



Stock Code: 8935



**Supplementary Materials to the Financial Results
Briefing for the First Half of the Fiscal Year
Ending March 31, 2024**

FJ Next Holdings

November 6, 2023 (Monday)

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, 2024



Highlights of Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2024

Net Sales

48,448
million yen

(+17.7%)

Operating Income

4,859
million yen

(+33.6%)

Ordinary Income

4,858
million yen

(+34.6%)

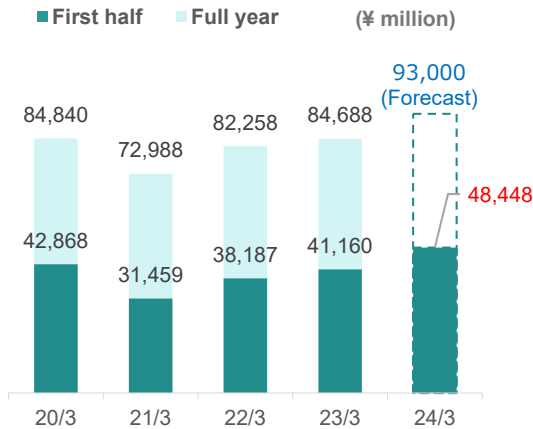
Net Income Attributable to Shareholders of Parental Company

3,227
million yen

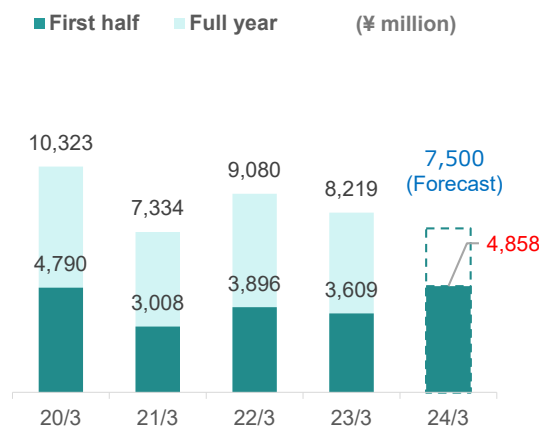
(+31.5%)

Comparison with the previous corresponding period

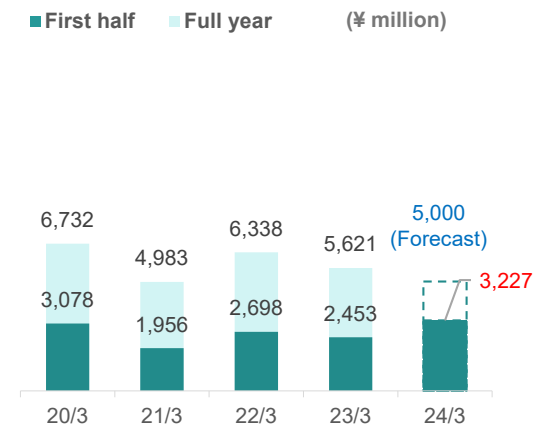
Net Sales



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, 2024

Sales and income increased due to higher sales of new condominiums and more completed construction contracts in the construction business

(¥ million)

	FY2023	FY2024		
	First-half results (A)	First-half results (B)	Increase/decrease (B) - (A)	Rate of change
Net sales	41,160	48,448	+7,287	17.7%
Cost of sales	32,297	38,206	+5,909	18.3%
Gross profit	8,863	10,241	+1,378	15.5%
Selling, general and administrative expenses	5,226	5,382	+155	3.0%
Operating income	3,636	4,859	1,222	33.6%
Ordinary income	3,609	4,858	1,248	34.6%
Ordinary income ratio (%)	(8.8%)	(10.0%)		(+1.2P)
Net income attributable to shareholders of parental company	2,453	3,227	773	31.5%

Consolidated Balance Sheet for the Second Quarter of the Fiscal Year Ending March 31, 2024

(¥ million)

	FY2023 (as of Mar. 31, 2023) (A)	FY2024 2Q (as of Sept. 30, 2023) (B)	Increase/ decrease (B) - (A)
Current assets	76,595	80,656	+4,060
Cash and deposits	32,254	35,110	+2,856
Real estate for sale	11,130	9,180	△1,950
Real estate for sale in process	26,489	28,907	+2,418
Non-current assets	12,343	12,503	+160
Total assets	88,938	93,159	+4,220
Current liabilities	13,210	15,019	+1,809
Non-current liabilities	12,705	12,618	△86
Total liabilities	25,915	27,638	+1,722
Total net assets	63,022	65,520	+2,497
Interest-bearing liabilities	13,473	13,303	△170

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

[Dependency on Interest-bearing liabilities]

14.3%

[Equity ratio]

70.3%



Situation of Each Segment



Financial Results by Segment

(¥ million)

		FY2023 first half	FY2024 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	36,624	41,639	+5,015	+13.7%	↑
	Segment income	3,071	4,163	+1,092	+35.6%	↑
Real estate management business FJ Community Co., Ltd. Ito Ippeki Management Services Co., Ltd. Lease management of real estate, total building management, cottage-area management business	Net sales	1,787	1,943	+156	+8.7%	↑
	Segment income	421	529	+107	+25.6%	↑
Construction business Resitec Corporation Design, construction and contracting of buildings and civil engineering	Net sales	2,110	4,268	+2,157	+102.2%	↑
	Segment income	116	179	+62	+53.2%	↑
Japanese inn business FJ resort Management Co., Ltd. Japanese inn business, restaurant business	Net sales	610	571	△39	△6.5%	↓
	Segment Income (loss)	5	△32	△37	—	↓
Consolidated results Other businesses included	Net sales	41,160	48,448	+7,287	+17.7%	↑
	Operating income	3,636	4,859	+1,222	+33.6%	↑

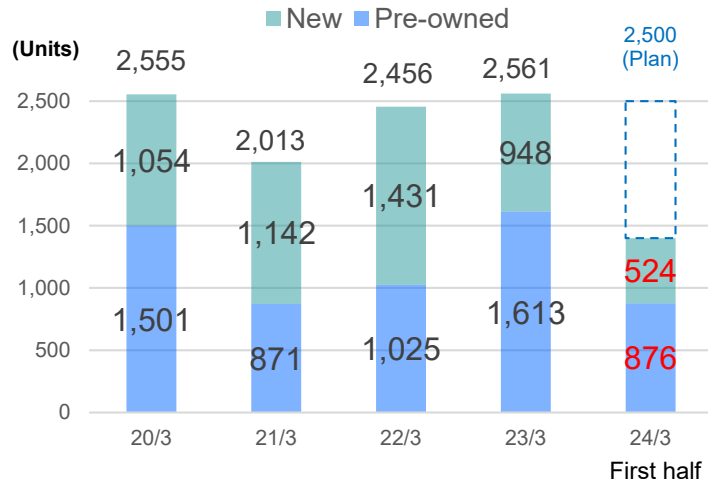
1,400 condominiums sold, paced by the Gala Condominium series

Sales of pre-owned condominiums remained strong



Home Units Sold			FY2023		FY2024	
			Results for Apr.-Sept.	Results for the full fiscal year	Results for Apr.-Sept.	Forecast for the full fiscal year
			1,274	2,561	1,400	2,500
Aggregation category	New	Gala Condominium series	(198)	(721)	(416)	
		Gala Residence series	(149)	(227)	(108)	
	Pre-owned condominiums	(927)	(1,613)	(876)		

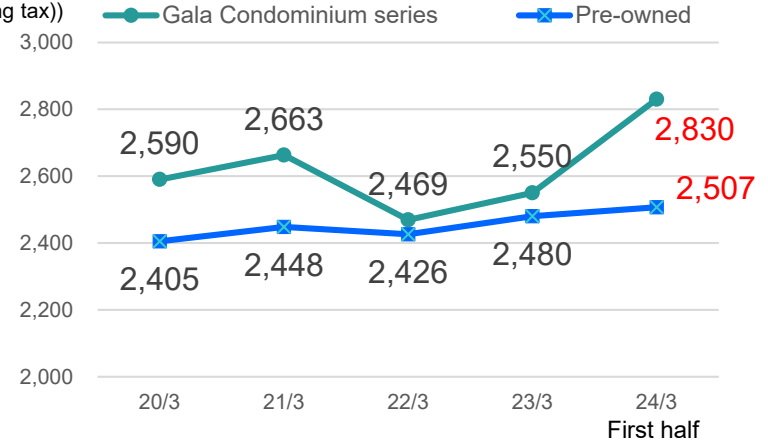
Transition in condominium units sold



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

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

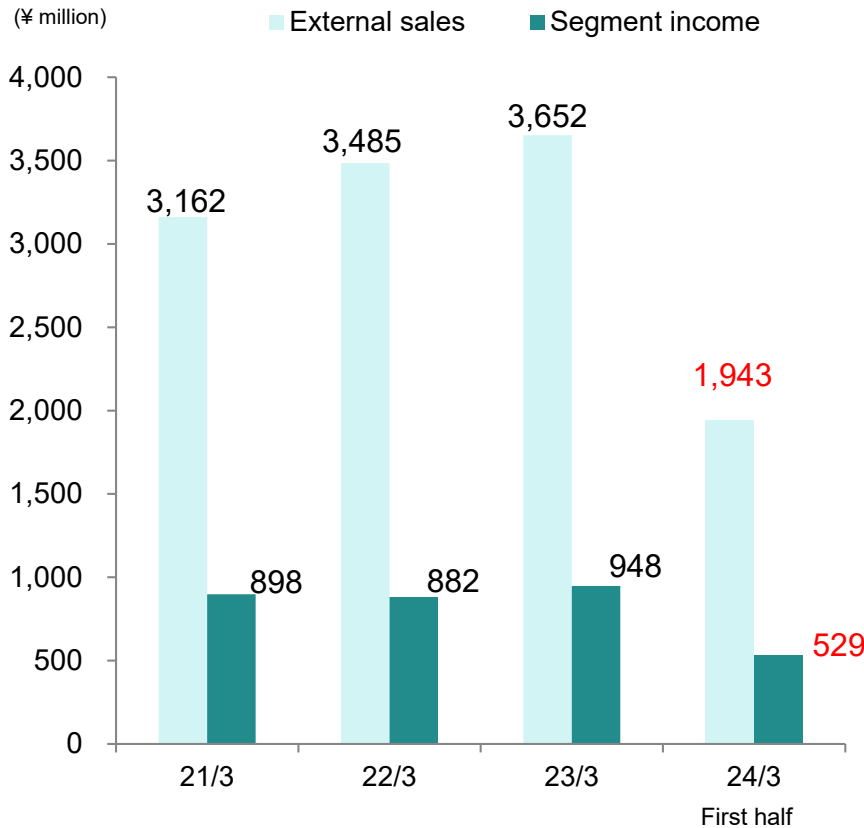
(¥ 10 thousand (excluding tax)) *Less than 40 m²



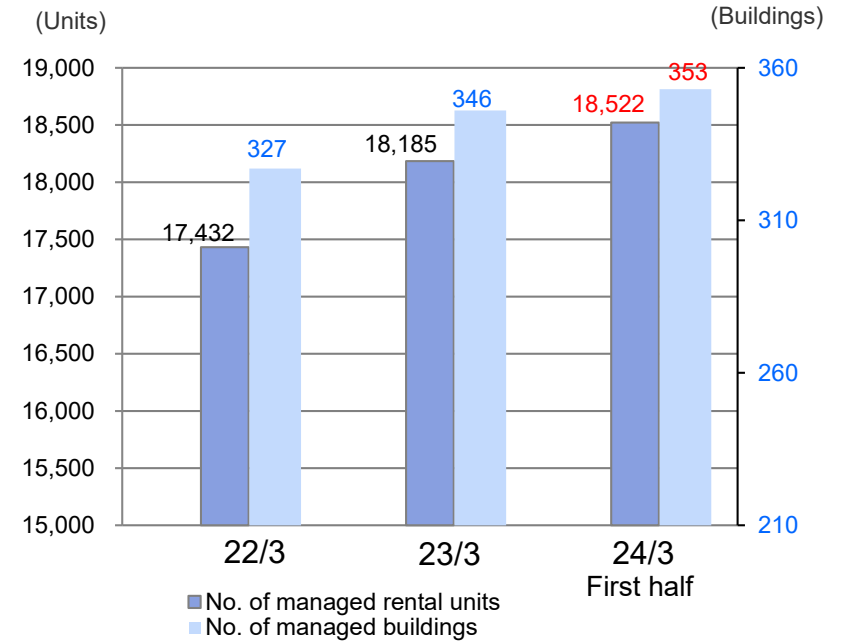
*Purchasing demand supported the average sales price at a higher level than the previous year.

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.

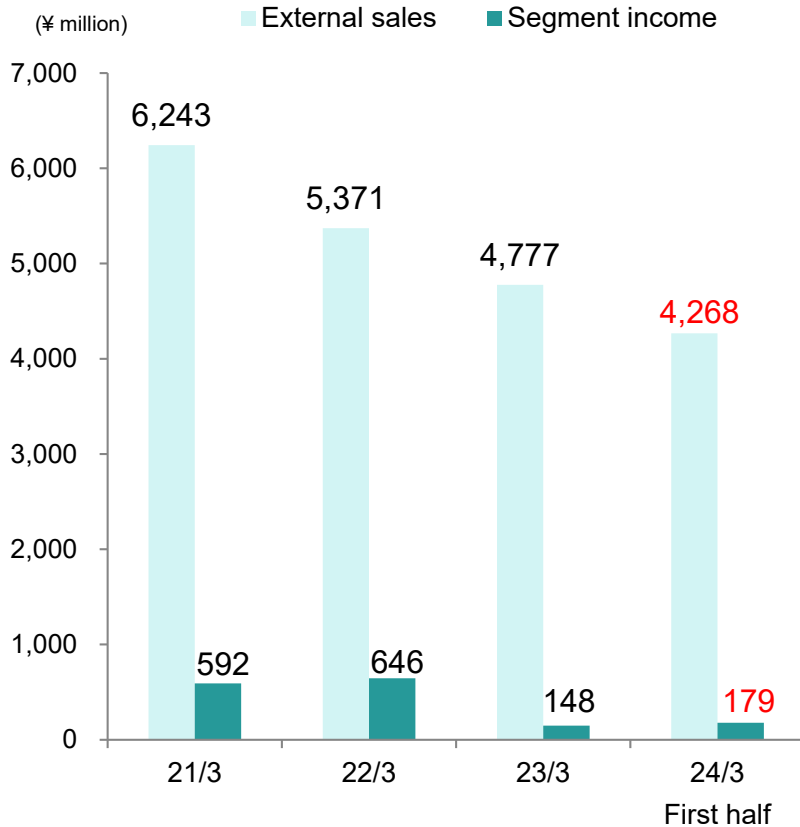
(Outline of building management business)

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

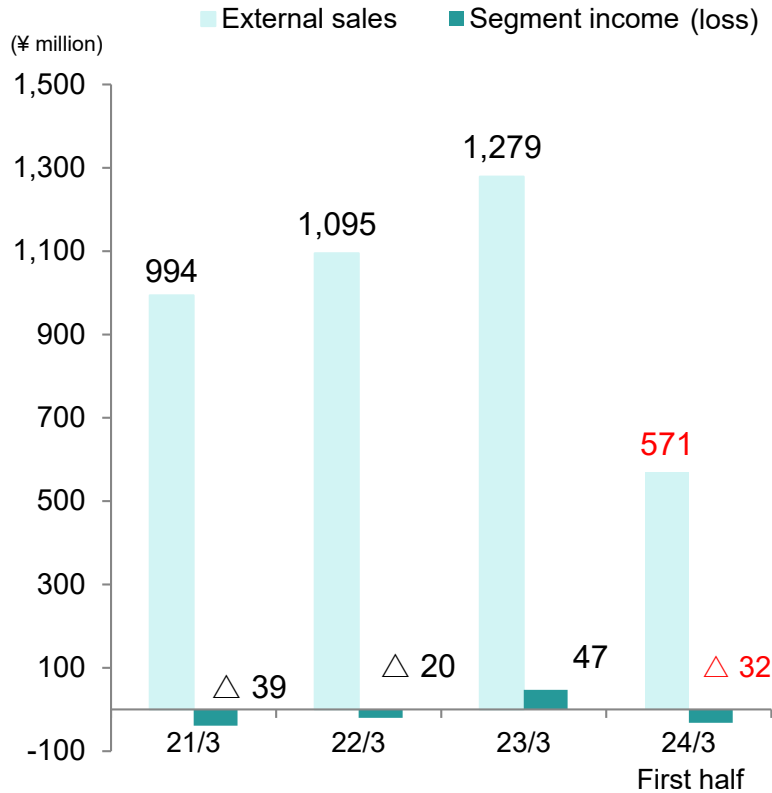


Gala Residence series

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 declined 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

[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.”



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

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



Closest station:
Izuky Rendaiji 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.

■ 2022 - Tokyo metropolitan area new condominium supply ranking
(survey by FJ Next Holdings)

Source: Real Estate Economic Institute Co., Ltd.

(Target period: January to December 2022)

Rank	Owned by	No. of units supplied
1	Nomura Real Estate Development	2,916
2	Mitsui Fudosan Residential	2,424
3	Sumitomo Realty & Development	2,267
4	Mitsubishi Estate Residence	1,672
5	Shinnihon Corporation	1,435
6	Nippon Steel Kowa Real Estate	1,276
7	FJ NEXT	1,110
8	Open House Development	1,090
9	Tokyo Tatemono	872
10	Tokyu Land Corporation	849

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.

■ 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
2023 (first half)	522	1	18.5%
2022	844	1	14.2%
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%

(Source) Real Estate Economic Institute Co., Ltd. "Trends in the Tokyo Metropolitan Area Investment Condominium Market" (published every August)

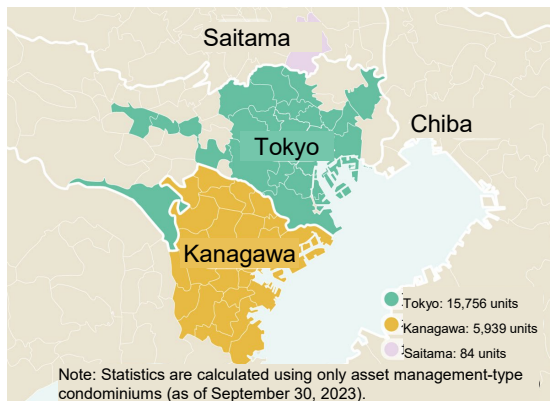
Strategy thoroughly concentrating on specific areas

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]

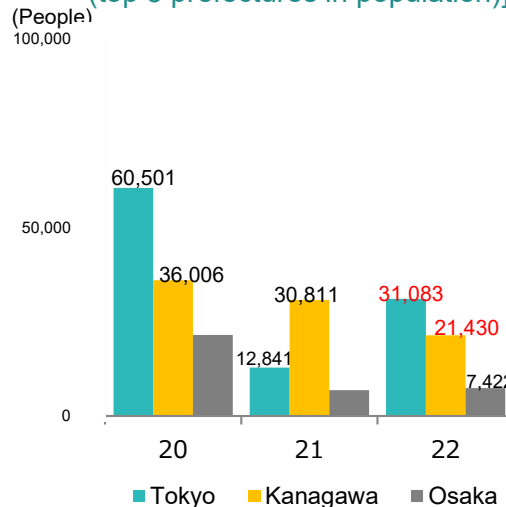


<Decision to include in our business target areas>

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/decrease (top 3 prefectures in population)]



[Top 10 in social increase/decrease]

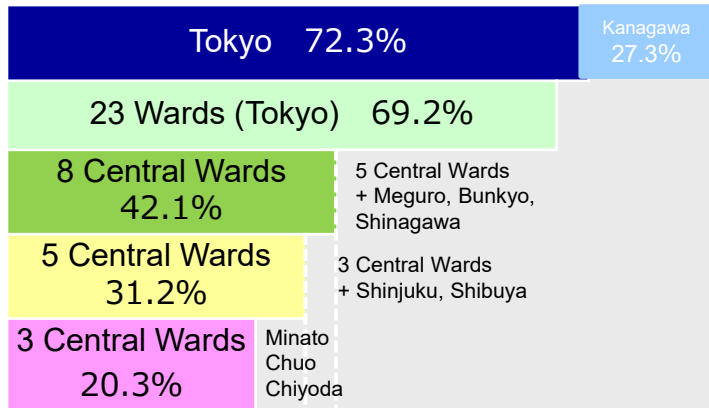
Rank (last year rank)	Prefecture	Social increase/decrease (people)	Population (people)
1 (4)	Tokyo	31,083	13,841,665
2 (1)	Kanagawa	21,430	9,212,003
3 (2)	Saitama	19,347	7,381,035
4 (3)	Chiba	18,686	6,310,075
5 (5)	Fukuoka	8,832	5,104,921
6 (6)	Osaka	7,422	8,784,421
7 (7)	Ibaraki	1,031	2,879,808
8 (11)	Miyagi	884	2,257,472
9 (9)	Shiga	502	1,413,989
10 (10)	Yamanashi	△75	812,615

Source: Population, Demographic Movement and Households Numbers According to the Basic Resident Register (published by Ministry of Internal Affairs and Communications in July 2023)
 Note: Social increase and decrease = (Number of people entering – number of people exiting); excludes foreign workers

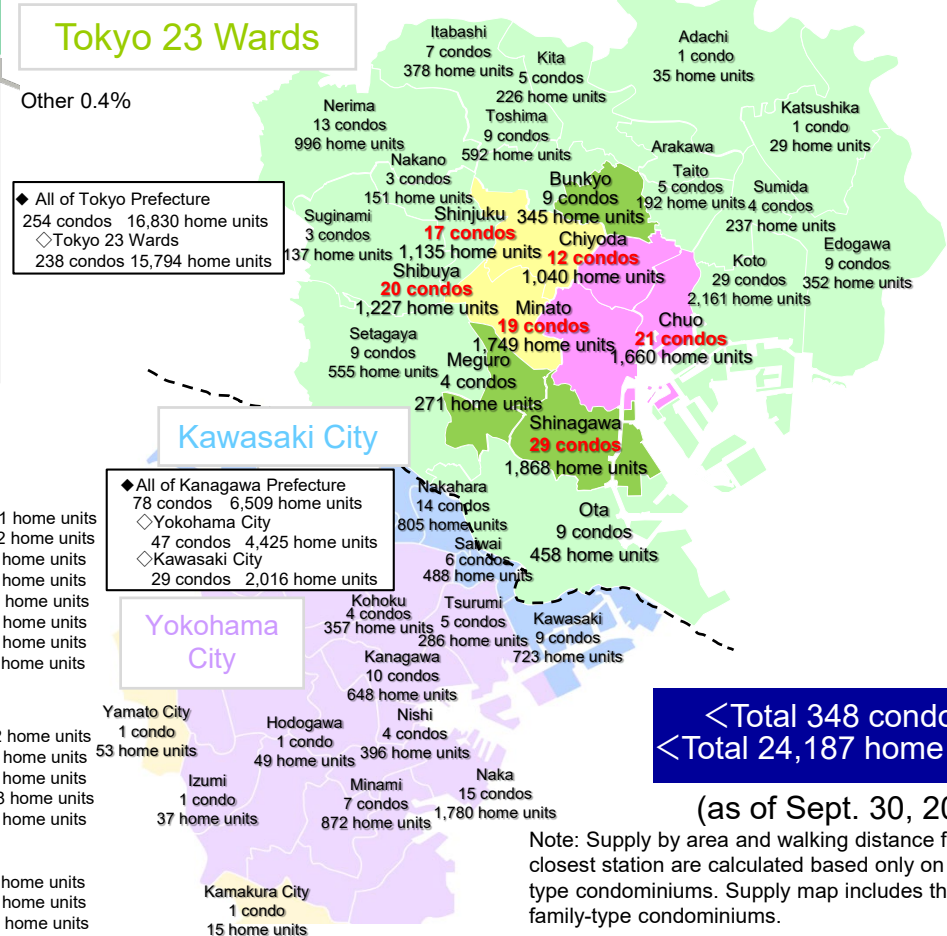
Supply Area of Condominiums

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

■ Supply by area



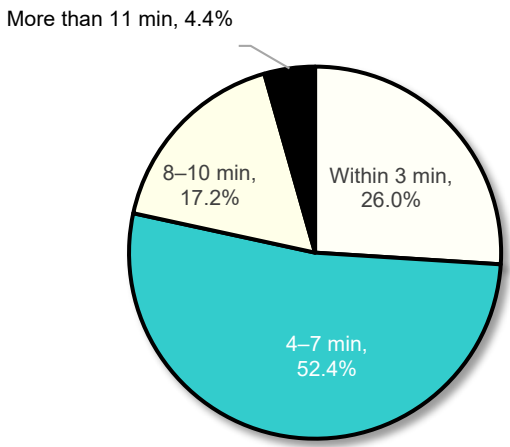
■ Supply map



<Total 348 condos>
<Total 24,187 home units>
 (as of Sept. 30, 2023)

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



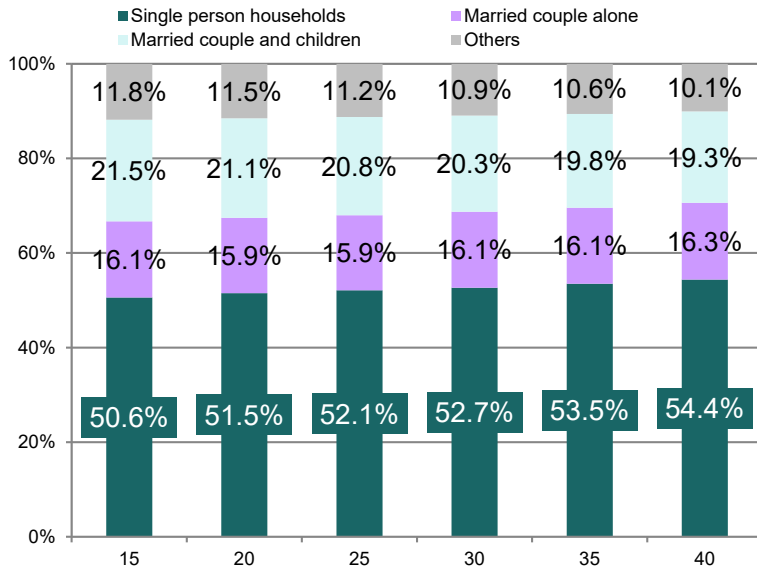
(Others)

- ◇ Tokyo (other than 23 wards)
- Fuchu City: 3 condos, 161 home units
- Chofu City: 4 condos, 282 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: 8 condos, 392 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**.

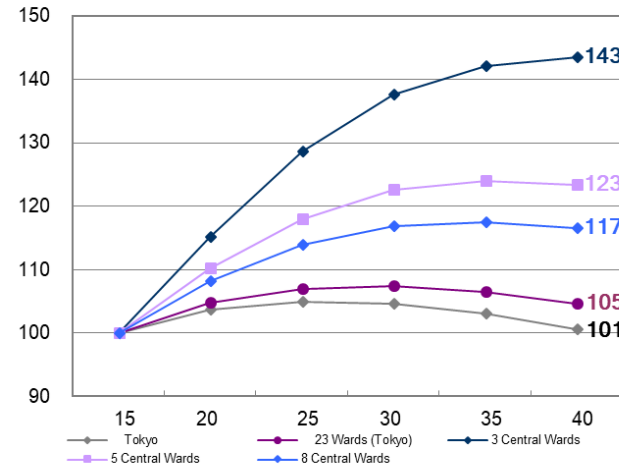
[Estimate for the numbers of households in the 23 Wards of Tokyo]



Source: Statistical Department, Bureau of General Affairs, Tokyo Metropolitan Government

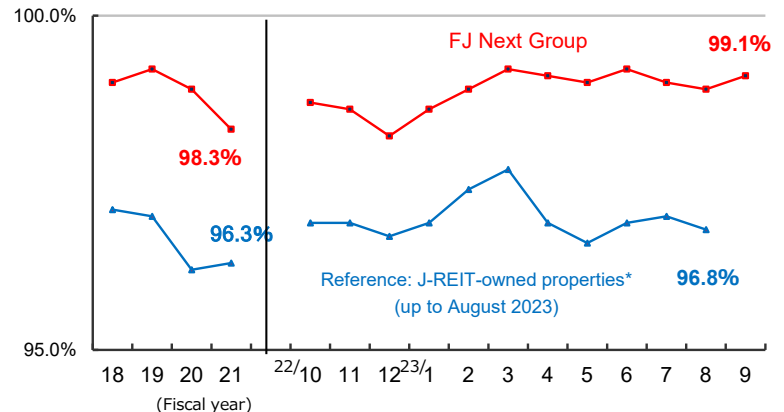
Single person households continue to account for more than 50%.

[Estimate for future vital index of Tokyo]



Source: Statistical Department, Bureau of General Affairs, Tokyo Metropolitan Government

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



*Source: Drafted by FJ Next Holdings from the Japan Investment Trust Association (JITA) data

Future: Demand is expected to be stable.

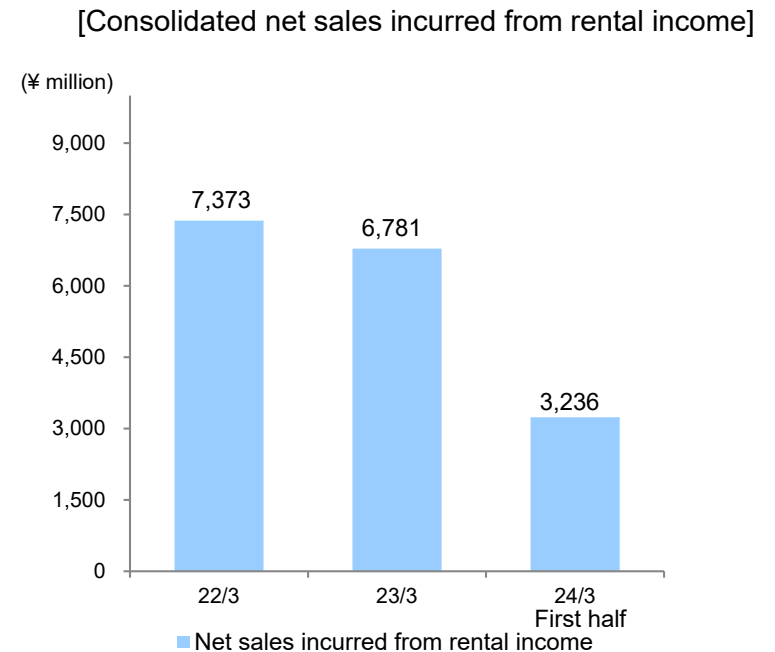
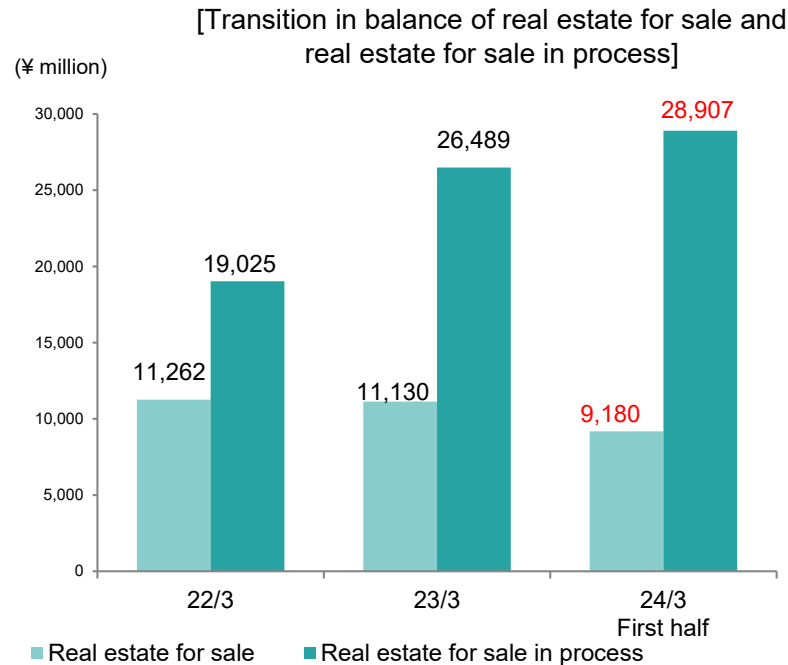
Condominium Inventory

■ Real estate for sale

- Increasing need for asset management-type condominiums drove favorable sales.
 - Active purchasing of pre-owned condominiums continued.
 - In addition to non-current assets, secure stable rental income from real estate for sale
- ⇒ Continuous profit can be expected as a stock business, not just inventory

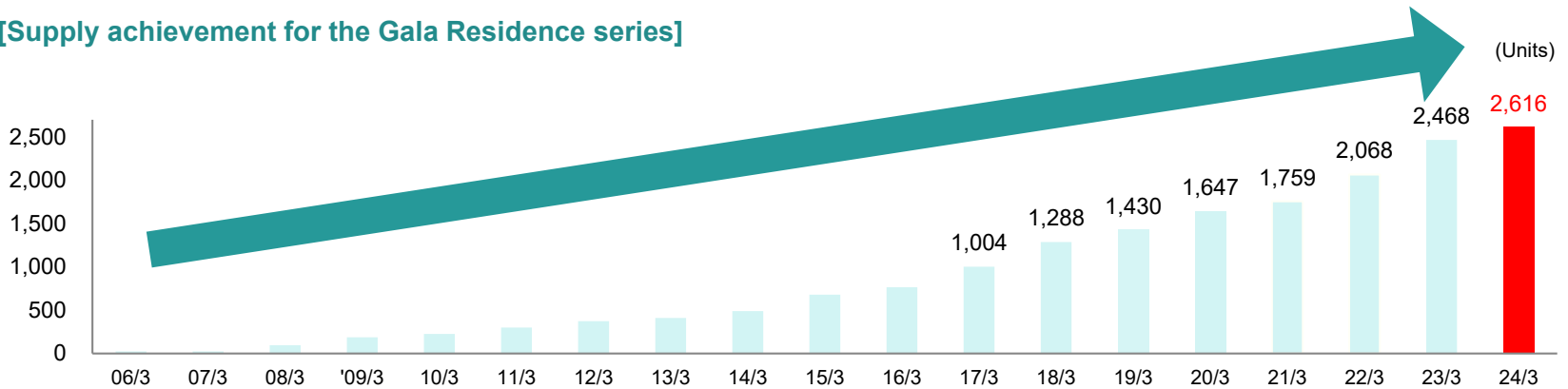
■ Real estate for sale in process

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



Expansion of Gala Residence Series Business

[Supply achievement for the Gala Residence series]



Notes: 1. In the forecast for the fiscal year ending March 2024, the projects under progress are included as the ones that are expected to be supplied within the term.
2. Includes projects based on joint ventures.

New projects keep on coming!

“I wanted a lifestyle that provides a variety of conveniences.”

Gala Residence Minami-Sunamachi

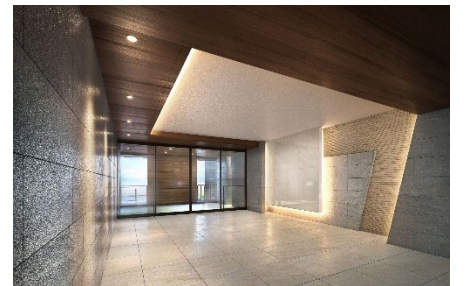
To be completed in September 2024
Total units: 42
Floor plans: 2BD+SR, 3BD



“The perfect combination of urban, greenery, and futuristic design.”

Gala Residence Nishi Arai Parkside

To be completed in September 2024
Total units: 48
Floor plan: 3BD





Consolidated Performance Perspective of the Fiscal Year Ending March 31, 2024



Forecast for Consolidated Financial Results and Dividends for the Fiscal Year Ending March 31, 2024 [Full Year]

Plans net sales of 93,000 million yen and ordinary income of 7,500 million yen. Dividend payout ratio of 31.4% is planned.

(¥ million)

	FY2024 forecast	FY2023 results	YOY
Net sales	93,000	84,688	+8,311 +9.8%
Operating income	7,500	8,250	△750 △9.1%
Ordinary income	7,500	8,219	△719 △8.8%
Net income attributable to shareholders of parental company	5,000	5,621	△621 △11%

Ordinary income ratio
8.1%

Plan to sell 2,500 condominium units annually

Dividend payout ratio
31.4%

The Company has maintained a stable dividend since its IPO.

	FY2024	FY2023 (Previous period)	FY2022 (Period before previous)
Interim dividend	¥24	¥24	¥24
Year-end dividend	¥24 (estimated)	¥24	¥24
Annual dividend	¥48 (estimated)	¥48	¥48
Dividend payout ratio	31.4%	27.9%	24.8%



APPENDIX



Properties Sold in Term Under Review (Excerpt)



[Gala Station Omori-Kaigan] (Sold out on application day)

(Address) 3-7-4 Minami-Oi, Shinagawa-ku, Tokyo

(Closest station) 1-min. walk to Omori-Kaigan Station on the Keikyu Main Line

9-min. walk to Omori Station on the JR Keihin Tohoku Line

(Total units) 65

(Floor plans) 1BD (with dining/kitchen only), 2BD

(Completion) May 2023



[Gala Station Higashi-Kanagawa] (Sold out at an early stage)

(Address) 2-18-4 Kanagawa, Kanagawa-ku, Yokohama-shi, Kanagawa

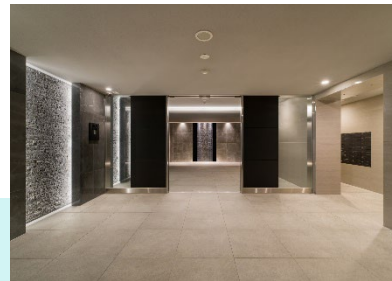
(Closest station) 4-min. walk to Tokyu Higashi-Kanagawa Station on the Keikyu Main Line

5-min. walk to Higashi-Kanagawa Station on the JR Keihin Tohoku Line/Yokohama Line

(Total units) 80

(Floor plan) Studio

(Completion) August 2023



[Gala Precious Motosumiyoshi] (Sold out on application day)

(Address) 2286-1 Kizukiise-cho, Nakahara-ku, Kawasaki-shi, Kanagawa

(Closest station) 5-min. walk to Motosumiyoshi Station on the Tokyu Toyoko Line, Meguro Line

15-min. walk to Musashikosugi Station (West Exit) on the JR Nambu Line

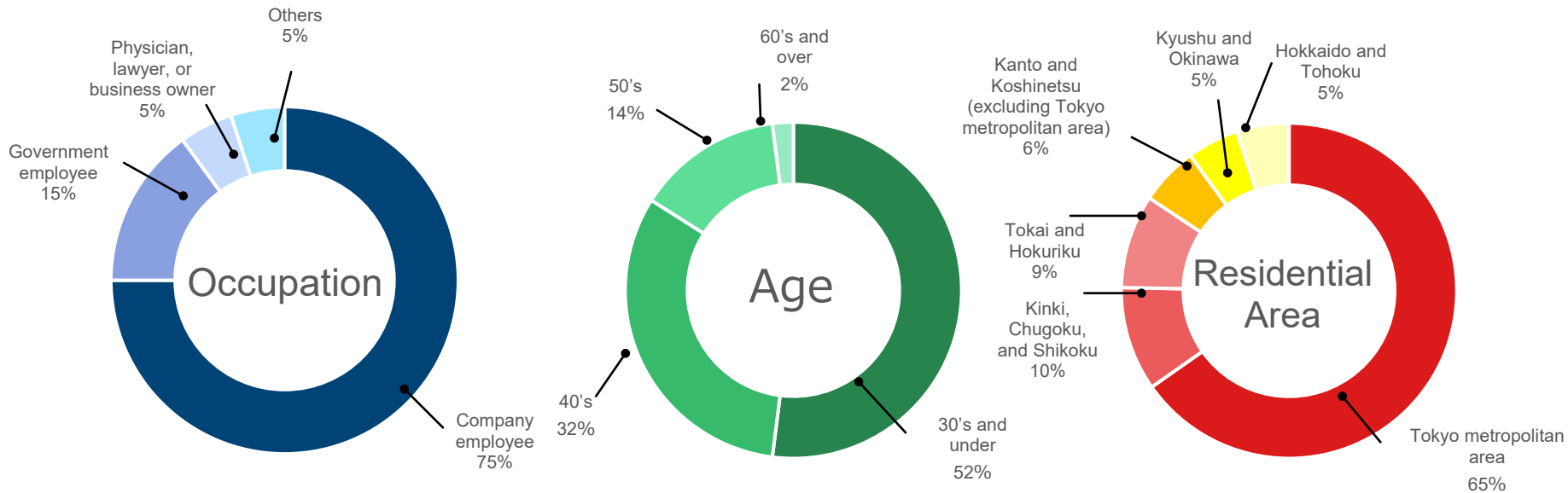
17-min. walk to Musashi-Kosugi Station (Yokosuka Line Exit) on the JR Yokosuka Line, Shonna-Shinjuku Line, Sotetsu-JR Link Line

(Total units) 47

(Floor plan) 2BD (with kitchen only)

(Completion) September 2023

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. 2023 through Sep. 2023).

[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.



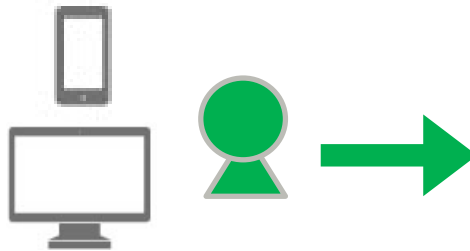
- More than 4,700 total attendees (including web seminars)
- Large numbers of young demographic investors came with the goal of visualizing their future asset formation

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 290,000 total members
- Providing members-only content

[GALA FUNDING]

FJ Next Group's real-estate crowd-funding service, starting from as little as ¥10,000



Subscriptions to Fund No. 1 began on May 10, 2022. Gala Funding is now up to Fund No. 12, including the funds scheduled to start operation. Based on a track record and expertise accumulated over more than 40 years since its foundation, the FJ Next Group carefully selects projects best suited to real-estate crowd-funding.

Fund Information

Gala Funding #8 (Higashi-Azabu)	Gala Funding #9 (Shirokane-Takanawa)	Gala Funding #10 (Shinjuku)	Gala Funding #11 (Shinjuku)	Gala Funding #12 (Suidobashi)
Location: Higashi-Azabu, Minato-ku, Tokyo	Location: Takanawa, Minato-ku, Tokyo	Location: Kita-Shinjuku, Shinjuku-ku, Tokyo	Location: Kita-Shinjuku, Shinjuku-ku, Tokyo	Location: Sarugaku-cho, Chiyoda-ku, Tokyo
Amount raised: ¥55,300,000	Amount raised: ¥ 58,100,000	Amount raised: ¥ 26,950,000	Amount raised: ¥26,180,000	Amount raised: ¥22,120,000

Note: Scheduled to start operation in late November 2023

Estimated distribution rate	Operation period	Minimum investment	Selection method	Investment structure
3 to 3.5%	6 months	¥10,000	Lottery format	Priority and subordinate structure (Priority 70%, Subordinate 30%)

Note: The above are the terms and conditions at the time of offer for the fund currently under management (before operation), and are not necessarily applied to the funds scheduled to be formed in the future.

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 BRING UNIFORM™
To reduce CO₂ emissions, we promote the recycling of uniforms worn and used by our staff engaged in management work of our condominiums.



日本の企業ユニフォームの廃棄を一緒にゼロにしませんか？

廃棄ゼロの未来へ。

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



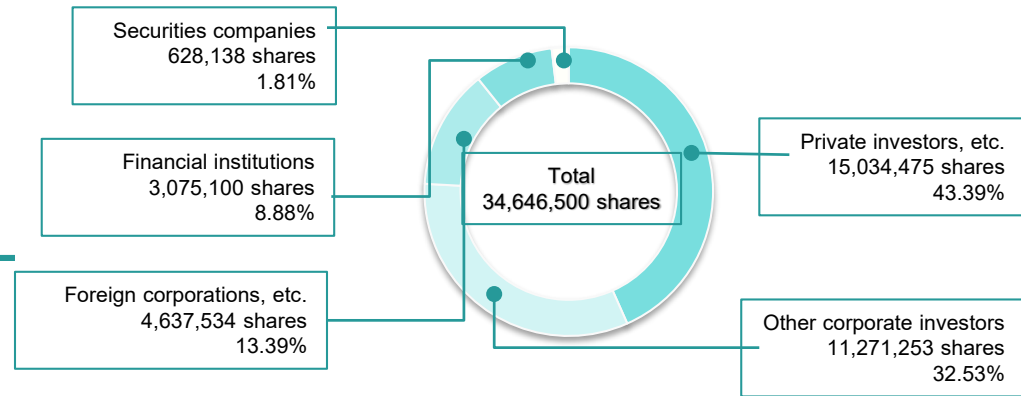
Company outline (as of September 30, 2023)

Company name	FJ Next Holdings Co., Ltd.
Established	July 1980
Capital	¥2,774,400,000
Number of employees	37 (575 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, 2023)

Total number of authorized shares	36,861,000 shares
Total number of issued shares	34,646,500 shares
Number of shareholders	15,789

Breakdown of shareholders (as of September 30, 2023)



Note: 1,932,057 treasury shares are included in "Private investors, etc."

Supplementary share information (as of September 30, 2023)

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, Suginami-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]

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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 6, 2023. 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.