	12,756	29contacts	12,916	+1.2%
Profit in the Effective Land Utilization Segment	65buildings	978	50buildings	1,055	+7.8%

* 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 96.6% as of the end of September 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, the average number of would-be buyers is five or more times that of available properties at the time of sales.

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)

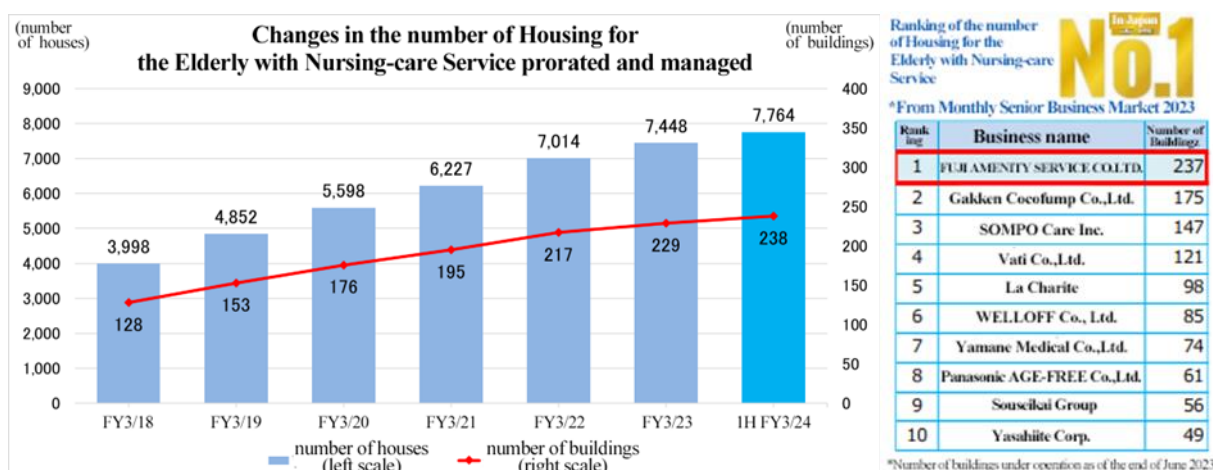
Sales in the property leasing and management segment increased 7.7% year on year to 13,710million yen, and profit increased 4.8% year on year to 1,592 million yen.

Both sales and segment profit increased year on year as initially forecast, because the number of managed properties increased through the delivery of rental residential properties in the effective land utilization business and the operation of their own affordable apartments for seniors with nursing-care services progressed.

	2Q of FY 3/23		2Q of FY 3/24	
	Volume	Value	Value	YOY
Rental Income		9,249	9,958	+7.7%
Income from Affordable Apartments for Seniors with Nursing-care Services		3,023	3,274	+8.3%
Management Fee Income		455	477	+4.8%
Net Sales in the Property Leasing and Management Segment		12,727	13,710	+7.7%
Profit from Property Leasing and Management		1,518	1,592	+4.8%

*Units: million yen

While the number of units rented and managed has been increasing by 2,000 per year since 2018, occupancy rate remains high. As of the end of September 2023, the number of apartment buildings for elderly people with care services under operation was 238 and the number of units under management was 7,764. According to the senior citizens housing newspaper 2023, the company has the largest number of buildings under operation (237 buildings) and the largest number of residential properties for the elderly with nursing care services in Japan.



*Number of buildings in operated and managed as of September 2023 (Made by Investment Bridge Co., Ltd. based on the reference material of the company.)

Sales in the construction related segment decreased 8.2% year on year to 602 million yen, and loss expanded by 53 million yen to 65 million yen.

In the cumulative second quarter of this fiscal year, the sales of construction-related business (external sales) were almost unchanged year on year, but internal sales declined, resulting in the drop in sales and profit.

On the other hand, the backlog of orders increased steadily, as the company received an order for a large construction project from the outside of the corporate group this fiscal year.

Like in the previous fiscal year, projects inside the corporate group, including the contract construction of condominiums that will be sold by the corporate group and large-scale repairs of the buildings of the company, account for a certain percentage of total sales. They will expand the scope of cooperation further, to enhance the degree of contribution to the entire corporate group.

	2Q of FY 3/23	2Q of FY 3/24	
	Volume	Value	YOY
Construction Related Segment	656	602	-8.2%
Intersegment sales and transfers	468	245	-47.7%
Net Sales in the Construction Related Segment	1,125	847	-24.7%
Profit in the Construction Related Segment	-11	-65	-

* 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. After that, the company worked on the construction of a large-sized RC apartment for seniors with nursing-care services for the first time and transformed an old company-owned condominium building into an affordable apartment for seniors with nursing-care services. At present, they engage in the construction of condominiums that will be sold by the corporate group and large-scale repairs of the company’s building, indicating a steady expansion of the scope of cooperation.

(Construction examples in Fuji corp. group)

Branched Kawachiwa Scheduled for completion on May 15, 2024 RC construction, 13 floors, 38 units



Head office building of Fuji corp. group

Large-scale repair work, Replacement work of the tower signboard



(Taken from the reference material of the company)

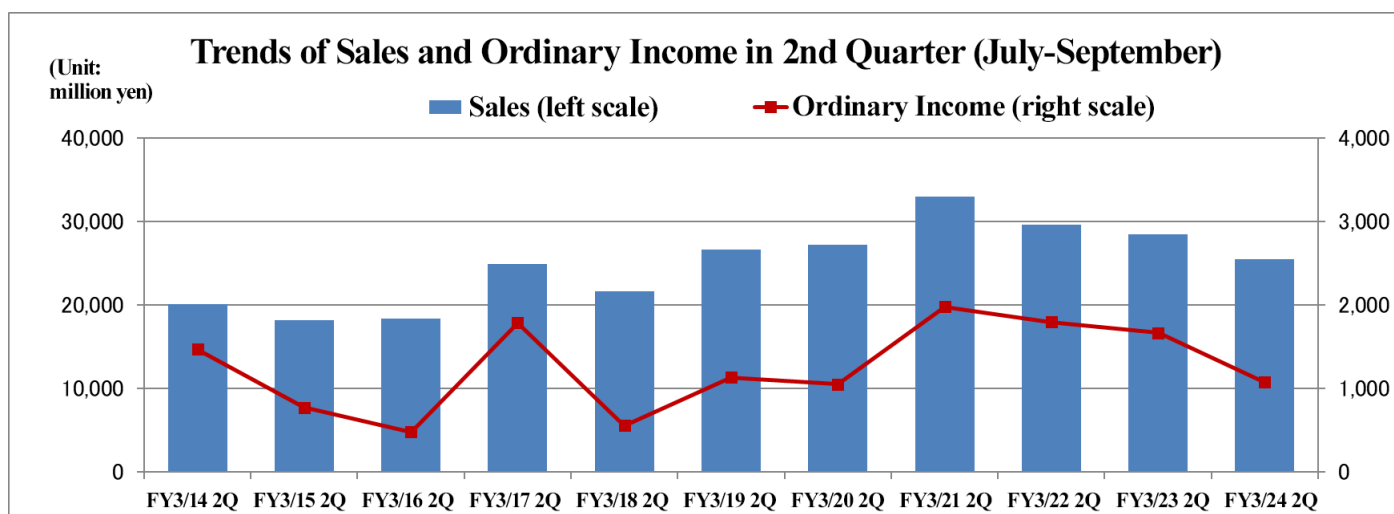
Sales in the other segment decreased 38.5% year on year to 74 million yen, and profit decreased 48.2% yen year on year to 51 million yen.

The other segment is a business segment not included in segments to be reported but includes the insurance agency business operated by Fuji Corporation.

The revenue from the insurance agency business had been posted in “non-operating revenue,” but they adopted the method for posting it in “sales” in the first quarter of this fiscal year.

3-3 Quarterly Earnings Trends

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



In the second quarter (Jul. to Sep.) of the fiscal year ending March 2024, sales and profit declined year on year. This is because condominiums and rental apartment buildings for individual investors are delivered mainly in the second half.

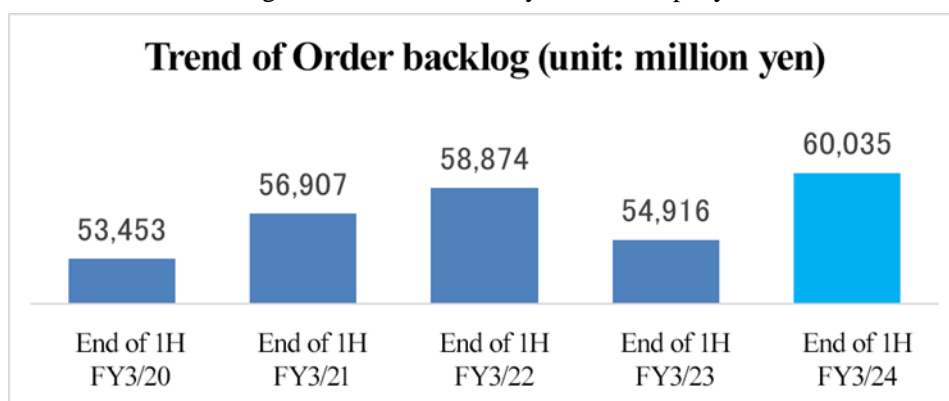
3.4. Status of order backlog

	2Q of FY 3/23		2Q of FY 3/24		
	Volume	Value	Volume	Value	YOY
Free Design Houses, etc.	426 homes	17,758	316 homes	13,112	-26.2%
Condominiums for Sale	166 homes	7,710	316 homes	13,596	+76.3%
Sale of Residential Land	15 homes	466	18 homes	632	+35.6%
Land Sales	-	-	1,765 m ²	420	-
Residential Properties for Sales	607 homes	25,935	650 homes/1,765 m ²	27,761	+7.0%
Used Residential Properties (Detached Homes)	20 homes	590	15 homes	369	-37.4%
Used Residential Properties (Condominiums)	112 homes	2,683	113 homes	2,738	+2.1%
Housing Distribution	132 homes	3,274	128 homes	3,108	-5.1%
Contract Construction of Rental Properties	59 contacts	5,961	56 contacts	5,541	-7.0%
Affordable Apartments for Seniors with Nursing-care services	27 contacts	5,931	32 contacts	6,819	+15.0%
Rental Apartments for Sale to Individual Investors	85 buildings	13,251	104 buildings	15,982	+20.6%
Effective Land Utilization	86contacts/85 buildings	25,143	88contacts/104 buildings	28,343	+12.7%
Construction Related	17 contacts	563	27 contacts	822	+45.8%
Total	-	54,916	-	60,035	+9.3%

* Units: million yen

(Taken from the reference material of the company)

The order backlog as of the end of the second quarter of the fiscal year ending March 2024 was up 9.3% year on year. In the segment of residential properties for sale, the number of orders for free-design homes decreased, but the number of orders for condominiums is healthy before the completion and delivery of condominium buildings mainly in the second half, so the order backlog in this segment increased 7.0% year on year. In the housing distribution segment, order backlog is unchanged year on year. In the segment of effective land utilization, order backlog increased, as the order backlog of affordable apartments for seniors with nursing-care services increased 15.0% year on year and the order backlog of rental apartment buildings for individual investors remained healthy and grew considerably by 20.6% year on year. The order backlog in the construction-related segment increased steadily, as the company received an order for a large-scale construction project.



The order backlog as of the end of the second quarter of this fiscal year exceeds that in the same period of the previous year, and is very favorable compared with those as of the end of the second quarter of the fiscal year ended March 2021 and as of the end of the second quarter of the fiscal year ended March 2022, in which there was special demand due to the coronavirus pandemic.

3-5 Financial Conditions and Cash Flow (CF)

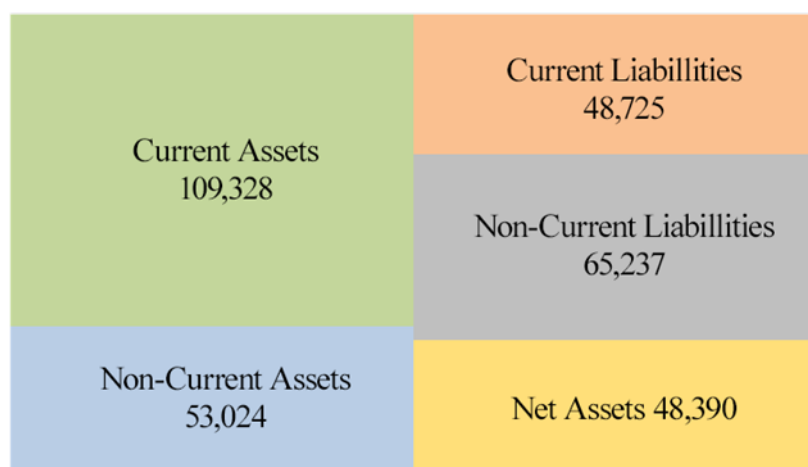
Financial Conditions

	Mar. 2023	Sep 2023		Mar. 2023	Sep 2023
Cash, Equivalents	20,308	20,330	Payables	4,601	4,715
Inventories	79,944	85,717	ST Interest Bearing Liabilities	21,985	30,801
Current Assets	103,550	109,328	Unpaid Taxes	972	758
Tangible Noncurrent Assets	46,006	47,985	Prepayments	3,667	4,212
Intangible Noncurrent Assets	560	563	LT Interest Bearing Liabilities	66,862	64,694
Investments, Others	4,490	4,475	Liabilities	107,524	113,962
Noncurrent Assets	51,057	53,024	Net Assets	47,083	48,390
Total Assets	154,608	162,353	Total Interest-Bearing Liabilities	88,848	95,495

* 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.

The total assets as of the end of September 2023 stood at 162,353 million yen, up 7,745 million yen from the end of the previous fiscal year. At the side of assets, mainly real estate for sale in process, real estate for development, buildings & structures, and land increased. At the side of liabilities and net assets, mainly accounts payable, short-term debt, advances received, and retained earnings increased. Inventory assets include real estate for sale worth 25.11 billion yen (25.3 billion yen as of the end of the previous fiscal year), real estate for sale in process worth 33.2 billion yen (30.2 billion yen as of the end of the previous fiscal year), and real estate for development worth 27.34 billion yen (24.39 billion yen as of the end of the previous fiscal year). As of the end of the second quarter of this fiscal year, inventory assets were up 5.7 billion yen from the end of the previous fiscal year. This is mainly due to the acquisition of land for condominiums and effective land utilization. The company plans to own 45 buildings (worth 4.9 billion yen) out of 247 buildings in stock for effective land utilization for a certain period. This number is equivalent to the number of properties to be sold in about one and a half years. The company considers that this number is appropriate. The number of detached homes and condominium units in stock is 2,572, which is for about 3 years.

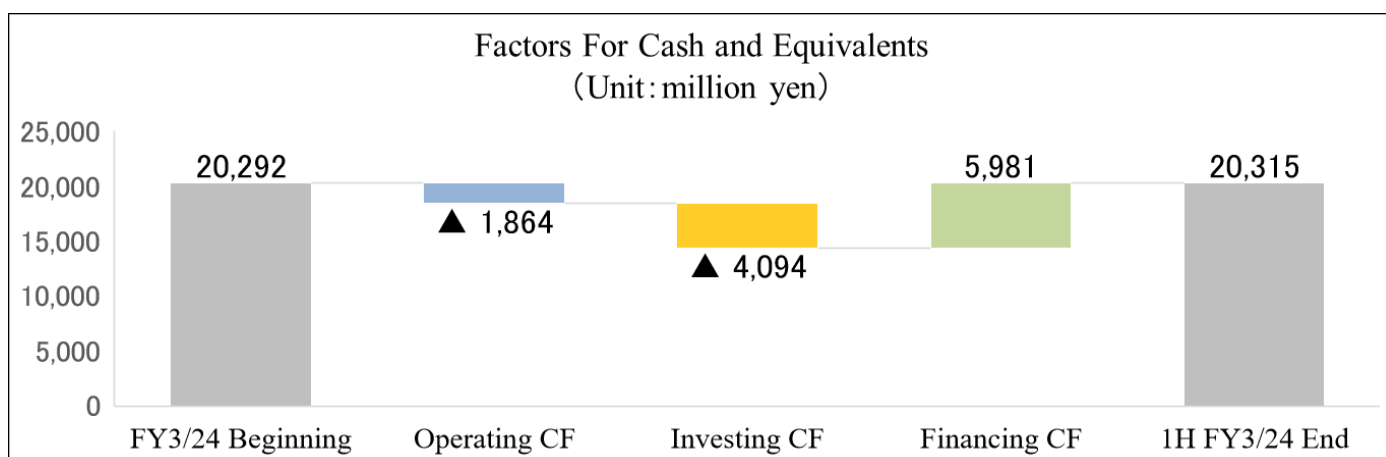
BRIDGE REPORT



Cash Flow

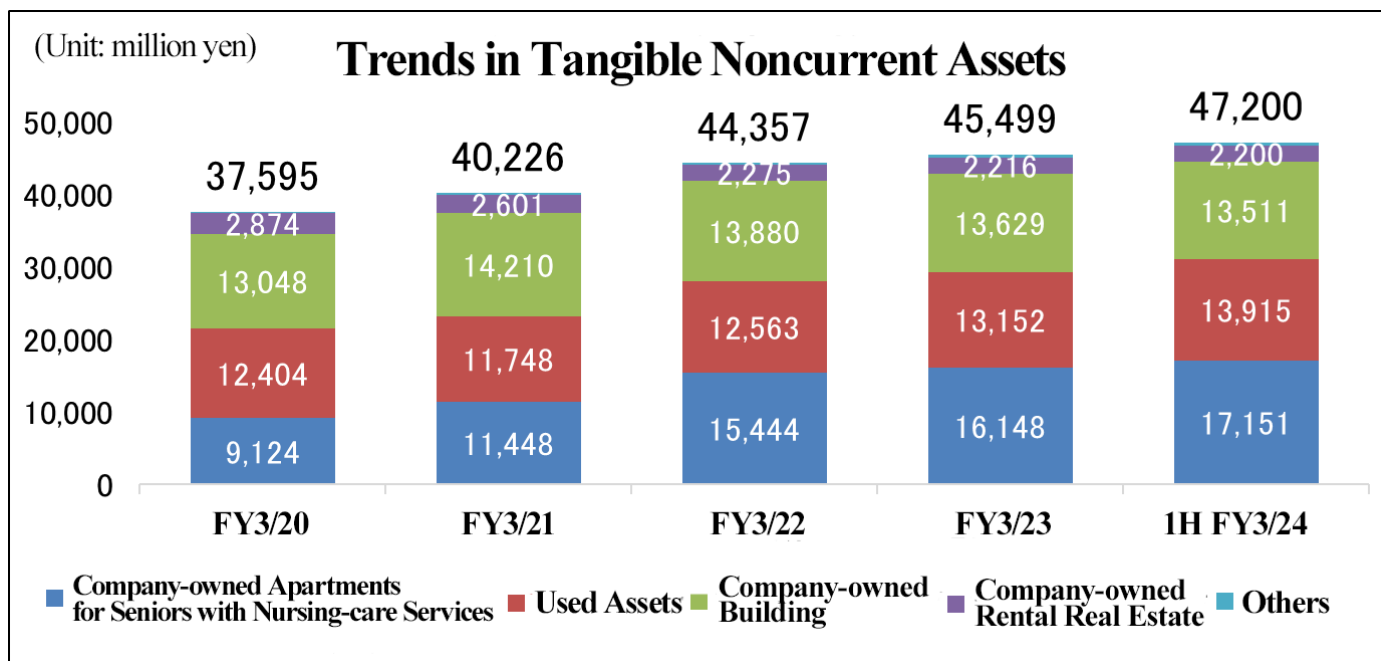
	Cumulative 2Q of FY 3/23	Cumulative 2Q of FY 3/24	YOY	
Operating Cash Flow (A)	717	-1,864	-2,582	-
Investing Cash Flow (B)	-3,203	-4,094	-891	-
Free Cash Flow (A + B)	-2,485	-5,959	-3,473	-
Financing Cash Flow	2,032	5,981	+3,948	+194.2%
Cash and Equivalents at Term End of Quarter	19,176	20,315	+1,138	+5.9%

* Units: million yen



In terms of cash flows, there was a cash outflow from operating activities, as inventory assets increased 4.3 billion yen through the procurement of land for condominiums and rental apartment buildings for sale, etc., accounts payable decreased significantly due to the expenditure of funds for constructing condominiums that were delivered in the previous fiscal year, and net income before taxes and other adjustments decreased. The deficit of free cash flow augmented due to the increase in the cash outflow from investing activities, mainly due to the progress of procurement of used condominiums and affordable apartments for seniors with nursing-care services in the used asset business. On the other hand, the cash inflow from financing activities increased, as inventory assets grew, and short-term debt augmented for acquiring tangible fixed assets. Accordingly, the balance of cash and cash equivalents as of the end of the quarter was up 5.9% year on year.

3-6 Trends in Tangible Noncurrent Assets

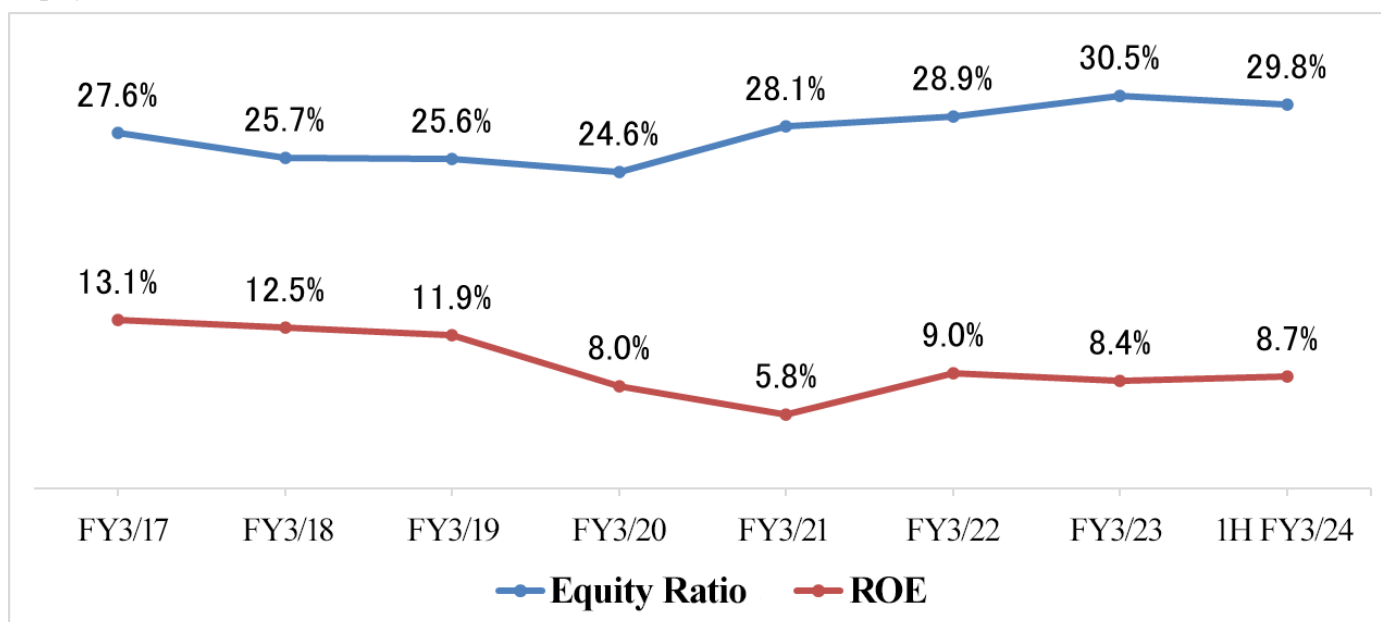


*Tangible fixed assets are the total value of buildings & structures, machinery, equipment & vehicles, tools, furniture & fixtures, and land, excluding leased assets and construction work-in-progress assets.

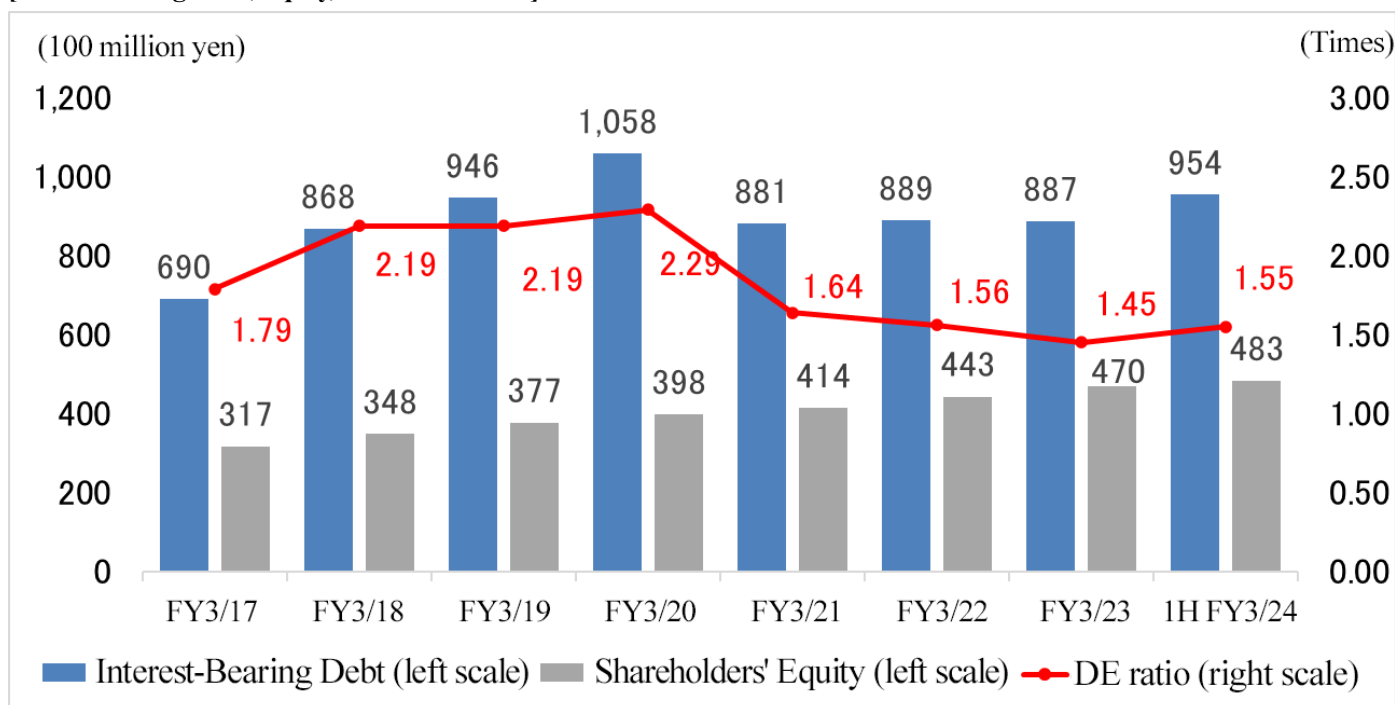
Over the past five years, the company has actively acquired its own affordable apartments for seniors with nursing-care services (serviced residences for the elderly) and used assets (used condominiums with sectional ownership by rental tenants). The company is strengthening its efforts in the recurring-revenue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

3-7 Trends in Management Indicators

[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 onward 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 50th anniversary of the company's founding

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

◎ Start of smart model houses

The company launched a “smart model house,” which is an unattended model house, in Izumisano City, Osaka Prefecture. At smart model houses, there is no accompanying staff, and the door is opened, and smart home devices are operated via a smartphone app, which means that no troublesome hand-over of keys is required and visitors can experience the housing developed by Fuji Corporation with their family members only all the way until locking the door. Furthermore, these model houses allow visitors to try the latest IoT, such as opening and closing of doors and windows or motion sensors and experience the housing in a relaxed manner in a family-only space.

◎ “Charmant Fuji Park & Links” Condominium Project to commemorate the company’s 50th anniversary

As a project to commemorate their 50th anniversary, the company started to sell a total of 190 condominiums for sale in a 14-story reinforced concrete building in September 2023 in Koryo Higashimachi, Sakai-ku, Sakai City, Osaka Prefecture. This is located at the center of Sakai City with easy access to five stations of three railway lines with all condominiums facing south. Shared bicycles and three individual booths convenient for working from home have been set up in a shared area on the premises, offering an even more comfortable space.

◎ Interview included in the “September issue of PHP”

An interview with the president Miyawaki, entitled “50 years since founding, next on the way to 100 years,” was included in “September issue ‘My Creed’ of PHP,” a monthly magazine, published on August 10th, 2023. This monthly magazine was established by Konosuke Matsushita and has been keenly read by a wide range of readers from teenagers to people in their nineties as a “magazine that encourages them in life.”

◎ Participation in a project for career education of local elementary and middle school students

As part of sponsoring projects for regional contribution, the company sponsored a project for producing supplementary reading materials for career education at elementary and middle schools and was introduced in the Kishiwada City and Wakayama City versions of “Notes about Work for Elementary School Pupils” and Wakayama Prefecture version of “Book about Work for Middle School Students.” The primary purpose of this project is to introduce occupations for the elevation of work and labor in society as well as dreams and hopes, and fundamentally one company is stated per industry. Amid such situation, the company was approached as an enterprise with an especially high awareness of regional contribution in the real estate industry and sponsored the project with the wish to provide support in career education, giving dreams and hopes to children in elementary and middle schools for their desired future work.

◎ Distribution of three books useful for maintaining health to all employees

The company takes various measures that give top priority to the health of employees, such as regular health check-ups far exceeding what is designated by law and proactive encouragement of the utilization of the health consultation phone service available to all employees free of charge 24 hours a day, 365 days a year, under the philosophy of “An enterprise is composed of personnel. No customer satisfaction or company growth can be achieved without the health and happiness of employees.” In addition, the company regularly distributes books useful for maintaining health that can be effectively used for the sake of employees, their families, clients, and business partners. After the start of this fiscal year, the company distributed three books: “Legs and Hips to Last 100 Years,” “The Stanford Method for Ultimate Sound Sleep” and “How to Train Your Brain According to The Best And Latest Neuroscience” to all employees including part-time and temporary workers, about 1,350 employees in total.

◎ Performing a stress check on all employees

The company performs a stress check on all directly employed staff members including short-time workers. While highly stressed people account for 16.4% of all people tested by the testing organization on average for the last four years, this ratio is 6.3%, less than a half, in Fuji Corporation and was 6.8% this fiscal year, extremely low in comparison with the past overall average ratio. The company will keep encouraging the implementation of their philosophy of “true feelings, frank and straightforward” and “it is okay to just ask and say,” and striving for building a workplace environment which allows for working with a positive stance, energy, and vigor.

◎ A billboard advertising the company set in Nankai Namba Station

The company's billboard advertising was set up within Nankai Namba Station on October 1st, 2023. It has been installed at a place clearly visible from the descending staircase on the first floor of Nankai Namba Station, which is a passageway from Nankai Namba Station to Osaka Metro, Kintetsu, and Hanshin Railways. As Nankai Namba Station is the southern entrance to Osaka and a gigantic terminal with an average of 250,000 passengers per day, it is expected that the company will become popular among even more people.

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.

With the end of the second quarter, 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.

In the cumulative second quarter of the consolidated fiscal year, the progress rate toward the full-year earnings forecast is about 43.9% for sales and about 38.5% for ordinary income. In the second half of the fiscal year, 4 condominium buildings will be completed and delivered, and two thirds of the annual number of rental apartment buildings for individual investors will be delivered, so sales will become larger in the second half than usual. Their business performance is in line with the initial forecast, so the company considers that it can probably achieve the full-year earnings forecast. Due to the skyrocketing of land prices, construction costs, and prices of housing equipment, the environment surrounding the segment of residential properties for sale remains harsh, but the demand for used residential properties and rental apartment buildings for individual investors and construction remains strong, the company has been receiving a healthy number of orders, and the business of property leasing and management is growing steadily. 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%.

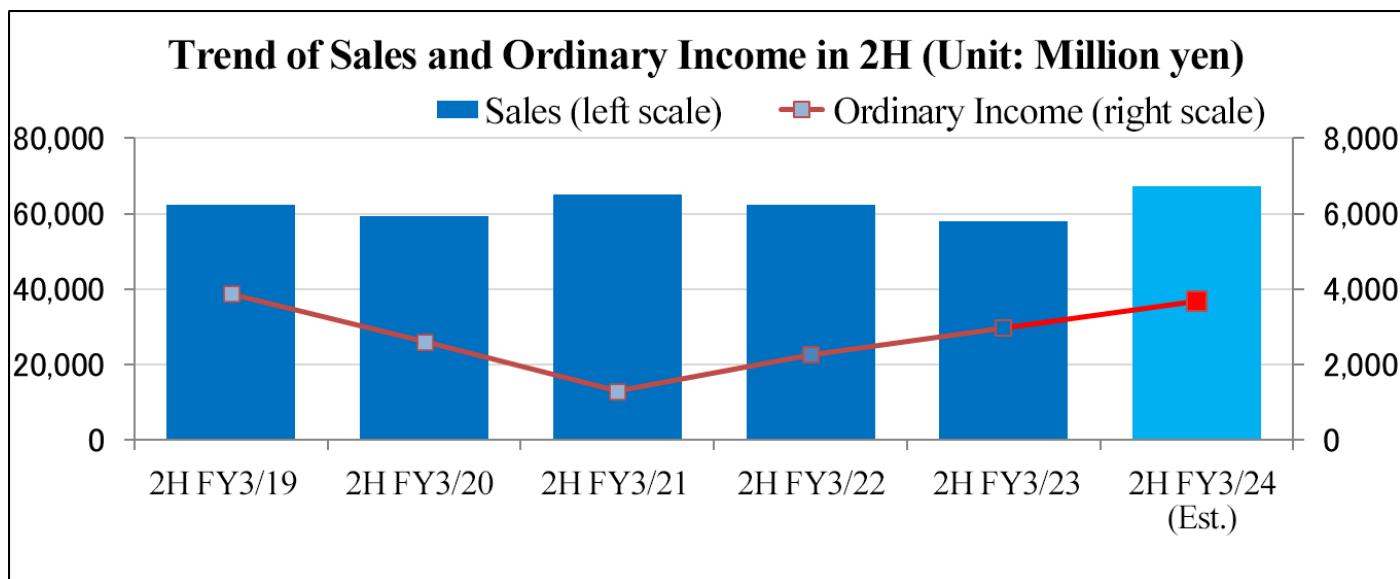
The company plans to pay an annual dividend of 27 yen per share, unchanged from the previous term (14 yen at the end of the first half and 13 yen at the end of the year). The payout ratio will be 24.3%.

4-2 Progress toward consolidated earnings forecast

	FY 3/24 1H Results	FY 3/24 Full Year Forecast	Percentage of progress toward full- year forecast
Sales	52,648	120,000	43.9%
Operating Income	2,618	6,400	40.9%
Ordinary Income	2,309	6,000	38.5%
Net Income attributable to owners of the parent	1,536	4,000	38.4%

*Units: million yen

While annual sales are forecast to be 120 billion yen, the sales in the first half of the fiscal year were 52.6 billion yen, so the company needs to earn sales of 67.4 billion yen in the second half. Order backlog will generate sales of 38 billion yen in the second half, and the company will earn sales of 14.2 billion yen from property leasing and management in the second half, so it is expected that a total of 52.2 billion will certainly be posted in the second half. Accordingly, the remaining amount the company needs to earn is 15.2 billion yen. In the housing distribution business of the company, the turnaround time from order receipt to delivery is as short as around 1.5 months, and this business earns about 10 billion yen except order backlog in the second half. In addition, the sale of ready-built houses is healthy, and the company is expected to receive more orders for condominiums and rental apartment buildings for sale. The company considers that it can probably achieve the full-year earnings forecast.



(3) The company’s policy about capital costs and share price

The purpose of the company’s business administration is to continue its business stably and repay all stakeholders for their support on a permanent basis in accordance with the management philosophy.

The real estate business is easily influenced by changes in market conditions, so business operation using financial leverage is indispensable. Accordingly, financial strategies are extremely important, so the company has a policy of enriching IR activities for improving expected values while aiming to improve the financial soundness by improving the efficiency of asset use and increase profitability by investing in growing fields while paying more attention to capital costs and share price.

① Current situation
<ul style="list-style-type: none"> ◆The ROE in FY 3/2023 was 8.4%, exceeding capital costs^{*1}, but PER was as low as 6.37, and PBR^{*2} was 0.53, falling below 1.0. ◆Net D/E ratio is decreasing, and there remains room for further decrease. ◆The dividend amount has been unchanged since FY 3/2019 regardless of profit, so payout ratio has been fluctuating, but the company pays attention to total return ratio.
② Issues
<ul style="list-style-type: none"> ◆Whether the company can keep the increase rate of EPS^{*4} above the increase rate of BPS^{*3} ◆Whether the company can deepen investors’ understanding the down-to-earth, stable business model of the company ◆Whether the company can secure an optimal balance among the maintenance and improvement of financial soundness, investment for growth, and the dividend policy
③ Initiatives
<ul style="list-style-type: none"> ◆To enhance the investment in the effective land utilization business and the property leasing and management business, which have a high degree of asset efficiency, with the aim of stabilizing the revenue base and surefire growth ◆In particular, in the business of affordable apartments for seniors with nursing-care services, the company operates the largest number of apartments in Japan, so they can exert their advantage, and this business matches the needs in the aging society. Accordingly, they focus on this business. ◆Their dividend policy is to consider total payout ratio while paying dividends stably. ◆To energize IR activities and foster an understanding of Fuji Corporation’s unique business model, which is not used by other companies ◆To improve CCC^{*5}, lower net D/E ratio further, and increase financial soundness

*1: Capital cost means the cost of shareholder’s equity (Risk-free rate + β value × Market risk premium), *2: PBR (price-book value ratio), *3: BPS (book value per share), *4: EPS (earnings per share), *5: CCC (Day of inventory on hand (DOH) + Days of sales outstanding (DSO) – number of days of payables)

◎Dividend

	FY 3/20	FY 3/21	FY 3/22	FY 3/23	FY 3/24 Est
EPS	87.40	66.00	107.68	106.65	110.89
DPS	27.00	27.00	27.00	27.00	27.00
Dividend payout ratio	30.9%	40.9%	25.1%	25.3%	24.3%

◎ Benefits for shareholders

Benefits are offered to shareholders holding 500 or more shares written or recorded in the shareholder registry as of March 31 every year.

No. shares held as of the record date	Description of benefits for shareholders
500-999	QUO Card worth 1,000 yen
1,000-4,999	JCB Gift Card worth 3,000 yen
5,000-9,999	JCB Gift Card worth 4,000 yen
10,000 or over	JCB Gift Card worth 5,000 yen

5. Conclusions

In the cumulative second quarter of the fiscal year ending March 2024, sales dropped 6.5% year on year and ordinary income decreased 17.0% year on year. In the cumulative second quarter of the consolidated fiscal year, the progress rate toward the full-year earnings forecast is about 43.9% for sales and about 38.5% for ordinary income. In the second half of the fiscal year, 4 condominium buildings will be completed and delivered, and two thirds of the annual number of rental apartment buildings for individual investors will be delivered, so sales will become larger in the second half than usual. This is the reason for the low progress rates. Their business performance is in line with the initial forecast, so the company considers that it can probably achieve the full-year earnings forecast. As of the end of the second quarter of the fiscal year ending March 2024, order backlog, which is the advance indicator of sales, was up 9.3% year on year, indicating significant accumulation. In the segment of residential properties for sale, the company received a healthy number of orders for condominiums, which are scheduled to be completed and delivered mainly in the second half of the fiscal year, so order backlog grew 7.0% year on year. In addition, in the segment of effective land utilization, the order backlog for affordable apartments for seniors with nursing-care services increased 15.0% year on year and the order backlog for rental apartment buildings for individual investors remained healthy and rose 20.6% year on year, contributing to the increase in order backlog of the segment. It is noteworthy whether the company can deliver ordered properties as scheduled and achieve the full-year forecast.

Meanwhile, the business of free-design homes saw a decrease in inventory, as the company focused on the procurement of land for condominiums while curtailing the procurement of land for detached homes after the wood shock (skyrocketing of lumber prices) two years ago, so order backlog is decreasing. On the other hand, the company plans to deliver 4 condominium buildings in the fiscal year ending March 2025. Due to the recent soaring of construction costs, selling prices are rising, so we would like to pay attention to whether they can cover the decrease of orders for free-design homes. As the company plans to deliver a large number of rental apartment buildings for individual investors, order backlog may decrease, but the procurement of land is progressing smoothly, and the business is thriving so that properties are sold out on the day they are released. Accordingly, the number of orders received is expected to be large.

According to the balance sheet as of the end of the second quarter of the fiscal year ending March 2024, inventory real estate increased 5.7 billion yen from the end of the previous fiscal year, because the company acquired land for condominiums and effective land utilization. In order to improve business performance, it is indispensable to increase inventory real estate, while increasing interest-bearing liabilities. In response to the skyrocketing of prices in the market and the intensification of competition for procurement, the company has recently selected properties more rigorously, but it seems that the procurement

environment is improving, and attractive real estate is increasing. We would like to pay attention to how many attractive properties they can accumulate and the amount of inventory real estate.

<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 (including one independent executive)
Auditors	3 auditors, including 2 external ones (including two independent executive)

◎Corporate Governance Report

The company submitted its latest corporate governance report on November 30, 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, 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.

<Reason 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>
<p>【Supplementary Principle 3-1-3. Sustainability Initiatives, etc.】</p>	<p>The corporate group’s Board of Directors adopted the following Basic Sustainability Policy on December 14, 2021.</p> <p>“Since its founding, the company has been committed to social contribution activities through its business activities, based on the corporate group’s management philosophy that states that the company operates for the benefit of its employees and their families, its customers and business partners, shareholders, local communities, and ultimately, the nation.”</p> <p>The roles of companies in addressing social issues such as SDGs (Sustainable Development Goals) adopted by the United Nation is becoming increasingly critical. By being aware of the relationship between ESG (Environment, Society, and Corporate</p>

	<p>Governance) and SDGs and the company’s business activities that are community-based management, and by working to make social contributions, the company strives to grow sustainably with society and become a trusted corporate group.</p> <p>To continuously ensure the long-term stability of the corporate group’s operations, the company believes it is important to hire talented human capital who are both capable and enthusiastic and who share the corporate group’s management philosophy, policies, and values, and to create an environment in which such human capital can work comfortably, cheerfully, vigorously, and stress-free, while feeling a sense of achievement over the long term. The company holds “Session for Asking the Chairman or the President Questions” on a regular basis, where all executives and employees including part-time employees can have direct dialogue with the Chairman or the President. The Chairman or the President personally holds a telephone meeting with each individual who asks a question, and works together to solve not only work-related issues, but also personal problems and issues in their private lives.</p> <p>The company believes that the driving force for improving business performance is the understanding and practice of its management philosophy and policies and the development of human capital who share the same values. The company has adopted a personnel evaluation system in which all employees and part-time employees, including executives, are evaluated by everyone, not only their immediate supervisors but also by subordinates and colleagues, as well as those in other departments, in a 360-degree fair and impartial personnel evaluation and assessment, to appoint employees to positions based on their abilities and performance, regardless of age, gender, and without limiting the scope of their duties.</p> <p>In addition, the company promotes the acquisition of various business qualifications by its qualification acquisition support system to help employees acquire specialized and advanced knowledge.</p> <p>With regard to establishing a comfortable working environment, the company is creating a working environment where diversity is respected and employees can work comfortably and maintain good health, by actively encouraging the use of a health consultation hotline that allows employees to call for advice anytime, promoting flexible work styles through teleworking, conducting substantial health checkups with a full range of diagnostic items for all executives and employees including part-time employees, and installing hyperbaric oxygen chambers in the offices available for meetings and breaks.</p> <p>Regarding investment in intellectual property, etc., the company does not believe it is necessary to disclose or provide specific information because it is not positioned as the core of its business and the amount of investment is small at the moment.</p> <p>Currently, the company does not make disclosures as recommended by TCFD, however, in order to respond to the recommendations from TCFD, the Board of Directors resolved 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.</p> <p>The following matters are discussed in the Group.</p> <ol style="list-style-type: none"> (1) To assess the impact of climate change on the company’s business activities, and formulate content of information disclosure based on TCFD’s recommendations (2) To review the status of initiatives based on the Basic Sustainability Policy, and promote the initiatives
<p>【Principle 4-8. Effective use of Independent Outside Directors】</p>	<p>Currently, the Board of Directors consists of seven Directors and three Corporate Auditors. Of these, four are Outside Directors (two Outside Directors and two Outside Corporate Auditors). 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’</p>

	<p>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>
--	--

<Disclosure Based on the Principles of the Corporate Governance Code (excerpts)>

Principles	Disclosure contents
<p>【Principle 1-4. Strategically held shares】</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>To attain the medium/long-term goal of improving corporate value, we will promote an understanding our management philosophy and stance and examine the economic rationality of shares provided by financial institutions and then hold them while assuming comprehensive transactions.</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>【Supplementary Principle 4-11-3. Summary of the results of analysis and evaluation of the effectiveness of the overall Board of Directors】</p>	<p>Every year, the company evaluates the effectiveness of the board of directors by conducting an anonymous questionnaire survey and reports the results to the board of directors.</p> <ul style="list-style-type: none"> • The frequency of meetings of the Board of Directors and the attendance of each Director are both appropriate, and the management of the meetings is carried out appropriately, with appropriate content and volume of materials and deliberation on each agenda item.
<p>【Principle 5-1. Policy on constructive dialogue with shareholders】</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</p>

	<p>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>
--	--

* “Situation of Corporate Governance” was released on July 18, 2023, and the expertise and experiences (skill matrix) of directors and auditors are disclosed on the last page.

[Situation of Corporate Governance](#)

<p>This report is not intended for soliciting or promoting investment activities or offering any advice on investment or the like, but for providing information only. The information included in this report was taken from sources considered reliable by our company. Our company will not guarantee the accuracy, integrity, or appropriateness of information or opinions in this report. Our company will not assume any responsibility for expenses, damages or the like arising out of the use of this report or information obtained from this report. All kinds of rights related to this report belong to Investment Bridge Co., Ltd. The contents, etc. of this report may be revised without notice. Please make an investment decision on your own judgment.</p> <p style="text-align: right;">Copyright(C) Investment Bridge Co., Ltd. All Rights Reserved.</p>
