

Summary of Financial Results for the Fiscal Year Ended March 31, 2024 [Japan Standards] (Consolidated)

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 Date of general meeting of shareholders: June 25, 2024 Date of commencement of dividend payment: June 26, 2024
 Date of filing of securities report: June 26, 2024
 The supplementary explanation document for closing of accounts is created. Yes
 The briefing for closing of accounts is held. (Scheduled video distribution of financial results explanation) Yes

(Millions of yen rounded down)

1. Consolidated Operating Results for the Fiscal Year Ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(% 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	%
FY ended March 2024	100,405	18.6	9,431	14.3	9,434	14.8	6,453	14.8
FY ended March 2023	84,688	3.0	8,250	(9.3)	8,219	(9.5)	5,621	(11.3)

(Note)

Comprehensive income

FY ended March 31, 2024: ¥6,548 million (15.4%)

FY ended March 31, 2023: ¥5,674 million (-10.4%)

	Net Income Per Share	Net Income Per Share After Dilution	Return on Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	Yen	Yen	%	%	%
FY ended March 2024	197.31	—	9.8	10.2	9.4
FY ended March 2023	171.97	—	9.2	9.6	9.7

(Reference)

Equity in earnings (losses) of subsidiaries and affiliates accounted for by the equity method.

FY ended March 31, 2024: ¥ — million

FY ended March 31, 2023: ¥ — million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	95,281	68,031	71.4	2,079.57
As of March 31, 2023	88,938	63,022	70.9	1,928.17

(Reference)

Shareholders' equity: As of March 31, 2024: ¥68,031 million

As of March 31, 2023: ¥63,022 million

(3) Consolidated Cash Flow Position

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 2024	4,671	(5,036)	(2,289)	29,550
FY ended March 2023	(4,534)	1,933	(738)	32,204

2. Dividends

	Dividends Per Share					Dividends (Total)	Payout Ratio (Consolidated)	Dividends on Equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended March 2023	—	24.00	—	24.00	48.00	1,568	27.9	2.6
FY ended March 2024	—	24.00	—	26.00	50.00	1,635	25.3	2.5
FY ending March 2025 (Forecast)	—	24.00	—	24.00	48.00		31.4	

Note: Breakdown of year-end dividend for the fiscal year ended March 31, 2024.

Ordinary dividend: 24.00 yen Special dividend: 2.00 yen

3. Forecasts of Consolidated Operating Results for the Fiscal Year Ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(% 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	103,000	2.6	7,500	(20.5)	7,500	(20.5)	5,000	(22.5)	152.84

* Notes

(1) Significant changes in subsidiaries during the period (changes in specific subsidiaries affecting the scope of consolidation): No

(2) 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

(3) Number of outstanding shares (common stock)

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

As of March 31, 2024: 34,646,500 shares

As of March 31, 2023: 34,646,500 shares

2) Amount of treasury stock at term-end

As of March 31, 2024: 1,932,089 shares

As of March 31, 2023: 1,961,157 shares

3) Amount of average stock during term

As of March 31, 2024: 32,705,765 shares

As of March 31, 2023: 32,685,343 shares

Reference: Non-consolidated Operating Results

1. Non-Consolidated Operating Results for the Fiscal Year Ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Non-Consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2024	21,574	(43.3)	2,936	(51.8)	2,985	(50.9)	2,170	(49.9)
FY ended March 2023	38,076	(36.7)	6,089	(5.0)	6,086	(10.5)	4,330	(11.4)

	Net Income Per Share	Net Income Per Share After Dilution
	Yen	Yen
FY ended March 2024	66.35	—
FY ended March 2023	132.48	—

(Note) We have shifted to a shareholding company system on October 1, 2021, and FJ Next Co. Ltd. has inherited our real estate development business.

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	58,770	56,545	96.2	1,728.46
As of March 31, 2023	62,255	55,879	89.8	1,709.61

(Reference)

Shareholders' equity: As of March 31, 2024: ¥56,545 million
As of March 31, 2023: ¥55,879 million

* The Summary of Financial Results is not subject to audit 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 documents for the briefing for closing of accounts)

A video version of the financial results briefing and explanatory documents the end of March 2024 year under review will be published on our company's website.

1. Summary of Operating Results

(1) Overview of Operating Results of the Current Fiscal Year

a) Operating results of the current fiscal year

During the consolidated fiscal year under review, the Japanese economy proceeded on trend of gradual recovery. The employment and income environment improved, while various government policies took effect. On the global stage, economic activity slackened amid trends such as continuing monetary tightening and concerns about prospects in the Chinese economy resulted in economic slowdowns. Continued attention must be paid to the risk that these worldwide developments may put downward pressure on the Japanese economy.

In the market for condominiums in the Tokyo metropolitan area, factors such as high prices for construction and building plots, and continuation to rising selling price drove the number of newly supplied units down 6.4 % from the previous consolidated to just 26,798 in FY2024 (Apr. 1, 2023 – Mar. 31, 2024). In terms of purchasing demand, consumers appear to be taking a wait-and-see attitude amid high prices, with the average first-month contract rate for the same period being 69.9%, falling below 70% which is said to be a good indicator, for the third year in a row. (All figures are derived from a survey by Real Estate Economic Institute Co., Ltd.)

In the market for investment-type condominiums which compose our corporate 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, our corporate group has been striving to enhance the customer support system, strengthen our brand name and expand the development and sales of the "Gala Condominium series" which provide various advantages for asset management mainly in the Tokyo metropolitan area, and "Gala Residence series" which are condominiums designed for families under our own brand. Furthermore, we are fully committed to improving the value of the corporate group. Additionally, in order to respond to changes in social conditions, we have strived to promote our business while using various sales methods such as holding web seminars and online business negotiations.

As a result, net sales were ¥100,405 million (an increase of 18.6% compared with the previous consolidated fiscal year), operating income amounted ¥9,431 million (an increase of 14.3% compared with the previous consolidated fiscal year), and ordinary income was ¥9,434 million (an increase of 14.8% compared with the previous consolidated fiscal year). Furthermore, net income attributable to shareholders of parental company totaled ¥6,453 million (an increase of 14.8% compared with the previous consolidated fiscal year).

The operating results for each business segment are as follows:

(Real estate development segment)

During the consolidated fiscal year under review, we focused on the sales of newly constructed condominiums such as the "Gala Station Omori-Kaigan," "Gala Musashi Kosugi Grand Stage," and "Gala Residence Kasai Park Bright," and also actively conducted sales of pre-owned condominiums.

At the end of the consolidated fiscal year under review, net sales were ¥32,188 million for newly built condominiums (934 units), ¥47,404 million for pre-owned condominiums (1,836 units), 6,229 million for real estate rental income, and ¥383 million from other income sources. Therefore, the total net sales in the segment reached ¥86,206 million (an increase of 15.1% compared with the previous consolidated fiscal year) and the segment profit was ¥7,930 million (an increase of 12.3% compared with the previous consolidated fiscal year).

Breakdown of net sales, etc.

Category	Consolidated fiscal year ended March 31, 2023 (Apr. 1, 2022 – Mar. 31, 2023)			Consolidated fiscal year ended March 31, 2024 (Apr. 1, 2023 – Mar. 31, 2024)		
	No. of Units	Amount (millions of yen)	YOY (%)	No. of Units	Amount (millions of yen)	YOY (%)
Gala Condominium series	721	18,583	61.3	603	17,655	95.0
Gala Residence series	227	9,164	96.9	331	14,533	158.6
Pre-owned condominiums	1,613	40,410	160.5	1,836	47,404	117.3
Real estate rental income	—	6,553	93.1	—	6,229	95.1
Other income	—	213	80.0	—	383	179.8
Total	2,561	74,925	103.7	2,770	86,206	115.1

(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 18,716 and the number of buildings managed reached 359.

At the end of the consolidated fiscal year under review, net sales in the real estate management segment were ¥3,982 million (an increase of 9.0% compared with the previous consolidated fiscal year), and segment profit was ¥1,087 million (an increase of 14.7% compared with the previous consolidated fiscal year).

(Construction segment)

Condominium construction projects and large-scale repair projects proceeded generally according to plan. Sales and profit increased compared with the previous consolidated fiscal year due to more completed construction contracts.

At the end of the consolidated fiscal year under review, net sales in the construction segment were ¥8,907 million (an increase of 86.5% compared with the previous consolidated fiscal year), and segment profit was ¥380 million (an increase of 156.7% compared with the previous consolidated fiscal year).

(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 National Travel Support, a national-government measure to stimulate tourist demand, implemented in the previous consolidated fiscal year.

At the end of the consolidated fiscal year under review, net sales in the Japanese inn segment decreased to ¥1,260 million (a decrease of 1.5% compared with the previous consolidated fiscal year), and the segment profit was ¥3 million (a decrease of 93.0% compared with the previous consolidated fiscal year).

(Other segments)

Net sales in other segments reached ¥47 million in the consolidated fiscal year (a decrease of 11.4% compared with the previous consolidated fiscal year). Segment profit was ¥15 million (a decrease of 56.4% compared with the previous consolidated fiscal year).

b) Forecast of the next fiscal year (ending March 31, 2025)

In its forecast for the next fiscal year, the Group expects the economy to rebound. Though the braking effects of worldwide monetary tightening and rising prices are causes for concern, the economy will benefit from various government measures.

In view of these conditions, the Group will carry out a range of measures to boost its capacity for enterprise growth. We will source proactively with a keen eye on profitability, open up sales channels with due consideration of social and customer needs, and promotion of Digital Transformation.

When considering the above, in terms of sales, we plan to sell 2,900 condominium units (including 193 units in the Gala Residence series) in our mainstay real estate development business. In addition, we expect net sales of ¥103,000 million (an increase of 2.6% compared to the consolidated fiscal year under review) for the fiscal year ending March 2025. In earnings terms, the Group forecasts operating income of ¥7,500 million (a decrease of 20.5% compared with the previous consolidated fiscal year), ordinary income of ¥7,500 million (a decrease of 20.5% compared with the previous consolidated fiscal year) and net income attributable to shareholders of parental company of ¥5,000 million (a decrease of 22.5% compared with the previous consolidated fiscal year). Expected contributing factors include high prices for construction materials and building plots and increased sales ratio of pre-owned condominium units due to rising customer needs in the real estate development segment.

Although uncertainties continue, rental demand in the Tokyo metropolitan area is expected to continue steadily in the future against the backdrop of an increase in single-person households. We will continue to develop and supply our corporate group's own brands of "Gala Condominium series" and "Gala Residence series," and to enhance the sales and service system.

The forecast of business results outlined above was prepared based on information available on the date of publication of this document. Actual business results may differ from the forecast figures due to a wide range of factors. We will continue to carefully assess the impact on our group's business, and will promptly disclose any revisions if they become necessary.

(2) Overview of Financial Situation for the Current Fiscal Year

a) Situation of assets, liabilities, and net assets

(Assets)

At the end of the consolidated fiscal year under review, current assets were ¥82,732 million, an increase of ¥6,136 million as compared with the end of the previous consolidated fiscal year. Major increases were cash and deposits by ¥2,346 million, electronically recorded monetary claims by ¥2,207 million, real estate for sale in process by ¥1,669 million and real estate for sale by ¥1,361 million, while a major decrease was notes and operating accounts receivable-trade, and contract assets by ¥808 million. Non-current assets recorded ¥12,548 million, an increase of ¥205 million as compared with the end of the previous consolidated fiscal year. As a result, total assets were ¥95,281 million, an increase of ¥6,342 million as compared with the end of the previous consolidated fiscal year.

(Liabilities)

At the end of the consolidated fiscal year under review, current liabilities were ¥15,209 million, an increase of ¥1,999 million as compared with the end of the previous consolidated fiscal year. This is mainly because notes and accounts payable-trade increased by ¥1,000 million and income tax payable increased by ¥795 million. Non-current liabilities was ¥12,039 million, a decrease of ¥666 million as compared with the end of the previous consolidated fiscal year. This is mainly because long-term loans payable decreased by ¥553 million. 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. Based on this resolution, discontinuation of the bonus system for directors' retirement benefits were reclassified as long-term accounts payable-other. As a result, total liabilities were ¥27,249 million, an increase of ¥1,333 million as compared with the end of the previous consolidated fiscal year.

(Net assets)

At the end of the consolidated fiscal year under review, total net assets were ¥68,031 million, an increase of ¥5,009 million as compared with the end of the previous consolidated fiscal year. A major increase was by ¥6,453 million in net income attributable to shareholders of parental company, while a major decrease was by ¥1,569 million in dividends of surplus. As a result, the shareholder's equity ratio was 71.4% (it was 70.9% at the end of the previous consolidated fiscal year).

b) Overview of cash flows for the current fiscal year

At the end of the consolidated fiscal year under review, cash and cash equivalents were ¥29,550 million, a decrease of ¥2,653 million as compared with the end of the previous consolidated fiscal year.

For the consolidated fiscal year ended March 31, 2024, situation and variable factors of each cash flow were as follows:

(Cash flow from operating activities)

Funds acquired in operating activities totaled ¥4,671 million (the previous consolidated fiscal year amounted an expenditure of ¥4,534 million). Major incomes were ¥9,400 million in income before income taxes, ¥982 million in increase in notes and accounts payable trade, and ¥511 million in increment of accrued consumption taxes, and major expenditures consisted of an increase in inventories of ¥3,303 million, ¥2,603 million in income taxes paid, an increase in notes and accounts receivable-trade, and contract assets of ¥1,399 million.

(Cash flow from investing activities)

Funds used from investing activities totaled ¥5,036 million (the previous consolidated fiscal year amounted an income of ¥1,933 million). This is mainly because time deposits increased by ¥500 million.

(Cash flow from financing activities)

Funds used in financing activities totaled ¥2,289 million (the previous consolidated fiscal year amounted an expenditure of ¥738 million). A major income was ¥5,100 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 ¥5,820 million in repayments of long-term loans payable for completion of project and others, and ¥1,568 million in cash dividends paid.

Reference: Trends in cash flow indicators

	FY2020	FY2021	FY2022	FY2023	FY2024
Shareholders' equity ratio (%)	58.0	63.8	71.3	70.9	71.4
Shareholders' equity ratio based on market value (%)	30.8	43.5	39.1	36.3	48.4
Interest-bearing debt to cash flow ratio (%)	2,667.4	258.0	57.0	—	273.0
Interest coverage ratio (times)	16.4	81.6	267.4	—	101.8

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

Notes: 1. All indices are calculated based on consolidated figures.

2. Market capitalization is calculated based on the number of shares outstanding (excluding treasury stock).

3. Cash flows are calculated using the figures for operating cash flows in the consolidated statements of cash flows.

4. Interest-bearing debt includes all debt on the consolidated balance sheets that incur interest.

5. Interest-bearing debt to cash flow ratio and interest coverage ratio for FY2023 have not been recorded as the cash flow from operating activities was negative.

(3) Basic Policies Regarding Profit Distribution and Dividends of the Current and Next Term

Returning the profit to shareholders is one of the most important tasks of our company's management. As such, our company's basic policy is to ensure continuous and stable distribution of earnings based on consideration of factors such as the internal reserves, financial balance and capital efficiency.

Based on this policy, we carefully examined the operating results of the fiscal year under review and mid- and long-term business prospects in the following years. As a result, it is planned that the year-end dividend for dividend at the consolidated fiscal year under review (April 2023 to March 2024) will be an ordinary dividend of 24 yen per share and special dividend of 2 yen per share for a total dividend of 26 yen per share. The interim dividend of 24 yen per share had been already paid. Thus, the annual dividend is 50 yen per share. Furthermore, for the next consolidated fiscal year (April 2024 to March 2025), it is planned that the dividend will be 24 yen per share for both interim and year-end dividends (the annual dividend will be 48 yen per share).

2. Basic Approach to Selection of Accounting Standards

Our corporate group has prepared its consolidated financial statements based on Japanese standards, as we do not conduct operations or raise funds on the international stage.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
ASSETS		
Current assets		
Cash and deposits	32,254	34,600
Notes and operating accounts receivable-trade, and contract assets	4,067	3,259
Electronically recorded monetary claims-operating	-	2,207
Real estate for sale	11,130	12,491
Real estate for sale in process	26,489	28,159
Costs on uncompleted construction contracts	1	4
Raw materials and supplies	37	28
Advance payments-trade	186	348
Other	2,430	1,631
Allowance for doubtful accounts	(1)	(0)
Total current assets	76,595	82,732
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,235	7,359
Accumulated depreciation	(1,634)	(1,879)
Buildings and structures, net	5,601	5,480
Land	5,311	5,406
Other	507	458
Accumulated depreciation	(330)	(358)
Other, net	177	100
Total property, plant and equipment	11,089	10,987
Intangible assets	41	37
Investments and other assets		
Investment securities	373	405
Deferred tax assets	250	438
Other	599	690
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	1,212	1,524
Total non-current assets	12,343	12,548
Total assets	88,938	95,281

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	1,473	2,473
Current portion of long-term loans payable	5,820	5,653
Accounts payable-other	513	731
Income taxes payable	1,273	2,069
Accrued consumption taxes	364	335
Deposits received	2,397	2,726
Provision for bonuses	266	318
Other	1,100	900
Total current liabilities	13,210	15,209
Non-current liabilities		
Long-term loans payable	7,653	7,100
Provision for directors' retirement benefits	864	-
Long-term accounts payable-other	-	833
Net defined benefit liabilities	859	862
Long-term lease and guarantee deposited	1,867	1,897
Long-term deposits received	82	80
Provision incurred from business combination	1,354	1,253
Other	23	11
Total non-current liabilities	12,705	12,039
Total liabilities	25,915	27,249
NET ASSETS		
Shareholders' equity		
Capital stock	2,774	2,774
Capital surplus	3,054	3,066
Retained earnings	58,344	63,227
Treasury stock	(1,211)	(1,193)
Total shareholders' equity	62,962	67,875
Accumulated other comprehensive income		
Valuation difference on marketable securities	73	109
Remeasurements of defined benefit plans	(12)	47
Total accumulated other comprehensive income	60	156
Total net assets	63,022	68,031
Total liabilities and net assets	88,938	95,281

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	FY2023 ended March 31, 2023 (Apr. 1, 2022 – Mar. 31, 2023)	FY2024 ended March 31, 2024 (Apr. 1, 2023 – Mar. 31, 2024)
Net sales	84,688	100,405
Cost of sales	65,840	80,231
Gross profit	18,848	20,174
Selling, general and administrative expenses		
Advertising expenses	1,721	1,512
Salaries, allowances and bonuses	3,557	3,815
Provision for bonuses	241	291
Retirement benefit expenses	112	111
Provision for directors' retirement benefits	55	13
Other	4,909	4,997
Total selling, general and administrative expenses	10,597	10,742
Operating income	8,250	9,431
Non-operating income		
Interest income	0	0
Dividend income	7	8
Penalty income	9	18
Subsidy income	13	3
Other	16	23
Total non-operating income	48	55
Non-operating expenses		
Interest expenses	44	45
Miscellaneous losses	32	-
Other	2	6
Total non-operating expenses	79	52
Ordinary income	8,219	9,434
Extraordinary income		
Gain on negative goodwill	29	-
Total extraordinary income	29	-
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	-	34
Total extraordinary losses	-	34
Income before income taxes	8,248	9,400
Income taxes-current	2,609	3,178
Income taxes-deferred	18	(231)
Total income taxes	2,627	2,947
Net income	5,621	6,453
Net income attributable to shareholders of parental company	5,621	6,453

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2023 ended March 31, 2023 (Apr. 1, 2022 – Mar. 31, 2023)	FY2024 ended March 31, 2024 (Apr. 1, 2023 – Mar. 31, 2024)
Net income	5,621	6,453
Other comprehensive income		
Valuation difference on marketable securities	38	36
Remeasurements of defined benefit plans, net of tax	15	59
Total of other comprehensive income	53	95
Comprehensive income	5,674	6,548
(Breakdown)		
Comprehensive income attributable to shareholders of parental company	5,674	6,548
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Net Assets

FY2023 (Fiscal year ended March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	2,774	3,054	54,292	(1,211)	58,910
Changes of items during the period					
Dividends of surplus			(1,568)		(1,568)
Net income attributable to shareholders of parental company			5,621		5,621
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	4,052	—	4,052
Balance at the end of the period	2,774	3,054	58,344	(1,211)	62,962

	Accumulated other comprehensive income			Total net assets
	Valuation difference on marketable securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	34	(27)	7	58,917
Changes of items during the period				
Dividends of surplus				(1,568)
Net income attributable to shareholders of parental company				5,621
Net changes of items other than shareholders' equity	38	15	53	53
Total changes of items during the period	38	15	53	4,105
Balance at the end of the period	73	(12)	60	63,022

FY2024 (Fiscal year ended March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	2,774	3,054	58,344	(1,211)	62,962
Changes of items during the period					
Dividends of surplus			(1,569)		(1,569)
Net income attributable to shareholders of parental company			6,453		6,453
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock related to transfer-restricted share remuneration				17	17
Transfer-restricted share remuneration					11
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	11	4,883	17	4,913
Balance at the end of the period	2,774	3,066	63,227	(1,193)	67,875

	Accumulated other comprehensive income			Total net assets
	Valuation difference on marketable securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	73	(12)	60	63,022
Changes of items during the period				
Dividends of surplus				(1,569)
Net income attributable to shareholders of parental company				6,453
Purchase of treasury stock				(0)
Disposal of treasury stock related to transfer-restricted share remuneration				17
Transfer-restricted share remuneration				11
Net changes of items other than shareholders' equity	36	59	95	95
Total changes of items during the period	36	59	95	5,009
Balance at the end of the period	109	47	156	68,031

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2023 ended March 31, 2023 (Apr. 1, 2022 – Mar. 31, 2023)	FY2024 ended March 31, 2024 (Apr. 1, 2023 – Mar. 31, 2024)
Cash flows from operating activities		
Income before income taxes	8,248	9,400
Depreciation	368	360
Gain on negative goodwill	(29)	-
Increase (decrease) in allowance for doubtful accounts	(0)	(1)
Increase (decrease) in provision for bonuses	(12)	52
Increase (decrease) in provision for directors' retirement benefits	48	(864)
Increase (decrease) in net defined benefit liabilities	84	89
Increase (decrease) in long-term accounts payable-other	-	833
Interest and dividend income	(8)	(9)
Interest expenses	44	45
Decrease (increase) in notes and accounts receivable-trade, and contract assets	(1,880)	(1,399)
Decrease (increase) in inventories	(7,718)	(3,303)
Increase (decrease) in notes and accounts payable-trade	192	982
Decrease (increase) in advances payments	(79)	(162)
Increase (decrease) in advances received	202	(285)
Increase (decrease) in lease and guarantee deposits received	51	29
Increase (decrease) in accrued consumption taxes	(1,424)	511
Other	479	1,031
Subtotal	(1,432)	7,310
Interest and dividend income received	8	9
Interest expenses paid	(46)	(44)
Income taxes paid	(3,064)	(2,603)
Net cash provided by operating activities	(4,534)	4,671
Cash flows from investing activities		
Purchase of property, plant and equipment	(39)	(48)
Purchase of investment securities	(12)	(13)
Decrease (increase) in time deposits	-	(5,000)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	2,040	-
Other	(54)	26
Net cash provided by (used in) investing activities	1,933	(5,036)
Cash flows from financing activities		
Proceeds from long-term loans payable	6,390	5,100
Repayments of long-term loans payable	(5,559)	(5,820)
Purchase of treasury stock	-	(0)
Cash dividends paid	(1,568)	(1,568)
Net cash used in financing activities	(738)	(2,289)
Net increase (decrease) in cash and cash equivalents	(3,339)	(2,653)
Cash and cash equivalents at the beginning of the period	35,543	32,204
Cash and cash equivalents at the end of the period	32,204	29,550

(5) Notes Regarding Consolidated Financial Statements

(Notes Regarding Going Concern)

None.

(Changes in scope of consolidation or of 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.

(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.

(Change in Purpose for Holding)

During the current consolidated fiscal year, in conjunction with a change in purpose for holding a portion of the real estate for sale, ¥199 million of real estate for sale was reclassified as property, plant, and equipment (¥104 million as buildings and structures, and ¥95 million as land).

(Segment information)

(Segment information)

I Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

1. Overview of reported segments

It is possible to obtain separate financial information for our corporate group's reported segments from among the constituent units of our company. This information is subject to periodic review by the Board of Directors in order to make decisions regarding the distribution of management assets and to evaluate business performance.

The four reported segments are composed of a real estate development segment which is conducted by our company and FJ NEXT CO., LTD., a real estate management segment conducted by FJ Community Co., Ltd. And Ito Ippeki Management Services Co., Ltd., a construction segment conducted by Resitec Co., Ltd., and a Japanese inn segment conducted by our company and FJ Resort Management Co., Ltd.

The real estate development segment mainly performs the development, sales, brokering and leasing of one-room condominiums and family condominiums in the Tokyo metropolitan area, as well as real estate activities in the Izu region. The real estate management segment mainly performs leasing management for condominium owners and subcontracting of property management from management unions and holiday-home-area management for holiday-home-area owners. The construction segment performs design, construction, inspection and renovation of buildings such as condominiums. The Japanese inn section runs the "Ito Yuki Tei," "Ito Yuki Tei Kawana Bettei," "Gyokuhokan" and "Seiryuso" hot-spring inns in the Izu area of Shizuoka Prefecture.

2. Method of calculating sales, profit, assets, and other items for reported segments

The methods of accounting for reported segments are based on the principles and methods of accounting adopted for the purpose of preparing the consolidated financial statements.

The segment profit as reported is a figure based on operating income.

Inter-segment sales or exchange are based on prevailing market prices.

3. Information on net sales, profit, assets, other items for reported segments and revenue breakdown

(Millions of yen)

	Reported segment					Other segments (Note) 1	Total	Adjustment (Note) 2	Amounts shown on Consolidated Financial Statements (Note) 3
	Real estate development segment	Real estate management segment	Construction segment	Japanese inn segment	Subtotal				
Net sales									
Newly built condominiums	27,748	—	—	—	27,748	—	27,748		27,748
Pre-owned condominiums	40,410	—	—	—	40,410	—	40,410		40,410
Other	213	3,424	4,777	1,279	9,694	—	9,694		9,694
Revenue from contracts with customers	68,372	3,424	4,777	1,279	77,853	—	77,853		77,853
Other revenue (Note) 4	6,553	228	—	—	6,781	53	6,835		6,835
Net sales to external customers	74,925	3,652	4,777	1,279	84,634	53	84,688		84,688
Inter-segment sales or exchange	15	427	56	17	517	—	517	(517)	—
Total	74,940	4,080	4,833	1,297	85,151	53	85,205	(517)	84,688
Segment profit	7,064	948	148	47	8,208	35	8,244	6	8,250
Segment assets	74,357	8,973	4,270	1,798	89,400	1,699	91,099	(2,161)	88,938
Other items									
Depreciation	271	3	0	94	370	0	370	(1)	368
Increase (decrease) in property, plant and equipment and intangible assets	339	115	2	2	459	—	459	(0)	459

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

2. Details for adjusted amounts are listed below.

Segment profit

(Millions of yen)

Elimination of inter-segment transactions	(151)
Company-wide expenses	157
Adjustments of inter-segment inventories and non-current assets	0
Total	6

Segment assets		(Millions of yen)
Elimination of inter-segment transactions		(2,138)
Adjustments of inter-segment inventories and non-current assets		(22)
Total		(2,161)

Depreciation		(Millions of yen)
Adjustments of non-current assets		(1)

Increase (decrease) in property, plant and equipment and intangible assets		(Millions of yen)
Adjustments of non-current assets		(0)

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

4. "Other revenue" mainly consists of revenue from real-estate rents. Revenue is recognized based on the duty of performance outlined in the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan (ASBJ) Statement No. 13, March 30 2007).

II Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

1. Overview of reported segments

It is possible to obtain separate financial information for our corporate group's reported segments from among the constituent units of our company. This information is subject to periodic review by the Board of Directors in order to make decisions regarding the distribution of management assets and to evaluate business performance.

The four reported segments are composed of a real estate development segment which is conducted by our company, FJ Next Co., Ltd. and FJ Next Residential Co., Ltd., a real estate management segment conducted by FJ Community Co., Ltd. and Ito Ippeki Management Services Co., Ltd., a construction segment conducted by Resitec Corporation, and a Japanese inn segment conducted by our company and FJ Resort Management Co., Ltd.

The real estate development segment mainly performs the development, sales, brokering and leasing of one-room condominiums and family condominiums in the Tokyo metropolitan area, as well as real estate activities in the Izu region. The real estate management segment mainly performs leasing management for condominium owners, subcontracting of property management from management unions and holiday-home-area management for holiday-home-area owners. The construction segment performs design, construction, inspection and renovation of buildings such as condominiums. The Japanese inn section runs the "Ito Yuki Tei," "Ito Yuki Tei Kawana Bettei," "Gyokuhokan" and "Seiryuso" hot-spring inns in the Izu area of Shizuoka Prefecture.

2. Method of calculating sales, profit, assets, and other items for reported segments

The methods of accounting for reported segments are based on the principles and methods of accounting adopted for the purpose of preparing the consolidated financial statements.

The segment profit as reported is a figure based on operating income.

Inter-segment sales or exchange are based on prevailing market prices.

3. Information on net sales, profit, assets, other items for reported segments and revenue breakdown

(Millions of yen)

	Reported segment					Other segments (Note) 1	Total	Adjustment (Note) 2	Amounts shown on Consolidated Financial Statements (Note) 3
	Real estate development segment	Real estate management segment	Construction segment	Japanese inn segment	Subtotal				
Net sales									
Newly built condominiums	32,188	—	—	—	32,188	—	32,188		32,188
Pre-owned condominiums	47,404	—	—	—	47,404	—	47,404		47,404
Other	383	3,772	8,907	1,260	14,324	—	14,324		14,324
Revenue from contracts with customers	79,976	3,772	8,907	1,260	93,918	—	93,918		93,918
Other revenue (Note) 4	6,229	210	-	-	6,439	47	6,487		6,487
Net sales to external customers	86,206	3,982	8,907	1,260	100,358	47	100,405		100,405
Inter-segment sales or exchange	14	384	45	19	464	—	464	(464)	-
Total	86,221	4,367	8,953	1,280	100,822	47	100,869	(464)	100,405
Segment profit	7,930	1,087	380	3	9,401	15	9,417	14	9,431
Segment assets	79,531	9,074	6,588	1,738	96,932	1,408	98,340	(3,059)	95,281
Other items									

Depreciation	270	5	0	89	366	0	367	(6)	360
Increase (decrease) in property, plant and equipment and intangible assets	275	6	-	0	282	2	285	(0)	284

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

2. Details for adjusted amounts are listed below.

Segment profit	(Millions of yen)
Elimination of inter-segment transactions	(146)
Company-wide expenses	151
Adjustments of inter-segment inventories and non-current assets	9
Total	14

Segment assets	(Millions of yen)
Elimination of inter-segment transactions	(3,044)
Adjustments of inter-segment inventories and non-current assets	(15)
Total	(3,059)

Depreciation	(Millions of yen)
Adjustments of non-current assets	(0)

Increase (decrease) in property, plant and equipment and intangible assets	(Millions of yen)
Adjustments of non-current assets	(14)

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

4. "Other revenue" mainly consists of revenue from real-estate rents. Revenue is recognized based on the duty of performance outlined in the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan (ASBJ) Statement No. 13, March 30 2007).

(Related information)

Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)

1. Information regarding products and services

Information is omitted here because similar information is listed as segment information.

2. Regional information

(1) Sales

No applicable items exist because there are no branches or consolidated subsidiaries located in countries or regions other than Japan.

(2) Property, plant and equipment

No applicable items exist because there are no branches or consolidated subsidiaries located in countries or regions other than Japan.

3. Information regarding major customers

Information is omitted because, within sales to external customers, there are no sales to specific customers which compose 10% or greater of the consolidated statement of income.

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

1. Information regarding products and services

Information is omitted here because similar information is listed as segment information.

2. Regional information

(1) Sales

No applicable items exist because there are no branches or consolidated subsidiaries located in countries or regions other than Japan.

(2) Property, plant and equipment

No applicable items exist because there are no branches or consolidated subsidiaries located in countries or regions other than Japan.

3. Information regarding major customers

Information is omitted because, within sales to external customers, there are no sales to specific customers which compose 10% or greater of the consolidated statement of income.

(Information regarding the impairment loss of non-current assets for reported segments)

Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)

No applicable items exist.

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

No applicable items exist.

(Information regarding the amortization of goodwill and unamortized balances for reported segments)

Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)

No applicable items exist.

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

No applicable items exist.

(Information regarding the gain on negative goodwill for reported segments)

Previous consolidated fiscal year (From April 1, 2022 to March 31, 2023)

In the real estate management business segment, the Group acquired shares of Ito Ippeki Management Services Co., Ltd., making that company a consolidated subsidiary, generating negative goodwill. The appropriated amount of income on negative goodwill from this phenomenon was ¥29 million in the consolidated fiscal year under review. This income on negative goodwill constitutes extraordinary income, so it is not included in the above segment income.

Current consolidated fiscal year (From April 1, 2023 to March 31, 2024)

No applicable items exist.

(Notes on Business Combinations, etc.)

Transactions under Common Control, etc.

(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 business operated by FJ Next Co., Ltd., a consolidated subsidiary of our company.

Business activities: Family-type condominium business

(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

The purpose of this company split is to clarify management responsibilities for family-type condominium business and enable speedy management decision-making.

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.

(Significant Subsequent Events)

No applicable items exist