



Stock Code: 8935



**Supplementary Materials to the Financial Results
Briefing for the First Half of the Fiscal Year
Ending March 31, 2023**

FJ Next Holdings

November 4, 2022 (Friday)

Life with a dream

FJ Next Holdings Co., Ltd.

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Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2023



Highlights of Consolidated Financial Results

Net Sales

41,160
million yen

(+7.8%)

Operating Income

3,636
million yen

(△6.7%)

Ordinary Income

3,609
million yen

(△7.3%)

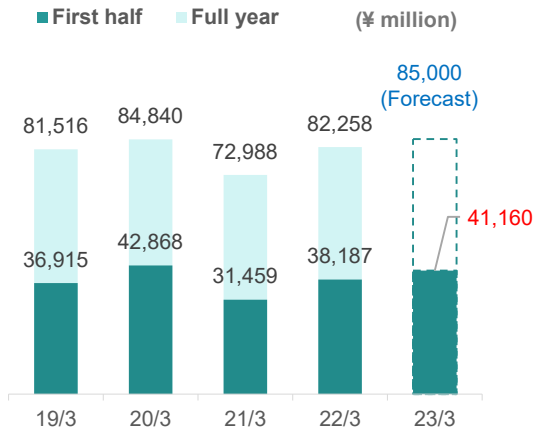
Net Income Attributable to
Shareholders of Parental
Company

2,453
million yen

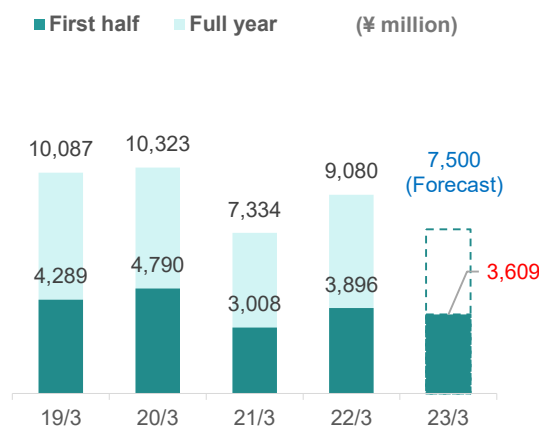
(△9.1%)

Comparison with
the previous
corresponding period

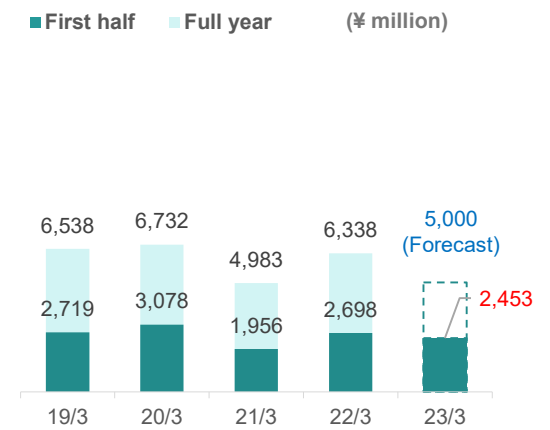
Net Sales



Ordinary Income



Net Income Attributable to Shareholders of Parental Company



Consolidated Statements of Income for the First Half of the Fiscal Year Ending March 31, 2023

The number of condominiums sold increased, boosting sales.

However, pre-owned condominiums increased as a proportion of sales reducing earnings.

(¥ million)

	FY2022	FY2023		
	First-half results (A)	First-half results (B)	Increase/decrease (B) - (A)	Rate of change
Net sales	38,187	41,160	+2,973	7.8%
Cost of sales	28,566	32,297	+3,730	13.1%
Gross profit	9,621	8,863	△757	△7.9%
Selling, general and administrative expenses	5,722	5,226	△495	△8.7%
Operating income	3,898	3,636	△261	△6.7%
Ordinary income	3,896	3,609	△286	△7.3%
Ordinary income ratio (%)	(10.2%)	(8.8%)		(△1.4P)
Net income attributable to shareholders of parental company	2,698	2,453	△244	△9.1%

Consolidated Balance Sheet for the Second Quarter of the Fiscal Year Ending March 31, 2023

(¥ million)

	FY2022 (as of Mar. 31, 2022) (A)	FY2023 2Q (as of Sept. 30, 2022) (B)	Increase/ decrease (B) - (A)
Current assets	70,008	70,731	+722
Cash and deposits	35,593	35,983	+389
Real estate for sale	11,262	7,919	△3,343
Real estate for sale in process	19,025	22,336	+3,310
Non-current assets	12,651	12,577	△73
Total assets	82,659	83,309	+649
Current liabilities	10,864	12,121	+1,256
Non-current liabilities	12,878	10,584	△2,293
Total liabilities	23,742	22,706	△1,036
Total net assets	58,917	60,603	+1,686
Interest-bearing liabilities	12,643	12,613	△29

By keeping dependency on loans at a low level, we have maintained good financial health.

[Interest-bearing debt dependence]

15.1%

[Equity ratio]

72.7%













Situation of Each Segment



Financial Results by Segment

(¥ million)

		FY2022 first half	FY2023 first half	YOY comparison		
Real estate development business FJ Next Holdings Co., Ltd. FJ NEXT CO., LTD. Real estate planning and development, sales, and brokerage, and leasing	Net sales	33,234	36,624	+3,390	+10.2%	
	Segment income	3,130	3,071	△59	△1.9%	
Real estate management business FJ Community Co., Ltd. Lease management of real estate and total building management	Net sales	1,722	1,787	+65	+3.8%	
	Segment income	430	421	△8	△2.0%	
Construction business Resitec Corporation Design, construction and contracting of buildings and civil engineering	Net sales	2,710	2,110	△600	△22.1%	
	Segment income	358	116	△241	△67.4%	
Japanese inn business FJ resort Management Co., Ltd. Japanese inn business, restaurant business	Net sales	490	610	+119	+24.4%	
	Segment income	△45	5	+50	—	
Consolidated results Other businesses included	Net sales	38,187	41,160	+2,973	+7.8%	
	Operating income	3,898	3,636	△261	△6.7%	

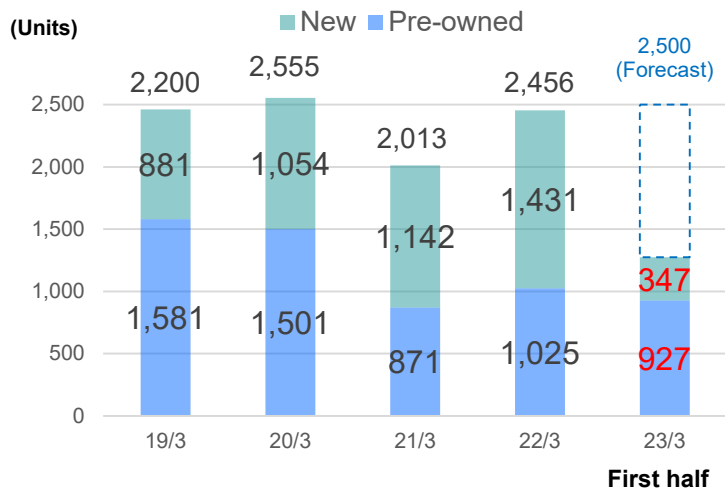
Construction of new condominiums was clustered in the second half.
Sales of pre-owned condominiums far exceeded the previous year's levels,
and remained strong.



Home Units Sold			FY2022		FY2023	
			Results for Apr.-Sept.	Results for the full fiscal year	Results for Apr.-Sept.	Forecast for the full fiscal year
			1,124	2,456	1,274	2,500
Aggregation category	New	Gala Condominium series	(650)	(1,201)	(198)	
		Gala Residence series	(64)	(230*)	(149)	
	Pre-owned condominiums	(410)	(1,025)	(927)		

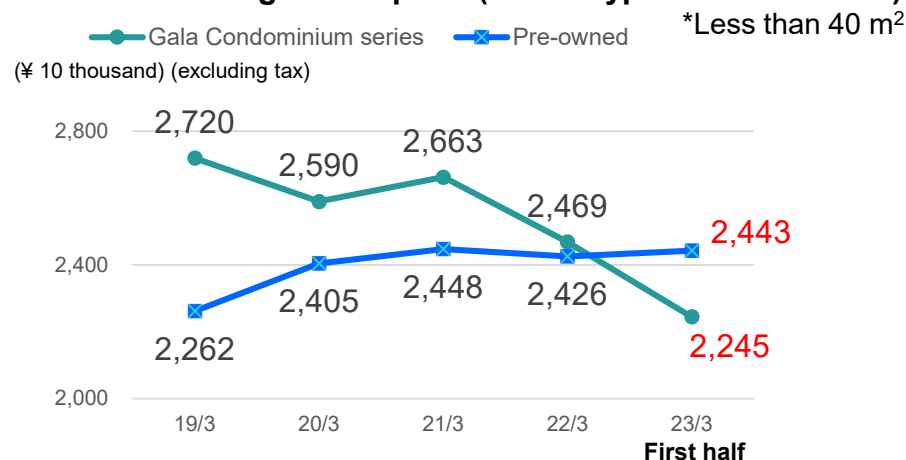
*The Gala Residence series includes 60 units that are equivalent to the Company's equity among the projects based on joint ventures.

Transition in condominium units sold



Note: "New" shows the total of Gala Condominium series and Gala Residence series.

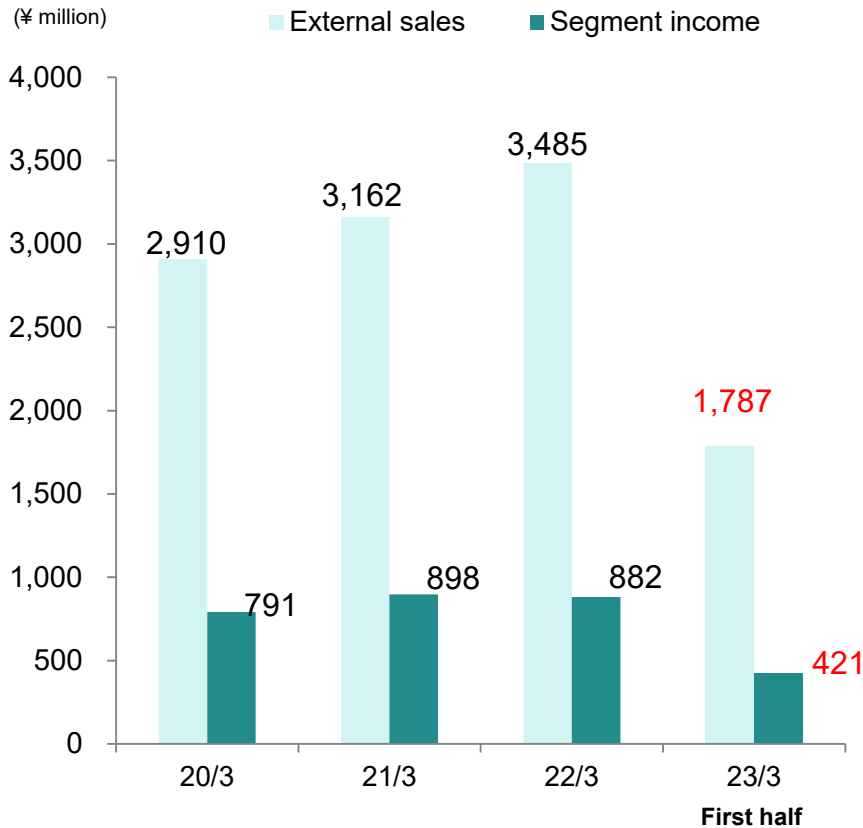
Transition in average sales price (studio-type condominium*)



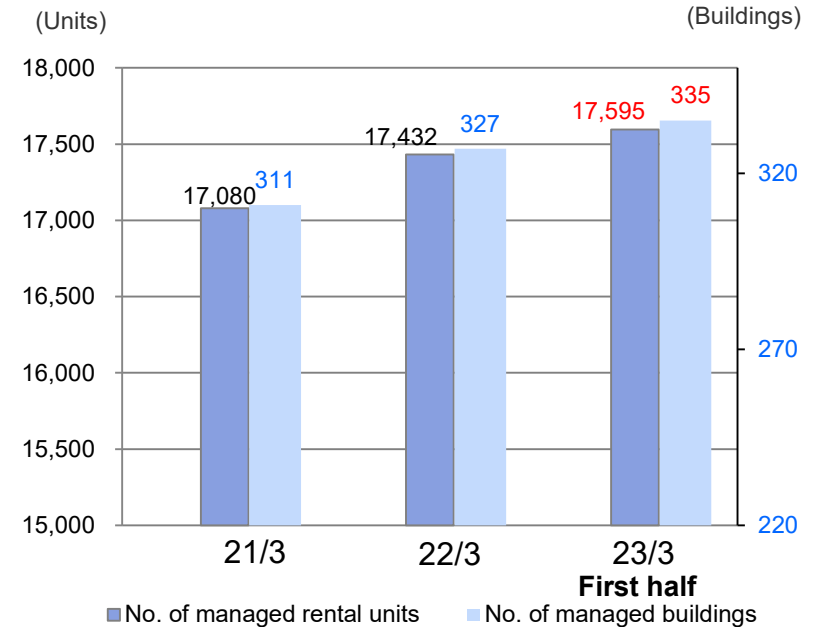
Note: Average sales price is significantly affected by the geographical area in which the properties are supplied during the period. In the current period, The Gala Condominium series is concentrated on properties in Kanagawa Prefecture, which are relatively inexpensive compared to central Tokyo. These trended downward from the previous fiscal year.

Providing stable property management

[Trend in segment performance]



[Trend in managed rental units and managed buildings]



(Outline of rental unit management business)

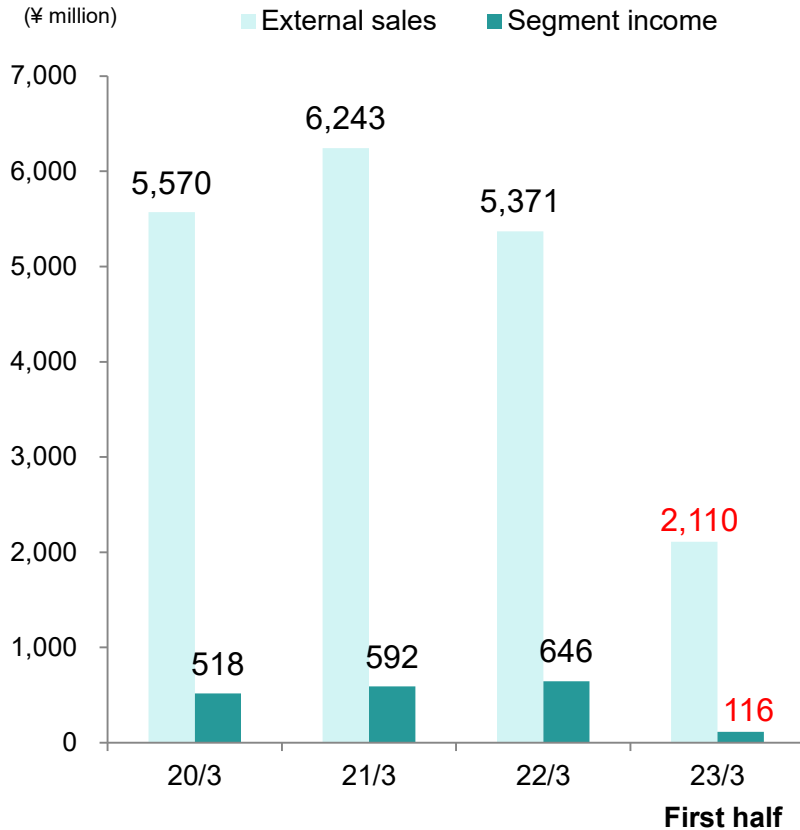
Combination of the landlord representation system and subleasing allows landlords to hold their asset management-type condominiums over medium to long term and to conduct assets formation for the future in an easy and safe manner.

(Outline of building management business)

Through extensive education to the staff members to manage condominiums, we provide operational support for the management of condominiums and retain the assets value of the property.

Contribution not only to business results, but also to quality enhancement of our core business, real estate development business

[Trend in segment performance]



[Example of construction]



Example of condominium construction



Example of wedding hall renovation

[Construction inspection of buildings developed by the Company]



Gala Condominium series

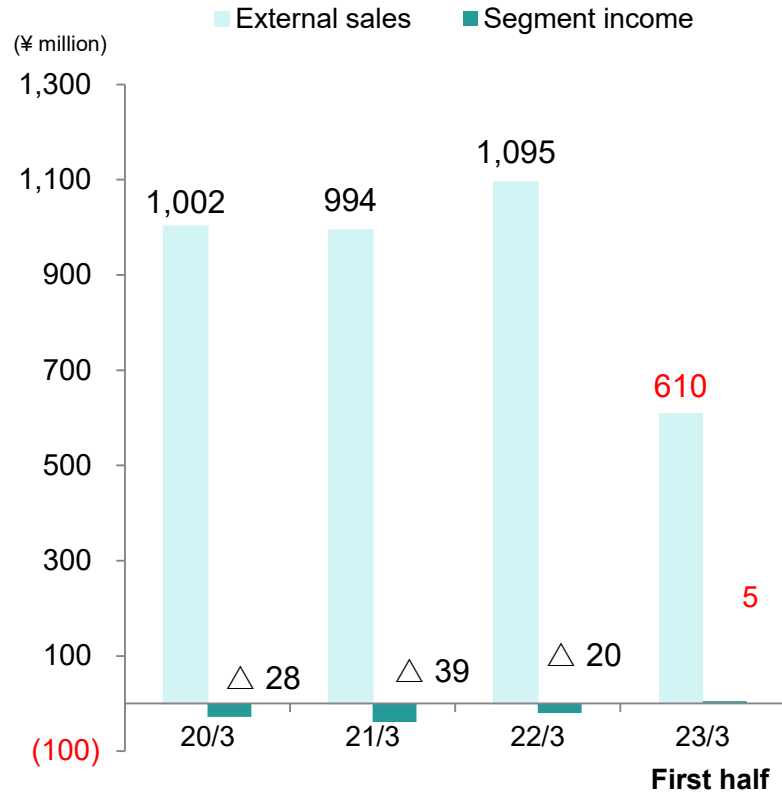


Gala Residence series

The business segment also engages in construction inspection of the buildings developed by the companies of the FJ Next Group, and contributes to quality enhancement of the properties sold by the Group.

Room occupancy rates steadily increased as restrictions on movement due to the COVID-19 pandemic were loosened, vaccination progressed, and measures to stimulate tourism demand created demand for short-distance travel.

[Trend in segment performance]



“Ito Yukitei, a moment of fulfillment, a relaxing inn for your holidays”



Closest station:
JR Ito Station
No. of rooms: 27

“Established in 1926, Gyokuhokan provides something new, classic and ultimate.”



大正十五年創業 源泉かけ流しの宿



Closest station:
Izukyu Kawazu Station
No. of rooms: 16

“A quiet presence far from everyday troubles, with a sweeping view of Sagami Bay from the hills of Kawana in Ito: Ito Yukitei Kawana Bettei”



Closest station:
Izukyu Kawana Station
No. of rooms: 5

“With an aesthetic refined by tradition, you can unwind here like nowhere else.”



Closest station:
Izukyu Rendajji Station
No. of rooms: 26



Business Situation and Strategy of the Group



FJ Next Group's strengths = stocking and selling ability

Top-class supply and sales achievements in the industry

- With the strengths of more than 40 years of solid performance and robust financial affairs as our foundation, we use rapid and precise decision-making to secure land with superior business viability.
- We promote sales using our precise payment simulator based on long years of actual business results and proposals for optimal asset management plans.

■ Investment-type condominium supplier ranking in the Tokyo metropolitan area

Source: Real Estate Economic Institute Co., Ltd.

Fiscal year	No. of units supplied	Rank	Market share
2021	1,067	1	17.7%
2020	900	1	14.4%
2019	868	1	14.5%
2018	635	4	8.1%
2017	664	2	10.9%
2016	1,072	1	15.3%
2015	849	1	14.0%
2014	725	2	11.6%
2013	898	1	15.7%
2012	695	3	10.0%

■ 2021 - Tokyo metropolitan area new condominium supply ranking (survey by FJ Next Holdings)

(Target period: January to December 2021)

Source: Real Estate Economic Institute Co., Ltd.

Rank	Owned by	No. of units supplied
1	Mitsui Fudosan Residential	3,118
2	Nomura Real Estate Development	2,593
3	Mitsubishi Estate Residence	1,622
4	Daiwa House Industry	1,614
5	FJ NEXT	1,417
6	Sumitomo Realty & Development	1,161
7	Nippon Steel Kowa Real Estate	1,086
8	Shinnihon Corporation	1,077
9	Tokyo Tatemono	1,014
10	Tokyu Land Corporation	1,002

Notes: 1. Family, compact, and studio combined.

2. Joint venture properties are proportionally divided according to the business rate.

3. Fixed-term lease condominiums are not included.

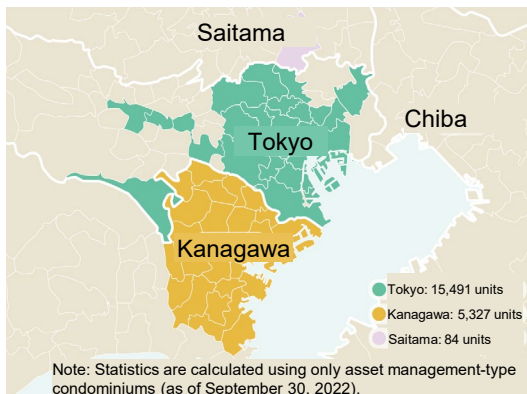
Strategy thoroughly concentrating on specific areas

Careful selection of areas with the highest demand for rental property

(Main property supply area)

- Tokyo Prefecture
- Kanagawa Prefecture (Cities of Yokohama and Kawasaki)

[Our supply area]

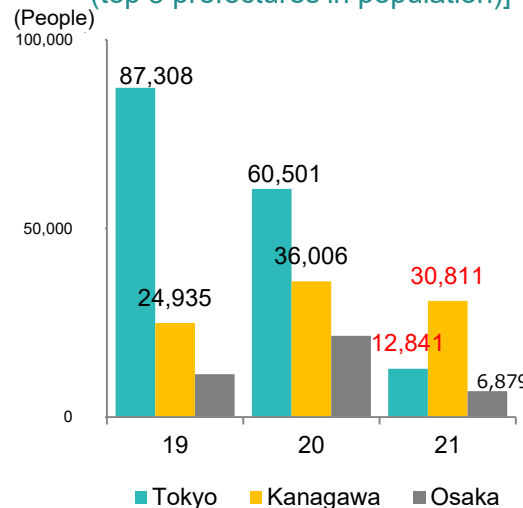


<Decision to include in our business target areas>

We decide our business target area by selecting from many potential condominium sites proposed by financial institutions and brokers based on the future prospect and values as the assets, which are measured by:

- We carefully analyze rental demand based on location (train station in walking distance, value of train station as a commuting link, train and subway access, access to shopping, schools, etc.).
- Development plans of roads and others are also considered.

[Trend in social increase and decrease (top 3 prefectures in population)]



[Top 10 in social increase]

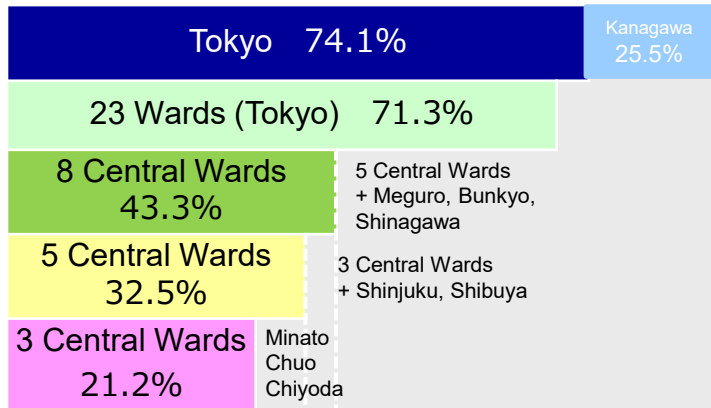
Rank (last year rank)	Prefecture	Social increase (people)	Population (people)
1 (2)	Kanagawa	30,811	8,993,479
2 (3)	Saitama	23,425	7,198,330
3 (4)	Chiba	19,290	6,155,715
4 (1)	Tokyo	12,841	13,297,089
5 (6)	Fukuoka	7,993	5,044,077
6 (5)	Osaka	6,879	8,588,705
7 (11)	Ibaraki	1,204	2,836,621
8 (8)	Okinawa	482	1,466,128
9 (10)	Shiga	360	1,385,804
10 (14)	Yamanashi	345	804,378

Source: Population, Demographic Movement and Households Numbers According to the Basic Resident Register (published by Ministry of Internal Affairs and Communications in August 2022)
 Note: Social increase and decrease = (Number of people entering – number of people exiting); excludes foreign workers

Supply Area of Condominiums

■ We have supplied condominiums by focusing on the area with more potential tenants such as central Tokyo and Yokohama area.

■ Supply by area



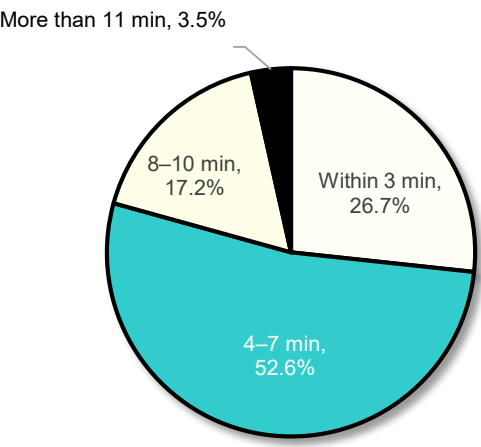
■ Supply map



<Total 333 condos>
<Total 23,102 home units>
(as of Sept. 30, 2022)

Note: Supply by area and walking distance from closest station are calculated based only on studio-type condominiums. Supply map includes the supply of family-type condominiums.

■ Walking distance from closest station

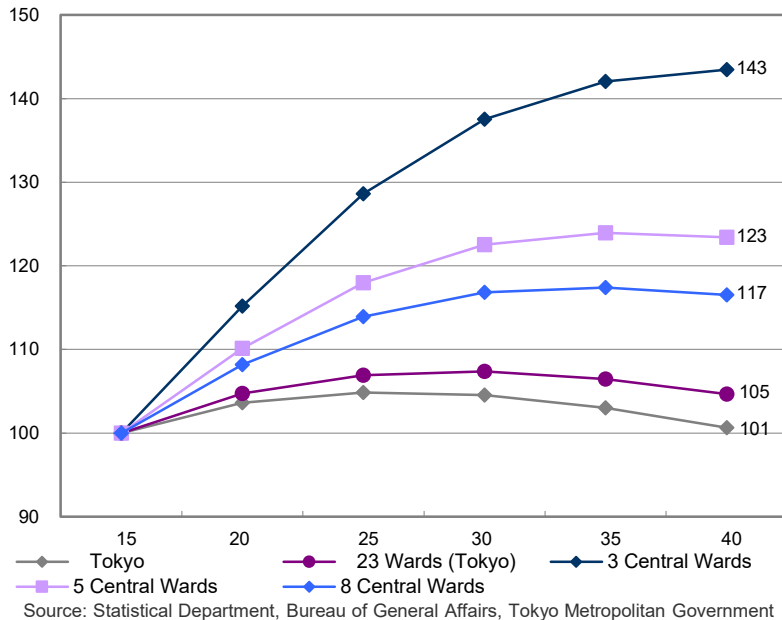


(Others)

◆ Tokyo (other than 23 wards)		
Fuchu City	2 condos	100 home units
Chofu City	3 condos	194 home units
Kokubunji City	1 condo	55 home units
Koganei City	1 condo	32 home units
Tachikawa City	3 condos	257 home units
Mitaka City	2 condos	167 home units
Inagi City	1 condo	32 home units
Machida City	1 condo	50 home units
◆ Saitama		
Kawaguchi City	7 condos	339 home units
Saitama City	1 condo	38 home units
Warabi City	1 condo	35 home units
Toda City	2 condos	168 home units
Niiza City	1 condo	60 home units
◆ Chiba		
Matsudo City	1 condo	24 home units
Urayasu City	1 condo	47 home units
Funabashi City	1 condo	84 home units

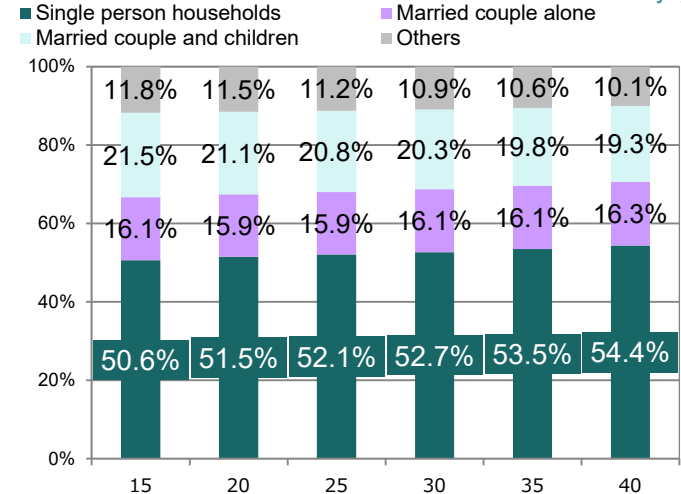
The number of single-person households will continue to increase. Hence, the **potential tenants are expected to increase in the medium to long term.**

[Estimate for future vital index of Tokyo]

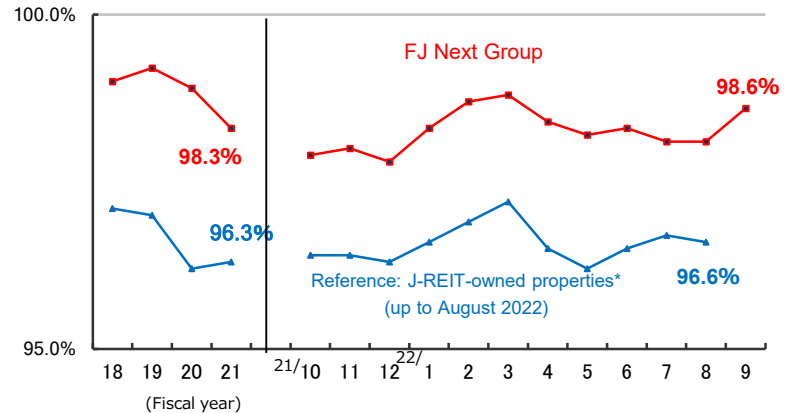


The population of central Tokyo will remain at the same level with the present.

[Estimate for the numbers of households in the 23 Wards of Tokyo]



[Trend in occupancy rate of rental units managed by FJ Next Group]



Future: Demand is expected to be stable.

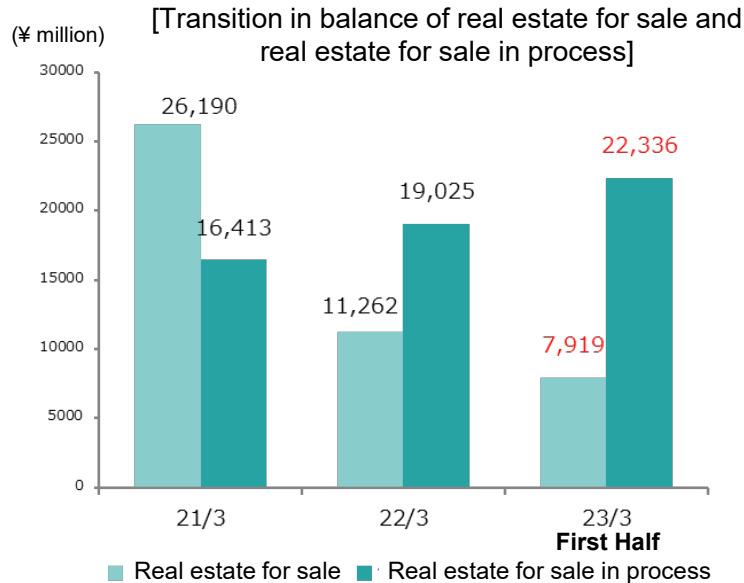
Condominium Inventory

■ Real estate for sale

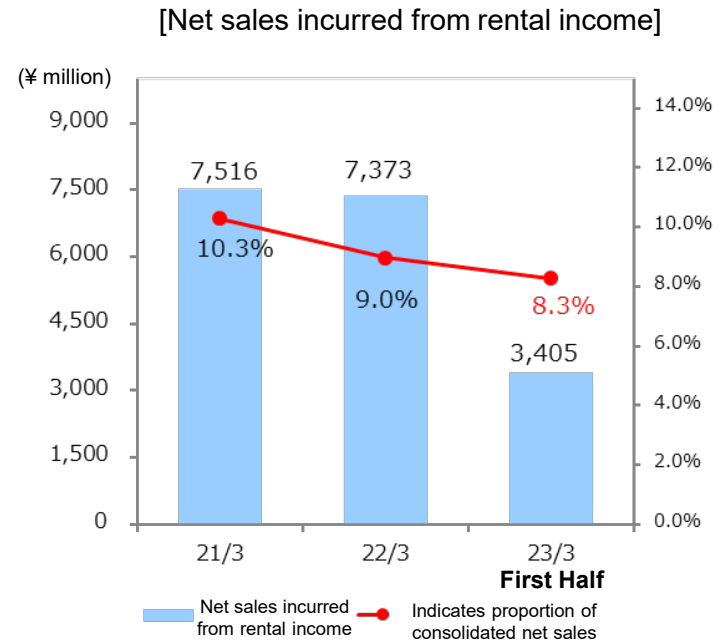
- Increasing need for asset management-type condominiums drove favorable sales.
Note: Properties completed in the first half of fiscal year ending March 31, 2023 sold out through early-stage subscription
- Active purchasing of pre-owned condominiums continued.
- Stable rental income was secured from held properties in addition to fixed assets, from real estate for sale

■ Real estate for sale in process

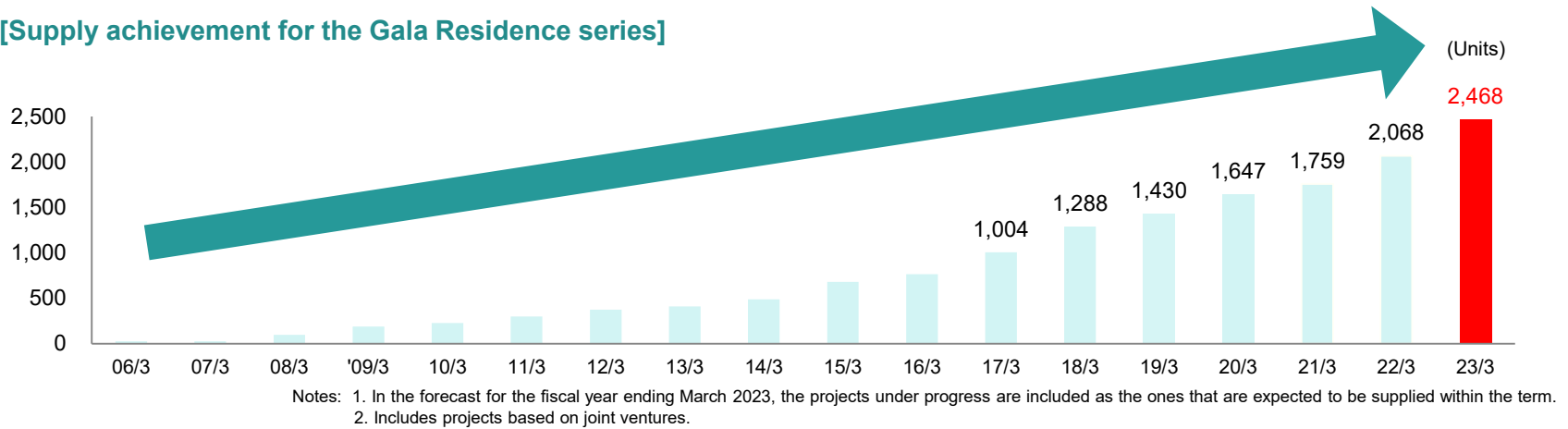
- Continued **procurement emphasizing profitability** based on the capitalization method



(Note) Inventory of previously-owned condominiums is included in "Real Estate for Sale."



[Supply achievement for the Gala Residence series]



New projects keep on coming!

“Life is FUN in FUNABASHI!”

Gala Residence Funabashi

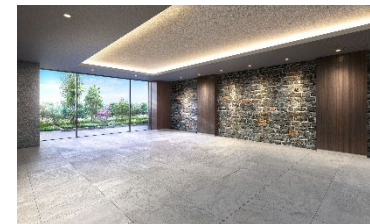
To be completed in
September 2023
Total units: 84



“Make the passing of the seasons part of the scenery of your life.”

Gala Residence Kasai Park Bright

To be completed in
March 2024
Total units: 60





Consolidated Performance Perspective of the Fiscal Year Ending March 31, 2023



Forecast for Consolidated Financial Results and Dividends for the Fiscal Year Ending March 31, 2023 [Full Year]

Plans net sales of 85,000 million yen and ordinary income of 7,500 million yen.
Dividend payout ratio of 31% is planned.

(¥ million)

	FY2023 forecast	FY2022 results	YOY
Net sales	85,000	82,258	+2,741 +3.3%
Operating income	7,500	9,095	△1,595 △17.5%
Ordinary income	7,500	9,080	△1,580 △17.4%
Net income attributable to shareholders of parental company	5,000	6,338	△1,338 △21.1%

Ordinary income
ratio
8.8%

Plan to sell 2,500
condominium units
annually

Dividend
payout ratio
31.4%

**The Company has
maintained a stable
dividend since its IPO.**

	FY2023	FY2022 (Previous period)	FY2021 (Period before previous)
Interim dividend	¥24	¥24	¥22
Year-end dividend	¥24 (estimated)	¥24	¥22
Annual dividend	¥48 (estimated)	¥48	¥44
Dividend payout ratio	31.4%	24.8%	28.9%

Note: Forecast performance values may fluctuate if operating activities are restricted due to the spread of COVID-19, etc.



APPENDIX



Properties Sold in Term Under Review (Excerpt)



[Gala Station Yokohama Mitsuzawa] (sold out immediately)

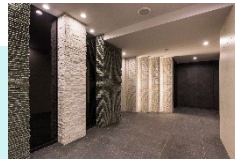
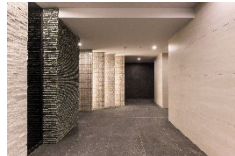
👉 Built in an area of high elevation with sweeping views of Yokohama and just a 3-minute walk to the nearest commuter station

(Address) 3-2 Mitsuzawa-kamimachi, Kanagawa-ku, Yokohama-shi, Kanagawa
(Closest station) 3-minute walk from Mitsuzawa-kamimachō Station on the Yokohama Municipal Subway Blue Line

(Total units) 75

(Floor plan) Studio

(Completion) June 2022



[Gala Station Yokohama Odori Koen] (sold out immediately)

👉 Adjacent to Yokohama's main-street park, "Odori Park."

Built in a charming, aspirational location.

(Address) 4-36 Yayoi-cho, Naka-ku, Yokohama-shi, Kanagawa
(Closest station) 2-minute walk from Bandobashi Station on the Yokohama Municipal Subway Blue Line

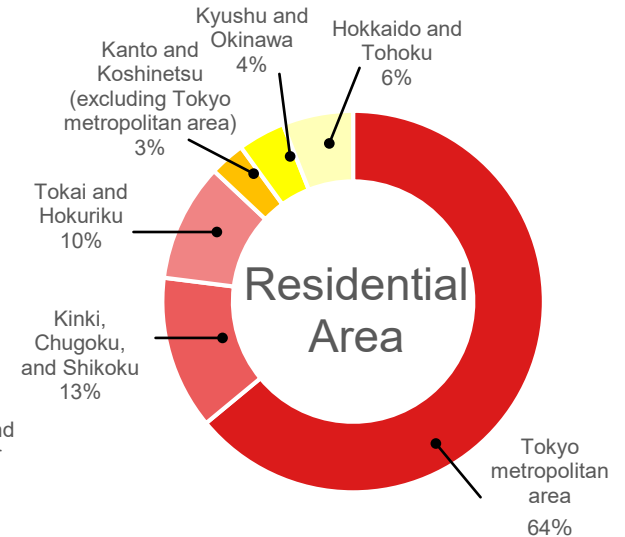
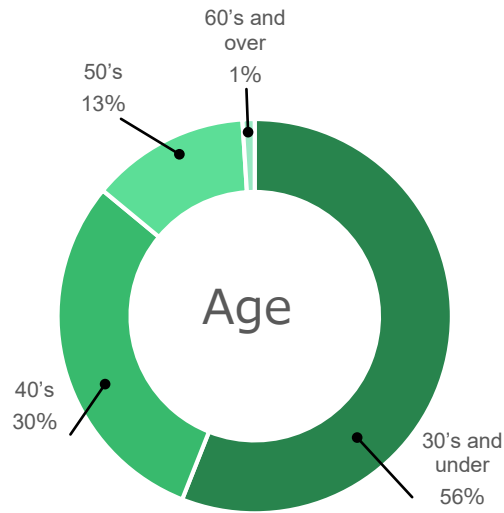
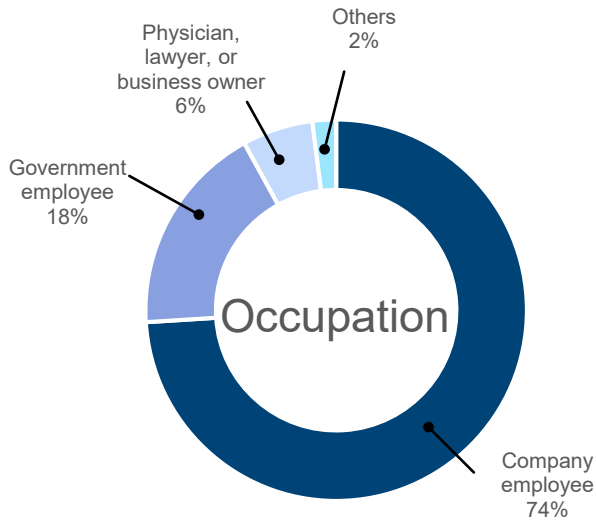
6-minute walk from Koganecho Station on the Keikyu Main Line

(Total units) 90

(Floor plan) Studio

(Completion) September 2022

We have acquired a broad range of owners by providing a wide variety of products.



Note: Statistics are calculated using only asset management-type condominiums (Apr. 2022 through Sep. 2022).

[FJ College (a seminar sponsored by the Company)] ~Connections with experts~

☞ Actively develop seminars in collaboration with experts in specific fields, financial institutions, companies that operate asset management services, etc., and utilize web seminars in response to the era of COVID-19.



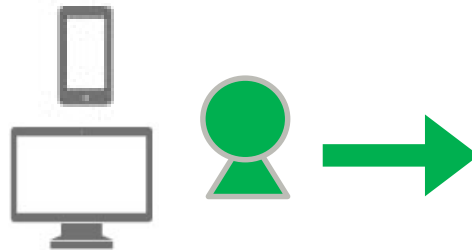
- More than 4,000 total attendees (including web seminars)
- Large numbers of young demographic investors came with the goal of visualizing their future asset formation

ガーラマンションシリーズのFJネクスト
不動産投資セミナー
 セミナー参加者の満足度90%以上！



[Gala Navi (a members-only organization run by the Company)] ~Initiatives for new member acquisition~

☞ Strengthening new member acquisition policies through the use of content marketing



Distributing content on a wide variety of themes such as life planning and money-related information

- More than 270,000 total members
- Providing members-only content



[Gala Funding]

~Start Crowdfunding Real Estate~

- 👉 Collection for the first fund began on May 10, 2022.
- 👉 We carefully selected the best products for real estate crowdfunding based on our achievements and know-how accumulated over 40 years since the establishment of our Company.

Three Key Points of Gala Funding

POINT 1 In operation for 42 years

Listed on the Prime Section of the Tokyo Stock Exchange, FJ Next Holdings has been in business for over 40 years. Drawing on the solid results and expertise it has acquired during that time, FJ Next Holdings carefully selects properties that are ideal for real-estate crowdfunding.

POINT 2 Approx. 99% occupancy rate

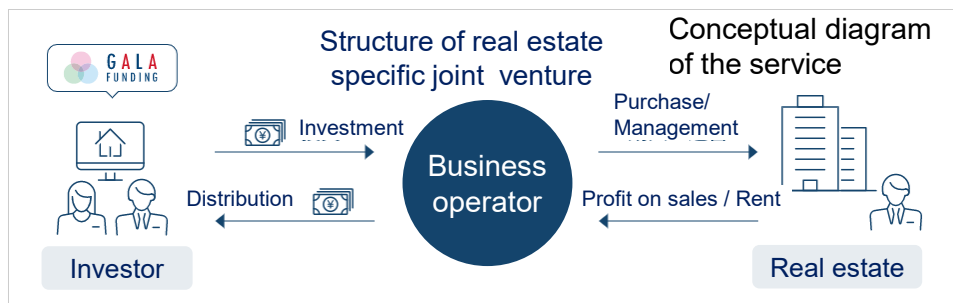
FJ Next Holdings meticulously plans and develops projects from residents' point of view, focusing on factors such as location, design, comfort and safety. We also apply a comprehensive branding strategy, including TV commercials, and work Group-wide to provide attentive management support. As a result, our projects achieve high occupancy rates*.

*To calculate occupancy rates, units are counted as vacant from the first full day they are unoccupied (as of March 31, 2022).

POINT3 Minimum investment starts at ¥10,000

Investment starts from as little as ¥10,000, making it easy for new investors to invest in real estate. Moreover, all procedures are completed online, from registration to investment and distribution of earnings. No paper processes, such as signing or sealing contracts, are required.

What is crowdfunding real estate?



This is a service that can be implemented only by a government-licensed business operator who raises funds from multiple investors through the Internet and invests in real estate based on the funds.

Revenues such as rent income and profit on sale obtained from the effective use of these invested funds are returned to investors as "dividends" according to their investment rates. Moreover, the business operator does all the complicated operation management work such as property management, and investors can easily invest in real estate by simply selecting the project they want to invest in and completing the procedures.



[Gala Funding]

- Currently four building funds are in operation.
- All funds attract funding as soon as subscription begins, quickly achieving funding targets.

Funds Under Management



Fund name	Transportation access	Minimum investment	Starting date of investment	Investment period	Status
Gala Funding #1 (Shirokanetakanawa)	4-min. walk to Shirokanetakanawa Station on the Nanboku Line and other lines	¥10,000	June 1, 2022	6 months	In progress
Gala Funding #2 (Higashi-Azabu)	1-mim. walk to Akabanebashi Station on the Toei Oedo Line 6-mim. walk to Azabujuban Station on the Tokyo Metro Nanboku Line and other lines	¥10,000	Aug. 1, 2022	6 months	In progress
Gala Funding #3 (Ginza)	2-mim. walk to Shintomicho Station on the Tokyo Metro Yurakucho Line 5-min walk to Ginza-itcho Station on the Tokyo Metro Yurakucho Line	¥10,000	Oct. 1, 2022	6 months	In progress
Gala Funding #4 (Shibuya-Nanpeidai)	8-min. walk to Shibuya Station on the JR Yamanote Line	¥10,000	Nov. 1, 2022	6 months	In progress

Examples of SDGs in which the FJ Next Group is engaged



[Adoption of environmentally-friendly materials and fixtures]

Proactively adopting environmentally-friendly materials and fixtures.



Use of LED for lighting in common spaces



Flooring using environmentally-friendly plywood



Interior materials with low amounts of formaldehyde

[Environment conservation activity support]

Supporting various environmental conservation activities.



Support for environmental conservation of Akagi Nature Park



Activities supporting the Sumida Aquarium

[Greening efforts]

As part of our heat island countermeasures, we are promoting rooftop gardens.



[Other CSR activities]

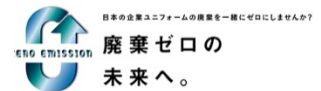
- We are adopting a new material "LIMEX" that has less environmental impact and replaces paper for business cards and company information.

(About LIMEX)



The main raw material is limestone, which is said to weigh an estimated 24 billion tons, even in Japan, where resources are scarce. Limestone is said to have a very low risk of depletion compared to oil, water and forest resources. By replacing it with a new material, we can save about 10 liters of water that was previously used to print 100 paper business cards. The Group will consider using environmentally friendly materials with the aim of increasing the corporate value of the Group.

- Participation in zero emissions for corporate uniform disposal
To reduce CO₂ emissions, we promote the recycling of uniforms worn and used by our staff engaged in management work of our condominiums.



- Participation in "Fun to Share" - a climate change campaign, support to tree planting activities, etc.



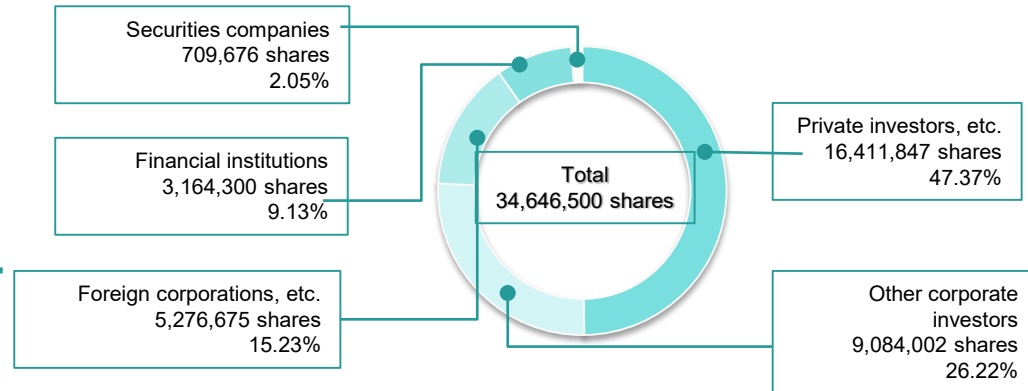
Company outline (as of September 30, 2022)

Company name	FJ Next Holdings Co., Ltd.
Established	July 1980
Capital	¥2,774,400,000
Number of employees	36 (580 on a consolidated basis)
Head office	6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1310
URL	https://www.fjnext-hd.co.jp

Share information (as of September 30, 2022)

Total number of authorized shares	36,861,000 shares
Total number of issued shares	34,646,500 shares
Number of shareholders	15,279

Breakdown of shareholders (as of September 30, 2022)



Note: 1,961,157 treasury shares are included in "Private investors, etc."

Supplementary share information (as of September 30, 2022)

Fiscal year	From April 1 of each year through March 31 of the following year	Shareholder registry administrator (Account management institution regarding special accounts)	Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo
Annual shareholders meeting	Late June of each year	Place of business	Transfer Agent Department, Head Office, Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo
Record date	Year-end dividend: March 31 Interim dividend: September 30		<Address for mail and inquiries (including inquiry for receipt of unpaid dividends)> Transfer Agent Department, Mizuho Trust & Banking Co., Ltd. 2-8-4 Izumi, Sugunami-ku, Tokyo 168-8507 TEL: 0120-288-324 (toll-free number)
Share unit number	100 shares	Stock exchange listing	Prime Market, Tokyo Stock Exchange
Public notice	Public notice of the Company shall be given by electronic public notice. If the Company is unable to give public notice by electronic public notice due to an accident or any other unavoidable circumstances, such notices shall be published on Nihon Keizai Shimbun Newspaper. Company's website (https://www.fjnext-hd.co.jp)	Securities code	8935

Cautionary Note Regarding These Materials

[Contact Details]

Management Strategy Department

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Cautionary Note:

These materials were created for the purpose of providing information related to the explanation of company business and are not meant to solicit investment in marketable securities issued by the Company. Furthermore, these materials were prepared based on data available as of November 4, 2022. Opinions and projections noted in these materials are determinations made by the Company as of the time these materials were created. We do not guarantee or promise the accuracy or completeness of this information and, further, reserve the right to make changes without notice.