

November 6, 2023

## Summary of Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2024 [Japanese Standards] (Consolidated)

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 Date of filing of quarterly report: November 6, 2023 Date of commencement of dividend payment: December 4, 2023  
 The supplementary explanation document for the second-quarter of accounts is created. Yes  
 The briefing for the second-quarter of accounts is held. Yes (Distribution of a video version of the financial results briefing is planned.)

(Millions of yen rounded down)

### 1. Consolidated Operating Results for the Second Quarter of Fiscal Year Ending March 31, 2024 (From April 1, 2023 to September 30, 2023)

#### (1) Consolidated Operating Results (Cumulative)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2Q/ FY ending March 31, 2024	48,448	17.7	4,859	33.6	4,858	34.6	3,227	31.5
2Q/ FY ended March 31, 2023	41,160	7.8	3,636	(6.7)	3,609	(7.3)	2,453	(9.1)

(Note)

Comprehensive income:

2Q/ FY ending March 31, 2024: ¥3,252 million (31.7%)

2Q/ FY ended March 31, 2023: ¥2,470 million (-9.2%)

	Net Income Per Share	Net Income Per Share After Dilution
	Yen	Yen
2Q/ FY ending March 31, 2024	98.71	—
2Q/ FY ended March 31, 2023	75.06	—

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	93,159	65,520	70.3	2,002.81
As of March 31, 2023	88,938	63,022	70.9	1,928.17

(Reference)

Shareholders' equity:

As of September 30, 2023: ¥65,520 million

As of March 31, 2023: ¥63,022 million

### 2. Dividends

	Dividends Per Share				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2023	—	24.00	—	24.00	48.00
FY ending March 31, 2024	—	24.00			
FY ending March 31, 2024 (Forecast)			—	24.00	48.00

(Note) Revision to the latest forecast of dividends: No

### 3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(% figures represent year-on-year increase or decrease)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of Parental Company		Net Income Per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	93,000	9.8	7,500	(9.1)	7,500	(8.8)	5,000	(11.0)	152.88

(Note) Revision of forecasts on the consolidated operating results: No

Due to the disposal of treasury stock as transfer-restricted stock compensation implemented on July 19, 2023, the amount of average stock during term has been reviewed and the forecast of net income per share has been revised.

#### \*Notes

(1) Changes in major subsidiaries during this six-month period ended September 30, 2023 (changes in specific subsidiaries affecting the scope of consolidation): No

New: — (Company name: — ), Excluded: — (Company name: — )

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting principles, changes in accounting estimates and restatements

1) Changes due to revisions to accounting standards, etc.: No

2) Changes other than 1): No

3) Changes in accounting estimates: No

4) Restatements: No

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at term-end (including treasury stock)

Six months ended September 30, 2023	34,646,500 shares	FY ended March 31, 2023	34,646,500 shares
Six months ended September 30, 2023	1,932,057 shares	FY ended March 31, 2023	1,961,157 shares
Six months ended September 30, 2023	32,697,110 shares	Six months ended September 30, 2022	32,685,343 shares

2) Amount of treasury stock at term-end

3) Amount of average stock during term (Quarter accumulation)

\* This quarterly summary of consolidated financial results is excluded from the quarterly review by a certified public accountant or audit corporations.

\* Explanation and other special notes regarding the appropriate use of the earnings forecast

(Notes on forward-looking statements)

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially from the forecast depending on a range of factors.

(How to obtain quarterly results supplementary explanation document and quarterly results briefing content)

A video version of the financial results briefing and explanatory documents for the first half of the fiscal year under review will be published on our company's website.

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# 1. Qualitative Information Regarding the Consolidated Financial Results in the Second Quarter

## (1) Explanation of Operating Results

During the first half of the fiscal year ending March 31, 2024, encouraging signs were tempered with a need for caution. The Japanese economy recovered gradually, with various government measures taking effect as the employment and income pictures improved. Overseas, however, economies slumped as monetary tightening continued, financial and capital markets fluctuated and prices rose. Caution is therefore warranted, as these global trends harbor risk of downward pressure on the Japanese economy.

In the market for condominiums in the Tokyo metropolitan area, factors such as high prices for construction materials and building plots drove the number of newly supplied units during the first half of 2023 fiscal year (April to September) down 4.6% from the same period of last year to just 11,712. On the other hand, purchase demand remained firm, with the average first-month contract rate for the same period being 71.4%, surpassing 70%, which is said to be a good indicator. (All figures are derived from a survey by Real Estate Economic Institute Co., Ltd.)

In the market for investment-type condominiums which compose the Group's main business area, lease demand remained strong in the Tokyo metropolitan area centering on singles. Purchase demand for investment-type condominiums is solid, supported by low interest rates and by increasing recognition as income-earning properties that can be expected to provide steady earnings.

Under this business environment, the FJ Next Group strove to boost Group corporate value in a number of ways. In the Tokyo metropolitan area, the Group moved forward with development of the Gala Condominium series, which yields wide-ranging benefits in terms of asset management, and the Gala Residence series, a series of FJ Next-branded condominiums designed with families in mind. The Group also took numerous steps to bolster its corporate value, including expanding sales through online seminars and online sales negotiations, enhancing customer-support systems and strengthening the FJ Next brand.

As a result, net sales were ¥48,448 million (an increase of 17.7% compared with the same period of the previous fiscal year (YOY)), operating income amounted ¥4,859 million (an increase of 33.6% YOY), and ordinary income was ¥4,858 million (an increase of 34.6% YOY). Furthermore, net income attributable to shareholders of parental company totaled ¥3,227 million (an increase of 31.5% YOY).

### *(Real estate development segment)*

We focused on sales of new properties such as Gala Station Omori-Kaigan, Gala Cresta Yokohama-Kannai and Gala Residence Kasai Avenue. We also actively conducted sales of pre-owned condominiums.

During the first half of the fiscal year ending March 31, 2024, net sales were ¥16,278 million for newly built condominiums (524 units), ¥22,127 million for pre-owned condominiums (876 units), ¥3,131 million for real estate rental income, and ¥102 million from other income sources. Therefore, the total net sales in the segment reached ¥41,639 million (an increase of 13.7% YOY) and the segment profit was ¥4,163 million (an increase of 35.6% YOY).

Breakdown of net sales, etc.

Category	Six-month consolidation period ended September 30, 2022 (Apr. 1, 2022 – Sept. 30, 2022)			Six-month consolidation period ended September 30, 2023 (Apr. 1, 2023 – Sept. 30, 2023)		
	No. of Units	Amount (millions of yen)	YOY (%)	No. of Units	Amount (millions of yen)	YOY (%)
Gala Condominium series	198	4,489	27.3	416	11,910	265.3
Gala Residence series	149	5,814	203.0	108	4,368	75.1
Pre-owned condominiums	927	22,889	226.1	876	22,127	96.7
Real estate rental income	—	3,283	90.8	—	3,131	95.4
Other income	—	147	90.0	—	102	69.3
Total	1,274	36,624	110.2	1,400	41,639	113.7

### *(Real estate management segment)*

New orders for management of properties developed by the Group advanced, as did outside orders for property management. The number of managed units for leasing reached 18,522 and the number of buildings managed reached 353.

During the first half of the fiscal year ending March 31, 2024, net sales in the real estate management segment were ¥1,943 million (an increase of 8.7% YOY) and segment profit was ¥529 million (an increase of 25.6% YOY).

***(Construction segment)***

Condominium construction projects and large-scale repair projects proceeded generally according to plan. Sales and profit increased YOY due to more completed construction contracts.

During the first half of the fiscal year ending March 31, 2024, net sales in the construction segment were ¥4,268 million (an increase of 102.2% YOY), and segment profit was ¥179 million (an increase of 53.2% YOY).

***(Japanese inn segment)***

Room occupancy rates declined against the figure for the same period of the previous fiscal year in reaction to the end of special demand from programs such as the Kenmin Wari (Prefectural Residents Discount), a prefectural-government measure to stimulate tourist demand, implemented in the previous consolidated fiscal year.

During the first half of the fiscal year ending March 31, 2024, net sales in the Japanese inn segment decreased to ¥571 million (a decrease of 6.5% YOY), and the segment posted a loss of ¥32 million (compared to a segment profit of ¥5 million in the same period of the previous fiscal year).

***(Other segments)***

Net sales in other segments were ¥25 million in the first half of the fiscal year ending March 31, 2024 (a decrease of 8.9% YOY). Segment profit was ¥15 million (a decrease of 16.5% YOY).

Note that among the real estate development business, for sales of condominiums, only the proceeds from condominiums that have been actually handed over to the customer are posted. Therefore, there may be unbalances in quarterly business results depending on the dates of completion of the housing or dates of delivery.

## **(2) Explanation of Financial Position**

### 1) Assets, liabilities and net assets

***(Assets)***

At the end of the consolidated second quarter under review, current assets were ¥80,656 million, an increase of ¥4,060 million as compared with the end of the previous consolidated fiscal year. Major increases were ¥2,856 million in cash and deposits, ¥2,418 million in real estate for sale in process and ¥1,470 million in notes and operating accounts receivable-trade, and contract assets, while a major decrease was ¥1,950 million in real estate for sale. Non-current assets recorded ¥12,503 million, an increase of ¥160 million as compared with the end of the previous consolidated fiscal year.

As a result, total assets were ¥93,159 million, an increase of ¥4,220 million as compared with the end of the previous consolidated fiscal year.

***(Liabilities)***

At the end of the consolidated second quarter under review, current liabilities were ¥15,019 million, an increase of ¥1,809 million as compared with the end of the previous consolidated fiscal year. Major increases were ¥1,157 million in notes and accounts payable-trade and ¥518 million in income taxes payable. Non-current liabilities recorded ¥12,618 million, a decrease of ¥86 million as compared with the end of the previous consolidated fiscal year.

As a result, total liabilities were ¥27,638 million, an increase of ¥1,722 million as compared with the end of the previous consolidated fiscal year.

***(Net assets)***

At the end of the consolidated second quarter under review, total net assets were ¥65,520 million, an increase of ¥2,497 million as compared with the end of the previous consolidated fiscal year. A major increase was ¥3,227 million in net income attributable to shareholders of parental company, while a ¥784 million decrease was recorded in dividends of surplus.

As a result, the equity ratio was 70.3% (it was 70.9% at the end of the previous consolidated fiscal year).

### 2) Situation of Cash Flows

During the consolidated six-month period ended September 30, 2023, cash and cash equivalents (hereinafter "funds") were ¥35,060 million, an increase of ¥2,856 million as compared with the end of the previous consolidated fiscal year.

The situation and variable factors of each cash flow were as follows:

(Cash flows from operating activities)

Funds acquired from operating activities totaled ¥3,877 million (same period last year recorded an income of ¥1,263 million). Major income consisted of ¥4,823 million in income before income taxes, an increase in notes and accounts payable-trade of ¥1,121 million and an increase in accrued consumption taxes of ¥575 million, while major expenditures resulted from an increase in notes and accounts receivable-trade, and contract assets of ¥1,470 million, ¥1,254 million in income taxes paid, and an increase in inventories of ¥510 million.

(Cash flows from investing activities)

Funds used in investing activities totaled ¥66 million (same period last year recorded an expenditure of ¥59 million).

(Cash flows from financing activities)

Funds used in financing activities totaled ¥954 million (same period last year recorded an expenditure of ¥815 million). A major income was ¥2,600 million in proceeds from long-term loans payable to be used as funds for the purchase of business land. As for major expenditures, there were ¥2,770 million in repayments of long-term loans payable for completion of project and ¥784 million in cash dividends paid.

### **(3) Explanation of Future Forecasts Such as the Forecast of Consolidated Operating Results**

Regarding the forecast for the fiscal year ending March 31, 2024, there has been no change to the forecasted numbers listed in the “Summary of Financial Results for the Fiscal Year Ended March 31, 2023” that was released on May 12, 2023.

## 2. Consolidated Financial Statements and Important Notes

### (1) Consolidated Balance Sheets in the Second Quarter

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	32,254	35,110
Notes and operating accounts receivable-trade, and contract assets	4,067	5,537
Real estate for sale	11,130	9,180
Real estate for sale in process	26,489	28,907
Costs on uncompleted construction contracts	1	8
Raw materials and supplies	37	34
Advance payments-trade	186	280
Other	2,430	1,597
Allowance for doubtful accounts	(1)	(1)
<b>Total current assets</b>	<b>76,595</b>	<b>80,656</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	7,235	7,249
Accumulated depreciation	(1,634)	(1,759)
<b>Buildings and structures, net</b>	<b>5,601</b>	<b>5,490</b>
Land	5,311	5,311
Other	507	588
Accumulated depreciation	(330)	(342)
<b>Other, net</b>	<b>177</b>	<b>246</b>
<b>Total property, plant and equipment</b>	<b>11,089</b>	<b>11,048</b>
Intangible assets	41	39
Investments and other assets		
Investment securities	373	377
Deferred tax assets	250	467
Other	599	580
Allowance for doubtful accounts	(9)	(10)
<b>Total investments and other assets</b>	<b>1,212</b>	<b>1,415</b>
<b>Total non-current assets</b>	<b>12,343</b>	<b>12,503</b>
<b>Total assets</b>	<b>88,938</b>	<b>93,159</b>

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	1,473	2,631
Current portion of long-term loans payable	5,820	5,789
Accounts payable-other	513	493
Income taxes payable	1,273	1,792
Accrued consumption taxes	364	236
Deposits received	2,397	2,498
Provision for bonuses	266	504
Other	1,100	1,071
<b>Total current liabilities</b>	<b>13,210</b>	<b>15,019</b>
<b>Non-current liabilities</b>		
Long-term loans payable	7,653	7,513
Provision for directors' retirement benefits	864	—
Long-term accounts payable-other	—	878
Net defined benefit liabilities	859	899
Long-term lease and guarantee deposited	1,867	1,872
Long-term deposits received	82	83
Provision incurred from business combination	1,354	1,354
Other	23	17
<b>Total non-current liabilities</b>	<b>12,705</b>	<b>12,618</b>
<b>Total liabilities</b>	<b>25,915</b>	<b>27,638</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	2,774	2,774
Capital surplus	3,054	3,066
Retained earnings	58,344	60,787
Treasury stock	(1,211)	(1,193)
<b>Total shareholders' equity</b>	<b>62,962</b>	<b>65,434</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on marketable securities	73	96
Remeasurements of defined benefit plans	(12)	(10)
<b>Total accumulated other comprehensive income</b>	<b>60</b>	<b>85</b>
<b>Total net assets</b>	<b>63,022</b>	<b>65,520</b>
<b>Total liabilities and net assets</b>	<b>88,938</b>	<b>93,159</b>



## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statement of Income

(For the Six-Month Consolidation Period)

(Millions of yen)

	1Q-2Q/ FY ended March 31, 2023 (Apr. 1, 2022 - Sept. 30, 2022)	1Q-2Q/ FY ending March 31, 2024 (Apr. 1, 2023 - Sept. 30, 2023)
<b>Net sales</b>	<b>41,160</b>	<b>48,448</b>
<b>Cost of sales</b>	<b>32,297</b>	<b>38,206</b>
<b>Gross profit</b>	<b>8,863</b>	<b>10,241</b>
<b>Selling, general and administrative expenses</b>		
Advertising expenses	903	825
Salaries, allowances and bonuses	1,479	1,612
Provision for bonuses	439	476
Retirement benefit expenses	53	56
Provision for directors' retirement benefits	27	13
Other	2,323	2,396
<b>Total selling, general and administrative expenses</b>	<b>5,226</b>	<b>5,382</b>
<b>Operating income</b>	<b>3,636</b>	<b>4,859</b>
<b>Non-operating income</b>		
Interest income	0	0
Dividend income	3	4
Penalty income	6	9
Subsidy income	9	0
Other	8	10
<b>Total non-operating income</b>	<b>28</b>	<b>26</b>
<b>Non-operating expenses</b>		
Interest expenses	23	24
Miscellaneous losses	32	—
Other	—	2
<b>Total non-operating expenses</b>	<b>55</b>	<b>27</b>
<b>Ordinary income</b>	<b>3,609</b>	<b>4,858</b>
<b>Extraordinary losses</b>		
Loss on valuation of shares of subsidiaries and associates	—	34
<b>Total extraordinary losses</b>	<b>—</b>	<b>34</b>
<b>Income before income taxes</b>	<b>3,609</b>	<b>4,823</b>
Income taxes-current	1,192	1,825
Income taxes-deferred	(35)	(229)
<b>Total income taxes</b>	<b>1,156</b>	<b>1,596</b>
<b>Net income</b>	<b>2,453</b>	<b>3,227</b>
<b>Net income attributable to shareholders of parental company</b>	<b>2,453</b>	<b>3,227</b>

Quarterly Consolidated Statement of Comprehensive Income  
(For the Six-Month Consolidation Period)

(Millions of yen)

	1Q-2Q/ FY ended March 31, 2023 (Apr. 1, 2022 - Sept. 30, 2022)	1Q-2Q/ FY ending March 31, 2024 (Apr. 1, 2023 - Sept. 30, 2023)
<b>Net income</b>	<b>2,453</b>	<b>3,227</b>
<b>Other comprehensive income</b>		
Valuation difference on marketable securities	13	23
Remeasurements of defined benefit plans, net of tax	2	1
<b>Total of other comprehensive income</b>	<b>16</b>	<b>25</b>
<b>Comprehensive income</b>	<b>2,470</b>	<b>3,252</b>
<b>(Breakdown)</b>		
Comprehensive income attributable to shareholders of parental company	2,470	3,252
Comprehensive income attributable to non-controlling interests	—	—

## (3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	1Q-2Q/ FY ended March 31, 2023 (Apr. 1, 2022 - Sept. 30, 2022)	1Q-2Q/ FY ending March 31, 2024 (Apr. 1, 2023 - Sept. 30, 2023)
<b>Cash flows from operating activities</b>		
Income before income taxes	3,609	4,823
Depreciation	183	177
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for bonuses	184	237
Increase (decrease) in provision for directors' retirement benefits	27	(864)
Increase (decrease) in net defined benefit liabilities	44	42
Increase (decrease) in long-term accounts payable-other	—	878
Interest and dividend income	(3)	(4)
Interest expenses	23	24
Decrease (increase) in notes and accounts receivable-trade, and contract assets	(116)	(1,470)
Decrease (increase) in inventories	(34)	(510)
Increase (decrease) in notes and accounts payable-trade	171	1,121
Decrease (increase) in advance payments	(37)	(93)
Increase (decrease) in advances received	(41)	(49)
Increase (decrease) in lease and guarantee deposits received	(2)	4
Increase (decrease) in accrued consumption taxes	(1,057)	575
Other, net	18	254
<b>Subtotal</b>	<b>2,968</b>	<b>5,149</b>
Interest and dividend income received	3	4
Interest expenses paid	(24)	(22)
Income taxes paid	(1,684)	(1,254)
<b>Net cash provided by operating activities</b>	<b>1,263</b>	<b>3,877</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(0)	(62)
Purchase of investment securities	(4)	(5)
Other, net	(53)	1
<b>Net cash used in investing activities</b>	<b>(59)</b>	<b>(66)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term loans payable	2,690	2,600
Repayments of long-term loans payable	(2,719)	(2,770)
Cash dividends paid	(785)	(784)
<b>Net cash used in financing activities</b>	<b>(815)</b>	<b>(954)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>389</b>	<b>2,856</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>35,543</b>	<b>32,204</b>
<b>Cash and cash equivalents at the end of period</b>	<b>35,933</b>	<b>35,060</b>

#### (4) Notes Regarding Quarterly Consolidated Financial Statements

##### (Notes Regarding Going Concern)

None.

##### (Changes to the Scope of Consolidation and Application of the Equity Method)

Beginning in the consolidated first quarter of the current fiscal year, FJ Next Residential Co., Ltd., the successor company in an absorption-type split newly established on April 3, 2023, is included in the scope of consolidation. FJ Next Residential thus takes over the family-type condominium business of FJ NEXT CO., LTD., a wholly owned consolidated subsidiary of FJ Next Holdings Co., Ltd.

##### (Notes in Event of Significant Changes in Shareholders' Equity)

None.

##### (Additional Information)

###### (Discontinuation of the Bonus System for Directors' Retirement Benefits)

At the 43rd annual general meeting of shareholders convened on June 22, 2023, a discontinuation payment was approved in connection to the discontinuation of the bonus system for directors' retirement benefits. As a result, the provision for directors' retirement benefits was drawn down in its entirety and the unpaid amount of the discontinuation payment of ¥878 million was transferred to long-term accounts payable-other, under non-current liabilities.

###### (Transfer-restricted Stock Compensation System)

In accordance with a resolution passed at the 43rd annual general meeting of shareholders convened on June 22, 2023, the Company introduced a Transfer-restricted Stock Compensation System to be applied to the Company's directors (not including board directors who are members of the Audit and Supervisory Committee and outside board directors; hereinafter, "the Company's Related Directors"). The purpose of this system is to enable the Company's Related Directors to share the benefits and risks of stock price fluctuations with shareholders, and to further increase the desire of the Company's Related Directors to contribute to increasing stock prices and enhancing corporate value.

Based on a resolution at a meeting of the Company's Board of Directors held on June 22, 2023, we disposed of 29,100 shares of treasury stock on July 19, 2023 as allocation of transfer-restricted stock compensation.

## (Segment Information)

I. For the Six Months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

1. Information on the amount of sale and profit for reported segments along with the breakdown of revenue

(Millions of yen)

	Reported segment					Other segments (Note) 1	Total	Adjustment (Note) 2	Amounts shown on Quarterly Consolidated Statement of Income (Note) 3
	Real estate development segment	Real estate management segment	Construction segment	Japanese inn segment	Subtotal				
Net sales									
Newly-built condominiums	10,304	-	-	-	10,304	-	10,304	-	10,304
Pre-owned condominiums	22,889	-	-	-	22,889	-	22,889	-	22,889
Other	147	1,665	2,110	610	4,534	-	4,534	-	4,534
Revenue from contracts with customers	33,341	1,665	2,110	610	37,728	-	37,728	-	37,728
Other revenue (Note) 4	3,283	121	-	-	3,405	27	3,432	-	3,432
Net sales to external customers	36,624	1,787	2,110	610	41,133	27	41,160	-	41,160
Inter-segment sales or exchange	6	201	20	9	238	-	238	(238)	-
Total	36,631	1,988	2,131	620	41,371	27	41,399	(238)	41,160
Segment profit	3,071	421	116	5	3,615	18	3,633	3	3,636

(Notes) 1. "Other segments" are business segments that are not included in the reported segments. These include the financial-services business.

2. The adjustment of segment profit of ¥3 million includes negative ¥275 million in elimination of inter-segment transactions, Company-wide revenue of ¥400 million and Company-wide expenses of negative ¥121 million not allocated to each reported segments, and adjustment of inventories and non-current assets of ¥0 million. The elimination of inter-segment transactions mainly consists of the elimination of dividends from consolidated subsidiaries to the Company, Company-wide revenue is mainly the dividend income stated above, and Company-wide expenses are mainly general and administrative expenses not attributed to reported segments.

3. Segment profit is adjusted with operating income in the quarterly consolidated statement of income.

4. Other revenue is mainly real estate rental income.

II. For the Six Months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

1. Information on the amount of sale and profit or loss for reported segments along with the breakdown of revenue

(Millions of yen)

	Reported segment					Other segments (Note) 1	Total	Adjustment (Note) 2	Amounts shown on Quarterly Consolidated Statement of Income (Note) 3
	Real estate development segment	Real estate management segment	Construction segment	Japanese inn segment	Subtotal				
Net sales									
Newly-built condominiums	16,278	-	-	-	16,278	-	16,278	-	16,278
Pre-owned condominiums	22,127	-	-	-	22,127	-	22,127	-	22,127
Other	102	1,838	4,268	571	6,780	-	6,780	-	6,780
Revenue from contracts with customers	38,508	1,838	4,268	571	45,186	-	45,186	-	45,186
Other revenue (Note) 4	3,131	105	-	-	3,236	25	3,261	-	3,261
Net sales to external customers	41,639	1,943	4,268	571	48,423	25	48,448	-	48,448
Inter-segment sales or exchange	8	184	27	10	231	-	231	(231)	-
Total	41,648	2,128	4,296	582	48,654	25	48,679	(231)	48,448
Segment profit (loss)	4,163	529	179	(32)	4,839	15	4,855	4	4,859

(Notes) 1. "Other segments" are business segments that are not included in the reported segments. These include the financial-services business.

2. The adjustment of segment profit (loss) of ¥4 million includes negative ¥273 million in elimination of inter-segment transactions, Company-wide revenue of ¥400 million and Company-wide expenses of negative ¥123 million not allocated to each reported segments, and adjustment of inventories and non-current assets of ¥1 million. The elimination of inter-segment transactions mainly consists of the elimination of dividends from consolidated subsidiaries to the Company, Company-wide revenue is mainly the dividend income stated above, and Company-wide expenses are mainly general and administrative expenses not attributed to reported segments.

3. Segment profit (loss) is adjusted with operating income in the quarterly consolidated statement of income.

4. Other revenue is mainly real estate rental income.

(Significant Subsequent Events)

(Company Split between Consolidated Subsidiaries)

Based on the absorption-type company split agreement that was entered into on April 26, 2023, the Company's wholly owned consolidated subsidiaries FJ Next CO., LTD. and FJ Next Residential Co., Ltd. executed a company split with an effective date of October 1, 2023.

An overview of the company split is given below.

1. Overview of the company split

(1) Name of the targeted business and details of the business

Business name: Family-type condominium for families operated by FJ Next Co., Ltd., a consolidated subsidiary of our company.

Business activities: Family-type condominium business for families

(2) Effective date

October 1, 2023

(3) Method of company split

An absorption-type company split in which FJ Next CO., LTD. is the company being split and FJ Next Residential Co., Ltd. is the successor company

(4) Name of the company after company split

There is no change.

(5) Purpose of the company split

Utilizing our "know-how of product development from the perspective of residents" which the Group has cultivated through the development of investment-type condominiums, the Group began sales of the Gala Residence Series, which are condominiums for families, in 2007 in an effort to grow our business.

In order to clarify management responsibilities and increase the speed of management decision-making in this business, we established a new company to take over the business.

By pursuing specialization in each business, we aim to further improve the corporate value of the Group.

## 2. Overview of implemented accounting treatment

Based on the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019), these transactions are treated as common control transactions.

(Related to Recognition of Revenue)

The breakdown of revenue from contracts with customers is as listed in “Notes (Segment Information).”