

Haseko Group

Integrated Report

2023





Noriaki Tsuji

Haseko Corporation
Chairman and Director

To our stakeholders

The Corporate Philosophy of the Haseko Group is “To contribute to society by creating an optimal environment for cities and people.” Under this philosophy, we have been supported by our customers and other stakeholders as a corporate group for housing to create great living. Toward a “further leap forward as a corporate group for housing to create great living,” which is what the Company aims to be for the fiscal year ending March 31, 2030, our goal is to provide safe, secure, and comfortable housing. We hope to serve society and our stakeholders by striving to promote initiatives that align with Japan’s circumstances in the future, such as those for providing environmentally-friendly housing and housing for the elderly with a focus on for-sale condominiums; and for carrying out redevelopment, reconstruction, and other projects.

While we continue to work toward resolving social issues, we will step up initiatives for future growth by strengthening the competitiveness of core businesses, expanding investment in the Real Estate-Related Business, and investing in DX and human assets, all of which are focused strategies set out in Plan NS. Additionally, we are committed to advancing our progress as a sustainable corporate group by implementing management with a keen awareness of capital efficiency through accelerated growth strategy investment and enhanced shareholder returns, while maintaining a strong financial base.

The Haseko Group Philosophy

Corporate Philosophy

To contribute to society by creating an optimal environment for cities and people.

Principles of Conduct

1. **Customers First:** To provide the highest quality and best services to customers
2. **Sincerity:** To work with sincerity and earn customer trust
3. **Challenge:** To create new domains by exercising our comprehensive strengths and ability to take action
4. **Thankfulness and Pride:** To be always thankful, and work with confidence and pride
5. **Integrity:** To be a responsible societal citizen with ambition and integrity

Group Slogan

Aiming to become a corporate group for housing to create great living

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Editorial policy

The Haseko Group Integrated Report 2023 has been positioned as a tool for communicating with a wide range of stakeholders. It introduces the medium-term business plan, business strategies, CSR initiatives, and the Haseko Group’s growth (value creation) story. We hope that this report will help you better understand the Group.

Period covered

FY2022 (April 1, 2022–March 31, 2023)

Note, however, that some information from outside this period is also included.

Organizations covered

Haseko Corporation, 84 subsidiaries, and nine affiliate companies.

Issued in: December 2023

Disclaimer concerning forward-looking statements

The forward-looking statements included in this report are based on the Company’s views at the time of its preparation. Please understand that actual results may differ from the forecasts included due to changes in a variety of factors.

Referenced guidelines

Haseko Group Integrated Report 2023 has been prepared using the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) and the GRI Standards issued by the Global Reporting Initiative (GRI) as references.

Responding to people's diverse needs by creating new value

We will endeavor to deliver richness in housing and living

Kazuo Ikegami

Haseko Corporation
President and Representative Director

Thank you very much for reading the Haseko Group Integrated Report. The Corporate Philosophy of the Haseko Group is "to contribute to society by creating an optimal environment for cities and people," and we have developed various businesses centered on condominiums as a "corporate group for housing to create great living." I would like to express our deepest gratitude to all our stakeholders for their tremendous support of our growth to date. At the same time, I wish to explain the approach to housing and living that the Group has pursued over the years, as well as our management policy for the future.

In April 2020, I assumed the position of President and Representative Director and began implementation of the "HASEKO Next Stage Plan (Plan NS)," the business plan for the five years until the fiscal year ending March 31, 2025. Initially, I found myself in a difficult situation as COVID-19 spread throughout society and a state of emergency was declared, but this led to the proliferation of remote working and the birth of new trends that would make people rethink housing. The housing market was booming, thanks in part to low interest rates, and the Group's performance recovered

from the second fiscal year of the plan. In addition, we raised wages in fiscal year 2023 to reward employees for their hard work amid the difficult environment caused by the recent high inflation worldwide. And besides improving employee compensation, we will be fostering autonomous human resources and career development, developing innovative human resources and global human resources, providing DX education, and so on.

Next, I would like to discuss the major changes surrounding our company that have taken place over the past three years since we started executing Plan NS. The first concerns the way Japanese people think about housing. Due to the sharp rise in working from home during the COVID-19 pandemic, the amount of time people spent at home increased. The home, which used to be a place to return to and spend time in after work, became a shared space for the entire family for much of the day. Many people took a fresh look at their current home and realized that they wanted to move to one that would offer them a more comfortable lifestyle. This developed into a trend, and with low mortgage rates also providing a tailwind, we saw a



sudden shift among homebuyers to purchase relatively spacious condominiums in suburban areas with good environments. My entire career since I joined the Company has been spent on the design side, and in the course of this career, I have given a great deal of thought to what constitutes “the richness of housing,” and it is something that I continue to pursue today.

When we consider what housing is, we realize that the most important aspect is that it makes all members of the family living in that home happy and able to spend time there with peace of mind. A home creates a life for a family, generates memories for them, and gives them a history. I believe that housing that has the depth to be altered freely as the family grows is another aspect that will enrich people’s lives.

The officers and employees of the Group move forward with their day-to-day work with the desire to enrich housing in Japan by pursuing *ideal living environments for cities and people*. As a company with Japan’s leading track record in condominium construction, we are aware that we tasked with fulfilling a social mission and social responsibilities, and we intend to actively respond to the new housing needs that have emerged since the pandemic, which can be summed up as *the wish of people to live in better homes*.

The second big change is the rapid advance of DX.

We have been leading the industry in proactively bringing DX to the construction site, with our moves including our introduction 13 years ago of Building Information Modeling (BIM), a system that performs design tasks in 3D on a computer. We have long pursued digitization, using tablets and smartphones to check drawings and completion rates, for example, but the COVID-19 pandemic prompted a sudden acceleration of the DX trend. When I personally visit our sites and talk to the

workers, they often tell me that DX has greatly transformed their work on the ground. Ways of working on the frontline have certainly changed, and production efficiency has increased, as evidenced by a decrease in the number of working hours per day.

Making construction sites smarter and easier to work at

The number of women on construction sites is increasing. They include not only Haseko’s employees, but also personnel from specialized contractors, such as reinforcing-bar placers, but a shortage of workers remains an issue. In addition, the construction industry will see the introduction of an upper limit on overtime with penalties for violations in fiscal year 2024. As I mentioned above, progress is being made with DX on the construction site, with the introduction of BIM an example of this, but I myself want to accomplish the challenge of making construction sites smarter and easier to work at via a production revolution driven by further DX.

Specifically, we will increase productivity by 20% by the fiscal year ending March 31, 2025, the final year of Plan NS. Currently, we have the capacity to handle orders of 500 billion yen, but a 20% increase in productivity will lift that figure to 600 billion yen, enabling us to further expand our market share. I view this as our key mission in condominium construction.

Aiming to optimize living through LIM

The Group uses the term “Living Information Modeling (LIM)” to describe a system for measuring and centralizing information related to living accumulated by condominium buildings, such as the condition of the building, the use of facilities, and residents’ movements since people started living in it. We have created a platform called the “HASEKO

Haseko Group Long-Term Vision — What the Company Aims to Be for the Fiscal Year Ending March 2030 —

Further Leap Forward in a Corporate Group for Housing to Create Great Living

The Company will endeavor to specifically realize its Corporate Philosophy of “To contribute to society by creating an optimal environment for cities and people” by responding to changes in social conditions, including the aging society with fewer children, decreasing population, trends for “compact cities,” disasters, aging buildings, environmental awareness and energy saving and community formation. For these purposes, the Company will aim to make a further leap forward in a “corporate group for housing to create great living,” both in terms of physical products and services and know-how by combining its initiatives on rental housing, housing for the elderly, commerce, nursing care, childcare, healthcare, medical care and education, etc., with a focus on for-sale condominiums.

“The continuous evolution of BIM and LIM is having a significant multifaceted effect on construction sites and our business model as a whole.”



BIM & LIM Cloud” for housing and living information, and are pursuing initiatives aimed at improving productivity in the design and construction of condominiums and in the quality of life of residents. With our own rental condominium project, “Sustaina Branche Hongyotoku,” we have investigated such areas as the improvement of sleep quality, the relaxing effect of forests, IoT housing that adapts to change, responses to disasters such as earthquakes and intense downpours, and security systems employing face recognition and AI to accelerate action to optimize living through LIM.

In addition, we have gathered together all manner of functions related to the condominium business, from construction to management and repair, within the Group. Among those functions, condominium management requires a great deal of manpower. Solving the problem of the quality of service being affected by the qualities of the individual workers requires the introduction of digital technology and the development of software to manage large numbers of condominiums appropriately with a small team, while working to ensure that services are leveled out. For management associations that are facing the shortage of people to fill committee positions due to the aging of the population, software that will support their activities will also be needed. It will take time to give concrete shape to these solutions, but we intend to make adequate investment for the development of this sort of software.

Even after we have built condominiums as designed and handed them over to the new owners, we continue to provide a variety of services to support the day-to-day living of the residents. Going forward, I believe it will remain important not only to manage and repair condominiums based on consumer information and opinions/requests

related to daily living, but also to continuously devise and develop new services. Therefore, another major mission for me will be to make use of big data. The Group has all manner of data related to condominiums, from real estate to construction, sales, management, and repairs. We will digitize all this information, link it together, and put it into a form that will allow any Group company to access the information with ease. We are currently in the process of building the mechanisms for this. By using the kind of big data that is unique to our company, we will create new businesses. I hope to accomplish this by 2030.

To that end, we have come up with the education slogan of “continuously produce autonomous human resources and nurture a diverse workforce that will shape the future of Haseko,” positioning this as a priority initiative in Plan NS. We are also investing in human resources to give shape to DX. We have launched the DX Promotion Committee, with Group-company presidents as members, alongside a DX training initiative called “DX Academy.”

So far, we have run the “DX Changing The Mindset Program” for all officers and employees, the “Innovation Leader Development Program” for selected mid-level and young employees, and the practical “DX Literacy Course” for general managers of departments. We will continue to focus on the development of specialist personnel through DX in order to deliver richness in housing and living for the future.

Embracing the challenge of creating new value for condominiums

We also view action to protect the earth’s environment as vital. In 2021, we established a climate change response policy, HASEKO ZERO-Emission, for the Group, and are aiming to achieve carbon neutrality by 2050. All for-sale

condominiums whose design was commenced in or after fiscal year 2022 and all Haseko-owned rental condominiums are being made into Net-Zero Energy Houses (ZEH), and we are increasing their insulation and the energy-saving performance of equipment for air conditioning, water heating, lighting, and so on. We are also working to promote the adoption of H-BA concrete, an environment-conscious concrete that we developed in house. In May 2023, we completed the switch to renewable energy sources for the electricity used at all Haseko Corporation construction sites. And we are planning to complete the same switch for the electricity used at all Group construction sites by the end of 2025.

For many years, Japan remained in a “scrap-and-build” era, with buildings being constructed, torn down, and then rebuilt. However, with society maturing and the reduction of environmental impact now a goal, we are moving into an era of “stock and renovation,” with buildings remaining in use for a long time and the existing stock being utilized. Sustaina Branche Hongyotoku, which I mentioned earlier, is a project to renovate a former corporate housing complex into a rental condominium, and will be the first renovated property in Japan to achieve net-zero CO₂ emissions when the building is in use.

In addition, we have taken on the challenge of using wood in condominium construction, which is our main forte. The use of wood as a material means that carbon is trapped inside the wood itself, which allows CO₂ emitted in the manufacture and disposal of materials to be reduced. The charm of wood as a material is also not to be overlooked. Such elements as the aroma that comes from the wood, the beauty of the grain, and the softness and warmth of the wood’s surface when touched all have a significant impact

on people’s five senses, giving wood the power to create richness in living spaces.

We want to create soothing spaces in condominiums that are surrounded in reinforced concrete. For this reason, we had already been using wood in the common-use facilities of our condominiums for several years, but in February 2023, we completed “Bransieta Urayasu,” our first rental condominium with the top-floor residential units, i.e., private-use areas, made of wood. A project is currently also underway to convert the upper four floors of a building in Tokyo to wooden construction. As for interiors, we are endeavoring to use wood for 45% of interior fixtures such as ceilings, floors, walls, and doors in the aforementioned Sustaina Branche Hongyotoku renovation.

Our Corporate Philosophy is “to contribute to society by creating an optimal environment for cities and people,” and we regard creating a style of living a spiritually rich life alongside nature is another one of our important jobs. At the same time, we will properly incorporate technologies to counter increasingly severe disasters, and by combining these technologies, I believe we will be able to contribute to the creation of affluent lifestyles for people.

“Getting the most out of their qualities” as a key theme

In the late 1980s, we established a “Housing Style Proposal Project Office” in our design department. This office was staffed entirely by female employees, who actually lived in condominiums, used their unique perspectives to notice areas that could be improved, and then turned their ideas into commercial products. So we are a corporate group that has valued the active participation and individuality of women for decades before concepts like CSR and D&I became commonplace. We have set a target of 150 billion

yen in consolidated ordinary income, profit level for the fiscal year ending March 31, 2030, and one of the key background factors to this is that in modern society, in which the housing and lifestyles of people are diversifying, it is essential to bring together the perspectives of diverse human resources if we are to continue creating new value. The Group will strive to create workplaces and environments in which each and every employee can give full play to their capabilities and skills, with “getting the most out of their qualities” as a key theme, as stated in the Haseko Group Diversity & Inclusion Promotion Policy, which we formulated in May 2023.

Continuing to progress toward tomorrow without stopping

The Group has pursued the possibilities of condominiums as a form of housing, and popularized the condominium lifestyle in Japan. We have also set the standard for present-day condominiums through advanced technological developments that lead the industry. In this field, therefore, we pride ourselves on being a group of experts possessing various types of knowledge and experience. However, while this is our greatest strength, at the same time it may also be a weakness. If we continue to focus solely on expertise, we will not be able to survive 30 or 50 years into the future.

After the collapse of Japan’s bubble economy at the beginning of the 1990s, and also following the failure of Lehman Brothers in the late 2000s, we were plunged into a management crisis and experienced extremely difficult times. However, thanks to the understanding and support of our stakeholders, and the fact that all officers and employees shared the same sense of crisis and worked desperately hard day in and day out, we were able to navigate through and emerge from these painful phases. The experiences of those days are the foundation that supports our company today, and are now our biggest strength.

While a myriad of uncertainties lie ahead for society both inside and outside Japan, even if something unexpected were to happen, the Haseko Group possesses the experience to survive with tenacity. Moreover, the “Haseko Group Long-Term Vision,” which describes what the Company aims to be for the fiscal year ending March 31, 2030, serves as an expression of our powerful desire to achieve our goals. For the target profit level, we decided to set a surprisingly lofty goal. We will be incapable of accomplishing this objective if we view the future as merely an extension of the past. Raising the level of motivation among all employees will be critical.

Increasing our long-term value as a corporate group through sustainability-oriented management

People’s values change dramatically during transitions from one era to the next. As a corporate group operating in the field of housing, an essential industry for enabling people to live their lives, we believe it is vital for us to lead the way in resolving social issues and driving change, and to aim to bring about a sustainable society through our various businesses.

I think that during the past 20 years, there have been significant differences in action on sustainability among companies and organizations. In recent years, however, we have witnessed rapid changes in attitudes and behaviors, and now even in Japan, sustainability-related disclosures have become mandatory and various regulations have been introduced. Amid such an environment, we will do more than just meet the minimum requirements required by regulations and rules. The Group will boldly take on the challenge of creating new value and generating innovation by proactively addressing sustainability in accordance with our management strategy.

Housing is the foundation for living and plays an important role as the base that enables people to create families and live with connections to the local community. For this reason, the provision of quality housing forms the basis for people to live independently and with dignity. It is important to provide housing and living environments that allow all people, regardless of age, gender, culture, physical condition, or other individual differences, to enjoy secure and fulfilling lifestyles throughout their lives, and I view this as the key role that the Group should play for society.

The Haseko Group will continue to work diligently to ensure the sustainability of our business, which relates to housing and living as social infrastructure, and to deliver safe, secure, comfortable, and affluent lifestyles to our customers. We ask our stakeholders for their continued understanding and warm support for the business of the Group.



“We will endeavor to develop and provide richness in housing in the truest sense, with no need to be limited by factors such as the size of one’s home—”

Creation of Housing that the Times Demand

—Histories of Housing Complexes and Haseko—

The Haseko Group has been endeavoring to provide safe, secure and comfortable housing by constantly responding to social challenges, which change with the times. Going forward, we will continue to aim to deliver a better life to the people.



For details, please visit our website:
<https://www.haseko.co.jp/hc/english/company/history.html>



1937

Founding of Hasegawa Komuten in Amagasaki, Hyogo

Needs

The intensification of the war boosted demand for the construction of munitions facilities. After the war, the number of construction works for schools and other public buildings increased rapidly.

Haseko's response

- Before the war, Haseko developed its business as a constructor of wooden factory and office buildings by securing contracts mainly from the private sector.
- In the immediate postwar period, it worked on many public building projects, such as school construction. Afterwards, the Company won a contract for its first reinforced concrete construction of an apartment building, which led to a leap in its development.

1960s—

Age of popularization of Condominiums

Needs

With the total population reaching over 100 million, there was growing demand for housing complexes amid the high-growth period of the Japanese economy. The establishment of the Act on Building Unit Ownership, etc. in 1962 led to the introduction of a new form of residence, for-sale condominium, and the government's home ownership scheme also brought about a quantitative expansion.

Haseko's response

- In 1968, the Company embarked on the construction of its first condominium, working on the streamlining of production technologies and research and development thereof, including after-sales complaints handling.
- The development of Haseko's proprietary mass housing supply system "CONBUS (Condominium Building System)" for standardized houses contributed to the quantitative spread of condominiums as well as to the improvement of housing standards.



Ashiya Matsuhama Heights, the first condominium Haseko constructed



CONBUS series

1980s—

Age of Diversified Needs for Condominiums

Needs

Changes in lifestyle and family structure and an increase in investment properties diversified the needs for condominiums. In the wake of the introduction of the Warranty Program for Houses for for-sale condominiums in 1993 and the Great Hanshin-Awaji Earthquake in 1995, people began to place greater emphasis on the basic performance of condominiums.

Haseko's response

- A technical research institute, the industry's first software-tech think tank, and a multidisciplinary laboratory (currently, Haseko Research Institute, Inc.) were established to drive the research and development of products and technologies that reflect the market needs.
- We put our efforts into visualizing the basic performance of condominiums that had not been visible before by utilizing the Housing Performance Indication Mark, a proprietary indication mark that we had introduced ahead of the industry and by installing the industry's first Naked Room.



Proprietary housing performance indication mark



Acro City Towers, the first skyscraper condominium Haseko constructed

2000s—

Age of Safety and Security

Needs

Following a succession of scandals in the construction industry, including the earthquake-resistance data falsification scam, compliance came to assume more importance. Furthermore, frequent natural disasters, including the Great East Japan Earthquake in 2011, brought about an age where people became more conscious of the safety and security of condominiums.

Haseko's response

- Following the enforcement of the Act for Promotion of Long-Life Quality Housing in 2009, we were accredited with Japan's first Long-Life Quality Housing certification for for-sale condominium.
- We developed and commercialized a next-generation condominium archetype "Be-Next," which allows both enhanced basic performance and customizability.
- We also promoted the construction of disaster-resilient condominiums by taking disaster control measures from both the hardware and software perspectives.



Branchera Urawa, Japan's first condominium certified as Long-Life Quality Housing



Haseko Technical Center and Haseko Condominium Museum, newly established as part of the projects commemorating Haseko's 80th anniversary since its founding

2020s—

Age of Sustainability

Needs

Recently, consumer behavior has changed significantly in the face of the COVID-19 pandemic. We have also entered an age where companies are required to respond to climate change, harmonize with the environment, and respect diversity so as to achieve sustainable growth. We expect to see significant changes in the condominium market along with the changes in social conditions.

Haseko's response

- We are promoting sustainability-conscious business, such as constructing longer-life condominiums and environmentally friendly condominiums.
- We will drive digital transformation (DX) to aim for the further improvement of quality and the provision of new value.
- We are providing condominiums designed to cater to the new normal life in response to the COVID-19 pandemic.
- We are ensuring that all condominiums developed primarily by the Group (projects with design initiated in fiscal year 2022 and later) meet the net-zero energy housing (ZEH) standard.
- We are proactively promoting the ICT-based IoT condominium business.



Renai Yokohama Totsuka, condominium for the new normal

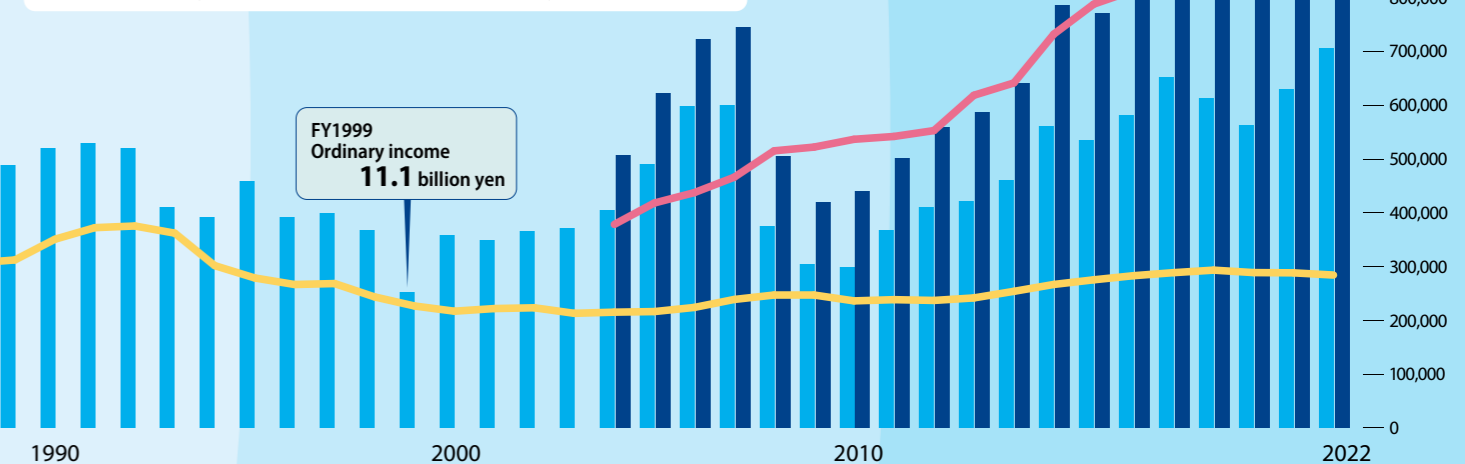
2022
 Exceeded 690,000 units
 Approx. 10% of Japan's for-sale condominium stock



*1 Data are reported as of the end of each period: March 31 for FY1987 and later, and May 31 before FY1987.

*2 The number of employees at the end of fiscal year 1983 declined on a non-consolidated basis due to the spin-off of the sales and brokerage divisions as a separate affiliate company (no consolidated data disclosed).

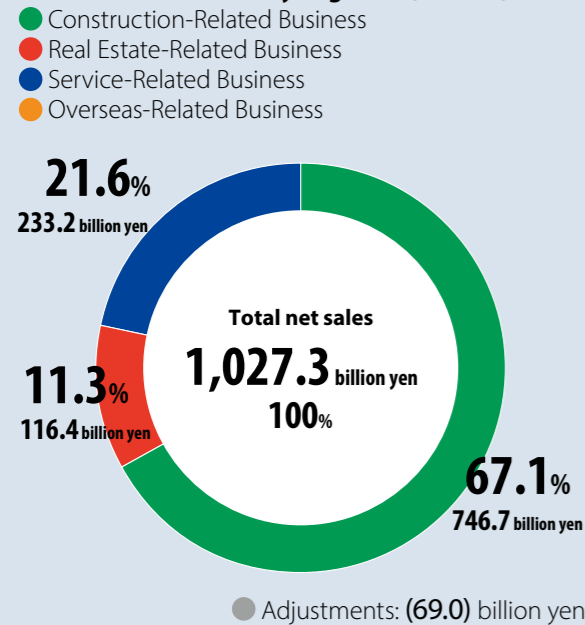
Historical Data of Net Sales (in millions of yen) and the Number of Employees (in persons)



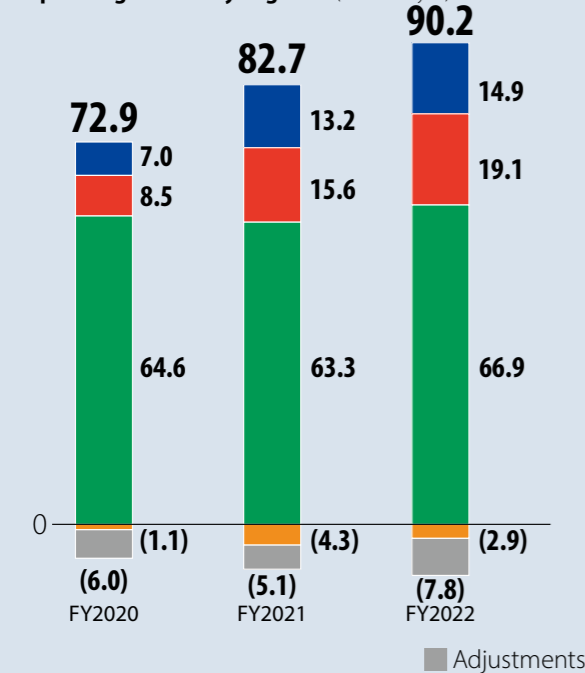
*3 The number of employees at the end of fiscal year 1994 declined on a non-consolidated basis due to substantial transfers to affiliate companies and other factors (no consolidated data disclosed). Source: Haseko Group's 80-Year History (available only in Japanese) and Financial Reports

Business Overview of the Haseko Group

Net Sales Breakdown by Segment (FY2022)



Operating Income by Segment (billions of yen)



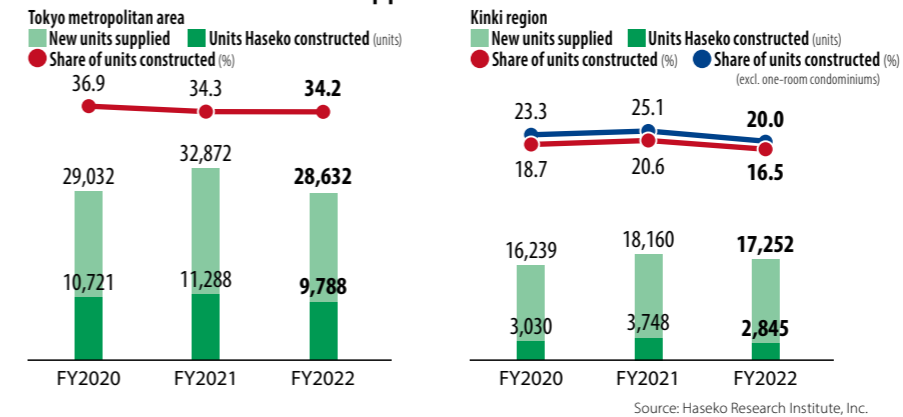
Key Consolidated Data for FY2022

Net sales	1,027.3 billion yen
Operating income	90.2 billion yen
Ordinary income	88.3 billion yen
Net income	59.3 billion yen

Construction-Related Business

Haseko Corporation (or the "Company") is engaged in comprehensive construction services for condominiums and apartments, from planning and design to construction. Fujikensetsu Co., Ltd., Hasec Inc., and Foris Corporation, subsidiaries of the Company, etc. are engaged in the contract construction services and the sales and lease of construction materials and equipment, etc. The Company places orders for part of its operations and construction works; planning, design, and supervision of condominiums, office buildings, and other properties; and construction materials and equipment, etc. to its subsidiaries and affiliates. Hosoda Corporation, a subsidiary of the Company, is engaged in construction and sales of detached houses, etc.

Historical data of new units supplied and share of units constructed

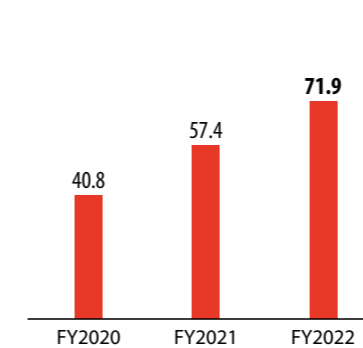


Renai Nishinomiya Koshien

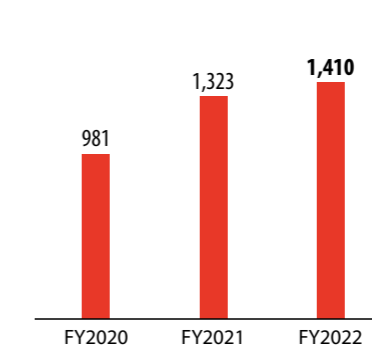
Real Estate-Related Business

Haseko Real Estate Development Holdings Inc., a subsidiary of the Company, supervises the for-sale condominium business. Haseko Real Estate Development, Inc. and Sohgo Real Estate Co., Ltd., subsidiaries of the Company, are engaged in the sales and lease of condominiums. Haseko Home, Co., Ltd., a subsidiary of the Company, is engaged in the sales of detached houses.

Net sales of for-sale condominiums (billions of yen)



Number of for-sale condominium units sold (units)

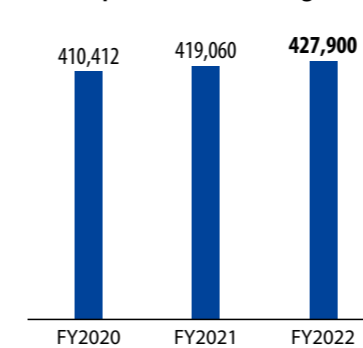


Branchera Takamatsu Nishinomaru Tower The Residence

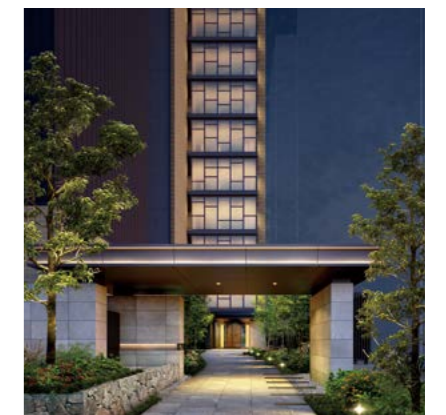
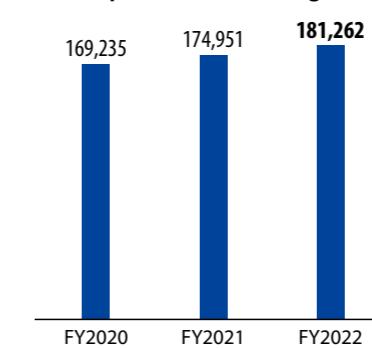
Service-Related Business

Haseko Reform Inc., a subsidiary of the Company, engages in extensive refurbishment and interior remodeling. Haseko Livenet, Inc., a subsidiary of the Company, etc. are engaged in the operation and management of rental condominiums and other properties. Haseko Business Proxy, Inc., a subsidiary of the Company, provides corporate housing management agency services. Haseko Urbest Inc., a subsidiary of the Company, is engaged in the consigned sales of for-sale condominiums. Haseko Real Estate, Inc., a subsidiary of the Company, engages in real estate brokerage operations as well as condominium renovation operations. Haseko Intec Inc., a subsidiary of the Company, is engaged in the sale of furniture. Haseko Systems Inc., a subsidiary of the Company, etc. provide printing and other related services. Haseko Community, Inc., a subsidiary of the Company, etc. are engaged in for-sale condominium building management. Haseko Senior Well Design Co., Ltd., a subsidiary of the Company, operates paid care facilities for the elderly and engages in the nursing-care insurance business.

Number of for-sale condominium units operated and managed (units)



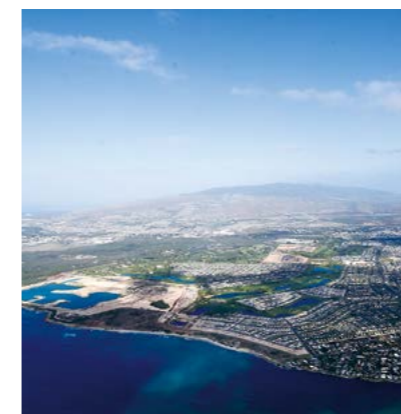
Number of rental condominium units operated and managed (units)



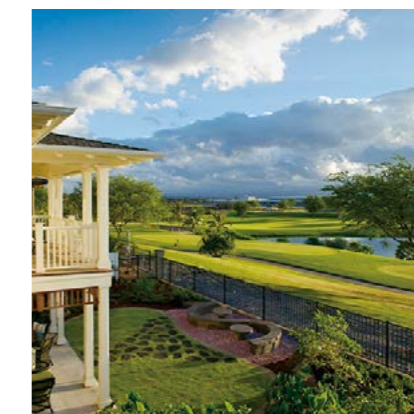
Branchera Okayama

Overseas-Related Business

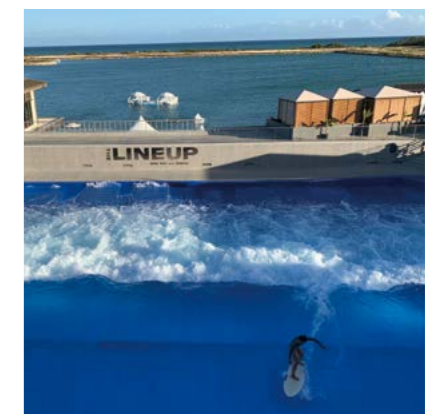
Haseko America, Inc., a subsidiary of the Company, etc. are engaged in the development and sales of real estate in the United States.



Panoramic view of Ewa district, Hawaii



Ewa district, Hawaii



The Wai Kai WAVE, Hawaii

Consolidated Financial and Non-Financial Highlights



Please access additional non-financial information by scanning the QR code.

Key Financial Data (Consolidated)

Item		FY2012	FY2013	FY2014	FY2015
		96th term	97th term	98th term	99th term
Orders	(millions of yen)	349,402	442,751	539,642	551,445
Net sales	(millions of yen)	558,919	587,571	642,167	787,354
Operating income	(millions of yen)	24,329	28,838	42,698	68,762
Ordinary income	(millions of yen)	19,976	25,405	41,889	67,327
Net income attributable to owners of parent	(millions of yen)	13,064	24,830	28,542	51,226
Comprehensive income	(millions of yen)	17,346	31,207	38,440	44,259
Net assets	(millions of yen)	113,805	119,472	144,089	185,374
Total assets	(millions of yen)	460,864	457,408	476,914	589,993
Net assets per share	(yen)	259.89	346.17	478.45	615.21
Basic net income per share	(yen)	41.72	81.36	94.64	170.41
Diluted net income per share	(yen)	32.52	67.98	92.90	—
Equity ratio	(%)	24.7	26.1	30.2	31.3
Return on equity	(%)	12.1	21.3	21.7	31.2
Net cash provided by (used in) operating activities	(millions of yen)	38,231	55,267	39,984	65,590
Net cash provided by (used in) investing activities	(millions of yen)	14,843	29,395	△4,067	△30,801
Net cash provided by (used in) financing activities	(millions of yen)	△24,115	△65,425	△40,235	△16,286
Cash and cash equivalents at end of the year	(millions of yen)	118,239	137,689	133,563	152,115
Interest-bearing debt	(millions of yen)	182,430	147,861	128,245	174,721

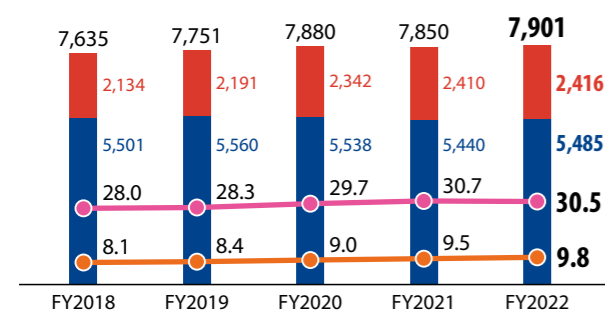
FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
100th term	101st term	102nd term	103rd term	104th term	105th term	106th term
577,811	558,405	568,931	518,847	483,158	546,537	563,474
772,328	813,276	890,981	846,029	809,438	909,708	1,027,277
89,032	100,805	98,430	85,925	72,909	82,702	90,162
88,827	100,497	100,369	85,253	71,832	81,871	88,265
58,762	72,289	87,391	59,851	48,258	54,490	59,326
58,116	74,798	86,214	53,040	53,273	57,958	63,316
238,467	296,835	368,051	387,682	394,365	417,667	454,088
630,937	687,706	773,219	799,319	953,659	1,081,907	1,198,105
791.24	995.44	1,234.13	1,323.51	1,425.93	1,520.73	1,666.30
195.48	214.98	293.87	201.36	168.62	198.32	216.10
—	—	—	—	—	—	—
37.7	43.0	47.5	48.5	41.4	38.6	37.9
27.8	27.1	26.4	15.9	12.3	13.4	13.6
109,536	56,516	33,064	△15,263	31,876	65,448	△51,909
△19,824	△16,351	△14,473	△37,222	△35,772	△31,601	△55,446
△40,213	△34,742	△12,379	△8,356	66,799	15,728	50,785
201,456	206,866	212,980	151,754	214,299	264,864	208,333
141,850	125,441	120,404	152,262	267,951	311,841	391,500

Key Non-Financial Data

Number of Group employees/

- Male (persons)
- Female (persons)
- Female employees (%)
- Female managers (%)

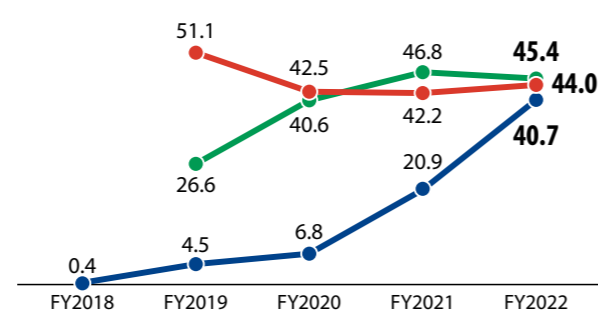
Group: including non-consolidated subsidiaries



The Haseko Group has been proactively appointing female employees to senior roles from an early stage, ahead of the industry. We will continue our active recruitment of women, with a focus on fostering and retaining core and key personnel, while promoting the development of female employees and their proactive appointment to manager positions in line with our human resources development policy.

- Childcare leave taken by male employees (%)
- Spouse maternity leave taken (%)
- Children leave taken (%)

The figures are non-consolidated data of Haseko Corporation.



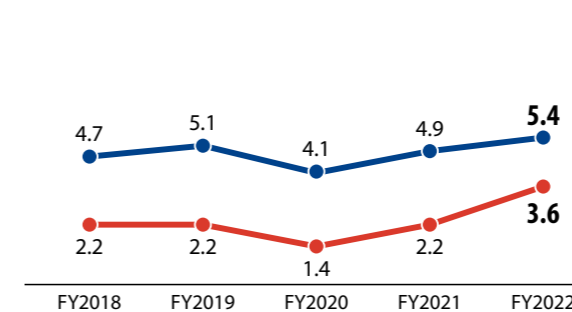
We are working to increase the percentage of male employees taking childcare leave, guided by the *Iku-Boss* Declaration (a statement of commitment by management members in charge of business units to supporting employees in balancing work and family). We further promote this effort by featuring those who have taken such leave in the company newsletter, and other means. Furthermore, in fiscal year 2019, we introduced new paid leaves as our own systems: spouse maternity leave and children leave, which allows employees to attend nursery school events and more.

In April 2023, we extended the applicable period for spouse maternity leave, allowing employees to take one-day paid leave within 15 days from the day before the expected delivery date. The adjustments, including this one, aim to create a more accommodating environment for employees to take leave.

Annual turnover rate of full-time (%)

- Haseko Group
- Haseko Corporation

Group: including non-consolidated subsidiaries



The turnover rate among the younger generation is on the rise due to increased mobility in the labor market. We regard retaining young and mid-level employees, who will lead the Group in the future, as a top priority. In addition to our workplace Brother-Sister mentoring system, experienced employees outside the workplace (commonly referred to as "Nexter"), together with the Personnel Department, provide support and coaching to ensure personnel retention through a three-pronged approach.

Gender wage disparities within the labor force (%)

*Gender wage disparities = (Average annual salary of female workers ÷ Average annual salary of male workers) × 100%

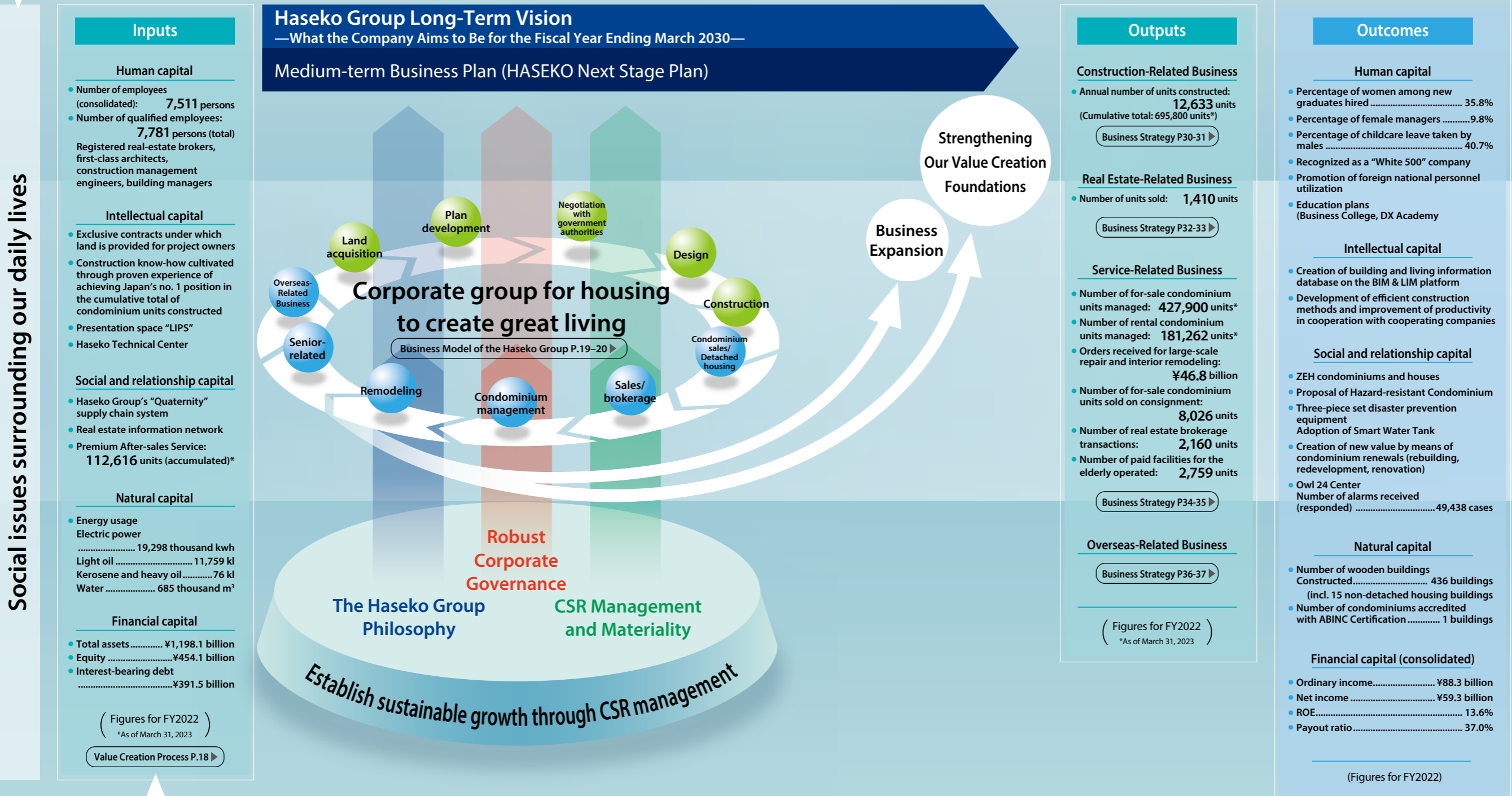
	All workers	Full-time workers	Part-time and fixed-term workers
Haseko Corporation and consolidated subsidiaries in Japan	63.3	59.4	95.5
Haseko Corporation	61.3	61.1	71.7

The gender wage disparities in the Company can be attributed to the average years of service among career-track employees (male: 17.5 years; female: 9.8 years) and the percentage of female managers (4.3%). With the ongoing active recruitment efforts and the expected increase in the percentage of female employees, we believe that the gender wage disparities will diminish. This will be facilitated particularly through creating pleasant workplaces and proactively appointing female managers.

Value Creation Process

We at the Haseko Group adopt a long-term perspective as we aim to address the social issues surrounding our daily lives through business operations. We will deepen coordination among the Group companies and realize a corporate entity that proves to be worthy of the trust received from urban dwellers.

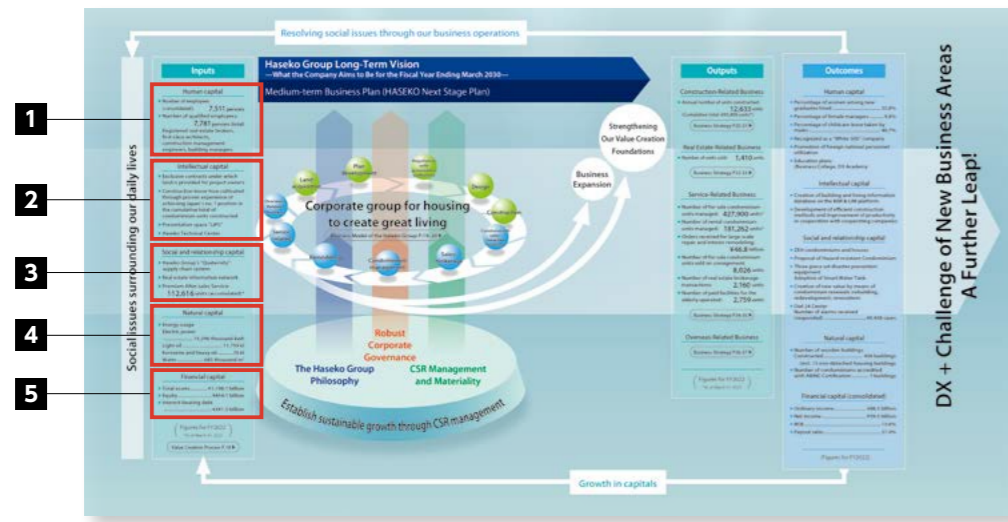
Resolving social issues through our business operations



Social issues surrounding our daily lives

DX + Challenge of New Business Areas
A Further Leap!

Growth in capitals



1 Human capital

Number of Group employees (consolidated)	7,511
Number of qualified employees	7,781
First-class architects	932
First-class building construction management engineers	1,384
Second-class building construction management engineers	848
Licensed representatives of condominium management companies	1,114
Real estate transaction agents	3,503

Based on our philosophy of further enhancing corporate value through investment in and utilization of human assets, we are striving to foster autonomous human resources and organizations that will propel the Group into uncharted fields, while also aiming to evolve our distinctive workstyle reforms and promote diversity.

2 Intellectual capital

- Unique-to-Haseko exclusive contracts, under which land is provided for project owners, set a clear distinction from standard contracts used by general contractors, thereby establishing an advantageous business model.
- We have a long history of constructing condominiums that serve as the foundation of people's lives for a long time, with over 690,000 units completed to date. Construction know-how, cultivated through proven experience of achieving the number one position in Japan for the total number of condominium units constructed, guarantees superior quality in our construction.
- LIPS—which stands for Living, Image, Presentation, Space—is a presentation room that enables project owners to select products and materials promptly and securely by seeing and touching actual offerings as samples. The room regularly exhibits products of approximately 70 manufacturers, including exterior finishing materials, builders' hardware, steel fittings, interior finishing materials, and housing equipment. The Company effectively utilizes LIPS as the base for making specific proposals on planning, design and specifications as well as demonstrating new technologies and new products, etc.
- As one of the projects commemorating the Haseko Group's 80th anniversary since its founding, Haseko Technical Center was completed in March 2018. We have consolidated our technology-related functions, which encompass Haseko

Technical Research Institute, Haseko Group Technical Training Center, and Haseko Community Owl 24 Center, into Haseko Technical Center, while also integrating Haseko Condominium Museum into this consolidation. Haseko Technical Center not only conducts research and technological development aimed at safe, secure and comfortable housing from residents' point of view, but also disseminates information on new technologies, new products, and technology verification targeted broadly at condominium owners, administrative agencies, condominium management associations, and other customers.

3 Social and relationship capital

We are endeavoring to enhance quality through the integrated operation of four bodies (quaternity), consisting of the construction divisions, architecture & engineering divisions, technological promotion divisions, and Ken-ei-kai (an organization of approximately 300 of our main cooperating companies). We have enjoyed a strong relationship of trust with the Ken-ei-kai for more than 25 years, and this quality control framework by quaternity is a strength that no other company has.

4 Natural capital

In the pursuit of business activities that contribute to the preservation of natural capital, we successfully completed the 100% conversion of the electricity used at our construction sites to renewable energy at the end of May 2023.

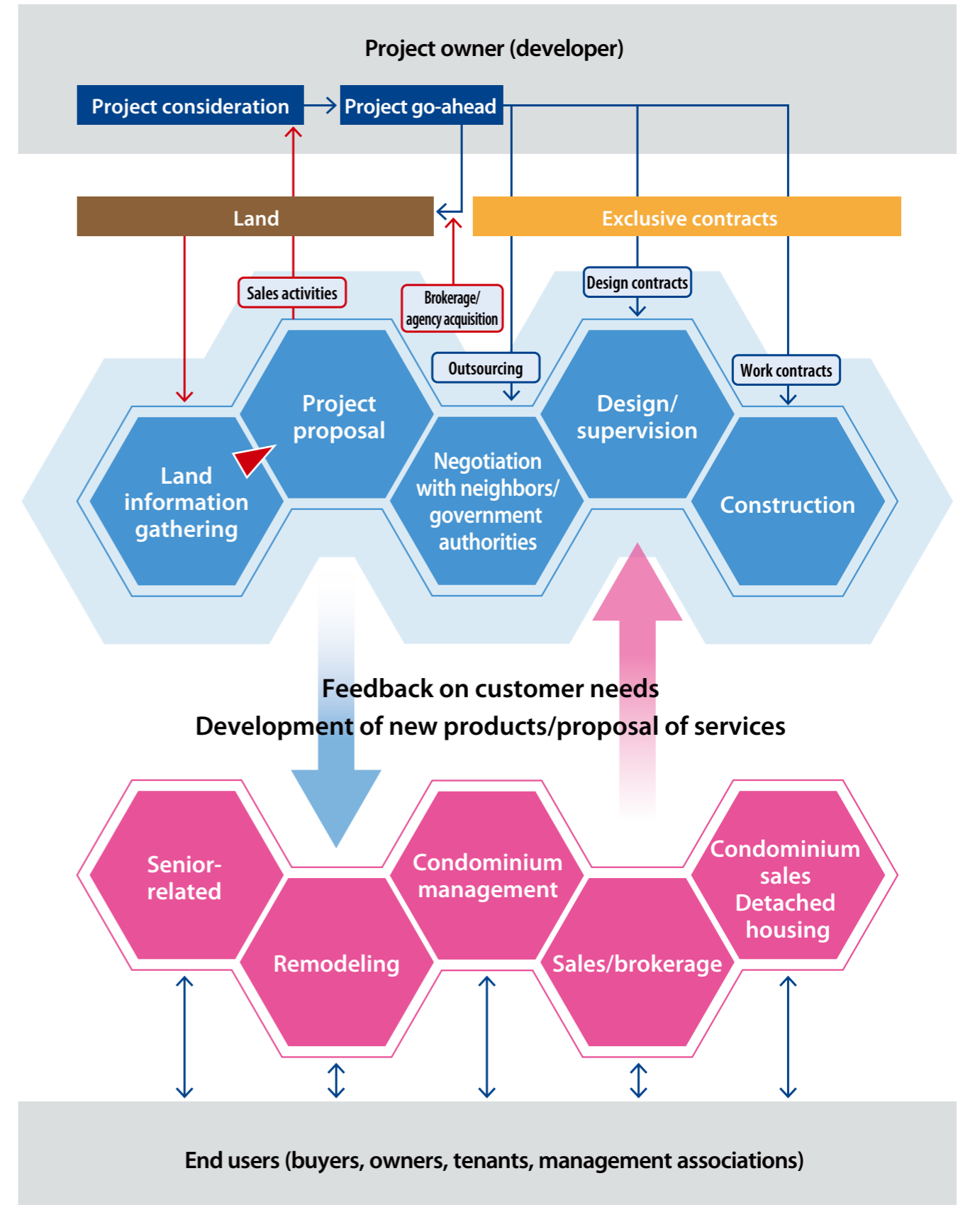
5 Financial capital

Total assets 1,198.1 billion yen
Equity 454.1 billion yen

We will make growth strategy investment to strengthen the competitiveness of our core businesses, to expand investment in the Real Estate-Related Business, and to pursue initiatives for future growth, which are some of the focused strategies in HASEKO Next Stage Plan (Plan NS). Additionally, we are committed to advancing our progress as a sustainable corporate group by maintaining a strong financial base that enables enhanced shareholder returns, and implementing management with a keen awareness of capital efficiency.

Business Model of the Haseko Group

With a focus on for-sale condominiums, we are engaged in various businesses including land information collection, project planning, neighborhood negotiations, permit acquisition, design, and construction. The Group companies provide services in ancillary fields, with the aim of creating optimal environments through the utilization of the collective capabilities of the Haseko Group.



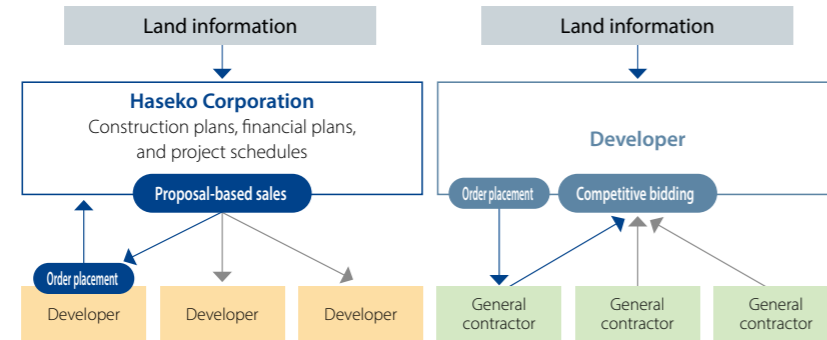
Core Competence

1 Exclusive contracts under which land is provided for project owners

One of the defining features that establish Haseko Corporation as a leading company in the condominium industry is its method of receiving orders known as “exclusive contracts.”

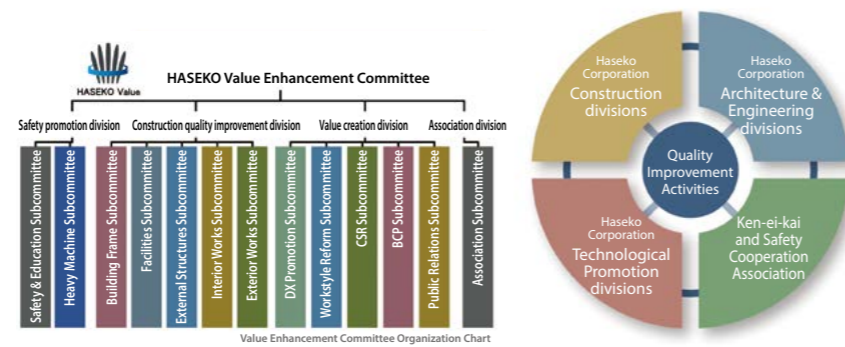
This represents Haseko’s unique business model, in which we provide project owners with land information we have procured and execute proposal-based sales that incorporate our planning. Based on the capabilities in gathering land information and enhanced functions, we develop highly accurate construction plans, financial plans, and project schedules within a brief timeframe, and proceed with proposal-based sales. Furthermore, we accommodate all requirements, including negotiations with neighbors and government authorities.

This business approach, which involves proposing business plans that include land provision rather than just undertaking construction from project owners, has proven to be highly profitable.



2 Quaternity

We are endeavoring to enhance quality through the integrated operation of four bodies, (quaternity), consisting of the construction divisions, architecture & engineering divisions, technological promotion divisions, and Ken-ei-kai (an organization of approximately 300 or more of our main cooperating companies). We have enjoyed a strong relationship of trust with the Ken-ei-kai for more than 25 years, and this quality control framework by quaternity is a strength that no other company has. Since 1991, we and the Ken-ei-kai have been pursuing Autonomous Management Activities, striving to ensure high levels of construction precision and quality control. In 2016, these activities marked their 25th anniversary, and were reinvented as Haseko Value Enhancement Activities. We are aiming to take a further leap forward by utilizing the combined strength of all workers and five subcommittees grouped by type of construction, namely building frame, facilities, external structures, interior works, and exterior works. The outcomes of these activities are conveyed to work sites and relevant departments, and also shared at the “Debriefing Session on Value Enhancement Activities” held once a year, with the goal being to achieve “succession,” “widespread acceptance,” and “collaboration” at a deeper level.



Quality Activities Driven by Cooperation among Four Bodies (Quaternity)

Risks for the Haseko Group

Here we present key matters that we believe could materially affect decision-making by investors. We recognize that the Haseko Group is exposed to various other risks besides these, and strive to do our best to ensure that they do not materialize and to mitigate them through diversification or avoid them altogether.

Nevertheless, it is possible that the Group’s operating performance and financial position could be adversely affected as a result of external factors beyond the Group’s control or events that are at the present time deemed unlikely to occur.

Key matters that could materially affect decision-making by investors

- Dependence on the condominium business
- Construction market trends
- Legal and administrative regulations, etc.
- Relationships with local residents
- Liability for noncompliance with contracts
- Accidents and other incidents in the construction business
- Credit risk of clients
- Owned real estate
- Corporate acquisitions, etc.
- Unbalanced business areas
- Overseas business risks
- Operational risks
- Management of personal information, etc.
- Fund procurement and interest payments
- Stock market trends
- About the Medium-term Business Plan
- Climate change risk

Progress on the Medium-term Business Plan (HASEKO Next Stage Plan)

In 2020, the Haseko Group formulated the Haseko Group Long-Term Vision—What the Company Aims to Be for the Fiscal Year Ending March 2030. Toward achieving the Long-Term Vision, we have embarked on a five-year medium-term business plan, HASEKO Next Stage Plan (“Plan NS”), and are executing growth strategies based on the premise that conditions in society will change.

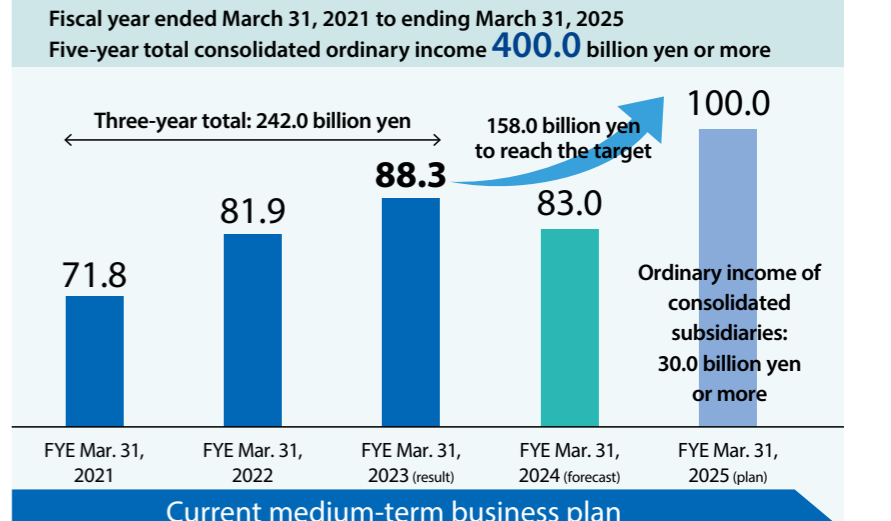
Basic policy and focused strategies under the current medium-term business plan

Name of plan	HASEKO Next Stage Plan (Plan NS)—Aiming for growth to the Next Stage
Period of plan	Fiscal year ending March 31, 2021–2025 (five years)
Basic policy	1 Strengthen corporate management that builds on both the Construction-Related Business, which primarily targets the market for new housing supply, and the Service-Related Business, which is centered on the market related to existing residences etc.
	2 Deepen coordination among the Group companies and realize a corporate entity that proves to be worthy of the trust received from urban dwellers
	3 Provide safe, secure and comfortable housing and urban environment
	4 Establish a stable profit base through growth strategy investment
	5 Maintain a strong financial base and enhance shareholder returns
	6 Challenge for new endeavors from a medium- to long-term perspective
	7 Focus on establishing CSR management
Focused strategies	1 Strengthen competitiveness of core businesses <ul style="list-style-type: none"> Expansion of domain of the Construction-Related Business Expansion of redevelopment and reconstruction business/response to compact cities Continuation and strengthening of the Service-Related Business
	2 Expansion of investment in Real Estate-Related Business <ul style="list-style-type: none"> Expansion of business areas for condominium sales business Rental properties holding and development business
	3 Initiatives for future growth <ul style="list-style-type: none"> Investment for realizing digital transformation (DX) Investment for introducing advanced technologies by the value, technology and innovation division Investment in overseas business New investment Investment in human assets
	4 Investment plan
	5 Financial strategy and shareholder returns
	6 Action for CSR management

Numerical targets

Fiscal year ending March 31, 2025
Consolidated ordinary income 100.0 billion yen
Ordinary income of consolidated subsidiaries 30.0 billion yen or more
Fiscal year ending March 31, 2021–2025
Five-year total consolidated ordinary income 400.0 billion yen

Progress on the current medium-term business plan (consolidated ordinary income) (billions of yen)



Execution status of focused strategies


1 Strengthen competitiveness of core businesses

Promotion of DX at construction sites: Utilization of 3D data at construction sites

We visualize design information in 3D to contribute to improving productivity through improved understanding and close communication.


Reduction of time required for drawing reference drawings

Workers can check the parts that cannot be displayed in 2D.




Construction drawing check

Workers can check the finished shape while checking it with a simple viewer.



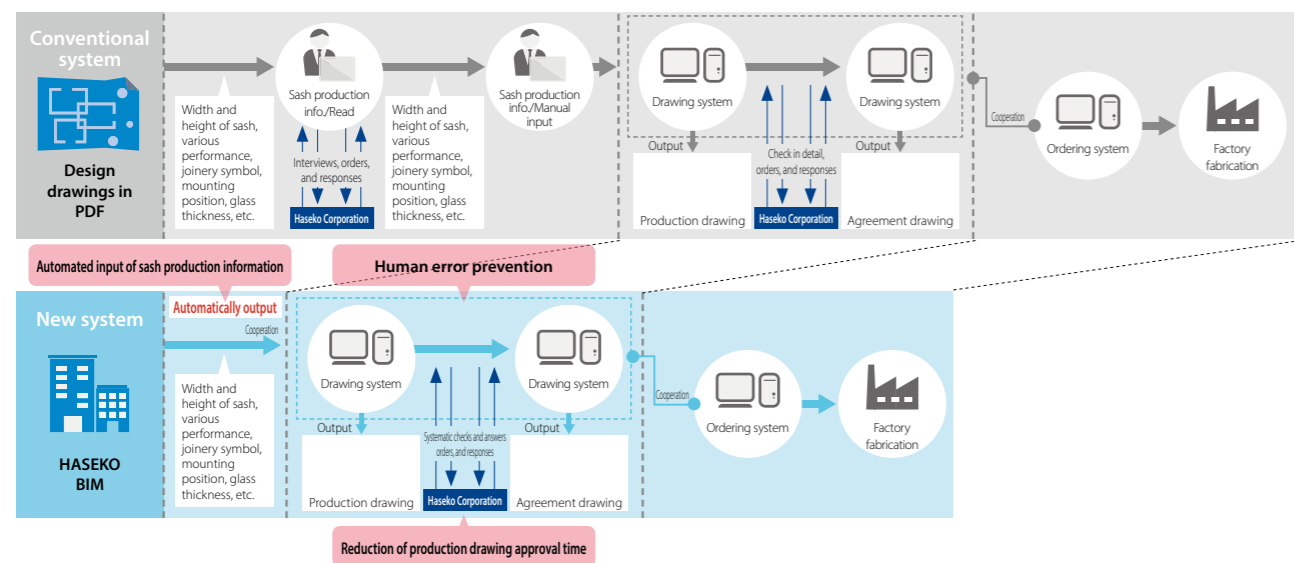
Utilization at cooperating companies

Workers can check the construction status of the site on their smartphone or tablet.



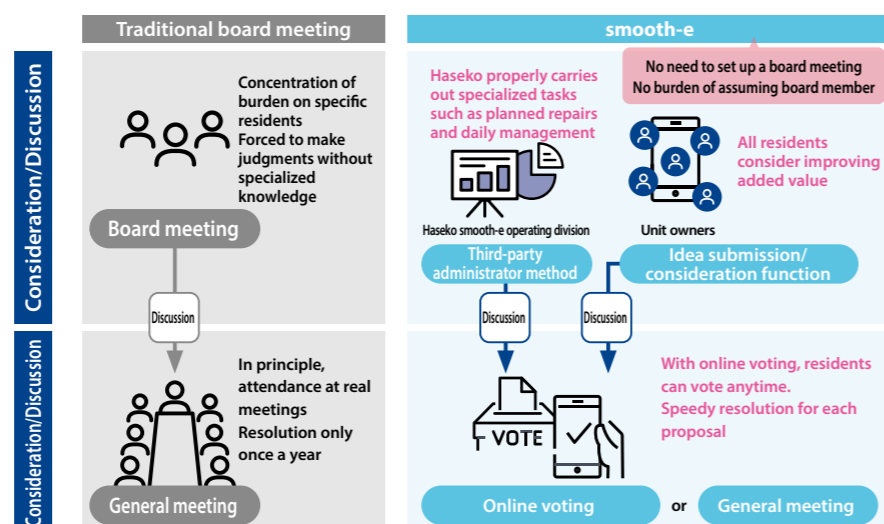
Promotion of DX at construction sites: Information production using BIM data

We constructed an aluminum sash production system for condominiums with the cooperation of sash manufacturers and linked HASEKO BIM with the production systems of sash manufacturers. It shortens input/drawing time, prevents human error, and improves productivity.



Promotion of DX in the Service-Related Business: Services for condominium management associations "smooth-e"

We adopted a third-party administrator method, which does not set up a board meeting. While reducing the burden of managing the management association, this method allows all unit owners to discuss and make decisions to improve the added value of the condominium.




Specific examples of DX promotion


● DX promotion in rental condominiums: Renai Flats Tanimachi 4-chome

Advanced technological equipment creates a smart and new lifestyle.

Facial recognition system to unlock the common entrance with no contact



Common entrance




Conceptual diagram of the facial recognition system

Equipment to enhance living comfort in private spaces

● IoT intercom

A resident can talk to a visitor on the go with their smartphone.



IoT intercom

● Multifunction light

A built-in Bluetooth speaker allows a resident to fully enjoy the powerful sound from the ceiling.



Multifunction light

● IoT gas detector SUMAPIKO

If a gas leak or CO is detected, an alarm goes off to alert people. It also provides weather forecasts and other useful information for daily life.



IoT gas detector SUMAPIKO

● IoT air conditioner

Remote operation ensures year-round comfort. Air purification function "Plasmacluster" is installed.



IoT air conditioner

● DX promotion in paid care facilities for the elderly: Brancheile Kuramae

■ Facial recognition entry/exit system



A facial recognition device with a temperature measurement function simplifies temperature and entry/exit recording.



■ Bathroom presence

detection (in the middle of demonstration)

If a resident stays longer than a certain amount of time in the bathroom, the system notifies the staff to prepare for any eventuality while the resident is bathing.

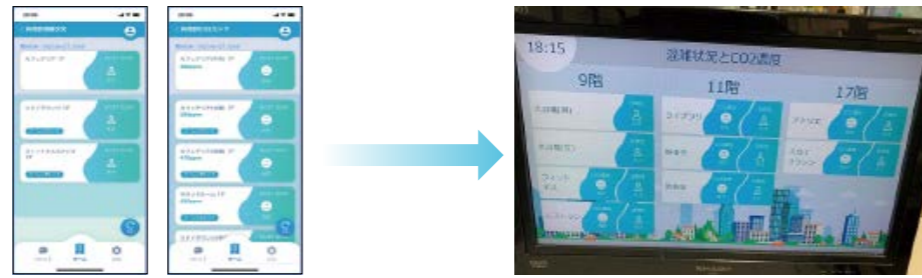



A notification of any abnormality appears on the staff room's PC screen and is heard over intercom (by voice).

Cameras in front of the main bathroom count the comings and goings.

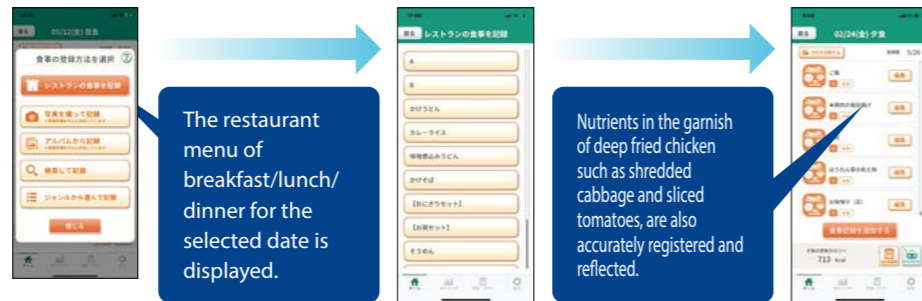
Checking crowded conditions of shared facilities

Residents can monitor crowding levels in shared areas, such as a restaurant, from their rooms.



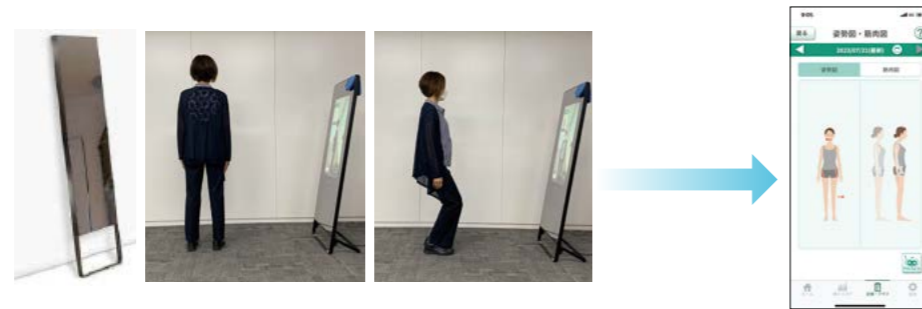
Health promotion services

Restaurant meals are recorded.



Easy posture determination by oneself

Accurate posture determination is possible without camera shake or misalignment caused by smartphone photography.



Raising employee awareness of DX promotion: DX Academy

We delivered a message from the president to inform all employees that we have opened the DX Academy to deepen their understanding and develop their mindset toward DX.



DX Academy initiatives to date



- First initiative: Implementation of the "DX Changing the Mindset Program" for all officers and employees
- Second initiative: "Innovation Leader Development Program" for selected mid-level and young employees to acquire DX knowledge
- Third initiative: "DX Literacy Course" to improve the literacy of the management level that leads the organization

2 Expansion of investment in the Real Estate-Related Business

Project for creating residence of the future: Sustaina Branche Hongyotoku

This project combines net zero CO₂ emissions by full-scale renovation of existing housing with the establishment of experimental residential housing aimed at creating residence of the future utilizing advanced technologies.

Aiming to achieve net zero CO₂ emissions by improving energy-saving performance of housing and using renewable energy

Experimental housing for creating residence of the future with a smart home system

- Conduct renovation that achieves functions similar to a new condominium using the existing building
- Improve internal and external heat insulation performance, upgrade glass to Low-E multilayered glass, and upgrade lighting to LED
- Renovate the existing infrastructure to use electricity only
- Install solar power panels on the roof, exterior walls, and balcony railings
- Adopt hydrogen fuel cells
- Introduce the Kenes Green Supply® environmental value plan of Kanden Energy Solution Co., Inc.
- Enhance crime prevention measures using image analysis by AI
- Contribute to increasing logistics efficiency (reducing redeliveries) by combining a parcel drop box to each unit and a smart lock to unlock the front door
- Verify sleep quality and fatigue recovery effects by lighting, temperature and humidity, and images using IoT devices

Progress of private placement REIT

In FY2021, Haseko started the private placement REIT of approx. 20.0 billion yen. In FY2022, Haseko did not sell properties to the private placement REIT and worked to enhance its pipeline. In FY2023, Haseko sold properties of approx. 10.0 billion yen to the private placement REIT in May 2023.



Bransieta Urayasu

Bransieta Otorii

Further promotion of the H-BA concrete to realize a decarbonized society

In August 2022, the H-BA concrete obtained the Special Evaluation Method Certification from the Ministry of Land, Infrastructure, Transport and Tourism. This certification allows it to be used in for-sale condominiums that use dwelling performance indications, thereby promoting reductions in CO₂ emissions throughout the entire supply chain.

Property name	Section of use	Volume used (m3)	Reduction of CO ₂ (t-CO ₂)
Haseko Technical Center	External deck	125	5.7
Renai Yokohama Totsuka	Corridor floor	25	1.2
Gakuen Higashimachi Project	Foundations/above-ground framework	2,462	144.7
Bransieta Urayasu	Parts of above-ground framework	252	13.7
Acoustic Experiment Building, Haseko Technical Center	Foundations	218	10.1
Kamiikedai Project	Above-ground framework	Approx. 2,300	Approx. 117

3 Initiatives for future growth

Overseas business initiatives

The complex facility Wai Kai of a development project on the island of Oahu, Hawaii, USA opened in March 2023. Aiming to establish a new earnings base in the future, investment in housing development projects in the mainland United States is also steadily expanding.



Complex facility Wai Kai

Participating housing business in the mainland United States

Message from the Officer in Charge of Finance

We will maintain financial soundness while the financial divisions work together with operating divisions to proactively improve profits and expand business.

Shoji Naraoka
Director, Executive Vice President
In Charge of Finance, Accounting and IR



Review of fiscal 2022 business results

In fiscal 2022, although there was a decline in the new supply of condominium units in both the Tokyo metropolitan area and Kinki region, unit prices surpassed the record amounts achieved in fiscal 2021 to reach record high results for a second consecutive year. On the other hand, the construction industry faced many issues, including soaring costs for construction materials and labor, a shrinking number of skilled construction workers, adaptation to workstyle reforms, and decarbonization initiatives. Under these circumstances, in our business results for fiscal 2022, the third year of our medium-term business plan HASEKO Next Stage Plan ("Plan NS"), we achieved sales exceeding one trillion

yen for the first time, mainly due to considerable growth in real estate sales, and profits also increased.

The main causes for concern in the current business environment are steeply rising materials prices and intensified competition for the acquisition of land for commercial use. In regard to rises in materials prices, we specialize in condominiums, and all our condominiums are built under exclusive contracts under which land is provided for project owners, so we seek to fully utilize this feature to place orders for materials in large volumes as early as possible. We are working on the acquisition of land for commercial use in a balanced way that does not compromise business opportunities or financial soundness,

looking ahead to the market one to two years from now when sales will begin.

Progress on the medium-term business plan HASEKO Next Stage Plan ("Plan NS")

To further grow profits

For the fiscal year ending March 31, 2025, which is the final year of the Plan NS, we have set the numerical targets of 100.0 billion yen in consolidated ordinary income, 30.0 billion yen or more in ordinary income of consolidated subsidiaries, and five-year total consolidated ordinary income of 400.0 billion yen. As of the end of the third year of Plan NS, we are making smooth progress toward achieving these targets.

Raising profits in the Service-Related Business will be essential to meeting these numerical targets and further expanding profits. Our Service-Related Business is centered on services related to existing housing so there is plenty of potential for further growth going forward, but an issue to be addressed is that it is more labor intensive than the Construction-Related Business, meaning that profit levels and productivity per person are low. Over the last few years, our introduction of DX has prioritized construction sites, but for the remaining two years of Plan NS, we will strengthen DX investment aimed at reforming operations in the Service-Related Business.

Investment plan and financial strategy

In Plan NS, we have allocated 240.0 billion yen over five years for investment. This is being used to steadily advance strategic investments that will be monetized going forward, such as acquiring land for commercial use to expand the area of our condominium sales business in Japan, including

in regional cities, and resuming participation in overseas real estate projects. We are also practicing management that is conscious of ROE and ROA in the final year's consolidated financial statements, including factoring capital cost into acquisition criteria, particularly for real estate investments.

Looking back over the Company's history, there have been times when our very existence has been threatened. The big lesson we have learned from the struggles led to the development of the basic policy of seeking to expand business by the operating divisions in tandem with the financial divisions while actively taking risks in a sensible manner and continuing to add funds procured from outside the Company. We remain constantly aware of the risk inherent in real estate and we will avoid being overly conservative by setting and managing appropriate capital allocations and leverage in accordance with the different risks for each type of asset. In this way, we will work together with the operating divisions to achieve Plan NS by balancing active business investment with the maintenance of a sound financial base.

Basic policy on shareholder returns

In May 2022, we raised our minimum annual dividend per share by 10 yen from 70 yen to 80 yen to clarify our stance on shareholder returns and to enhance returns. We also made a total shareholder return ratio calculated from the sum of net income attributable to owners of parent for the five fiscal years of Plan NS of about 40% into part of our basic policy on shareholder returns. We will strive to enhance shareholder returns by firmly securing the resources needed to maintain a stable dividend through the steady achievement of Plan NS while also keeping flexible purchases of treasury stock as an option.

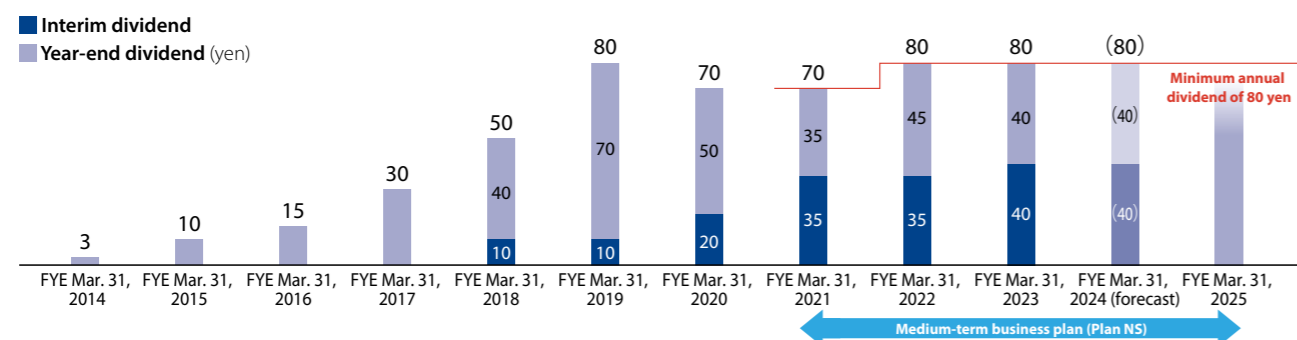
Financial strategy and shareholder returns in the medium-term business plan

- (1) Maintain a strong financial base while accelerating growth strategy investment and enhancing shareholder returns
- (2) Continue to pay stable dividends. In addition, buy back shares flexibly, taking into account the business environment, growth investment opportunities, the Company's stock price level, and improvement of capital efficiency

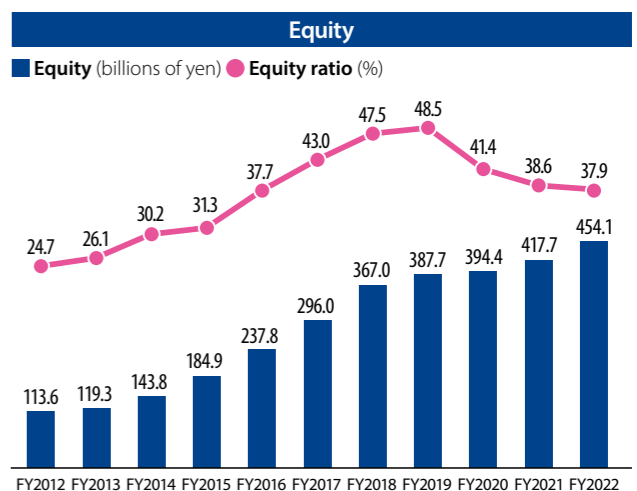
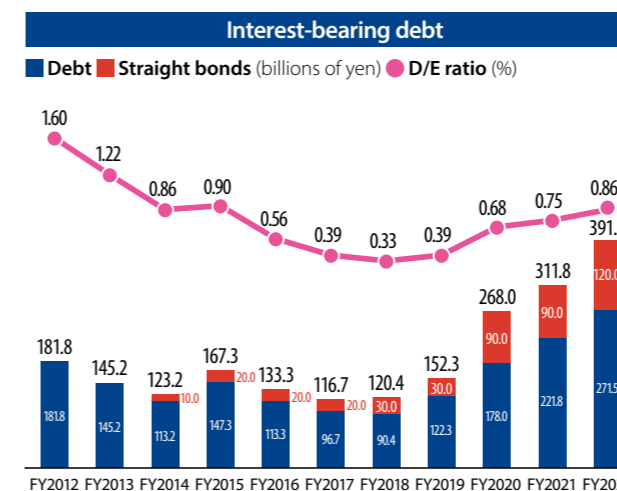
Shareholder return policy in the medium-term business plan

- (1) Set the minimum annual dividend per share at 70 yen → **Changed to 80 yen** from the fiscal year ended March 31, 2022
- (2) Set the total shareholder return ratio calculated from the sum of net income attributable to owners of parent for five years at about 40%

Annual Dividend per Share



Interest-bearing debt and equity



Message from the Officer in Charge of Sustainability Promotion

We will be sincerely engaged in our initiatives for sustainability, regarding it as “a compass that will guide us to where we should be.”

Naoko Yoshimura

Responsible for Sustainability Promotion in the Corporate Management Division and in Charge of the Group Senior Living Business



Thoughts on becoming the Officer in Charge of Sustainability Promotion

Providing high-quality products and services through sustainable designs for housing and lifestyles

I have long been involved primarily in research related to housing for the elderly and consulting in healthcare-related fields. Throughout my career, I have always believed that solving issues related to the rapidly aging society and decreasing population will be one of the important social roles that the Haseko Group will be required to play. With these issues in mind, we have always desired to explore sustainable designs for housing and lifestyles in this era in which more people are living to be 100 years old and beyond, in order to provide even better products and services. Going forward, I will fulfill my duties using the knowledge and experience I have accumulated thus far so that we can conduct corporate activities that live up to society’s needs and sophisticate management that is mindful of contributing to a recycling-oriented society.

While I am the Operating Officer in charge of Sustainability Promotion, I also serve concurrently as the Director. Using this position, I aim to build systems that will enable the Board of Directors to thoroughly carry out sustainability management. I would like to participate directly in discussions at the Board of Directors meetings and horizontally disseminate these discussions to all Haseko Group companies and divisions so that we will be able to promptly and flexibly implement initiatives for promoting sustainability.

As Haseko Corporation’s first female director from within the Company, I would also like to focus especially on the

promotion of diversity and inclusion (D&I). Respecting diversity and drawing on the experience and wisdom of people with different ways of thinking is essential in uncertain times such as the present. I would like to steadily promote D&I while making the most of my position as a female director and operating officer.

Haseko Group’s CSR activities’ strengths and areas for improvement

A proactive perspective is essential to gain further stakeholder endorsement

When capturing an overview of the Haseko Group’s CSR activities as a whole, I feel that the Haseko Group CSR Action Plan is effective in that it sets out initiative items and KPIs for each theme. On the other hand, there is still room for improvement in terms of clearly demonstrating the connection between our CSR activities and the achievement of the “HASEKO Next Stage Plan” (“Plan NS”), our medium-term business plan, as well as the long-term enhancement of corporate value. By addressing these shortcomings, we can further increase stakeholders’ understanding and endorsement of our sustainability management.

In our CSR activities to date, our predominant approach has been to think and act from a reactive perspective, asking questions like, “What must we do to help society?” However, in the future, it will be essential to take a proactive stance and ask, “What do we want to do, or what do we want to change in society?”

Regarding material issues

The cornerstone of all business activities

Material issues are the risks or opportunities in our business strategy when viewed from a medium- to long-term perspective, and are the cornerstone of all our business activities. We view these factors as critical issues in the medium- to long-term, and all our executives and employees are working together to address them.

In response to changes in social conditions and the business environment, we conducted a second review of material issues in 2023. We have redefined material issues from the perspective of two axes of business and society, and have identified four material issues as the most important issues* that will have a significant impact on both the Company and its stakeholders: (1) human capital (D&I and human resources development), (2) response to climate change, (3) respect of human rights, and (4) supply chain management. Furthermore, we have established and disclosed various policies and guidelines for these four material issues to take an appropriate approach regarding each issue while also taking into account the risks and opportunities arising from social issues.

What the Company aims to be for 2030 is a company that “provides safe, secure and comfortable housing,” “provides services to support lives of residents,” and “establishes sustainable growth through CSR management.” In conjunction with the four most critical material issues, we will continue to engage in business activities to realize “sustainable living and sustainable cities,” “product safety (service safety),” “disaster countermeasures and

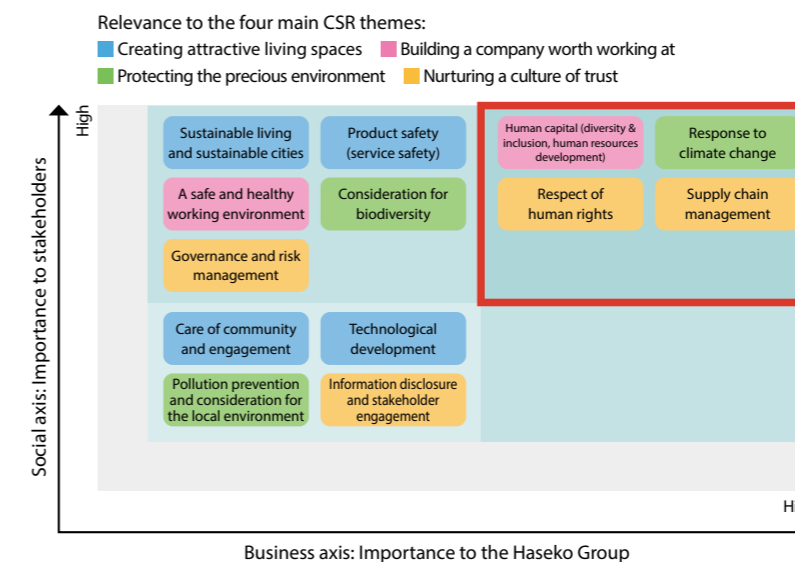
strengthening residential infrastructure,” and “care of community and engagement.”

Message to our stakeholders

Our sustainability initiatives will serve as a compass that will guide us to where we should be

In the event of a social crisis, such as an unknown infectious disease or a large-scale natural disaster, housing, which is the foundation of life and society, plays an extremely significant role in protecting people’s lives, bodies, and property. It is important for us to constantly keep in mind these bare minimum functions that homes must provide in times of unprecedented crises. In order for all Haseko Group executives and employees to fulfill their duties while remaining aware of these basic functions, I believe that our sustainability initiatives will serve as a compass that will guide us to where we should be.

With this mindset, in order to make our sustainability initiatives more fruitful and realize greater long-term value, we need to correctly understand the expectations of our stakeholders and to develop and implement management strategies, business models, and business operations in a manner that is in line with the times. Promoting sustainability is a complex and multifaceted journey of transformation, including addressing ESG challenges. The Haseko Group will work diligently on these issues while deepening its engagement with stakeholders.



Identification of material issues

To enhance the effectiveness of sustainability initiatives, it is important to proceed with clearly defined priorities. From a comprehensive list of social and environmental issues, the Haseko Group reviewed its material issues in light of social conditions and the business environment and newly identified 13 items in May 2023.

*The most critical material issues (human capital, response to climate change, respect of human rights, and supply chain management) are issues for which society has extremely high expectations and which the Haseko Group has recognized as requiring further action in terms of business as well.

Construction-Related Business

In recent years, the aging and shortage of skilled construction workers have become particularly severe problems in the construction industry. To address these problems, we will improve quality and productivity by promoting digitalization and industrialization in all aspects of the Construction-Related Business.

(Left) Toshiyuki Murakawa, Director and Executive Vice President
(Right) Masahito Koizumi, Director and Executive Operating Officer



Business overview

—Expansion of business areas beyond private-sector condominiums—

In fiscal year 2022, Haseko Corporation completed the construction of 64 for-sale condominiums with 11,803 units in the Tokyo metropolitan area and 26 with 4,691 units in the Kansai and Tokai areas, totaling 90 with 16,494 units. In addition, under the policy of expanding the Construction-Related Business domain in line with Plan NS, we completed the construction of three high-rise condominiums, six rental condominiums, as well as logistics warehouses, halls, and other non-residential buildings.

Business environment

—Challenging environment in the construction industry—

The first point is to address the labor shortage resulting from the decline in the working-age population. While the average age of construction workers is increasing, the inflow of new workers is limited. Creating an environment where workers can work comfortably is essential to ensure human resources. In the meantime, the construction industry has to cope with the new regulation with penalties to limit overtime work to be introduced in April 2024. In collaboration with the Japan Federation of Construction Contractors and other organizations, we are promoting initiatives of eight days off per four weeks, shorter overtime hours, and better compensation to improve the working environment. As part of these efforts, we are working to improve productivity and operational efficiency through collaboration between the HASEKO-version BIM and IoT technology available through packaged applications (such as LINEWORKS and SpiderPlus).

The second point is to address the rising prices of construction materials. The Construction Material Price Index has increased by about 29% (as of August 2023) on average for the entire construction industry compared with January 2021. Although there is no longer a sharp rise in the price of raw materials such as steel scrap, the price of construction materials is expected to linger at a high level. To minimize the impact of price fluctuations, we are taking steps to procure materials at an appropriate timing, keeping an eye on future order trends.

Business topics

Haseko's first wooden exclusive areas: Completed construction of Bransiesta Urayasu, adopting a hybrid structure consisting of wooden and reinforced concrete (RC) structures

A hybrid structure consisting of wooden and RC structures

In February 2023, we completed the construction of Bransiesta Urayasu, our first urban rental condominium (Urayasu-shi, Chiba; Total number of units: 208) having wooden exclusive areas.

Bransiesta Urayasu has wooden units on the top floor (14 units in total). The use of wood has the advantages of (i) storing CO₂ and reducing an increase in atmospheric CO₂ concentration, (ii) reducing CO₂ emissions during manufacturing compared to RC, (iii) being lightweight and easy to process, and (iv) improving livability and comfort by providing a feeling of warmth and ease of mind. In addition, the RC area of the top floor uses H-BA concrete, our proprietary environmentally friendly concrete, which contributes to reducing CO₂ emissions.



Bransiesta Urayasu

Priority issues

—Promotion of DX and sustainability across all business activities—

We are skilled at constructing for-sale condominiums and are proud of our construction system, which can provide high-quality products at competitive prices. To further strengthen this construction system going forward, solving labor shortages by reforming workstyles will be an important issue. Together with our cooperating companies, we will work on DX promotion, such as the introduction of BIM and the use of IoT technology, and strive to realize further improvement of quality and productivity, shortening of construction periods, and cost reduction, which will lead to employees taking more days off, improved compensation, and securing of the workforce.

In addition, we understand that promoting sustainability throughout the Haseko Group requires the establishment of a management system and the operation of construction sites that can address the relevant issues.

One of these issues is the environmental considerations at construction sites, which we promote based on our HASEKO ZERO-Emission. We are going to adopt construction methods and new initiatives contributing to decarbonization and verify the effects of reducing CO₂ emissions at all sites.

Risks and opportunities in the Construction-Related Business



- Soaring and persistently high prices of construction materials
- Aging of skilled construction workers and shortage of workers
- Deterioration of the work environment due to climate change (caused by high temperatures in summer, torrential rain, etc.)



- Elimination of labor shortages and avoidance of construction schedule delays through increased productivity enabled by the promotion of industrialization
- Increased demand for energy-efficient buildings in the transition to a decarbonized society
- Increased opportunities to win contracts for new construction and renovation due to increased demand for disaster prevention and mitigation

Major progress of Plan NS

—Expansion of the scope of orders received, innovation of production technology capabilities, and environmental considerations—

Our focused strategies for the Construction-Related Business set out in NS Plan includes expansion of the scope of orders received and production technology innovation. We also focus on environmental considerations in accordance with HASEKO ZERO-Emission.

Regarding the expansion of the scope of orders received for general construction other than for-sale condominiums, we completed three logistics warehouses, a data center, a hotel, and an office building since the start of Plan NS. The Project Promotion Office, set up jointly by the architecture & engineering and construction divisions at the start of Plan NS, consistently provided follow-up from support for winning contracts to construction completion, resulting in a gross profit exceeding the initial forecast.

Regarding the production technology innovation, HASEKO-version BIM and four sash manufacturers have started data linkage with the sash production system. The data linkage halves the time required from creating production drawings to completing confirmation and improves productivity by eliminating human errors such as input errors. Also, using data

from HASEKO-version BIM, we have built a system that automatically calculates concrete quantities by simply specifying the required range, as well as an inspection system for each construction project. This has enabled a 75% reduction in time spent on estimation at sites and a 10% reduction in time spent on inspections and other tasks.

Regarding environmental considerations, in May 2023, Haseko Corporation began using renewable energy sources for the electricity used at all its sites in Tokyo and Osaka areas. Wood waste, plastics, and other construction sub-materials generated at construction sites are used as energy to generate electricity at biomass power plants, and the resulting power is used at construction sites. In addition, H-BA concrete, our proprietary environmentally friendly concrete, obtained the Special Evaluation Method Certification for dwelling performance indications. This certification allows it to be used in condominiums with dwelling performance indications. We will adopt this concrete for all our projects and actively propose it to other developers' projects.

Future business outlook

—Further reinforcement of competitive advantages and brand strength—

Our construction system is designed to construct high-quality products with overwhelming price competitiveness. Our system is supported by a quaternity cooperation system consisting of our construction, architecture & engineering, and technological promotion divisions and the Ken-ei-kai, an organization of cooperating companies responsible for construction. This integrated cooperation is our unique advantage and source of our brand equity unrivaled by our peers.

The HASEKO Value Enhancement Committee, established to improve safety and quality, involves the construction quality

improvement, safety promotion, and value creation divisions working together. We are working to promote DX through the use of cutting-edge technologies and to improve productivity by gathering real voices from construction sites. In the Construction-Related Business, we will strengthen the quaternity system, innovate our design and construction technologies, and reform our workstyles to cope with future increases in construction volume. In addition, we will strive to earn the trust of our stakeholders by generating solid profits.

Business topics

Expanding adoption of industrialized construction methods for improved productivity

With further business expansion expected in the future, we are having difficulty securing workers required for framing and interior construction work. We will widely use precast concrete for slabs, beams, and other parts of the building to improve the efficiency of framing work on sites and shorten the construction period. In addition, for interior work for areas such as washrooms and walk-in closets, where many specialists are involved and where a certain time is required to affix wallpaper, we are considering the introduction of the interior panel construction method, in which boards affixed with finishing materials are made into panels at a factory and assembled onsite.



Precast concrete slab construction example

Interior panel construction method under consideration

Real Estate-Related Business

We are engaged in a wide variety of businesses, including the condominium sales and the development and operation of rental condominiums in major metropolitan areas and core regional cities.

(Left) Junichi Tani, Representative Director and Executive Vice President
 (Center) Satoshi Kumano, Director and Executive Operating Officer
 (Right) Toru Yamaguchi, Director and Executive Operating Officer



Business overview

—Increased sales and profits year on year due to steady sales of condominiums—

The housing market, buoyed by the COVID-19 pandemic that stimulated interest in housing, remained strong, and condominium sales prices continue to rise due to intensifying competition for land acquisition and soaring construction costs. Condominium sales, nevertheless, remained steady due to favorable housing acquisition conditions and a gradual economic recovery amid rising prices. As a result, the Real Estate-Related Business, which comprises Haseko Real Estate Development, Inc., Sohgo Real Estate Co., Ltd., and Haseko Home, Co., Ltd., recorded favorable results with a year-on-year increase in both sales and profits. Land acquisition in construction-related and service-related businesses has also been proceeding smoothly. With changes in how people work and live, our business areas are expanding beyond the metropolitan areas to various regions and districts.

Business environment

—Continuing challenges in land acquisition—

The diversification of housing and working styles since the COVID-19 pandemic has greatly expanded the options for selecting land and real estate. In developing new products suitable for such housing, the Group can take advantage of its specialization in condominiums and quickly propose various products incorporating advanced technologies such as ICT. This is a major competitive advantage of the Group.

On the other hand, competition with other industries for land acquisition continues to be a problem. In suburban areas suitable for the development of large, horizontally spread-out condominiums, which is the Group's forte, we continue to face competition with logistics developers. Unlike residential properties, in the case of logistics facilities, overseas investment funds may also join the competition, and we may sometimes lose out on opportunities to acquire land for this reason.

In addition, a certain level of risk management is now required for land acquisition because such competition has resulted in a rise in acquisition prices. Land prices in the Tokyo metropolitan area are especially on a rising trend. Having had to carry a large amount of debt after the collapse of the bubble economy, we have taken a cautious stance—i.e., setting a specific ceiling for investments, making investments within the ceiling, and then investing in the next project while recouping those investments.



Meeting room at Renai Nishinomiya Koshien

Priority issues

—Steady expansion of condominium sales business area and diversification of businesses—

At present, we obtain information on more than 2,000 land properties per month nationwide to consider turning them into projects. Our nationwide network is largely in place, and we are moving ahead with condominium sales in Hokkaido, Tohoku, Hokuriku, Chugoku, Shikoku, Kyushu, Okinawa, and other regions, following the three major metropolitan areas. We opened Branchera Utsunomiya, Branchera Okayama, Branchera Wakayama, and Branchera Takamatsu Nishinomaru Tower The Residence as our first condominium projects in each prefecture.

Our activities rooted in local communities are also deepening at each office, which has led to acquiring more real estate information than ever before. Haseko Real Estate Development, Inc. and Sohgo Real Estate Co., Ltd. are rigorously engaged in the development of office buildings and logistics facilities to more effectively utilize land for non-residential use. Hosoda Corporation and Haseko Home, Co., Ltd., which joined the Group in 2020, are engaged in the sale of detached houses. The Group will actively gather information on land to develop detached housing and acquire land with the aim to expand its detached housing business across the country.



Growing Square Sugunami logi

Risks and opportunities in Real Estate-Related Business



- Decreased supply of new condominium units
- Intensified competition for land acquisition
- Soaring land prices
- Changes in interest rates, etc.



- Increased willingness to purchase condominiums due to changes in the way of living
- Enhanced business capabilities through a nationwide expansion
- Increased business opportunities through the establishment of private placement REIT
- Increased number of condominiums requiring rebuilding

Major progress of Plan NS

—Steady expansion of private placement REIT-related business—

In Plan NS, one of our priority strategies for the Real Estate-Related Business is to diversify development projects and secure new sources of revenue by establishing a private placement REIT. The private placement REIT, which we began to manage in February 2022, has grown steadily, with another new inclusion in May 2023. We will further expand the property development for a

private placement REIT and strengthen our recurring revenue model business by increasing our rental properties holdings. Notably, as properties suitable for REITs overlap with those sought by BtoB business customers, we will allocate each of these properties in an optimal manner and take a certain amount of time to achieve steady growth in the real estate investment field.

Future business outlook

—Proactive development of new land acquisition approaches and steady efforts for redevelopment and reconstruction—

Until now, we have worked with other groups to acquire real estate information on bulk sales of properties scattering across the country. However, now that we have a nationwide office network, we can acquire such information independently. We expect that the proactive development of this new approach for acquiring land in the future will contribute to the expansion of

the Group's business. However, land acquisition is becoming increasingly difficult, including competition with multi-use properties, and redevelopment and reconstruction will become even more important. In particular, we will take a long, hard look at rebuilding aging apartment complexes as a critical factor by deploying human resources in this area.

Business topics

Tamagawa Housing HO Building Condominium Reconstruction Project

Leading the way in reconstructing part of a large apartment complex at Tamagawa Housing

Located in Chofu-shi overlooking the Tama River, the complex was built in 1968 with 11 five-story buildings with 380 units in total. It is being reconstructed to the one with seven 12-story buildings with 905 units in total. Construction is progressing steadily toward the completion in 2025.

Tamagawa Housing is a large apartment complex with approximately 3,900 units overall. HO Building has been reconstructed as a certified long-life quality housing, CASBEE building, and ZEH-M Oriented condominium, taking the first step toward a new town.

Since being selected as a business partner for the reconstruction plan in 2012, Haseko Corporation has been engaged in the reconstruction business as a participating partner and designer/constructor with Sumitomo Realty & Development Co., Ltd. We will continue to contribute to society through the reconstruction business.



Rendering of the completed project

Service-Related Business

Each company in the Service-Related Business engaged in housing support is expanding its sales capabilities by leveraging the value chain within the Group.

Satoshi Kumano
Director and Executive Operating Officer



Risks and opportunities in Service-Related Business



- Growing labor shortage due to expansion of scale
- Decreased productivity and efficiency



- Expansion of business opportunities due to increased stock of condominiums in Japan
- Fundamental productivity reform of the Service-Related Business through the use of LIM data, advanced technologies, as well as digital transformation (DX)
- Acquisition of business opportunities by strengthening the Group's value chain and expanding business areas

Major progress of Plan NS

—Promoting regional expansion and productivity reform—

One of the priority strategies in Plan NS is to strengthen the competitiveness of our core businesses. The Service-Related Business has two themes in the Plan: (1) expanding our business areas from major metropolitan areas to major regional cities and (2) rebuilding our business model by introducing advanced technologies.

As for (1) above, service-related businesses have increased in conjunction with the expansion of the developer business to regional areas. At the same time, we are steadily promoting sales to areas other than the three major metropolitan areas as part of our regional strategy focusing on services.

The rebuilding of our business model through the introduction of advanced technologies in (2) above has led to solving issues unique to labor-intensive service-related businesses. To increase profits in the face of rising labor costs, we must make efforts to lower costs by building platforms. By utilizing LIM data, which visualize information on living in condominiums, and pursuing DX, we aim to promote fundamental productivity reform in the Service-Related Business to increase revenue.

Future business outlook

—Focusing on real estate brokerage—

As the domestic condominium stock increases further down the road, we are focusing on extensive refurbishment and interior remodeling, and real estate brokerage and renovation. While the used real estate market in Europe and the U.S. is already matured, we have assessed that the market in Japan is still in the process of maturing and has room for growth.

The Haseko Group is also strengthening the opening of new brokerage stores and expanding new services that utilize advanced technologies.

—Aiming to be a collection of competent Group companies—

The purpose of segmenting the Service-Related Business and having Group companies engage in each segmented business is to foster a sense of financial autonomy. Once a company can stand on its own feet, the next step is to increase its competitiveness in the industry and raise its status. By bringing together these competent service-related companies, we aspire to further expand the power of the Haseko Group as a whole.

Business topics

Started providing CG rendering of completed renovations at all stores

Haseko Real Estate offers a service that enables prospective buyers to view a CG rendering of the completed building before the interior work is completed in renovated condominiums that the company sells as the seller.

In the past, when selling renovated condominiums, it was difficult for prospective buyers to have an image of completion before construction was completed. Therefore, they had to wait until construction was completed before showing prospective buyers inside the private areas.

This service allows prospective buyers to perform visual check images before the completion of construction, enabling concrete consideration even before the completion. You can view the completed CG rendering from your smartphone, computer, etc., on the "Haseko Brokerage" property search site. You can arrange the furniture in the CG to give you a realistic image of life after you move in.



"Haseko Brokerage" property search site

"Haseko Brokerage" posts a wide range of property information on used condominiums, detached houses, and land for sale.

You can visit the site through the URL or QR code on the right. → URL <https://www.haseko-chukai.com/>



(Japanese only)

Business overview

—Toward an age where the Group companies hone their uniqueness—

The service-related Group companies were established by separating the functions for creating "living" from Haseko Corporation. Currently, the Service-Related Business covers a wide range of areas, including sales, management, distribution brokerage, extensive refurbishment and remodeling, and even the senior business. Through our close involvement in "living," we feed back real-life information obtained from users to the creation of "housing" in the Construction-Related Business consisting of business planning, design, and construction. While building a relationship for mutual growth, we also pursue uniqueness in each field.

Business environment

—Aiming to establish a "corporate group for housing to create great living" together with the Construction-Related Business—

In contrast to the Construction-Related Business, whose primary market is the supply of new housing, the Service-Related Business focuses on the existing housing market. In Plan NS, we aim to achieve robust management focusing on both businesses.

In the first year of Plan NS, we struggled in the extensive refurbishment and remodeling business, mainly due to the suspension of activities by management associations as a result of the COVID-19 pandemic. However, we recovered steadily in the second and third years, resulting in two consecutive years of increased sales and profits. Major operational benchmarks in the Service-Related Business increased year on year. These benchmarks include the number of for-sale condominium units managed, the number of rental condominium units operated and managed, orders received for extensive refurbishment and interior remodeling, and the number of real estate brokerage transactions.

Priority issues

—Honing the strengths of each Group company to enhance competitiveness—

The Service-Related Business has steadily increased the number of for-sale condominium units managed and the number of for-sale condominium units sold on consignment, resulting in higher profits, thanks to Haseko Corporation's sales activities by utilizing its own land. One of our future priority issues is to further increase the angle of sales increase through our own sales efforts in the Service-Related Business.

The Service-Related Businesses is inherently labor-intensive, and therefore expansion in scale can lead to labor shortages and low productivity and efficiency. In addition, the business involves various types of operations, such as sales, management, brokerage, remodeling, and senior-related services, so it is not easy to develop best practices horizontally. We therefore believe that it is essential to analyze the business in each field carefully first, identifying each Group company's uniqueness and strengths given its position in the industry, and then to hone our competitive edge.

Consignment sales of for-sale condominium

- Haseko Urbest Inc.

Real estate brokerage and renovation

- Haseko Real Estate, Inc.

Management of paid care facilities for the elderly and nursing-care insurance business

- Haseko Senior Well Design Co., Ltd., Furusato, Co., Ltd.

Management agency for corporate housing

- Haseko Business Proxy, Inc.

Sale of furniture

- Haseko Intech Inc.

Printing and other related services

- Haseko Systems Inc.



For-sale condominium building management

- Haseko Property Management Holdings Inc.
- Haseko Community, Inc.
- Haseko Community Kyushu Inc.
- Haseko Community Nishinohon Inc.
- Haseko Community Okinawa Inc.

Operation and management of rental condominiums and other properties

- Haseko Livenet, Inc.
- Joint Property Co., Ltd.

Extensive refurbishment and interior remodeling

- Haseko Reform Inc.

*1: Sales to external customers *2: Operating income

Overseas-Related Business

Promoting overseas business development to make it a vital profit base for the future

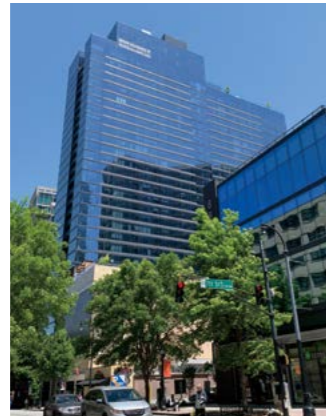
Katsuhide Takahashi
Executive Operating Officer



Business environment and priority issues

—Steady investment in a future profit base—

The progress of Japan's low birthrate and aging society makes us concerned about the shrinkage of the condominium development business in the future. On the other hand, the Haseko Group specializes in for-sale condominiums and has yet to fully expand into other business domains. Based on this recognition, we intend to actively invest in overseas businesses to create a profit base for the future by deploying human resources and carefully assessing the market environment, starting from the present time when we still have growth potential. Under Plan NS currently underway, we plan to invest 60.0 billion yen in overseas businesses over the five years starting from the fiscal year ended March 31, 2021. This amount is second only to the amount invested in the rental properties holding/development business.



Priority issues

—Further revitalization of the Hawaii business—

Since 1989, we have been engaged in large-scale development of approximately 448 hectares (1,107 acres) in the Ewa district on the west side of Oahu, Waikiki, Hawaii. To date, approximately 4,000 units, including detached houses and townhouses, have been sold to Americans, and an 18-hole golf course and a 21-hectare (51-acre) lagoon have already been completed. We also opened the complex facility "Wai Kai" in March 2023. By increasing the attractiveness of this area, we aim to develop hotels and sell resort condominiums.



Major progress of Plan NS

—Partnership with a local general contractor in Vietnam—

One of the priority strategies in Plan NS is new investment in overseas businesses. To expand into Asia, we have established a representative office in Hanoi, Vietnam, and sent personnel to the office. The Authentic, an 18-story serviced apartment with 110 units constructed in 2017, maintains an occupancy rate of over 80%, mainly by expatriates of Japanese companies. Haseko

Corporation designed and constructed the apartment, but found it difficult to operate the apartment totally on its own. Therefore, we entered into a capital alliance with a local general contractor, Ecoba Vietnam Joint Stock Company, in 2020 to start a new collaboration.

Future business outlook

—Promoting the real estate development business in the mainland U.S.—

We resumed investment in 2018 to expand our business in the mainland U.S. In April 2022, we established a branch office in California, which became a local subsidiary in April 2023, and dispatched employees from Japan. In cooperation with Japanese

trading companies and others, we invest in development projects mainly for senior housing and rental housing in California and other states, aiming to contribute to profit during the post-Plan NS period.

Risks and opportunities in Real Estate-Related Business



- Soaring costs for construction materials and personnel
- Country risks (political and social changes)
- Decline in the number of housing units sold due to high-interest rate policies overseas
- Foreign exchange risk, etc.



- Strengthening businesses in the mainland U.S.
- Increasing value added of residential areas, etc., through the opening of the complex facility "Wai Kai" in Hawaii
- Participation in the fast-growing Vietnamese market

Business topics

1 Opening the complex facility "Wai Kai" in Hawaii

We opened "Wai Kai," a complex facility with water activity facilities, restaurants, retail stores, and an expansive event area on a 9-acre (approx. 36,500-m2) site in the Ewa district of West Oahu.



Wai Kai website



PR video on YouTube (about 5 min.)



PR video on YouTube (about 30 sec.)

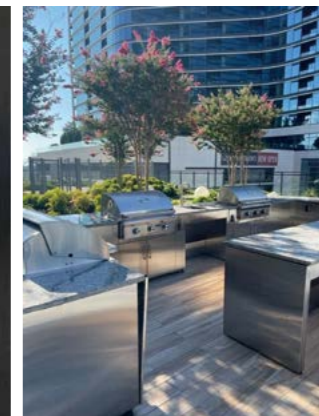


Wai Kai WAVE, one of the world's largest deep-water standing surf waves



Kitchen Door Napa, led by a Michelin awarded chef who operates a restaurant in Napa, California

2 Starting rental condominium development business and leasing in the mainland U.S.



(1) 903 Peach Tree

Location: Atlanta, Georgia
Number of units: 427 units
Structure: Residential, RC 32-story building



(2) Esperanza at Duarte Station

Location: City of Duarte, Los Angeles County, California
Number of units: 344 units
Structure: Residential, wooden 5-story building



Messages from the Outside Directors

Ensuring the diversity and effective supervisory functions of our outside directors

In addition to Board of Directors meetings, we take an agile approach to holding separate discussion sessions with Board of Directors members when it comes to important issues. By dedicating sufficient time to these discussions, we proactively encourage the role of outside directors in overseeing and advising on management execution.

We hope that by incorporating urban development as a method into our founding business, it will become a pillar of sustainable growth



Kazuhiko Ichimura
Outside Director

Since our founding, we have been committed to making high-quality housing complexes widely available, focusing on the construction of condominiums. In recent years, however, we have moved beyond solely building individual condominiums to promoting urban development that combines various functions from the standpoint of creating communities. This approach significantly contributes to the supply of even better-quality housing and the creation of comfortable living spaces, fostering inclusive communities where both children and the elderly can participate. From a profitability perspective, not only has sales revenue increased on a non-consolidated basis, but our collaboration with Group companies responsible for service-related fields has also been strengthened, contributing to increased value on a consolidated basis.

Furthermore, the development of "Compact Cities," which are

highly convenient and require little movement of people and goods, is an area that should be vigorously pursued, in combination with the introduction of renewable energy. This is an area with extremely high societal need as we aim to achieve a low-carbon society, and one into which we should pour all of the planning and technical capabilities we have cultivated, along with the various service functions performed by our Group companies. New towns created through urban development are equipped with the latest software and hardware, and are highly regarded by society as "towns people want to live in," due to their comfort, safety, and security.

Incorporating urban development as a method into our founding business will generate social value, while at the same time creating economic value for the Company. We believe this will become a major pillar of sustainable growth for us.

We closely monitor to ensure an environment in which our employees can perform to their fullest potential is in place across the entire organization.



Mami Nagasaki
Outside Director

While the core of our business is the construction of condominiums, in recent years we have also been focusing on the construction of non-residential buildings such as logistics facilities, as well as the development of rental condominiums, thus expanding our business areas. To ensure sustained growth for the Company, it is necessary to take on challenges in new fields. I would like to contribute to the management of the Company through offering objective opinions from an external perspective, with a view to supporting the bold challenges being undertaken by the management team.

I am an attorney at law with practical experience mainly in corporate legal affairs. In addition to working on dispute resolution in the construction industry, I also have experience as an executive director in an investment corporation. The primary role of an executive officer in an investment corporation is to supervise the asset management company to protect the interests of investors and to ensure compliance. I feel that this experience is useful in fulfilling my duties as an outside director,

overseeing the management as a representative of shareholder interests. Additionally, the number of proposals related to real estate development and investment is increasing within the Company. Along with judging and evaluating risks, I also provide candid opinions from the perspective of profitability and investment efficiency.

In terms of upcoming challenges, the construction industry is not only grappling with a labor shortage but also faces the impending "2024 problem," whereby overtime regulations are set to tighten considerably. While we are working on labor efficiency initiatives through digital transformation (DX), human input remains indispensable in construction. The active involvement of diverse human talent is essential for enhancing corporate value. I intend to speak my mind without undue deference, while keeping close watch to ensure an environment is in place throughout the organization that enables employees to fully utilize their abilities.

We provide advice and oversight to ensure that the Company can achieve sustainable growth without becoming overly fixated on its individual strengths

Toshikatsu Ogura
Outside Director



When interacting with executives and employees as an outside director, I feel that this company possesses two unique strengths rarely seen elsewhere.

The first strength is the company's unique business model, whereby condominiums are built on land acquired through dealings with landowners in good faith and then handed over to developers. Even if they don't know the company name "Haseko Corporation," almost everyone is familiar with the commercial jingle in Japanese with a meaning in English of "For all things condominiums, it's Haseko."

The second strength is the experience of having been through a crisis that threatened the company's existence over twenty years ago. Based on this experience, a system has been established whereby Board of Directors meetings and other checks are carried out at all key points during business expansion.

On the other hand, considering the market environment and other factors going forward, further company growth is unlikely without taking on challenges in new fields. Furthermore, the speed of societal change is only increasing. In such a context, relying too much on these two strengths could result in significant missed opportunities. Nonetheless, it is crucial to always bear in mind that these two strengths are the cornerstone of our business operations.

Fortunately, our executives and employees are fully aware of this and are conducting operations accordingly. However, as an outside director responsible for providing advice and oversight on key matters of corporate management, I will continue to strive to ensure that the Company can sustainably grow based on these two strengths, thereby further enhancing its corporate value.

I contribute toward implementing and realizing initiatives that heighten shareholder expectations for growth

Shinsuke Fujii
Outside Director



The future decline in population and number of households in Japan is a certainty, making it inevitable that the domestic condominium business will hit a ceiling—even if we manage to expand our market share. Under such circumstances, following discussions by the Board of Directors, we have outlined a strategy of seeking out the next drivers of growth in the real estate business and overseas business, among others.

Considering the importance of formulating strategy for overseas business, we held an opinion exchange session among Board of Directors members last year. By setting aside dedicated time for this, we were able to hear candid opinions from many Board of Directors members, resulting in what I felt was a very valuable meeting that supplemented the Board of Directors' usual discussions. For the immediate future, we're focusing on the mainland U.S. as our primary battleground. Our strategy will be to hone in on its residential sector as our main target, in particular

rental condominiums and senior living facilities, which are relatively less impacted by market fluctuations.

In my previous role at Mitsui & Co., LTD. I served as chairman of the committee that reviewed investment and financing projects for the whole company, in addition to overseeing the overseas real estate business. I have drawn on this experience in providing input from a variety of perspectives. One example is advice from a shareholder's perspective, such as the importance of considering the ideal organizational structure for driving forward initiatives, as well as management that emphasizes time value and capital efficiency in the rental business—where profit margins can be low—through raising occupancy rates quickly and turning over assets in a short period of time. Going forward, I intend to contribute not only to improving profits, but also to initiatives that heighten shareholders' expectations for growth.

It is essential to continually check and review our measures for addressing risks and challenges

Toru Izawa
Outside Director



The condominium business includes everything from design and construction to property handover, spanning a long period of time. Changes in the market environment during this period pose risks. Additionally, there are risks associated with acquired land, such as fluctuations in market value and low liquidity. Furthermore, when it comes to condominium construction, careful consideration and response to the concerns of the surrounding community is indispensable.

We established, at an early stage, a unique business model of building condominiums under exclusive contracts under which land is provided for project owners. Through years of innovation and experience, we've addressed these risks and challenges, becoming the leading company in Japan as far as achievements in condominium construction are concerned.

However, the circumstances surrounding us are changing year by year, and it is essential to continually check and review our measures for addressing these risks and challenges.

In addition, in recent years there has been a significant increase in the cost of materials and labor, as well as an intensification of the competitive environment. Furthermore,

natural disasters such as floods, landslides, and earthquakes have been occurring frequently in many areas. Moreover, a declining birth rate, an aging population, and a decrease in total population is increasingly having a significant impact on the sustainability of local communities and the ease of securing talent across various industries.

The Company is taking a variety of measures to appropriately address these diverse challenges. However, as outside directors, we feel it's necessary to contribute our expertise in monitoring operations, as well as provide relevant advice.

We also believe that by appropriately disseminating and explaining the outcomes of discussions and considerations in Board of Directors meetings and such, we can enhance understanding and evaluation of stakeholders and the market, leading to sustainable growth for the Company.

We will continue to strive to ensure that people feel living in a Haseko home offers safety and peace of mind, inspiring hope for the future. We aim to ensure Haseko is a company that people want to invest in and a workplace where workers and staff members are willing to fully utilize their skills.

Skills matrix for outside directors

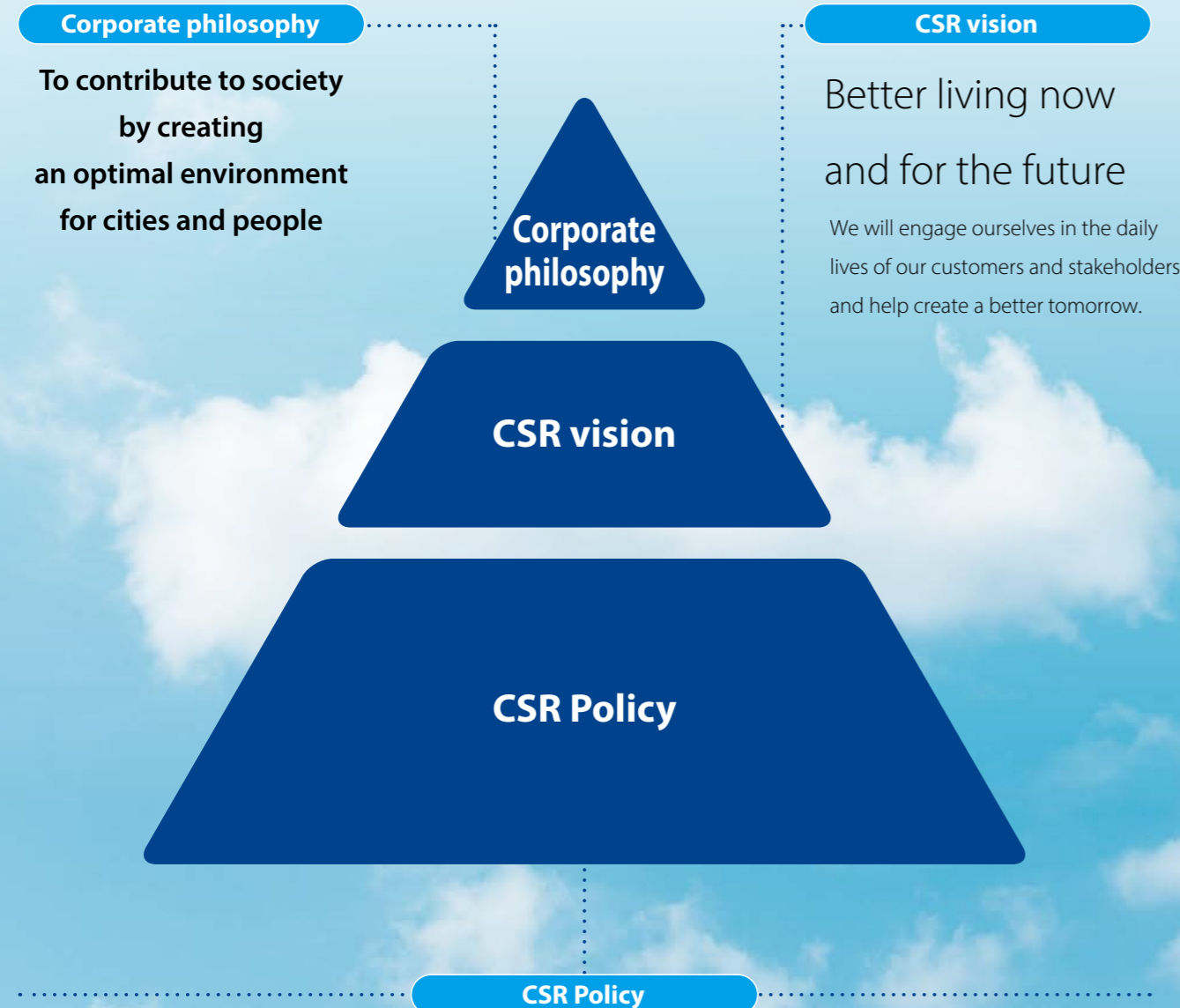
Name	Company management strategy	Finance/Accounting	Legal affairs Risk management	Overseas business	Construction/Architecture	Sales/Real estate	Urban development	Technology/DX	ESG/Sustainability
Kazuhiko Ichimura	●	●	●				●		●
Mami Nagasaki		●	●						●
Toshikatsu Ogura	●	●	●					●	●
Shinsuke Fujii	●	●	●	●					●
Toru Izawa	●		●		●	●	●		

Haseko Group's Sustainability Management

We at the Haseko Group aim to achieve sustainability by adopting a long-term perspective and addressing the social issues surrounding our daily lives through business operations.

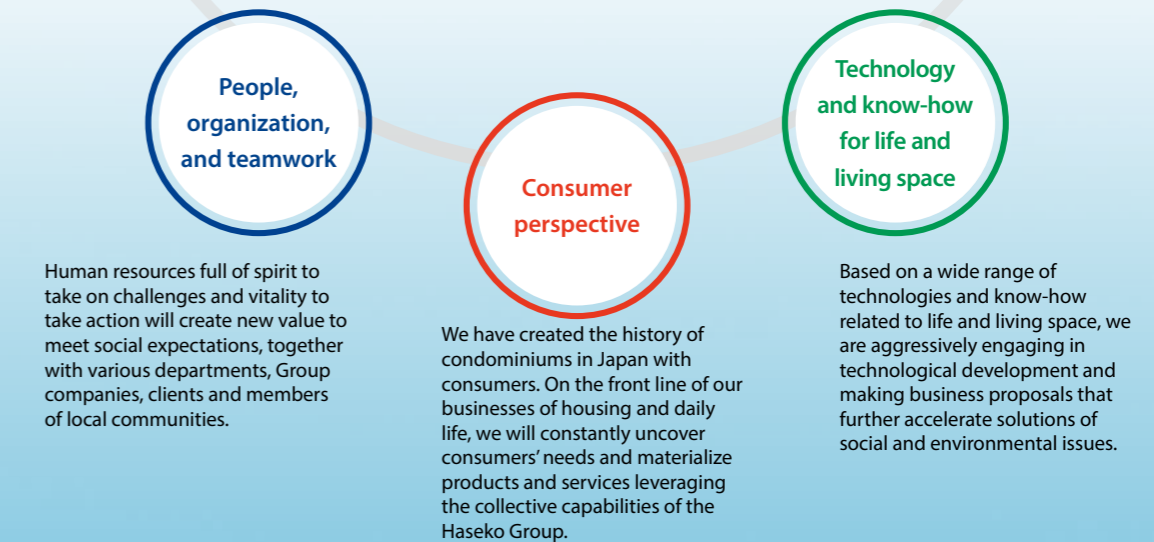
We are committed to CSR management as a means to achieve sustainability within the focused strategies of the medium-term business plan (Plan NS) formulated in 2020.

As a corporate group for housing to create great living, we will continue promoting CSR initiatives based on our CSR vision to fulfill our corporate philosophy and contribute to a sustainable society.



- Based on our CSR vision, we, in the Haseko Group, promote CSR activities in accordance with the following policy items:
1. Through a broad range of businesses related to housing and daily life, we will contribute to the realization of a sustainable society.
 2. In collaboration with our stakeholders, we will take action to integrate social and environmental concerns into our businesses processes.
 3. Utilizing the collective capabilities of our Group, we will strengthen our management ability in order to create new value for society and meet the expectations of our customers and other stakeholders.
 4. In all our business activities, we will comply with the law and act on the basis of high ethical standards.
 5. We will continue to improve our CSR initiatives, proactively disclose information, and aim to raise transparency throughout the organization.

We cherish **the collective capabilities of the Haseko Group**, and they serve as the primary driving force of our CSR initiatives.



SDGs (Global Goals) Closely Related to Our Business Operations

We have identified 10 out of the 17 Global Goals (SDGs) promoted by United Nations with a particular connection to our business. We recognize that the business and operations of the Haseko Group are closely linked to social and environmental challenges, and through solution-oriented business actions, we aim to create synergies between the generation of social value and the growth of the Haseko Group.

Social issues surrounding our daily lives

- Response to climate change
- Conservation of ecosystem
- Safety and security
- Disaster prevention and disaster response
- Regional revitalization
- Response to demographic changes and aging society
- Diversity promotion
- Active participation of women
- Health, medical care, and nursing care
- Vocational education and creation of employment opportunities
- Childcare and parental care
- Sustainable consumption
- Cyclical resource use



CSR Organizational Framework



Toward CSR Management —Group Medium-term Business Plan (HASEKO Next Stage Plan)

In February 2020, we formulated the “Haseko Group Long-Term Vision — What the Company Aims to Be for the Fiscal Year Ending March 2030 —” and medium-term business plan for achieving the vision, “HASEKO Next Stage Plan (Plan NS),” which runs until the fiscal year ending March 31, 2025, with the aim of making a further leap forward as a “corporate group for housing to create great living.”

We will aim to achieve sustainable growth of the Haseko Group by including CSR management initiatives in our focused strategies of Plan NS and promoting further links between corporate management and CSR.

We are implementing the following initiatives to make a further leap forward as a corporate group for housing to create great living.

Initiatives of CSR management

- (1) Enhance corporate value by both “creating social value” and “growing the Group” through solving problems regarding business
- (2) Incorporate important ESG factors to pursue for long-term growth and the strengths of the Haseko Group into CSR themes, and promote CSR targets

Our Four Main CSR Themes

We are promoting initiatives toward realization of the four main CSR themes, which is the goal of the Haseko Group’s CSR.

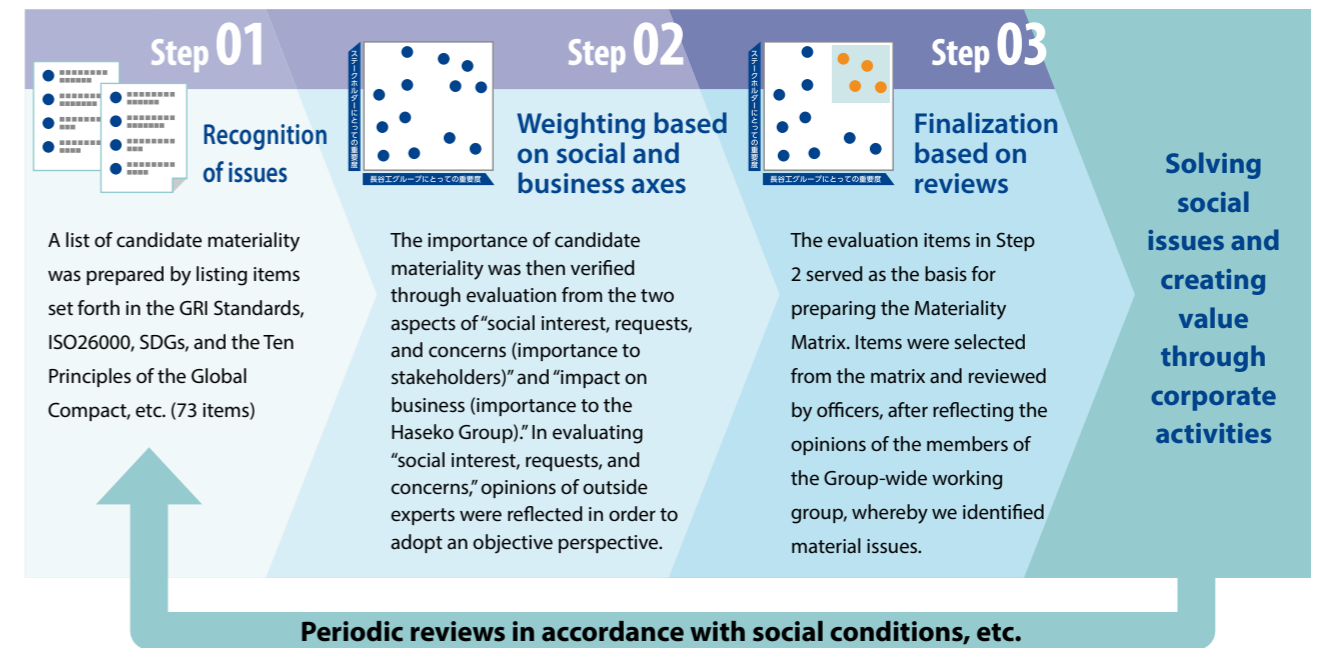
Our Four Main CSR Themes	Related materiality	Nurturing a culture of trust*	ESG
Creating attractive living spaces	<ul style="list-style-type: none"> Sustainable living and sustainable cities Product safety (service safety) Technological development Care of community and engagement 		E/S
Building a company worth working at	<ul style="list-style-type: none"> Human capital (diversity & inclusion, human resources development) A safe and healthy working environment 		S
Protecting the precious environment	<ul style="list-style-type: none"> Response to climate change Consideration for biodiversity Pollution prevention and consideration for the local environment 		E
Nurturing a culture of trust	<ul style="list-style-type: none"> Governance and risk management Information disclosure and stakeholder engagement Respect for human rights Supply chain management 		G

*SDGs: UN Sustainable Development Goals

Materiality

Amidst accumulating environmental and social issues, including climate change, energy problems, aging society with fewer children, poverty, and human rights issues, corporations have a growing responsibility to solve such issues. The Haseko Group has identified priority issues to be addressed as materiality (material issues) from the perspective of business and social axes, and has incorporated these issues into our guidelines for promoting CSR. After having first identified the details of material issues in 2017, we subsequently revised these details in April, 2020 and again in May, 2023. We will conduct periodic reviews as necessary from a perspective of consistency with the management policy and social conditions.

Materiality Identification Process

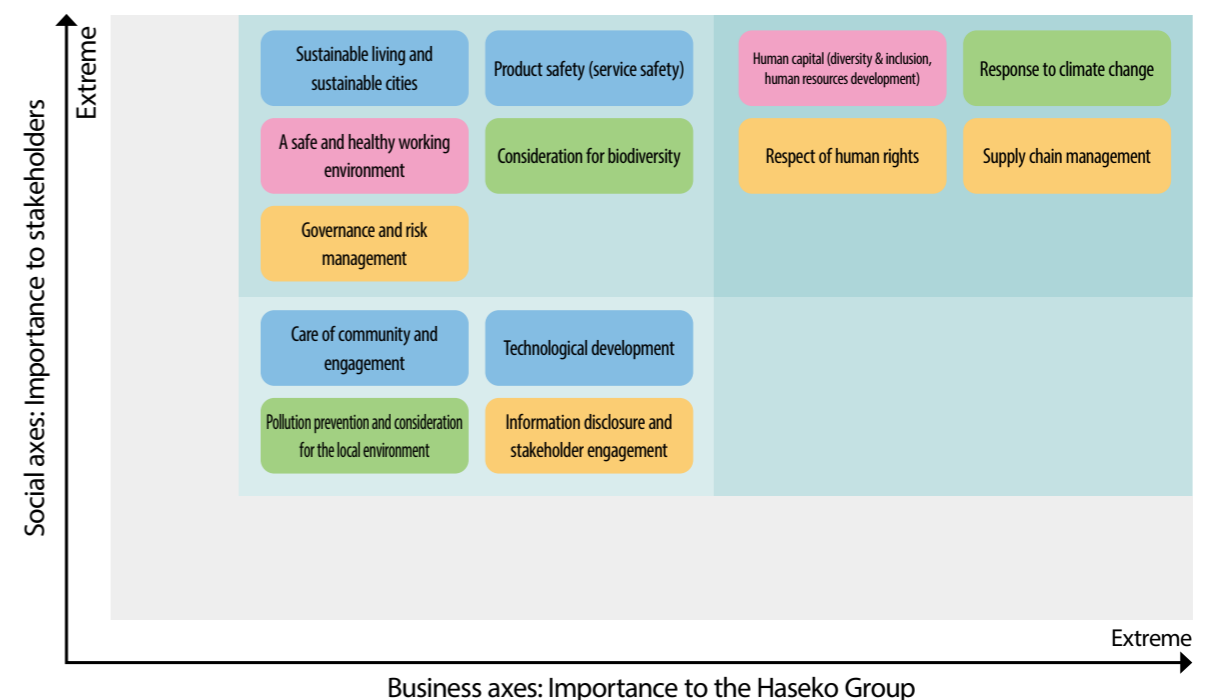


Haseko Group’s Materiality



All of the materiality topics identified have been incorporated as components of our four main CSR themes.


Relationship with the four main CSR themes:

■ Creating attractive living spaces ■ Building a company worth working at ■ Protecting the precious environment ■ Nurturing a culture of trust



Haseko Group CSR Action Plan for FY2022

Four main CSR themes	17 priority sub-themes	Vision for 2037 (100th anniversary)	FY2020–2024 Haseko Group initiative items	KPIs/Targets	Results	
Creating attractive living spaces We will create living spaces where people can feel safe, grow, and actively pursue diverse lifestyles. While promoting businesses that enhance the quality of child nursing, education, care, and welfare, we will aim to make safe, secure and environmentally considerate living the new standard. ■ Related SDGs 	Safety, security and comfort 1 Thoroughly pursuing the supply of safe, secure and conformable buildings and services and providing longer-life housing	(1) Quality maintenance and improvement (2) Promotion of condominium renewals (3) Promotion of the redevelopment business (4) Introduction of ICT-based security and monitoring systems (5) Continuation of the 24-hour emergency response system	• Number of matters pointed out in the external ISO 9001 examination: none • Number of housing units that adopted Haseko's Premium After-sales Service • Number of technologies developed	None Tokyo: 7,634 units (a cumulative total of 79,447 units) Kansai: 3,750 units (a cumulative total of 33,169 units) 4 projects completed; 5 ongoing projects	None	
			• Number of new initiatives • Number of new initiatives	11 initiatives (Tokyo and Kansai regions) 8 initiatives (Tokyo and Kansai regions)	2 awards (Haseko Corporation) Reduction based on the ISO 14001 environmental targets • Mixed waste: 5 kg/m ² or less • Recycling of mixed waste: 80%	Tokyo 2.4 kg/m ² ; Kansai 3.1 kg/m ² Tokyo 91.8%; Kansai 84.7%
	Enabling diverse lifestyles 2 Contributing to creating disaster-resilient lifestyles and communities	(1) Provision of buildings and services that respond to social needs (2) Initiatives to realize DX (3) Development and provision of facilities, housing, and nursing care services for elderly to respond to a super-aging society	• 100% adoption of "Renai" with the specification for the proposal of hazard-resistant condominium • Number of disaster countermeasure technologies developed (for earthquakes [seismic isolation, vibration control, anti-seismic], typhoons, etc.) • Implementation rate of drills for checking disaster damage to properties and facilities managed by the Group	100% 4 ongoing projects 100% (three times annually)	Proposed to some project owners. 43 initiatives	Same as on the left
			• Number of the new normal measures taken • Number of initiatives taken • Number of elderly facilities, housing, and services commercialized • Number of consultations handled by the senior life consultation service	2 cases None	(Haseko Corporation) Reduction based on the ISO 14001 environmental targets • Reduction of CO ₂ emissions intensity to 10.5 t-CO ₂ /¥100 mil. or below (construction activities)	Tokyo 9.39 t-CO ₂ /¥100 mil.; Kansai 7.71 t-CO ₂ /¥100 mil.
	Community 4 Contributing to creating communities with easy access to various services related to people's daily lives, such as childcare, education, nursing care, and welfare services 5 Promoting the revitalization of local communities 6 Contributing to local community formation	(1) Promotion of complex development with housing at the core (2) Promotion of business development in local communities (3) Promotion of Asuka Village projects	• Number of initiatives taken	1 ongoing project	7 areas 4 projects	Promoted the reduction initiatives.
			• Number of local areas where we operate our business • Number of projects worked on	Not held because of the COVID-19 pandemic. • Holding of events at properties managed by Haseko Community, Inc. (held once a year at properties with 100 or more units for which Haseko Community, Inc. provides comprehensive management services)	Not held because of the COVID-19 pandemic.	(Haseko Corporation) Reduction based on the ISO 14001 environmental targets • Reduction of electricity consumption to a level below the actual consumption in FY2020
	Environmental consideration in daily life 7 Being a leading company in environmental technologies for housing and living.	(1) Development and adoption of technologies that minimize environmental burden stemming from condominiums	• Number of associations participated in the "Mission Uchimizu (Water Sprinkling)" at condominiums • Holding of events at properties managed by Haseko Community, Inc. (held once a year at properties with 100 or more units for which Haseko Community, Inc. provides comprehensive management services)	1 project 4 ongoing projects	• Number of collective ZEH projects adopted • Number of environmental burden reduction technologies developed (Haseko Corporation) • Reduction based on the ISO 14001 targets • CO ₂ reduction rate: 10% or higher (design) • Adoption rate of environment-conscious designs	Tokyo 19.8%; Kansai 22.94% Tokyo 97.6%; Kansai 98.5%
• Number of initiatives taken			Implemented as planned. Continued the initiative.	• Promotion of telework (work-from-home, etc.) • Promotion of the appointment of female managers • Eruboshi certification • Percentage of female employees: 30% or higher (Haseko Corporation) • Percentage of women among new graduates hired: 30% • Kurumin certification (Haseko Corporation) • Percentage of spouse maternity leave taken: 80% • Percentage of childcare leave taken (male): 20% • Percentage of children leave taken (male): 50%	Percentage of female managers 9.8% Not yet certified. 30.5% 24.2% Not yet certified.	4 projects 1 project under consideration
Building a company worth working at We will nurture a workplace where a diversity of employees can flourish, and where safety and productivity are high. Employees with advanced technological skill and know-how in the field of housing and living will work in passionate teamwork, and in collaboration with our cooperating companies, to create communities today and in the future. ■ Related SDGs 	Enabling the flourishing of diverse talent 8 Having put in place an environment where all employees can play an active role by fully demonstrating their capabilities and skills with a rewarding sense of satisfaction while accepting each other's diverse individuality and values.	(1) Promotion of workplace reform (2) Promotion of the appointment of and the active participation of women in various workplaces (3) Reinforcement and promotion of childcare and nursing care support systems (4) Realization of a workplace where persons with or without disabilities work together (5) Support for active participation of senior personnel (6) Development and promotion of a working environment and infrastructure where foreign national employees can play an active role	• Promotion of MQST Activities • Promotion of telework (work-from-home, etc.) • Promotion of the appointment of female managers • Eruboshi certification • Percentage of female employees: 30% or higher (Haseko Corporation) • Percentage of women among new graduates hired: 30% • Kurumin certification (Haseko Corporation) • Percentage of spouse maternity leave taken: 80% • Percentage of childcare leave taken (male): 20% • Percentage of children leave taken (male): 50%	Not yet certified. Percentage of female managers 9.8% 30.5% 24.2% Not yet certified.	4 projects 1 project under consideration	
			• Percentage of disabled persons employed: 2.3%	2.42%	• Meeting of the Haseko Group Health Management Promotion Committee • Certification under the Health & Productivity Management Outstanding Organizations Recognition Program • Percentage of employees undergoing health checks: 100% • Implementation rate of the specific health guidance: 45% • Percentage of employees taking stress checks: 100%	Held once a year. Certified under the program.
	A safe and healthy working environment 9 Having realized a safe and healthy working environment at all workplaces 10 Providing support for better physical and mental health to each and every employee	(1) Ensuring of a through safety and health management system (2) Development of a working environment (3) Implementation of health management	• Zero fatal and serious accidents/disasters • Frequency of occupational accidents: 0.60% or less • Severity of occupational accidents: 0.01% or less • Meeting of the Safety and Health Central Committee • Continuation of the promotion of COVID-19 prevention measures	Zero 0.28 0.00 Held once a year. Continued the promotion initiative.	• Meeting of the Haseko Group Health Management Promotion Committee • Certification under the Health & Productivity Management Outstanding Organizations Recognition Program • Percentage of employees undergoing health checks: 100% • Implementation rate of the specific health guidance: 45% • Percentage of employees taking stress checks: 100%	Held once a year. Certified under the program.
			• Number of measures taken to improve business operations	3 measures	(Haseko Corporation) • Number of employees participated in self-learning support programs provided by the Haseko Business College	1,397 persons
	Human resources development and technology succession 11 Leading the utilization of advanced technologies that improve operational efficiency and productivity 12 Providing a variety of education programs to develop personnel involved in businesses related to future housing and living 13 Providing places and opportunities for learning about life and living to a wide range of people from children to adults	(1) Development of human resources and organizations that continue to grow, evolve, and take on challenges autonomously (2) Technology and skill succession (3) Strengthening of external communications (4) Enlightenment through events, etc.	• Number of measures taken to improve business operations	3 measures	• Number of visitors to the Haseko Condominium Museum	6,136 persons (a cumulative total of 15,517 persons)
			• Number of events held; number of participants	2 events; 667 persons	(1) Strengthening and continuation of promotion of cooperation with cooperating companies (continuation of value enhancement activities) (2) Promotion of DX and development of construction automation technologies in cooperation with cooperating companies (3) Risk management measures taken by cooperating companies	Held. 3 themes completed.
	Supply chain 14 Having realized a safe and productive workplace in cooperation with cooperating companies	(1) Strengthening and continuation of promotion of cooperation with cooperating companies (continuation of value enhancement activities) (2) Promotion of DX and development of construction automation technologies in cooperation with cooperating companies (3) Risk management measures taken by cooperating companies	• Debriefing Session on Value Enhancement Activities/general meetings of respective organizations of cooperating companies • Number of development themes • Implementation of an awareness-building activity at a general meeting	Held. 3 themes completed.	Implemented (held once a year).	Implemented.

Four main CSR themes	17 priority sub-themes	Vision for 2037 (100th anniversary)	FY2020–2024 Haseko Group initiative items	KPIs/Targets	Results	
Protecting the precious environment We will promote environmental consideration throughout the process of providing living spaces and services related to daily life. We are considerate about our impact on the ecosystem, and will pursue further improvements of resource and energy efficiency working with cooperating companies to realize construction sites and workspaces that help protect the natural environment. ■ Related SDGs 	Cyclical resource use 15 Thoroughly practicing the 3Rs (Reduce, Reuse, Recycle) in all of our business activities	(1) Continuous management and improvement of the environmental management system (2) Promotion of the reduction of construction waste (3) Enhancement of the 3Rs at offices and construction sites	• Number of matters pointed out in the external ISO 14001 examination: none • Number of external awards received (Haseko Corporation) Reduction based on the ISO 14001 environmental targets • Mixed waste: 5 kg/m ² or less • Recycling of mixed waste: 80%	None 2 awards Tokyo 2.4 kg/m ² ; Kansai 3.1 kg/m ² Tokyo 91.8%; Kansai 84.7%	None	
			• Number of matters pointed out in the external ISO 14001 examination: none • Same as the SBT targets (refer to 16-4) below).	None		
	Energy & CO₂ 16 Realizing high energy efficiency and high utilization of renewable energy sources in all of our business activities	(1) Continuous management and improvement of the environmental management system (2) Continuation of responses in accordance with the Climate Change Response Policy (3) Reduction of CO ₂ emissions in the construction stage (4) Setting of the SBT targets and reduction initiatives (5) Promotion of energy and power saving at construction sites, offices, etc. (6) Active utilization of solar power and other renewable energy sources in our business activities (7) Biodiversity conservation activities (Haseko no Mori)	• Number of matters pointed out in the external ISO 14001 examination: none • Same as the SBT targets (refer to 16-4) below).	None	(Haseko Corporation) Reduction based on the ISO 14001 environmental targets • Reduction of CO ₂ emissions intensity to 10.5 t-CO ₂ /¥100 mil. or below (construction activities)	Tokyo 9.39 t-CO ₂ /¥100 mil.; Kansai 7.71 t-CO ₂ /¥100 mil.
			• SBT targets (base fiscal year: FY2020) Scope 1 + Scope 2 FY2030: –42%, FY2050: –100% Scope 3 FY2030: –13%, FY2050: –37%	Promoted the reduction initiatives.		
	Pollution prevention and consideration for the local environment 18 Giving thorough consideration for the local environment in all of our business activities	(1) Reinforcement of risk management including environmental and social risk management (2) Thorough compliance (3) Strengthening of the governance structure	• Number of projects utilizing wood for the main structure of condominiums	1 project	• Zero serious soil, water, dust, and other pollution incidents • Number of external awards received (incl. ABINC Certification) • Awareness-building through the value enhancement activities • Number of technologies developed	None 4 projects Implemented. 1 project under consideration
			• Meeting of the Risk Management Committee including operation of the BCP (incl. disaster response and prevention measures for infectious diseases) • Percentage of internal audit coverage	Continued the operation. 100%		
	Nurturing a culture of trust In order to remain a corporate group co-creating value with stakeholders based on strong trust from them, we will implement the required organizational measures rigorously. We will strengthen management that harnesses our collective capabilities as a group, and while staying alert to new social and environmental issues in housing and living, we will constantly expand our ability to contribute to society through our business.	Corporate ethics and compliance with the Law 19 Ensuring thorough practice of corporate ethics and compliance with the law as a company with integrity	• Compliance lecture participation rate • Meeting of the Compliance Committee • 100% participation in the e-learning course	100% Held six times. 100%	• Outside directors comprising at least one third of the total number of directors	38.5% (5 out of 13 directors)
• Promotion of human rights due diligence			Formulated a human rights agenda			
Respect for human rights 20 Having established and practicing mechanisms for respecting human rights	(1) Formulation of the Human Rights Policy and development of the human rights due diligence (2) Enhancement of education and mechanisms for eliminating harassment	• Communication activities with institutional investors, analysts, media, end users, etc.	Implemented 212 times in total.	• Timely update of our corporate website • Periodical publication of reports • Improvement of the results of an external ESG disclosure evaluation	Timely updated. Published. Improved.	
		• CSR lecture participation rate; number of participants • 100% participation in the CSR e-learning course	80.1%; 872 persons 99.46%			
Information disclosure and stakeholder engagement 21 Carrying out the CSR management by using information obtained from diverse stakeholders 22 Proactively disclosing information to stakeholders	(1) Implementation of conversations with stakeholders (2) Promotion of information disclosure to meet the expectations of stakeholders and their needs for information relevant to their identified issues	• Holding of events	Held.	• Number of participants in social contribution activities • Formulation of the Social Contribution Activities Policy	728 persons Continued the formulation.	
		• Number of participants in social contribution activities • Formulation of the Social Contribution Activities Policy	Continued the formulation.			
CSR education and training 23 Providing individual employees with CSR education required for their position or level and implementing the CSR management	(1) Implementation of internal dissemination measures by systematically providing CSR education, and surveys on employees' understanding	• Number of events held; number of participants	2 events; 667 persons	• Number of events held; number of participants	2 events; 667 persons	
		• Number of events held; number of participants	2 events; 667 persons			
Promotion of social contribution activities 24 Presenting our approach to solve social issues to wider society 25 Providing support for the restoration of daily lives in the event of disaster	(1) Contribution to the revitalization of Asuka Village (2) Promotion of social contribution activities (3) Consideration and establishment of the disaster assistance system and policy	• Number of events held; number of participants	2 events; 667 persons	• Number of events held; number of participants	2 events; 667 persons	
		• Number of events held; number of participants	2 events; 667 persons			
Supply chain 26 Having realized CSR procurement	(1) Putting CSR Procurement Guidelines into action	• Questionnaire surveys	Implemented.	Implemented.	Implemented.	

10 SDGs closely related to Haseko Group CSR initiatives



Nurturing a Culture of Trust

In order to develop better housing in practice, Haseko Group's organization must have a solid foundation and be worthy of its stakeholders' trust.

To this end, we will enhance management and proactively engage in initiatives in the area of social contribution.



For more information, please visit: ESG Data

Material Issues of Nurturing a Culture of Trust

Governance and risk management

In addition to efforts to ensure transparency in our management systems, we also properly manage various internal and external business risks associated with our operations and continue to maintain and enhance corporate value.

Respect of human rights

We will work with the business partners that form our supply chain to minimize the negative impact on human rights and fulfill our responsibility to respect human rights.

Information disclosure and stakeholder engagement

In the pursuit of our business activities, we will work to earn the trust of stakeholders through the extensive disclosure of our business and CSR activities and deeper engagement with stakeholders.

Supply chain management

We lead CSR initiatives across the entire supply chain to maintain a sustainable society.

Governance and Risk Management

As the foundation supporting the Haseko Group's corporate activities, we work for strict adherence to corporate governance and compliance.

Corporate Governance

Basic approach to corporate governance

Haseko Corporation has made it a basic policy of its corporate management to contribute to society and win society's confidence through its business operations that put customers first. The Company has also positioned reinforcement of corporate governance as one of its utmost management priorities as it recognizes that it is indispensable to secure management transparency and objectivity for maximizing corporate value in a

stable manner over the long term and ensuring shareholders' interests.

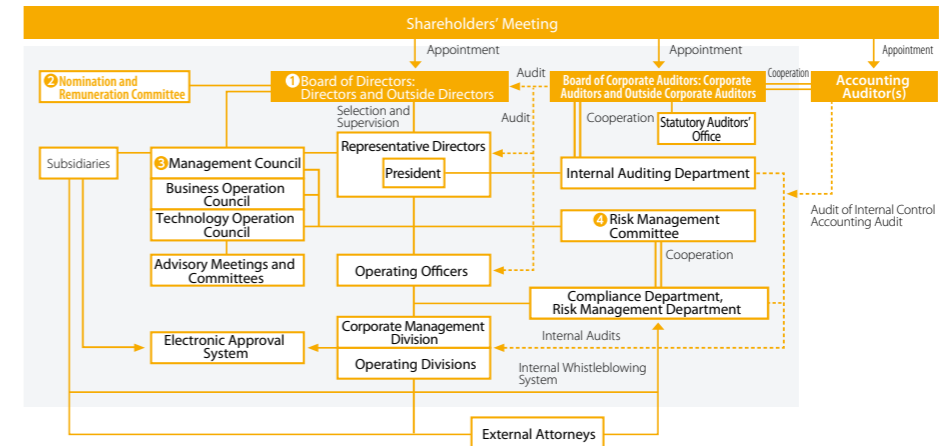
As part of its effort to achieve sustained growth and enhance corporate value over the medium- to long-term, the Company has formulated its "Basic Policy on Corporate Governance" and posted it on its website.

Company institutions

Haseko Corporation has adopted a corporate auditor system as a corporate institution. The Board of Directors of Haseko Corporation serves as the institution where directors with expert knowledge and experience in various operating divisions conduct decision-making on managerial issues and supervise the execution of duties of other directors. As for monitoring of management operations, the Company's system provides the Board of Corporate Auditors, the majority of which are outside corporate auditors, with the monitoring function from an objective and neutral standpoint from outside through implementation of audits. On top of these functions, starting in June 2016, Haseko appointed outside directors with abundant experience and track record to occupy at least one third of the Board of Directors, so that they shall provide appropriate opinions and advice in order to further activate discussions at the Board of Directors and enhance the function to monitor business management. With this system in place, we are

making efforts to build an optimum system for the Company, taking into consideration the balance between the operation of the Board of Directors and the monitoring functions. Two female directors have been appointed, one among the inside directors and another among the outside directors. We are continuing to work towards ensuring the diversity of the Board of Directors.

Decisions on certain matters authorized by the Board of Directors are made by the Management Council, Business Operation Council, and Technology Operation Council, each of which limits the participation of directors to a certain extent. In doing so, we have developed a system to separate the functions of decision-making and supervising such decision-making, so that each director can supervise the execution of duties by other directors. In addition, the Management Council is also responsible for the function of discussing in advance the important issues to be decided by the Board of Directors.



Details of company institutions

- The Board of Directors holds regular meetings once a month and extraordinary meetings as necessary, and is responsible for important decision-making and regular reports on matters related to management. In addition, operating officers make reports on business operations on a regular basis to the Board.
- The Nomination and Remuneration Committee is an advisory body for the Board of Directors, in order to secure objectivity, transparency, and fairness of the procedures related to the nomination, remuneration, etc. of directors and enhance corporate governance. The committee comprises all independent outside directors and an equal or smaller number of representative directors, etc.
- The Company has established the Management Council and two operation councils—the Business Operation Council and the Technology Operation Council—to facilitate prompt and flexible decision-making on matters related to daily business operations to the extent they are authorized by the Board of Directors. Participation of directors in the Management Council and the two operation councils is limited to a certain extent, so that the functions of decision-making and supervising such decision-making are divided, and clarification is made for the responsibilities and authority for these functions. Moreover, the Management Council is responsible for the function of discussing in advance the important issues to be decided by the Board of Directors.
- The Risk Management Committee is held once every quarter and on an ad hoc basis as necessary whenever any material risk has arisen. It examines and determines the establishment, amendment, or abolishment of internal rules on risk management and risk prevention plans, etc., and discusses and decides on the implementation policies and specific measures for risk management, among other things.

Evaluation of the effectiveness of the Board of Directors

Based on the results of analyzing and evaluating the effectiveness of the Board of Directors in fiscal 2022 in accordance with our Basic Policy on Corporate Governance, we have confirmed that the Board of Directors has held constructive and active discussions and that its effectiveness has been sufficiently ensured. The outline and results of this analysis and evaluation are as follows.

Evaluation method

We conducted a questionnaire regarding the effectiveness of the Board of Directors for all directors and corporate auditors. Reflecting on the results of this questionnaire and reports from the secretariat on the operation of the Board of Directors in fiscal 2022, deliberations were held and the effectiveness of the Board of Directors as a whole was analyzed and evaluated at the Board of Directors meeting in April 2023 based on

opinions presented by the Board of Corporate Auditors and individual directors.

Evaluation items

(1) Institutional design/composition	Number of members, percentage of independent outside directors, diversity, frequency of meetings, meeting length
(2) Operation	Number and content of agenda items, quality and quantity of agenda materials, timing of prior distribution, quality of prior explanations
(3) Deliberation	Constructive discussions and multifaceted considerations in meetings, ethos, one's own roles and responsibilities
(4) PDCA	Addressing issues raised, reporting results after resolutions, efforts toward improvement

Note: Please access the results by scanning the QR code in the upper right corner.

Status of audits

For more information, please visit:

Haseko Corporation is a company with the Board of Corporate Auditors. It consists of five corporate auditors, of which two are full-time and three are outside, and meets once every month and on an ad hoc basis as necessary.

The two full-time corporate auditors cooperate with each other to conduct audit activities including an audit of the Company's internal control system. More specifically, the corporate auditors attend the Management Council, Business Operation Council, Technology Operation Council, Risk Management Committee, and other important meetings, observe internal audits, interview directors and other officers and employees about the status of business operations as necessary, and inspect approval documents, minutes, meeting materials, and reports, among others. The corporate auditors also hold a Group Corporate Auditors' Liaison Meeting to cooperate with Group companies' corporate auditors.

In accounting audits, all the corporate auditors meet with Ernst & Young ShinNihon LLC., the accounting auditor of the Company, to receive the explanations of accounting audit plans, quarterly reviews, and accounting audit reports from the accounting auditor. As necessary, the full-time corporate auditors interview the Accounting Department and the accounting auditor.

Status of internal audits

In internal audits, the Internal Auditing Department comprised of 11 members conducts internal audits of information management, risk management, etc. and assesses internal control over financial reporting. Whenever internal control issues are found in an accounting audit, information on the issues is communicated to each division, and improvements to resolve the issues are considered. At the same time, as part of the assessment of internal control, the Internal Auditing Department obtains the information, gives feedback to each division, and monitors the progress of improvements made in each division. The Internal Auditing Department also reports the status of such improvements to the President, the Board of Directors, corporate auditors, and the accounting auditor.

Further, the Internal Auditing Department carries out such activities while reporting the status of them to corporate auditors as appropriate in order to coordinate the roles of internal audits with the roles of audits by the Board of Corporate Auditors and ensure consistency between these roles. Corporate auditors observe internal audits, receive the reports of internal audit results, and exchange information about in-house status with the Internal Auditing Department as appropriate.

Management team and independence criteria for outside officers

For more information, please visit:



For a list of Directors and Corporate Auditors, please see About HASEKO > Management Team by scanning the QR code. For the independence criteria for outside officers, please see the PDF file attached to the Corporate Governance website.

Skills matrix for Directors

Name	Position	Company management/Management strategy	Finance/Accounting	Legal affairs/Risk management	Overseas business	Construction/Architecture	Sales/Real estate	Urban development	Technology/DX	ESG/Sustainability
Noriaki Tsuji	Chairman and Director	●		●			●	●		●
Kazuo Ikegami	President and Representative Director	●		●		●			●	●
Junichi Tani	Representative Director, Executive Vice President	●					●	●		
Toshiyuki Murakawa	Director, Executive Vice President	●				●			●	
Shoji Naraoka	Director, Executive Vice President	●	●		●				●	
Masahito Koizumi	Director, Executive Operating Officer	●				●			●	
Satoshi Kumano	Director, Executive Operating Officer	●		●			●	●		●
Toru Yamaguchi	Director, Executive Operating Officer	●					●	●		
Naoko Yoshimura	Director, Operating Officer									●
Kazuhiko Ichimura	Outside Director	●	●	●				●		●
Mami Nagasaki	Outside Director		●	●						●
Toshikatsu Ogura	Outside Director	●	●	●				●		●
Shinsuke Fujii	Outside Director	●	●	●	●					●
Toru Izawa	Outside Director	●		●		●	●	●		



Executive remuneration

For more information, please visit:

The basic policy for remuneration of directors is stipulated in the Basic Policy on Corporate Governance, which was revised by the resolution of the Board of Directors in March 2022. In accordance with the Basic Policy on Corporate Governance, the remuneration of directors is determined by resolutions of the Board of Directors based on the criteria for payment of remuneration of directors prepared by the President in consideration of discussions at the Nomination and Remuneration Committee, which is comprised entirely of independent outside directors as well as representative

directors, etc., numbering not more than the independent outside directors.

The Nomination and Remuneration Committee held three meetings in fiscal year 2022, and all the members of two inside directors and five outside directors attended the meeting.

Cross-shareholdings

In the case where holding shares of our business partners will help facilitate the operation of business, Haseko's policy is to hold shares as cross-shareholdings in accordance with the "Guidelines for Asset Acquisition in Facilitating Transactions" that is separately prescribed.

The guidelines state that the total book value of assets acquired shall remain within a prescribed amount of the consolidated net assets.

Haseko examines cross-shareholdings individually in terms of medium- to long-term economic rationale and future projections annually at a Board of Directors meeting, and if any shares are determined to be without merit in holding, then those shares will be reduced or otherwise reconsidered. The Board of Directors confirms the status in transactions for the businesses relevant to the cross-shareholdings once every year, including annual amounts of orders received and purchase amounts for those businesses to deliberate the feasibility of continuing shareholding.

Number of issues and amount recorded in the balance sheet

(as of March 31, 2023)

	Number of issues	Amount recorded in the balance sheet (millions of yen)
Unlisted shares	11	112
Shares other than unlisted shares	6	15,345

Issue for which number of shares increased in fiscal year 2022

	Number of issues	Total acquisition amount for increased shares (millions of yen)
Unlisted shares	1	6

Issue for which number of shares decreased in fiscal year 2022

Not applicable



Training for officers

For more information, please visit:

The Company has put in place an education system for directors, corporate auditors, operating officers, and other officers and employees to provide education and training relevant to their positions.

Compliance

Basic approach and policy for compliance

For more information, please visit:



With the recognition that strict compliance is indispensable for the continuity of a corporation, the Company formulated the Haseko Group Standards of Conduct, under which Haseko has been working to establish a management system where all directors, operating officers, and staff respect societal standards and take sensible courses of action in keeping with their duties as

members of society, as well as complying with all laws and regulations both in Japan and abroad, and the Company's articles of incorporation, so that the Company can win the confidence of society.

The Company regularly reviews the Standards of Conduct for relevancy and effectiveness and revises it as needed.

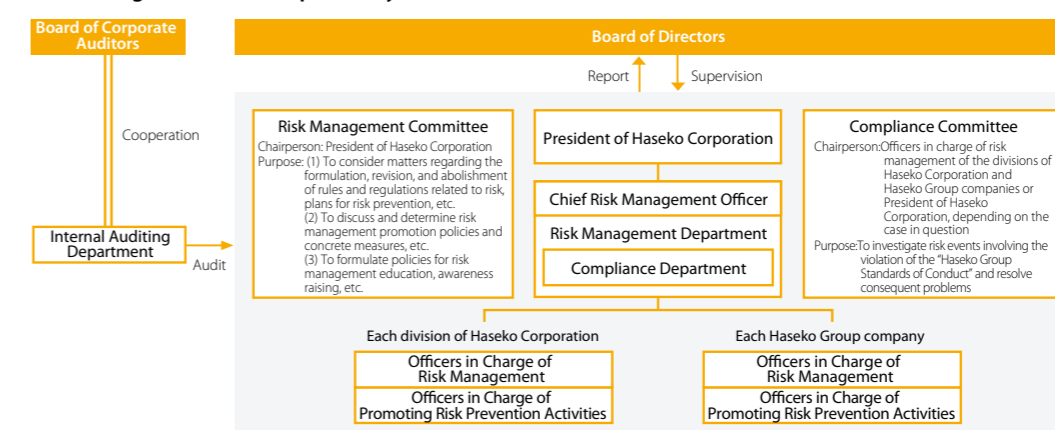
System for promoting compliance

The Compliance Department, established in the Risk Management Department as a department responsible for instilling the Standards of Conduct across the Group and advancing compliance efforts, is working to enhance the Group's compliance.

In addition, pursuant to internal rules and regulations on internal audits, the Internal Auditing Department, which is under the direct control of the President, investigates and evaluates whether activities of respective divisions conform to laws and regulations, the articles of incorporation, the Company's rules and regulations, corporate policies, etc. and whether they are reasonable, and works to make improvements based on the results.

If there is any act violating the Standards of Conduct that causes concern that it might produce a material effect, it will be reported to the President and officers in charge of risk management will make an investigation. As needed, the Compliance Committee chaired by officers in charge of risk management or the President of the Company is convened to work to resolve it through such actions as examining circumstances, analyzing causes, identifying remedies, investigating whether there are any similar events, devising measures for preventing recurrence, and sharing the results in the Company and across the Group.

Risk management and compliance system



Internal whistleblowing system

For more information, please visit:



The Haseko Group has set out the "Haseko Group Whistleblower Protection Rules" pursuant to the Whistleblower Protection Act and relevant laws and regulations. In addition, the Company has established an office in the Compliance Department of the Risk Management Department, as well as in a law firm as an external contact, dedicated to receiving public-interest whistleblowing reports by officers and employees and requests for consultation regarding harassment and compliance issues in general (including issues concerning the prevention of corruption such as graft and bribery).

The Company has put in place a system for protecting whistleblowers and preserving their anonymity and created an environment where employees feel free to file a report or request consultation in order to ensure that any wrongful act or misconduct be immediately detected and corrected.

Accounts submitted to the office responsible for consultation on internal whistleblowing, and the status of subsequent responses provided, are reported to the representative directors, outside directors, and corporate auditors on a regular basis.

Information security

In recent years, there has been a growing risk of information assets being exposed to threats in various aspects in line with the progress of information technology.

The Haseko Group is working on the protection of information assets handled in its businesses and the enhancement of management of such assets, including customer information. We are building awareness of information management, having established the "Haseko Group's Information Management Regulations" and "Basic Policy for Information Security" on a Group-wide scale and formulated the "Information Handling Guidelines" shared across the Group. We have also set individual management standards according to the respective

businesses and contents of information handled by Group companies.

Haseko Livenet, Inc., which is engaged in the operational management of rental housing, handles personal information of residents and prospective residents as well as information assets entrusted by clients. For this reason, we have built an Information Security Management System (ISMS) in all divisions in Tokyo and Osaka. We are utilizing international standard ISO/IEC 27001 in the inspection and review of day-to-day information asset management activities, having obtained certification in August 2005.

Risk Management



Basic approach to and policy for risk management

For more information, please visit:

The Haseko Group has set out the "Haseko Group Risk Management Policy" with the aim of properly managing various internal and external business risks associated with its operations and continuing to maintain and enhance its corporate value.

The Company has put in place its risk management system, and has ensured that rules and measures under the policy are known and implemented by all Haseko Group officers and employees.

Risk management system

The Haseko Group has adopted a risk management system in which the President of Haseko Corporation serves as Chief Officer to implement the "Haseko Group Risk Management Policy." The Company has also appointed a Chief Risk Management Officer, who is responsible for overall risk management, including risk prevention and crisis response across the Group, and officers in charge of risk management, who are responsible for leading risk management in each operating division of Haseko Corporation and Group companies. In addition, each Group company has its risk management department, which makes advice and recommendations regarding the formulation and implementation of Group-wide measures for promoting risk management and monitors the progress of these measures.

Corporation. The Committee meets once every quarter, while convening an extraordinary meeting as needed when a serious risk event occurs, and works to collect, analyze, assess, and address risk events across the Company. The results of discussions of the Risk Management Committee are reported as needed to the Board of Directors, which assesses and oversees the implementation and effectiveness of the risk management system.

*For the Risk Management and Compliance System, please refer to the diagram of Risk Management and Compliance System on page 51.

The Company has also established the Risk Management Committee under the chairmanship of the President of Haseko

Business Continuity Plan (BCP)

The Haseko Group has formulated a "Business Continuity Plan" with the aim of establishing a mechanism of clarifying operations of Group companies in the event of a major earthquake and other natural disasters, ensuring the safety of "housing" provided by us, preventing the suspension of operations or in the event that they are suspended, enabling the resumption of operations within the shortest possible time, as well as promptly preserving offices and tasks after ensuring the safety of employees and their families, enabling employees engaged in restoration activities and restoration support to take action autonomously.

Meteorological Agency located in the Haseko Group's business bases (earthquakes below the reference seismic intensity are not excluded depending on the degree of the damage, etc.), and also in the event of natural disasters other than earthquakes (including storms, heavy rain, heavy snow, floods, high tides, tsunamis, eruptions, etc.) if the damage is significant. In the event of an emergency, the Company will set up a Group Control Headquarters and a Group Control and Support Headquarters in Tokyo or Osaka and a Regional Control Headquarters in the Tokai and Kyushu areas, while each Group company will set up a control headquarters.

The "Business Continuity Plan" stipulates that it shall be triggered by the authority of the head of Group Control Headquarters (President of Haseko Corporation) in the event where large earthquakes with a seismic intensity of upper 5 are observed at an earthquake observation point of the Japan

Respect of Human Rights



Basic approach to human rights

For more information, please visit:

The Haseko Group explicitly states "respect of human rights" in the Haseko Group Standards of Conduct. Moreover, in order to deepen our initiatives for respecting human rights, in January 2022 we established the Haseko Group's Human Rights Policy in line with the United Nations Guiding Principles on Business and Human Rights. We instill the Standards and Policy throughout the Group so that each and every employee can deepen his/her understanding of human rights and engage in operations with a high level of awareness at all times, as well as require our

cooperating companies and other supply chain constituents to respect human rights in their own business activities. Moreover, we will pursue management that respects human rights through efforts including human rights due diligence initiatives.

Status of human rights due diligence initiatives

Coinciding with the development of the Haseko Group's Human Rights Policy, we are currently promoting human rights due diligence (HRDD) initiatives. Specifically, the corporate management division and the construction division, which serves as a contact point with cooperating companies, have formed the Human Rights Working Group and identified potential human rights violation risks related to the business activities of the

Haseko Group. The Working Group then assessed those risks in terms of their degree of severity and likelihood of occurring and verified the status of actions taken by relevant divisions and Group companies. Those efforts identified human rights issues that require action.

The status of actions taken to address identified issues is reported to the Board of Directors. We report the status of HRDD,

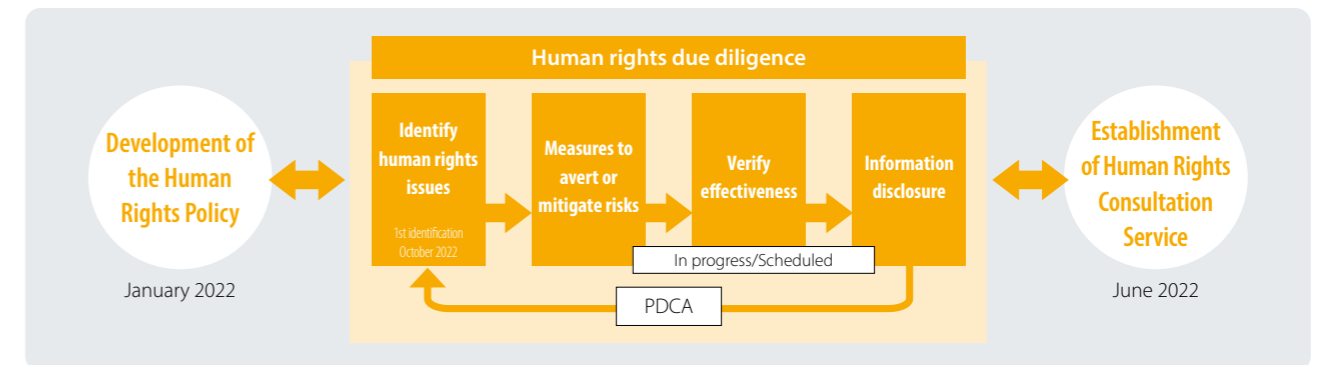
which is planned for continuous future implementation, to the Sustainability Committee for its review (Matters deliberated by and reported to the Sustainability Committee are reported to and supervised by the Board of Directors, and significant matters are

referred to the Board of Directors for deliberation and decision-making.).

Human rights issues identified

Human rights issue	Major risk
Human rights issues in the upstream supply chain	• Labor problems and impact on the living environment of local communities in the upstream process of the production of construction materials, including logging sites
Forced labor and child labor	• Labor problems related to foreign technical intern trainees and young workers of cooperating companies at construction sites and service provision sites
Occupational health and safety	• Accidents related to the life and health of employees (of the Company and cooperating companies) at construction sites and other sites where the Company provides services
Employment and working conditions	• Long working hours • Cooperating companies' employment and working conditions
Harassment and discrimination	• Harassment at the Company or between the Company and cooperating companies • Cases where employees harass customers or customers harass employees at service provision sites
Impact on local communities	• Impact on the living environment of local communities in the vicinity of construction sites
Customer safety and security	• Accidents when the Company provides services at nursing care sites and in customers' living spaces • Customers' personal information and privacy

Overview of initiatives for respecting human rights



Supply Chain Management



Haseko Group CSR Procurement Guidelines

For more information, please visit:

The Haseko Group has formulated the "Haseko Group CSR Procurement Guidelines" to fulfill its social responsibility across the entire supply chain. The Group will work to meet the demands of society by having Group companies follow these guidelines in procuring materials, labor and other resources, while also asking its business partners (includes not only suppliers, but also all entities with whom the Group does business, such as subcontractors and agents) to observe these guidelines in their business activities. The Haseko Group has had its main business partners sign an agreement stating that they commit to these guidelines.

questionnaire, using a self-checklist, and verified that, overall, appropriate action is being taken.

Additionally, we are currently incorporating compliance clauses, in line with these guidelines, into contracts for transactions with all business partners, including those mentioned above, to ensure the clear communication of our requirements.

To verify the status of our business partners' compliance with the "Haseko Group CSR Procurement Guidelines," we conducted a

Haseko Group CSR Procurement Guidelines

- 1 Thorough compliance
 - 2 Respect for human rights
 - 3 Fair business activities
 - 4 Commitment to safety and hygiene
 - 5 Securing quality
 - 6 Care for the environment
 - 7 Proper disclosure of information
 - 8 Thorough information security
 - 9 Contribution to society
 - 10 Preparation of the Business Continuity Plan (BCP)
- Formulated on October 1, 2021

Declaration of Partnership Building

Having joined the "Declaration of Partnership Building" initiative established by Japan's Cabinet Office, we will strive for co-existence and co-prosperity with business partners while working to increase added value across the entire value chain.



Information Disclosure and Stakeholder Engagement

Conversations with Stakeholders

Constructive conversations with shareholders, institutional investors, and analysts

Aiming for sustainable growth and the medium- to long-term enhancement of corporate value, the Company proactively converses with its shareholders, institutional investors, and analysts and holds a variety of explanatory meetings, such as a financial results briefing in which the President himself participates.

In addition, it discloses information in a timely and fair manner by posting information such as financial results, integrated reports, and other timely disclosure materials (including English versions) on its website.

Major IR activities in fiscal 2022

Item	Number of times conducted	Details
Financial results briefing	2	The Company held the financial results briefings in which top management participates, twice a year (in May and November).
Online conference after the announcement of financial statements	4	The Company held on the same day as the announcement of quarterly financial statements, four times a year (in May, August, November and February).
Meeting with institutional investors	212	The Company had meetings with a cumulative total of 212 domestic and foreign institutional investors and sell-side analysts through individual interviews, phone interviews, small meetings, etc.
Condominium market explanatory meeting	2	The Company held twice a year (in September and March).

Communication at Haseko Condominium Museum

Haseko Condominium Museum opened in Tama City, Tokyo in 2018 as part of the Haseko Group's 80th anniversary projects.

It is the first condominium museum in Japan in which visitors can see, touch, feel, and learn various things about condominiums, including the history of condominiums and transition of floor plans as well as design, construction, repair, and rebuilding of condominiums.

The museum has had a wide array of visitors, including residents from the community, business partners, and persons engaged in domestic and foreign housing industry. Additionally, more and more third parties visit the museum for training purposes, in addition to visits by our new employees and staff of Group companies for training purposes, resulting in a total of 6,136 visitors in fiscal 2022 and a cumulative total of 15,517 visitors.

The Condominium Disaster Prevention Exhibition, which has been held since September 2019 under the theme of disaster prevention that is possible only for condominiums, was made permanent in April 2022 due to its popularity of the exhibition

among customers. The exhibition has been expanded to include countermeasures against wind and flood damage, which have been increasing in recent years, the introduction of Smart Water Tanks, home evacuation, etc. Disaster preparedness manuals with useful information for daily life are also distributed to all visitors. In addition, we held the Haseko Condominium Museum Disaster Preparedness Festa in March 2023, which was attended by 137 visitors.

The Company intends to continuously develop the museum as an information dissemination hub to ensure that the visitors can recognize the deep history of multiple-family dwelling houses and how interesting the creation of condominiums is.

Note: As precaution measures against COVID-19, the Company ensures that disinfectant treatment and ventilation in the museum, monitoring of the staff members' physical conditions through fever screening, and other sanitary measures are strictly implemented.



"History of condominiums" zone: A presentation on the transition of condominiums in Japan and the rest of the world



Special exhibition: Condominium Disaster Prevention Exhibition

Social Contribution Activities

Contributions to the Local Community

For more information, please visit:



Use of corporate *Furusato Nozei* program for Asuka Village

Haseko Corporation has donated taxes to *Asuka Village* since fiscal 2018 by using the corporate *Furusato Nozei* (hometown tax donation) program.

In fiscal 2022, the taxes we donated were allocated to finance five projects related to the project for inscription on the World Heritage List on which *Asuka Village* has been working, namely (1) *Asuka* Half Marathon project, (2) low-season tourist attraction campaign project, (3) wild animal control measure project, (4) safety measures project, and (5) attractive farming village development project.



Donating to cafeterias for children in need

The *Asuka Village* Regional Development Corporation, Haseko Community, Inc., and Haseko Corporation jointly donated vegetables harvested at Haseko *Asuka Village* Community Farm to 18 cafeterias for children in need (*kodomo shokudo*) in Nara Prefecture in July and December 2022. The vegetables were used

at these cafeterias and delivered to single parent families and neighboring children's homes as activities drawing on the close-knit community. We will continue with a social contribution through the donation of vegetables.



Harvesting vegetables



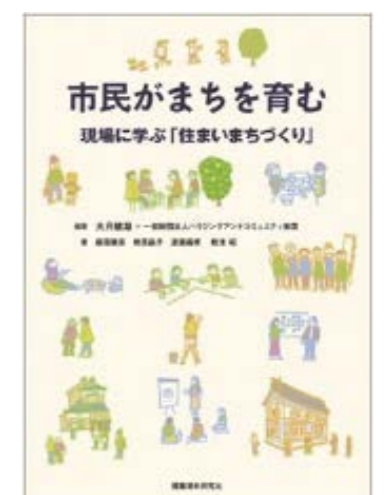
Packed and delivered vegetables

The Housing and Community Foundation publishes a book *Citizens' Town Development—Learning Housing and Town Planning from Worksites—*

The Housing and Community Foundation (chaired by Ikuo Oguri, Executive Advisor to Haseko Corporation) is a general incorporated foundation established by Haseko Corporation in July 1992, with the objective of contributing to the creation of a prosperous living environment. In order to create a high-quality living environment that transcends generations and build a local community full of vitality, we believe that building homes and communities on the initiative of the citizens is crucial, and we make it our social mission to support such activities.

In 2022, the foundation published a book *Citizens' Town Development—Learning Housing and Town Planning from Worksites—* marking the 30th anniversary of its establishment. The book introduces some examples of the activities for which the foundation has given grants, and summarizes intellectuals' comments on each of the activities.

The foundation will continue to support town planning activities on the initiative of the citizens through its grant-funding projects for housing and community-building activities.



Creating Attractive Living Spaces

The Haseko Group aims to create a better living environment for cities and people. We will work on creating attractive living spaces by demonstrating the collective capabilities of the Haseko Group continuing to support—in all aspects—the lives of people living in condominiums, while tackling various social issues such as the decreasing population, aging society with fewer children and environmental problems.



For more information, please visit: ESG Data

Related SDGs



Material Issues of Creating Attractive Living Spaces

Sustainable living and sustainable cities

Through our condominium projects, which are our core business, we will proactively promote the introduction of new technologies and services that can help us meet the diverse needs of our stakeholders while also contributing to the realization of a sustainable society.

Product safety (service safety)

We will realize high levels of quality and comfort so that residents can feel a greater sense of safety and security at home than anywhere else. We will also make thorough and ongoing efforts to prevent crime and disasters, including preparation against earthquakes.

Technological development

We will promote digital transformation (DX) and the development of technologies and services that can serve as a foundation for supporting efforts toward environmental considerations and the addressing of social issues.

Care of community and engagement

We will contribute toward improving the value of the community as a whole by building a community that not only consists of condominium residents and service users but also includes local residents.



Promotion of ZEH condominiums (ZEH-M) business

As more importance is attached to reducing CO₂ emissions from the household sector toward a decarbonized society, it has become essential to promote energy-saving of the house itself. Recognizing that realizing energy-saving housing complexes is an area that can greatly contribute to realizing a decarbonized society, the Haseko Group is making efforts to promote ZEH-M.



Efforts to turn all condominiums developed in-house into ZEH (from FY2022)

For more information, please visit:

The Haseko Group, will strive to increase the ratio of ZEH-M among the new condominiums primarily developed by the Group, including Haseko Real Estate Development, Inc. and Sohgho Real Estate Co., Ltd., companies engaged in the condominium development business. In addition, we will ensure that all condominiums for sale and rental condominiums held by the Group and designed in fiscal 2022 or later meet the ZEH-M Oriented standard.

As part of our efforts to date, Haseko Real Estate Development, Inc. and Sohgho Real Estate Co., Ltd. have been registered as "ZEH Developers," and Hosoda Corporation, which is engaged in the detached house business, has been registered as a "ZEH Builder."

*What are ZEH and ZEH-M?
ZEH stands for "zero energy house" and refers to houses that achieve an annual net energy consumption of zero, while ZEH-M is ZEH for housing complexes.

*What is a "ZEH Developer"?
A company that plays a central role in forming ZEH-M projects by making public its Action Plan for ZEH-M Popularization, Progress of the Plan, ZEH-M Installation Plan, and ZEH-M Installation Results in accordance with the ZEH-M Roadmap published by the Ministry of Economy, Trade and Industry (METI)

*What is a "ZEH Builder"?
A company that sets a business goal of increasing the percentage of "ZEH," "Nearly ZEH," and "ZEH Oriented" houses to total orders received to 50% or more by fiscal 2020, based on the ZEH Roadmap published by the METI.

ZEH-M business: "Premist Fujigaoka" (Nagoya-shi, Aichi)

"Premist Fujigaoka" (property owner: Daiwa House Industry Co., Ltd., and others) is a large-scale for-sale condominium with a total of 360 units, designed and constructed by Haseko Corporation and scheduled for completion in 2024.

All units in this condominium satisfy the ZEH Oriented specifications and each residential building also adheres to the ZEH-M Oriented standard. The project has received the highest rating from a third-party evaluation organization registered under the Building-housing Energy-efficiency Labeling System (BELS).

The primary performance of the buildings has been improved by adopting features such as Low-E double glazing for all windows and additional insulating materials to the ceiling areas. Moreover, compared to standard multi-family dwellings*, the primary energy consumption per residential building is reduced by 25 to 28% through the introduction of high-efficiency equipment such as Eco-Jozu, high-performance gas water heaters to cut CO₂ emissions by reusing waste heat, as well as LED lighting. The project has been certified as Rank A in CASBEE-Nagoya, a specialized branch of the Comprehensive Assessment System for Built Environment Efficiency.

Furthermore, a residential building in each block has solar power generation equipment installed on its rooftop, and the electricity it produces is used to power the lighting and air conditioning in communal areas. Any surplus electricity is stored in storage batteries

for use during nighttime or power outages.

*Benchmark building specified in the Act on the Improvement of Energy Consumption Performance of Buildings promulgated by the Ministry of Land, Infrastructure, Transport and Tourism



Environment-friendly initiatives

Initiatives at BRANSIESTA Urayasu (Urayasu shi, Chiba)

For more information, please visit:



At "Bransiеста Urayasu," an urban rental condominium completed in February 2023, we have proactively introduced initiatives conducive to "environmental consideration in daily life," such as the use of wooden structures and environmentally friendly concrete.

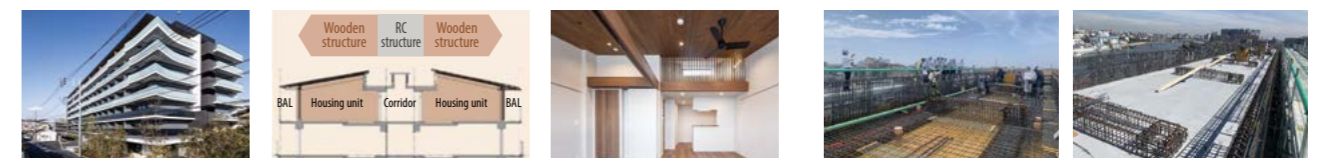
Installation of wooden housing units on the top floor

Hybrid structures that combine reinforced concrete with wooden construction are adopted on the top floor. The housing unit is fitted with a sloped roof loft, and wood is used to construct the

ceiling and loft lattice. Wood produces less CO₂ emissions than other construction materials when manufactured and used for construction and has the added benefit of fixing CO₂.

Adoption of the eco-friendly "H-BA Concrete"

The reinforced concrete structures on the top floor utilize Haseko's unique H-BA Concrete, an environment-friendly concrete that can reduce CO₂ emissions derived from concrete materials while retaining the same performance as ordinary concrete.



Structural diagram of top floor

Photograph of top floor unit interior

Pouring of H-BA Concrete

WORVE Tokyo Kiba awarded the DBJ Green Building 5-Star Certification

WORVE is a series of hybrid condominiums with "Work" and "Live", fully equipped with shared working spaces (open space and private room available) that the residents can utilize 24 hours a day and each facility needed for focused or relaxed work. We were particular about designing each shared spaces, including the working space, aiming to "switch between being focused and relaxed" and remove a "feeling of isolation," which are big issues in working from home. WORVE was awarded the DBJ Green Building 5 Star Certification for properties, as the building with the "excellent environmental and social consideration," the highest level in Japan, as a result of the appreciation of advanced initiatives to support residents' wellness and lifestyles.



*A certification program to support properties which give proper care to environment and society

Shared working space

Initiatives for Quality Improvement

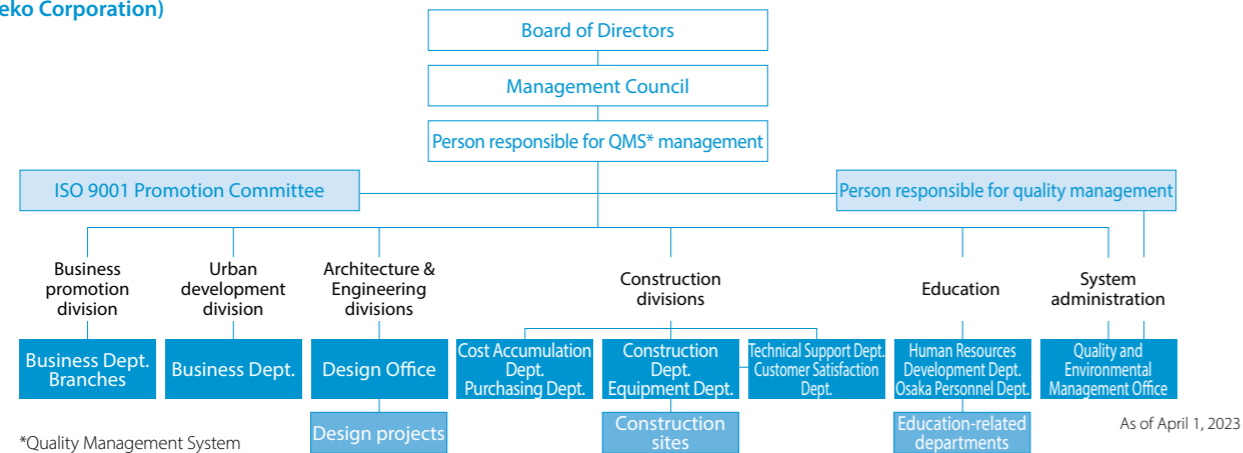


Quality management system

For more information, please visit:

Haseko Corporation, Haseko Reform Inc., and Fujikensetsu Co., Ltd. have established a quality management system based on ISO 9001 and are working to improve quality by setting a quality policy.

Framework to promote quality management system (Haseko Corporation)



Construction of "Resilient" Condominiums Considering the Prevention and Reduction of Disaster

As Japan continues to be hit by large-scale natural disasters and earthquakes, the call is growing for disaster-resilient housing. In order to provide more safe, secure, and comfortable housing, we will work hard to promote the construction of disaster-resilient condominiums that can recover from disaster on their own by taking advantage of the collective capabilities of the Haseko Group in disaster countermeasures both from the tangible and intangible aspects.



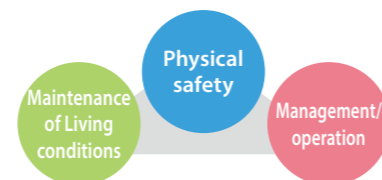
Proposal of Hazard-resistant Condominium

For more information, please visit:

The Disaster Resilient Technology Working Group, which was established by the Haseko Group in the wake of increasingly severe natural disasters, has prepared and has been providing services based on the Proposal of Hazard-resistant Condominium covering exclusive and communal areas, essential services, as well as operation and management.

The Proposal will be actively made to properties inside and outside the Group for adoption to support residents both from the tangible and intangible aspects of the Haseko Group's safe, secure and comfortable condominiums leveraging the advantages of collective living.

Basic policy for the Proposal of Hazard-resistant Condominium



- 1 Protect physical safety in the event of a disaster
- 2 Maintain living conditions until the infrastructure is restored after the disaster
- 3 Develop the management and operation systems including those after the disaster



"Three-piece set disaster prevention equipment" to secure post-disaster living necessities

For more information, please visit:



The Haseko Group has long believed that it is important to not only ensure the basic performance of condominiums per se, but also develop the framework to secure the basic necessities of life for residents after a disaster has occurred. From such perspective, we became the first in Japan to adopt an emergency potable water generation system in a for-sale condominium in 2003, and have since been putting efforts into adopting and proposing the "three-piece set disaster prevention equipment"—which consists of an emergency potable water generation system, emergency manhole

toilets and benches that convert into cooking stoves as disaster prevention facilities to secure post-disaster living necessities, i.e., water, toilets and fire—in for-sale condominiums designed and constructed by us.



Three-piece set disaster prevention equipment

Creation of New Values by Means of Condominium Renewals



Renovation example: *Sustaina branche Hongyotoku* (Ichikawa City, Chiba Prefecture)

For more information, please visit:

The Haseko Group is working on Japan's first condominium project to achieve virtually zero CO₂ emissions during building operations by completely renovating an existing corporate housing apartment to further operate research and technological development for realizing a decarbonized society. As part of the project, the Group is conducting renovation work on "*Sustaina Branche Hongyotoku*."

This condominium introduces various state-of-the-art technologies of the Haseko Group, including energy-saving technologies that contribute to realizing a decarbonized society, technologies for extending the life of buildings, and wellness housing technologies. In order to create future housing that makes maximum use of IoT devices and AI technology, 13 out of 36 units are designed as experimental residential housing where environmental data are collected for developing new technologies.

This project was selected for the "Next Generation Housing Project 2022" which contributes to public awareness of leading technologies, as a "residential-type experimental home for creating future housing with smart home systems," in the "Leading

Businesses of Sustainable Buildings etc. (Next-Generation Housing) program in FY2022 2nd" conducted by the Ministry of Land, Infrastructure, Transport and Tourism.



Before renovation

After renovation



Promotion of Digital Transformation (DX) at Construction Sites

Realization of productivity improvement and workstyle reform

Haseko Corporation has adopted the Haseko-version BIM for 100% of its condominium designs since April 2020. In July 2022, we developed a tool that uses BIM to automatically calculate the quantity of concrete placed on the day. This has resulted in a 75% improvement in work efficiency compared to conventional methods.

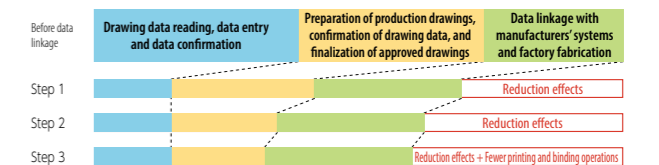
We also develop robots that work on construction sites. In September 2022, we announced the development of HIPOTM, a cleaning robot.

Furthermore, in March 2023, we established a system that links the Haseko-version BIM data and those of each sash manufacturer. This system will be further developed in three steps.

We will promote digitalization to improve productivity and implement workstyle reforms at construction sites.

Three-step development of the aluminum sash production system for condominiums

- Step 1: Establishing a data linkage scheme using the Haseko-version BIM to reduce data entry time and prevent human errors
- Step 2: Streamline the acceptance procedure to minimize both the processing time and the need for clarifications
- Step 3: Implement paperless production drawings to reduce both the printing and binding operations and contribute to the reduction of CO₂ emissions



Care of community and engagement

We will contribute toward improving the value of the region as a whole by supporting regional revitalization and the building of a prosperous community that includes local residents.



Regional revitalization (area management) initiatives

For more information, please visit:

In 2020, Haseko Corporation signed a project contract on the "Municipal Sakura-no-Miya Housing Complex Reconstruction (Phase 2)" as a representative corporation, and in the wake of this, it has engaged in activities for local revitalization and area management around Kobe City's Kita *Suzurandai* district.

We participate in and assume the responsibility of secretariat for the "*Kitasuzumarumaruru*," an area platform which consists of local resident group and activity group, local university, railway operator, regional commercial business, residential property company, botanical garden, and hospital.

We mainly implement to formulate the "*Kita Suzu Tsuzuku Vision*" outlining the direction for the district's community

development, to create multi-generational interaction opportunities and a lively atmosphere by utilizing local parks, to publish the "*Kita Suzu Tsuzuku Newsletter*" to disseminate the information of local shops, attractiveness and activity, and to study management system of public space by local community.



Kitayama Park opening event



Kita Suzu Yuru-yuru Sports Meet

Building a Company Worth Working At

The collective capabilities of the Haseko Group rest on the employees of the Group and those of cooperating companies.

We are striving to create a pleasant working environment by developing supportive structures and systems at the company level so that each and every one of them can fully demonstrate their abilities and skills.



For more information, please visit: ESG Data

Related SDGs

Material Issues of Building a Company Worth Working At

Human capital (diversity & inclusion, human resources development)

Under the key theme of “getting the most out of their qualities”, we will promote the creation of an environment that respects the diversity of employees who work in the Haseko Group and enables each and every employee to make the most of his/her individuality at work, thereby creating new value.

A safe and healthy working environment

We are endeavoring to enhance the health of all persons involved in our business by giving consideration to safety and health at the workplace so that they can play an active role by demonstrating their capabilities.



Masahiro Fujimura
Operating Officer
Responsible for Personnel, General
Affairs and Risk Management,
Corporate Management Div.
Haseko Corporation

Policy for Human resources development and Corporate Environment Improvement

The collective capabilities of the Group rest on the employees of the Group and those of cooperating companies. We believe their know-how, experience, wisdom and vitality to create new value are our assets. The Group has formulated the Personnel Plan linked to the medium-term business plan, based on the HR basic philosophy of further enhancing corporate value through investment in and utilization of human assets. By investing in human capital, we seek to build an optimal portfolio of human assets in order to enhance the effectiveness of our business strategy and achieve sustainable growth. As a business serving a broad range of consumers, the Group has defined the diversification of its human resource portfolio as one of its priority themes. In the Plan NS launched in the fiscal year ended March 31, 2021, the Group has expanded its investment in human resources development and corporate environment improvement based on the focused strategies set forth in the Personnel Plan.

The Haseko Group Personnel Plan

- HR basic philosophy** To further enhance corporate value through investment in and utilization of human assets
- Group HR planning**
 - Seeking to create autonomous human resources and build organizations capable of opening up new boundaries for the Group
 - Evolving the Haseko-version of workstyle reform and diversity in its own unique way
- Priority themes**
 - I. Further strengthening the Group's management foundation
—Reinforcing the competitiveness of each company and deepening the intra-group cooperation
 - II. Promoting workstyle reforms and improving the workplace environment
—Increasing operational efficiency, and maintaining and enhancing organizational vitality
 - III. Developing human resources and organizations that continue to grow, evolve, and take on challenges autonomously
 - IV. Promoting diversity to fully leverage human assets
—Promoting the active participation of all employees, starting with women and senior employees
 - V. Business performance and working conditions under the Plan NS
 - VI. Promoting health management and improving the quality of employee welfare programs

Strategy

Human resources development

In terms of human resources development, under the education slogan of continuously produce autonomous human resources and nurture a diverse workforce that will shape the future of Haseko, we have implemented a broad range of initiatives such as fostering autonomous human resources and career development, development of innovative human resources and global human resources, and DX education. In addition, with a view to ensuring sustainable growth, the education system incorporates the development of the next generation of executive leaders and officers, as well as practical leaders. For hiring, we formulate personnel plans that reflect the management plan and its progress, future changes in the business environment and personnel composition, in order to build a portfolio of diverse talent combining new graduates and mid-career recruitment. In April 2023, we raised the wage of the union members by approximately 5.5% on average, including base salary revision and regular salary increase, to reward officers and employees for their persistent efforts in the severe environment due partly to soaring material prices, and to help develop human resources by motivating each individual to grow.

Improvement of the corporate environment

In terms of improving the corporate environment, we have formulated relevant policies and taken measures and worked to raise awareness of the management and employees in order to create pleasant workplaces where diverse human resources can thrive while demonstrating their individual characteristics. In April 2023, a D&I Promotion Office was established to further pursue the Company's efforts to encourage diversity including promotion of women's active participation in the workplace. We will continue to expand our investment for improving the working environment to realize both pleasant and rewarding workplaces. Viewing the engagement of the management and employees as well as the maintenance of their physical and mental well-being as critical elements that form the foundation of human capital, we strive to create pleasant workplaces and promote safety and health of employees and health management across the Group.

We are committed to continue investing in diverse human resources to remain a company that is worth working for its employees and attractive to all stakeholders.

Governance

The Group has formulated the Personnel Plan linked to the medium-term business plan, and its progress and results, as well as issues and countermeasures, are reported annually by the officer in charge of human resources for discussion at the Board of Directors' meetings. The Group has also stipulated authorization rules for rules and systems related to personnel affairs with a view mainly to their impact on the management. Matters of high importance are submitted to the Board of Directors for deliberation after preliminary discussion at the Management Council.

The information on rules and systems for officers and employees is posted on the internal portal site or sent to those concerned, to ensure that the systems are well communicated and carefully implemented. Information on personnel affairs of

officers and employees is also managed and updated on a timely basis through the Group's centralized system.

Aiming to enhance the effectiveness of the organizational structure of personnel affairs, the Company has set up Personnel Divisions in Tokyo and Osaka, which respectively oversee offices in eastern and western Japan, and also allows each division to have its own personnel function. The Group's policy for personnel affairs is to improve the personnel base as a group by implementing common measures, while also pursuing the unique characteristics of each affiliate company. In addition, efforts are underway to reinforce collaboration and functions of the Group's personnel affairs through personnel rotations and regular information sharing between the Personnel Divisions of the Company and those of each division and affiliate companies.

Risk management

We believe it is essential to consistently hire and retain a diverse human resources in order to achieve continued business growth. Given the increased mobility of human resources in the labor market, we view as risks the possibilities that the Company may not be able to recruit sufficient number of diverse talent as planned, and that organizational strength may decline as a result of employee turnover. To reduce the turnover of female employees, we target a turnover rate of 3% or below, and are working under the D&I Promotion Office to strengthen measures to promote women's active participation and to develop a pleasant working environment. We also identify risks such as employees' absenteeism (absence from work due to injury or illness), or

presenteeism (poor work performance due to health problems) stemming mainly from working hours and the work environment.

We strive to reduce the risks by developing an environment where employees can positively play an active role, through appropriate working hour management based on the above governance system and job system, the understanding of the workplace environment and individual employees through self-reporting and interviews, the realization of job satisfaction through work, the utilization and appointment of employees based on their career aspirations, and the realization of employment conditions through appropriate appraisal system operation.

Metrics & targets

The Group uses the following metrics for its policy on human resources development, including ensuring diversity of human resources, and policy on the improvement of the corporate

environment, as described in "Strategy." Targets and results for these metrics are as follows.

Metrics	Targets	Results (FY2023)
Percentage of women among new graduates hired	30% *	24.5% (35.8% for the Group)
Percentage of female employees	30% or more	30.5%
Percentage of female managers	Above the previous year's result (9.5% in the previous year)	9.8%
Annual turnover ratio of female employees	3% or less*	5.3%
Percentage of childcare leave taken by male workers	20%	39.4%
Percentage of disabled persons employed	2.3%	3.6% for all employees (5.4% for the Group)
		2.42%

Metrics	Targets	Results (FY2023)
Fatal and serious accidents/disasters	None	None
Frequency rate of occupational accidents	0.60 or less	0.28
Severity rate of occupational accidents	0.01 or less	0.00
Percentage of employees undergoing health checks	100%	100%
Percentage of employees taking stress checks	100%	97.2%
Implementation rate of the specific health guidance	45%	52.3%
Certification under the Health & Productivity Management Outstanding Organizations Recognition Program	Certified under the program.	Became certified

*Targets of the Haseko Corporation

Human Capital (Diversity & Inclusion, human resources development)



Human resources development (specific initiatives)

For more information, please visit:

The Group has taken the following specific measures for human resources development, including ensuring the diversity of human resources.

Reinforcing practical education by job type

Unique curricula are systematized for each company and division to facilitate the early development of young employees, who are the key to achieving the business plan, and to make them work-ready at an early stage. In-house instructors primarily teach each curriculum, which is designed to be practical and relevant to the actual business operations. The program helps well-planned and systematic acquisition of the knowledge and skills required in each workplace, accelerating the growth of employees through practical work.

By visualizing the expertise of the in-house instructors, the program also aims to pass on skills and know-how to younger employees.

Particularly, the Company provides various support measures to encourage acquisition of major licenses as early as possible, in the Group-wide efforts to promote the acquisition of such licenses.

Pass rates of major licensing examinations in fiscal year 2022

	Real estate transaction agent	First-class architect	First-class building construction management engineer
Haseko Corporation	90.9%	42.2%	82.1%
Haseko Group	80.2%	43.0%	71.9%

Our administrative career-track employees (sales and staff) experience a six-month on-the-job sales training at Group's sales companies to better understand the customers' voices and needs and reflect them in land procurement and business planning. In addition, the third-year employees in design positions receive construction on-the-job training to acquire design capabilities based on the actual conditions of construction sites. Construction drawing training is provided for construction management positions. In this way, we enhance practical knowledge and collaboration with those in related positions through training that deepens understanding of related work areas, which is made possible by our integrated business model encompassing upstream through downstream operations.

Linking the autonomous human resources development program with career development

We hold training programs by job level for all job types in order to develop autonomous human resources who can think and act on their own and create their own future in the first 10 years after joining the Company.

Believing that retaining young and mid-level employees who will lead the Group in the future is a top priority, we implement Be³ system (Be-Cube; a system where younger workers are given support and coaching from their seniors inside and outside the workplace during the first three years of employment).

We provide opportunities for employees to consider their future careers through the 4th and 7th year training sessions to encourage "career autonomy," where they design their own career vision. For employees in their 10th and 20th year of employment, career plans are formulated based on dialogues with supervisors

and assessment of competencies. Progress is monitored at fixed points every three years (CAP 10 System).

Systematically producing candidates for management executives

As a company striving for sustainable growth, we conduct selection-based Executive Leader Development Program for employees at each level, with due consideration given to ensuring diversity. In addition, officers and management executives at the head office are trained through practical experience via rotational assignments as officers of each company based on the coordination among the Group's businesses. In recent years, particular efforts have been made to nurture female executives. Approximately 70 female executives (including 14 female officers) are actively serving in the Group, accumulating practical experience while taking part in the Group's common training program for selection.

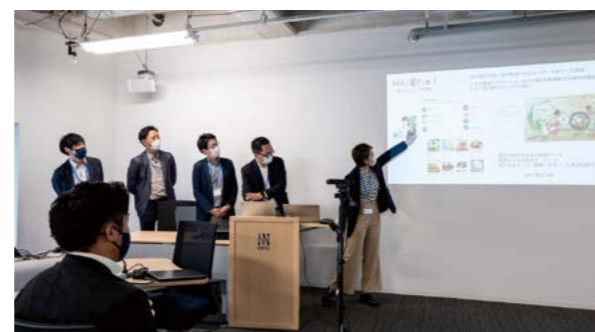
Formulating plans for the development and appointment of the next management team (succession plan)

To nurture the next executive leaders, we provide systematic training for newly appointed operating officers in management strategy, accounting, legal affairs, compliance, and other areas of knowledge required of corporate managers. In addition, newly appointed senior operating officers are provided with training to facilitate their awareness and behavioral change as managers through dialogues with lecturers.

For the purpose of selecting the next management of the Company and its affiliates, we have prepared a Group-wide list of candidates. The succession plan is formulated through discussions with the officers of the Company and its affiliates, taking into consideration diverse factors including the candidate's achievements, career, skills, and training history. The candidates for the Company's officers are selected based on the discussions at the Nomination and Remuneration Committee, which is comprised of five outside directors, the Chairman, and President.

Nurturing and allocating human resources to implement the new strategies

To develop human resources capable of enhancing productivity through operational reforms and creating new businesses, we have started the DX Academy with effect from fiscal year ended March 2022 in collaboration with Dean and Professor Ken



Sakamura of Toyo University's Faculty of Information Networking for Innovation And Design (INIAD) under the leadership of the Company's President.

In the first round of the course, Professor Sakamura delivered DX training through e-learning to all Group employees (8,000 participants took the course), and in the second round, 80 DX promotion leaders were selected from all Group companies to receive education for programming and presenting new ideas to top management.

Currently, in the third round of the course, we are planning and promoting a program for the Group's 700 general managers, on the theme on the role that management should play in advancing DX projects.

Anticipating the future expansion of the overseas business, we have been providing English language education programs in collaboration with external institutions since the fiscal year ended March 2017. More than 100 employees selected by open application from across the Group have taken the courses.

Furthermore, to realize the long-term vision for 2030 and the Plan NS, we conduct joint training with leaders from different industries and innovation education through cross-boundary learning, such as sending employees to venture companies.

Haseko Business College (self-learning support programs)

Starting in June 2020, we launched the Haseko Business College based on the concept of lifelong learning. Offering 162 correspondence courses available for selection, the program aims to encourage each employee to develop their career by voluntarily learning what they want to learn.

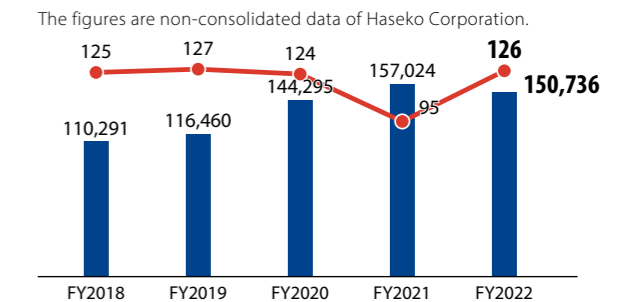
Amount and time invested in human resources development

We continuously and steadily invest in human resource development while verifying the effectiveness of each education and training measure and making improvements and changes as needed.



Education on human resources development (Training)

■ Training hours (hours) ● Training expense (millions of yen)



The figures are non-consolidated data of Haseko Corporation.
* Training expense in fiscal year 2021 decreased from the previous year, mainly because the training was switched from on-site to online amid the COVID-19 pandemic.

Education system in the fiscal year ending March 31, 2024

	Executive Leader Development Program	Career Development	Innovative & Global Human Resources	Other
Officers	<ul style="list-style-type: none"> New Managing Executive Officer Training Course New Officer Training Course 	<ul style="list-style-type: none"> Training Workshops for 60-year-old Employees CAP 10 Education for officers 	<ul style="list-style-type: none"> Innovative human resources Study in venture business program 	<ul style="list-style-type: none"> ALIVE OutSight Internal innovation activities Global human resources English training
Executive General Manager	<ul style="list-style-type: none"> School of New Corporate Management 	<ul style="list-style-type: none"> 20th Year Career Planning Training Workshop for the Management 	<ul style="list-style-type: none"> DX Academy Training on risk/ compliance/ human rights/ D&I/ hospitality 	
General Manager	<ul style="list-style-type: none"> Corporate Management Course School of Junior Corporate Management 	<ul style="list-style-type: none"> autonomous human resources Education for young/mid-level employees 10th Year Career Training 7th Year Career Planning 4th Year Career Planning 		
Senior manager/Manager	<ul style="list-style-type: none"> Practical education Sales/Staff Construction management Design/Technology 	<ul style="list-style-type: none"> Progress verification every 3 years Training Workshop for 10th Year Employees Awareness raising seminar Training Workshop for 7th Year Employees Training Workshop for 4th Year Employees 		
Mid-level employees	<ul style="list-style-type: none"> Seminar on the real estate/condominiums market Practical training Technical education for Group Sales rep. Sales training Construction drawing training Practical training Technical programs TOSS School of Design First-class structural/MEP design architect Practical training in construction 	<ul style="list-style-type: none"> Professional engineer First-class building construction management engineer First-class architect 		
Young Employees	<ul style="list-style-type: none"> Other certifications Real estate transaction agent 	<ul style="list-style-type: none"> Education for new employees Follow-up Training Interval Training Introduction Training Be³ System (Be-Cube) Brother-Sister Mentoring System (BS) Nexter System 		
All Employees	Haseko Business College (self-learning support programs) <ul style="list-style-type: none"> ● Management courses ● IT & computer skills courses ● Business skills courses ● License & language courses ● Finance & accounting courses ● General courses ● J-Xing 			

New strategy: Initiatives to realize DX —DX Promotion Department, Construction Division

I want to increase the number of DX evangelists, even if just by one at each worksite.

Manager Hiromi Sugiki
Promotion Team, DX Promotion Department,
Construction Division
Haseko Corporation



Current job responsibilities

Right now I work in the DX Promotion Department of the Construction Division as Manager (equivalent to section manager) of the Promotion Team. This department was newly established in 2020 with the aim of “realizing DX,” one of the focused strategies in Plan NS, through the deployment and utilization of digital technology. Our objective is to improve productivity by (1) digitizing and centralizing information, (2) sharing accurate information in real time, (3) visualizing operations from the start of design to delivery, and (4) sharing information with external parties.

To hit our target of a 20% improvement in efficiency and productivity of worksite operations in the fiscal year ending March 31, 2025 by leveraging BIM, DX, and other digital tools, I am working to promote action in each area by personally visiting over 120 worksites in the Tokyo metropolitan area and raising awareness of our *BIM, DX, and Other Digital Tools Case Study Booklet*. In addition, I manage progress with the DX themes we are exploring within the department, and as leader of the working group for the introduction of cloud storage services, I am also involved in coordinating activities with people inside and outside the Construction Division and facilitating co-creation with vendors.

Career until now

I originally joined Haseko as a non-career-track worker for a specific post. Initially, I was assigned to the Construction Division’s Business Promotion Team (as it was then known), and as I communicated with all the worksites via e-mail and the telephone, mainly in connection with workplace expenses and various clerical tasks related to construction, I had a sense that there must be a more efficient way to centralize, communicate, and share information between the worksites and the head office. I also wasn’t really satisfied with the limited duties I was performing, so after a decade with the company, I decided to take advantage of the company’s job transfer system and level up to a career-track position. I gave the personnel manager at the time my resume and a document describing my ideas for the future. These documents summarized my past work experience, challenges I had encountered, and what I wanted to contribute to the company. Thankfully, they decided to give me the chance to show how well I could do. I spent the next



four years gaining practical experience in the Construction IT Promotion Department, and eventually I was put in charge of the operation and management of the approximately 1,000 company-supplied smartphones in the Construction Division, which led me to earn the MCPC Mobile System Technologies Certificate, a qualification administered by Japan’s Mobile Computing

Promotion Consortium. Every day, people were contacting me saying, “Something’s wrong with my smartphone,” or “How do I log in to this app?” So I started thinking, “If I’m going to do this, I should know more about smartphones than anyone else in the company,” so I studied for and obtained the certification.

Then, in 2021, a year after the DX Promotion Department had been established in 2020, I was unexpectedly promoted to Manager. And as well as becoming a Manager, I found myself working on the big mission of “DX promotion,” an area I knew little about. The pressure saw my confidence sagging day by day. I had no experience at worksites and no knowledge of construction. And I had only halfway decent knowledge of IT, so I was worrying all the time about what I could do. But then I recalled the ideas I had come up with when I applied for the job transfer, i.e., centralizing information for worksites and head office and improving ways of communicating and sharing information. I found myself re-energized, with a renewed desire to deliver progress in these areas. “I have to do this,” I thought. My attitude totally changed. Since then, in addition to building up my DX knowledge through my work, I have taken advantage of the Haseko Business College, which offers self-learning support programs, to develop my IT skills and also acquire business skills to improve my productivity. This has given me the opportunity to hone my skills on a daily basis.

Future outlook

DX promotion is often thought of as cutting-edge, trendy work involving digital technology, but in reality, it is steady, down-to-earth work that involves dealing with *people*, and things tend not to go according to plan. DX is about more than just digitization. In a nutshell, it means using digital technology to transform the ways in which we work. And changing people’s work habits and methods is incredibly difficult. However, through my experiences until now, the way I work has changed completely. Basically, it is important to regard oneself as a player not a spectator, and to have the mindset of “let’s change things.” This mindset has already been established at worksites. This is because condominium construction is a very time-consuming and labor-intensive task, and since long before the term “DX” was coined, the Construction Division has had a long tradition of being able to make improvements in order to work more efficiently.

And we do not focus only on our own DX targets. In Haseko Group, the Architecture & Engineering, Construction, and Technological Promotion divisions as well cooperating companies work together as a “quaternity” (four-part team effort) to improve quality, and DX is also being pursued by this quaternity. As part of that, I really want to increase the number of evangelists who promote DX, even if just by one, and to contribute to bringing about a 20% improvement in productivity and the achievement of the Plan NS targets through the collective strength of our quaternity, which no other company can imitate.

New strategy: Initiatives to realize DX —FIT Development Department, Value, Technology and Innovation Division, Haseko Anesis Corporation

Working within a climate of undaunted fearlessness of failure, I am dedicated to doing what I need to do and accumulating quick wins.

Manager Rena Tobaru
FIT* Development Department, Value,
Technology and Innovation Division
Haseko Anesis Corporation
*Future Innovation Transformation



I am endeavoring to re-examine our existing services and operations with a healthy sense of skepticism, to see if I can find more areas for improvement.

Akira Onodera
FIT Development Department, Value,
Technology and Innovation Division
Haseko Anesis Corporation

The Value, Technology and Innovation Division of Haseko Anesis Corporation is the department that drives the Haseko Group’s growth strategy with the aim of realizing DX, one of the focused strategies in Plan NS, through the proactive utilization of advanced tech such as data/digital technology, AI, and IoT to transform existing operations and create/verify new business models.

The FIT Development Department, to which we belong, comprises a cross-section of mid-career and young employees from various Group companies, and develops new businesses with an emphasis on customer value based on needs, rather than on technology or seeds.

Tobaru: Besides new business development, another of my key roles is running the “DX Academy.” In FY2023, I planned and administered the third round of the DX Academy as the leader of the secretariat. It targeted the general manager who lead organizations, and was designed to accelerate DX initiatives within each company and division to produce measurable outcomes. Specifically, unlike the courses in the first and second rounds, which saw participants learn about IT/ICT



elemental technologies, the curriculum focused on methods of evaluating DX ideas and the role that management personnel should play in order to drive DX initiatives across their organizations. During the practical exercises, in addition to being asked to come up with ideas for utilizing DX technology to resolve issues in their own divisions, the participants had to produce detailed information on the probable impact on revenue of their ideas, their rationale, the degree of difficulty in putting the ideas into practice, and challenges with implementation. This resulted in various ideas related to workflow, customer management, visualization of sales knowledge, and so on being put forward. The Value, Technology and Innovation Division and the Group DX Promotion Committee will now be analyzing these ideas, carefully assessing their feasibility, and ranking them in order of priority. While I am aware of my heavy responsibility of working out how to elevate these ideas, I am pleased that the third round of DX Academy ended with a reasonable outcome, including the various ideas from the approximately 700 participants. This gave me an immense feeling of satisfaction and accomplishment.

The Value, Technology and Innovation Division is a very motivating environment to work in, with fearlessness of failure as part of its culture and a wide range of tasks, from planning to execution, being left to the discretion of individuals. It is a department in which even failure is regarded as an asset for the future. Looking ahead, I intend to remain undaunted, and continue doing what I can do and what I need to do and accumulating quick wins (small successes), which are vital for value creation and DX.

Onodera: Right now, most of my work relates to LIM (Living Information Modeling), a concept based on the utilization of “living information” collected from sensors installed in buildings. I moved to the FIT Development Department in April 2023 through the company’s open recruitment system. Until then, I had been engaged in consulting services for facility management and extensive refurbishments in the Technical Division of Haseko Community Inc., which handles the Haseko Group’s condominium management businesses. One of the policies declared in Plan NS is “fundamental innovation of existing business productivity,” and I found myself personally becoming more conscious of the importance of this. It also led to me wanting to play an active role in bringing DX to my company’s management business, and I kept putting forward ideas for business improvement and transformation. Fortunately, I was chosen as one of the 80 people from each Group company for the second round of the DX Academy. I focused on the development of new services and technologies through the application of cutting-edge technologies, and presented a proposal to senior management that could be applied in a wide range of areas, including new construction, management, and renovation. I became more and more interested in applying what I had learned to future businesses for the Group, so I used the open recruitment system to apply for a DX opening and was lucky enough to be accepted.

I am acutely aware that I still lack the skills required in my work, so I strive to learn from others in the field, both inside and outside the company. In addition, I try to re-examine, with a healthy sense of skepticism, our past operations and the services provided by other related departments, and ask myself whether further improvements could be made.

To be honest, I feel a little anxious as I have only just been transferred, but the fact that *the Haseko Group’s services and technologies lead to safe, secure, and comfortable living environments* gives me motivation and job satisfaction, and this is what keeps me going.

The Value, Technology and Innovation Division aims to provide new value to the people who live in our condominiums by testing and verifying various solutions. And since we are a diverse group of people, I feel that our efforts to communicate within the division are generating synergies and spurring the creation of new services. I myself am determined to further sharpen my skills and do my best to develop the ability to make a significant contribution in this regard.





Improvement of the corporate environment (specific initiatives)

For more information, please visit:

The Group has taken the following specific measures for improving the corporate environment, including ensuring the diversity of human resources.

Promotion of diversity & inclusion

In April 2023, D&I Promotion Office was established to further pursue the ongoing initiatives including promotion of women's active participation in the workplace. In addition, to create an environment where many employees can work with enthusiasm and satisfaction under the key theme of "getting the most out of

their qualities," we have reaffirmed the significance and purpose of the Group's commitment to diversity & inclusion ("D&I") as follows.

Haseko Group Diversity & Inclusion Promotion Policy

The source of the Haseko Group's competitiveness is our diverse human resources drawn from a diverse range of professional backgrounds. These human resources share with one another their ideas on "housing to create great living," which the Company then draws upon to create a unique business model. Each and every employee of the Haseko Group remains committed to putting into practice the five points of the Group's Code of Conduct all the while retaining focus on the goal of further enhancing corporate value through the demonstration of diverse sets of values, ways of thinking, individual characteristics, and capabilities that recognize no boundaries in terms of race, nationality, birth, creed, religion, sexual orientation, gender identity, age, or disability, with "getting the most out of their qualities" as a key theme.

What the Company Aims to Be

- 1 To promote the development of an environment which can adapt to on-going social changes and in which each and every employee can achieve genuine satisfaction in their work.
- 2 To take the idea born out of collaboration between the Group's diverse human resources and to tie it to the creation of added value in terms of living and lifestyle that the Haseko Group provides.
- 3 To improve the Group working environment, including by helping employees find a balance between work and family, and to expand our workplaces and business areas as places in which employees can thrive so as to ensure continued diversity in our human resources.

Besides formulating this policy, we have drawn up a roadmap for concrete steps to be taken by the fiscal year ending March 2025, which is linked to the Plan NS, as part of the Group-wide efforts to promote D&I. The major initiatives are described below.

Initiatives for promoting active participation of women

The Group has been proactively appointing female employees to senior roles from an early stage, ahead of the industry. To meet the needs of female customers, who tend to play a leading role in home-buying decisions, our female employees are involved in all phases of the business, from acquisition of land information to business planning, design and construction, sales, management,

and refurbishments, while sharing and giving shape to their aspirations for housing and living. This has been the driving force behind our sustained competitiveness, and in turn led to the increased corporate value. We continued to proactively hire women even after the enactment of the Act on Promotion of Women's Participation and Advancement in the Workplace in 2015, focusing on fostering and retaining core and key personnel.

The percentage of female employees has increased to exceed 30% since fiscal year 2021. While it will take a little more time for those we actively recruited to be promoted to managerial positions, the percentage of female managers has been steadily increasing, reaching 9.8% in fiscal year 2022.

(%)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Percentage of female employees	22.3	24.2	25.9	28.0	28.3	29.7	30.7	30.5
Female managers	7.1	7.6	7.8	8.1	8.4	9.0	9.5	9.8

The number of female executives in the Group (General Managers and higher position) has steadily risen to approximately 70, including 14 female officers. In June 2023, the Company was able to internally produce its first female director. We will continue our active recruitment of women, aiming to further raising the current ratio of female managers, while promoting the development of female employees and their proactive appointment to managerial positions in line with our aforementioned human resources development policy.

Other initiatives to support women's active participation include hosting gatherings of female employees, holding training

sessions on health issues peculiar to women, and providing them with follow-up and other programs before and after they give birth and then return to work.

The Company has been selected as a Nadeshiko Brand for fiscal year 2021 by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, as a listed enterprise that is outstanding in encouraging women's success in the workplace.



Active participation of diverse employees

As part of our investment in overseas business, mainly in the United States and Vietnam, we are promoting the appointment of foreign nationals. In the United States (Hawaii), most of the officers and core managers are locally hired foreigners who manage the organization. Also in Vietnam, locally hired foreigners are playing a key role in driving the business forward. Foreign personnel are also active in the fields such as the human resource placement and senior businesses of the Group.



We have been continuously recruiting mid-career workers in preparation for the focused strategies of the Plan NS: expansion of domain of the Construction-Related Business, expansion of redevelopment and reconstruction business, and expansion of investment in the Real Estate-Related Business. Currently, approximately 40% of our mid-career hires are in managerial positions, and many of them serve as officers and other core personnel in their respective fields.

We were one of the first to work on the active participation of experienced senior personnel, having raised the mandatory retirement age from 60 to 65 in 2005. Currently, 299 employees are actively working even after mandatory retirement (including those reached the mandatory retirement as of March 31, 2023).

On the front lines of construction sites, they are active as site managers, drawing on their many years of experience. In the condominium management business, many senior employees with a wealth of life experience are working as Life Managers, managing condominiums and providing livelihood support to the residents in these condominiums.

For employees who have reached the age of 60, we offer training workshop for writing a professional memoir to help them look back at their careers and think about how to pass on the skills and careers they have accumulated to their successors during the remaining five-year period until mandatory retirement. 106 employees participated in the training in fiscal year 2022.



We have been hiring and promoting the active participation of persons with disabilities across the Group, and as part of the efforts, established a special subsidiary Haseko Systems Inc. in 1991. As of March 2023, the employment rate of persons with disabilities was 2.42%. Their workplaces have expanded to include not only the



printing and OA rental business in Haseko Systems, but also satellite office services and the farm business which utilizes rental farms. Satellite offices primarily support the businesses of the Group companies by performing computer-based tasks requested by the Group companies, including scanning, data entry, transcription, data checking, as well as enveloping and sealing documents. Employees with intellectual and mental disabilities work at Funabashi Farm and Kashiwa Farm, and the vegetables harvested there are provided to cafeterias for children in need, as part of our efforts to contribute to the society.

Developing a working environment that brings the capabilities of diverse employees fully into play

We have put in place a range of frameworks and systems to create a working environment where each and every employee from diverse backgrounds can demonstrate their capabilities to the fullest extent. This includes systems that enable employees to pursue diverse career paths, such as a career assessment system, an open recruitment system, a professional staff system, a job category transfer system, a region-based work assignment system, a system for conversion to full-time employees, a reemployment system, and a returner support program; and a framework for fair and equitable personnel assessment by multiple evaluators based on clear criteria.

Aiming to build a working environment where both men and women find it easy to balance work and family, we have put in place a range of systems that enable them to flexibly choose their workstyles depending on their own situations. Such systems include spouse maternity leave, partially paid childcare leave, other childcare-related systems including time off for children, half-day or hourly paid leave, work-from-home, staggered commuting, flexible working hours, and overtime work exemption/limitation for employees who are unable to work overtime for childcare/nursing care. The percentage of childcare leave taken by male employees across the Group increased from 2.6% in fiscal year 2019 to 39.4% in fiscal year 2022. The increase reflects our ongoing efforts to thoroughly communicate the system and introduce actual cases in the company newsletter, as well as the *Iku-Boss* Declaration (a statement of commitment by management members in charge of business units to supporting employees in balancing work and family) by officers of the Group companies on the internal portal site.

In addition to communicating the commitment by top management, the above initiatives are reported at meetings of the Sustainability Committee and the Board of Directors, and are incorporated into Training Workshop for the Management, Corporate Management Course, and other training programs for managers. In August 2023, we provided an e-learning program for approximately 10,000 Group officers and employees to help them better understand D&I initiatives, thereby continuing our efforts to further raise awareness of all officers and employees.

D&I Roundtable

Employee Individuality and Diverse Work Styles Leading the Way to “Haseko as a 100-Year-Old Company”



Moderator

Yoshio Fujiwara
Haseko Corporation Corporate Management Div. Human Resources Development Dept. D&I Promotion Office Manager

Junko Hayasaka
Haseko Corporation Construction Div. Construction Dept. IV General Manager of construction site

Karen Komukai
Haseko Corporation Construction Div. Construction Dept. IV

Akari Tsutsumi
Haseko Corporation Architecture & Engineering Division Renewal Design Office Manager

Yoshinori Narita
Haseko Corporation Construction Div. Construction Dept. I Construction Sec. I Specially Appointed Manager of construction site

Tran Thi Thuy Dung
Haseko Job Create Co. Ltd. Overseas Human Resources Support Dept.

Makoto Shinohara
Rental & Leasing Div., Haseko Systems Inc. Business Dept. I Manager

The D&I Promotion Office was launched in April 2023, but the Haseko Group has always been a diverse group of individuals working in various fields across the organization, freely voicing our opinions and being respectful of each other, and together we have continued to create quality condominiums. In this sense, we already have a foundation in place for promoting D&I. Let's hear from those who are leading D&I promotion in the Haseko Group.



Promoting the active participation of women
—Manager Hayasaka, as the only female site manager, you have long been a driving force in promoting the active participation of women at Haseko Corporation. What are your thoughts on working in the construction industry, where there are few women?

Hayasaka I had been studying architecture since I was a student, and when I was looking for a job, I wanted to work for a general contractor. Just a few years prior to joining the Company, the Equal Employment Opportunity Act had come into effect. However, major general contractors that would hire women for career-track positions were few and far between; among them, Haseko Corporation was the only one I knew of, which is why I joined. The worksite has a generally friendly atmosphere, and I enjoy my job, which has allowed me to continue working here to this day. I think it is important that young women continue to join the Company, so I



strive to create an environment conducive to this as I carry out my daily duties.

—You have been at the forefront of the Women's Exchange Group since 2013. What kind of activities has it been involved in?

Hayasaka The number of female employees in the Tokyo area now exceeds 60, and with such an increase in the number of young women, the ideas of the younger generation including myself are now being reflected at sites strongly. I feel that this has had a positive impact not only on the women but also on the work styles of young male workers at sites.

—Inclusivity is truly making progress. Ms. Komukai, you are currently working at the same workplace as Manager Hayasaka, right?

Komukai Yes, but I never would have thought that I would end up working at the same site as the “legendary” Manager Hayasaka! It has been a year since I returned to work after taking childcare leave. When I was looking for a job, Haseko Corporation was the only company that prominently highlighted the presence of a female site manager. Since joining the company, I have heard many people say that Haseko Corporation is a good company because it proactively promotes women's active participation and has many female site supervisors. That is all thanks to Manager Hayasaka, and I am truly grateful to her for all the advice she gives me on a daily basis, both professionally and personally.



—How do you view balancing family life and childcare while working at a worksite?

Komukai There are many different ways people work at the Company as a whole, and mine is just one example. In other words, whether one is married or single, has children or not, or is a single parent, Haseko Corporation is a company where people can continue to work, and work in a way that fits their life plans. This is what I tell employees that come to me for advice, who like their site but are struggling to find the right work style. I love my site.

—Manager Tsutsumi, how is the work environment for you, since you are also balancing family life and childcare and are currently working as a manager in the Architecture & Engineering Division?



Tsutsumi After joining the Company, I worked in the Structural Design Office for about 10 years before transferring to the Renewal Design Office within the same structural group, where I am still working to this day. There are certainly challenging aspects to balancing work and childcare while working as a Manager. Fortunately, however, all of my superiors in the structural group are

very understanding of the personal and family situations of each of their subordinates, taking into consideration our workloads and allowing us to work from home frequently, which has enabled me to keep working. It is true that when I am unable to work, someone else has to bear that burden, so it is important to always show gratitude to my coworkers. In the future, when the responsibilities of parenting become less demanding, I hope to be the one providing support to others.

Promoting the active participation of people with disabilities

—Manager Shinohara works for Haseko Systems Inc., a special subsidiary that promotes the employment and active participation of people with disabilities. Can you give us an overview of what the work environment is like?

Shinohara As a special subsidiary where people with disabilities work, various adjustments have been made to working environment. For example, employees are allowed to commute by car, and we have installed numerous features such as accessible toilets and ramps, and the doorways are also designed to allow wheelchairs to pass through. Additionally, there are provisions for taking medical appointment leave. In this environment, I am currently in charge of financial management in the Rental & Leasing Division. Work that requires mental effort and administrative tasks does not discriminate between individuals with disabilities and those without, so I am grateful that I get to do a job I find fulfilling every day.



—Do you have any advice for expanding the active participation of people with disabilities throughout the Haseko Group?

Shinohara While it is easy to implement the kind of infrastructure adaptations I just mentioned, when addressing the needs of people with internal diseases and those with mental or intellectual disabilities, it will be necessary to create new job fields where these people can work. Practically speaking, this may pose quite a challenge, but I believe that the employment rate of people with disabilities will increase if we continue to provide these kinds of new job opportunities.

Promoting the active participation of foreign nationals

—Ms. Dung, what kind of work are you currently involved in?

Dung I currently work at Haseko Job Create Co. Ltd., which handles the recruitment and temporary staffing business of the Haseko Group. I support Vietnamese nationals in finding new jobs at companies inside and outside the Haseko Group, and also assist them in their daily lives. In addition, I also provide various support services, including visa-related services, to Japanese companies wishing to hire Vietnamese and other foreign nationals. For two years before coming to Japan, I taught Japanese to nursing trainees at Haseko Senior Well Design Co., Ltd. in Vietnam. It was then that I learned about the Haseko Group. I had a dream of working for the Haseko Group one day, and that dream has come true, bringing me to where I am today.



—What are some of the challenges of working at a Japanese workplace?

Dung The hardest part has definitely been the language barrier. In addition, since Haseko Job Create Co. Ltd. was my first workplace in Japan, I initially faced some difficulties with workplace etiquette. However, it has been about three years since I came to Japan, so I have become more accustomed to this aspect as well. I hope to effectively share what I have learned and what I am currently experiencing in Japan with fellow Vietnamese people and the local community in Vietnam to contribute to the growth of the Haseko Group.

Promoting the active participation of senior employees

—Specially Appointed Manager Narita, you continue to serve as a site manager after your retirement. Can you tell us about a particular hardship you have faced?

Narita I became a manager in 1996, right when the Japanese economic bubble was bursting. It was an extremely challenging time for our business. However, most of our cooperating companies, primarily led by Ken-ei-kai, came together as one and continued to build condominiums relentlessly without stopping, saying, “If Haseko goes under, we'll go down together.” As a result, we somehow managed to repay our debts and resume dividend payments. My impression of those days was that we were simply extremely busy with condominium construction, rather than feeling a sense of desperation.

—I truly feel that the extraordinary efforts of Mr. Narita and others of his generation have brought Haseko Corporation to where it is today. Can you share a few words about what you would like to entrust to the younger generation for the future?

Narita On a personal note, I am now 66 years old, and when I turn 80, the Company will be 100 years old. I hope that the younger generation will continue the legacy of the Company's growth and help it become a 100-year-old company. That is my request to all of you, who are the next generation. A company is a collective unit made up of many employees, so it may be very challenging for each individual to be aware of his or her role in making Haseko Corporation a 100-year-old company. However, the goal is already in sight. I hope that the younger generation will actively voice their opinions and put their thoughts into action for the betterment of the Company, while also respecting each other's perspectives.





Promoting health management

For more information, please visit:

Purpose of health management

To realize a healthy company, various measures are in place to help officers and employees improve their physical and mental health in line with the Healthy HASEKO Full-of-life Plan under the slogan of "No success without healthy officers and employees." The health promotion measures of the Haseko Group started in 2008. In 2017, President of Haseko Corporation reaffirmed the company's policy by releasing the Haseko Group's Declaration of Health.

The Haseko Group's Declaration of Health

We, at the Haseko Group, hereby make our declaration of health to pursue a group in which all employees—our most important business resources—can maintain their health, both physically and mentally, and each and every one of them can work more vigorously, in order to fulfill our corporate philosophy "To contribute to society by creating an optimal environment for cities and people."

- 1. **Support for health** The Company will proactively work on maintaining and improving its employees' health and provide support to them for better health.
- 2. **Responsibility for health** Employees shall take responsibility for their own health and take action and make efforts accordingly on an ongoing basis.
- 3. **For a healthy future** Our future must be unlocked by no one but ourselves. In order to open the way to Haseko Group's future, let's work together and make efforts as a team by giving top priority to our health.

Established September 15, 2017

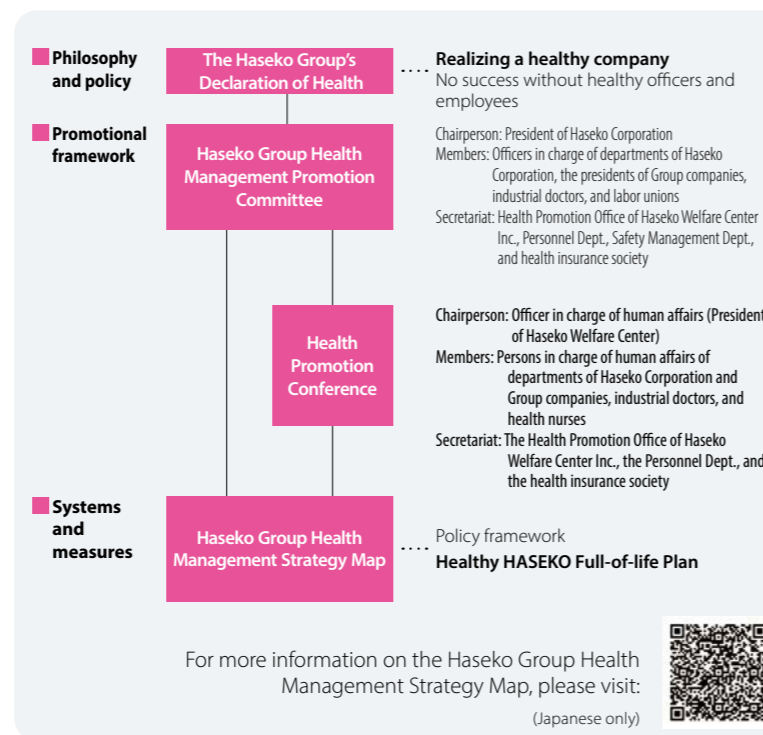
Haseko Corporation President and Representative Director Kazuo Ikegami

Organizational framework for promoting health management

In accordance with the Haseko Group's Declaration of Health, we established the Haseko Group Health Management Promotion Committee in fiscal year 2018. The Committee makes decisions on company-wide policies, targets, plans and progress on the maintenance and promotion of employees' health, and shares related information.

As a subordinate organization of the Committee, we have set up the Health Promotion Conference. At the Conference meetings, we work to address health management on a group-wide basis: share the status of seminars and guidance on health, formulate health promotion projects tailored to the circumstances of each Group company, and discuss the results of collective analysis of stress checks.

In 2021, we formulated the Haseko Group Health Management Strategy Map, visualizing the relationship between the management issues to be solved and the investments in health (health promotion measures) required. We have been communicating in an easy-to-understand manner the process to become a company where all employees can stay healthy both mentally and physically, and where each and every one can work with more vitality.



Ultimate target indicators (KPI)

The Haseko Group Health Management Strategy Map defines the ultimate target indicators. The measurement method and actual results for the last two years are as shown below. To achieve the targets, we are focusing on providing care for high-risk individuals in terms of physical and mental health, through Health Management Committee meetings and personalized follow-up by health staff of the in-house clinic. The target for absenteeism is set with the idea of gradually improving the current score. (Target indicators are for the Group.)

Ultimate target indicators	Measurement method	Unit	Results		Targets
			FY2021	FY2022	FY2022
Absenteeism	Measured by dividing the total number of days of absence or leave due to illness by the number of employees	Day	1.8	2.1	1.6
Presenteeism	Measured using a question in the employee survey, that asks to self-evaluate the past four weeks (out of 100 points), with performance to be demonstrated in the absence of illness or injury at 100%.	Score	77.3	76.9	78
Work engagement	Rate of respondents who answered "Yes" to the question "Do you have interest in your job?" in the employee survey.	%	69.6	68.0	—
	Simple average of scores for the three items of (1) vitality, (2) enthusiasm, and (3) devotion to work in the employee survey (0 = not at all to 6 = feeling always).	Score	—	3.41	—
Turnover rate	Annual turnover rate of full-time employees	%	4.9	5.4	—

Systems and measures—The Healthy HASEKO Full-of-life Plan

Haseko Welfare Center Inc., the Haseko Group's organization for health promotion, plays a pivotal role in supporting employees' health, including health checkups at the in-house clinic, health guidance, planning and operation of health seminars, stress checkups, and regular communication of health information through publications. As a highly unique system, employees aged 45 and those over 50 are eligible to get a PET-CT scan, with all costs covered by the company. This has proven highly effective in the early detection of cancer. In addition, the offices of health insurance society and Haseko Welfare Center Inc. have been consolidated on the same floor to strengthen the promotional framework for health services and employer-insurer collaboration in worksite health

promotion (collaborative healthcare). The healthcare services provided mainly by health insurance society include brain screening, women's comprehensive medical checkups, and dental checkups at no cost to employees. Specific health guidance, an initiative promoted as part of collaborative healthcare, has significantly increased its participation rate (percentage of the insured covered increased from 24.5% in fiscal year 2019 to 52.3% in fiscal year 2021). Results are reflected in physical health data, such as a decline in the percentage of participants with metabolic syndrome. In addition, efforts are underway to reduce health risks through population approaches for each theme, such as mental health care, health education programs for employees in their 30s.

Topics of the Measures

Cooperation with the management—Sharing the employees' health status with the management

Health status of employees (physical health: findings in periodic medical checkups, mental health: factors causing strong stress reactions in stress checks) is shared with the officers in charge of departments of Haseko Corporation and the presidents of Group companies, for exchange of opinions to solve the issues.

Communication and awareness-raising to for employees—Periodic publication of Wellness Newsletter

Haseko's *Wellness Newsletter* is published quarterly to improve the employees' health literacy, by familiarizing them with the system and providing information on self-care that can be practiced on a daily basis, thereby raising awareness of all employees.

Measures to address health issues peculiar to women—Holding of Women's Health Seminars

Health issues specific to women vary by age. We provided educational programs for all female employees through video and e-learning formats, offering different contents for three age groups (participation rate: 93.1%, and 97.3% for those under 55 years old, who were required to take the course). Through this seminar, we aim to increase the rate of those taking the women's comprehensive medical checkup.

Providing opportunities and facilities for refreshing oneself—Operation of company-operated recuperation facilities and holding of events

We believe it is essential for employees to have opportunities to refresh themselves in order to maintain and enhance their mental and physical well-being, and deliver high performance.

Our directly-operated recuperation facilities are located in Tateshina (Chino City, Nagano Prefecture) and Nanki-Shirahama (Wakayama Prefecture). By directly hiring local staff, we make our facilities more homey and easy to visit repeatedly.

We held a total of 18 events in fiscal year 2022, including spring/fall virtual relay road races for teams using a running app, participated by 1,500 people in total. In the summer of 2023, when the COVID-19 began to subside, we held a summer camp attended by more than 100 people, including employees' family members, as part of our ongoing efforts to help employees develop the habit of exercising and to promote communications.



With these efforts paying off, the Company and its affiliates were selected under the "2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)" in the large enterprise category hosted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.



A Safe and Healthy Working Environment



"MOST Activities" aimed at improving the working environment across the Group

For more information, please visit:

Since fiscal year 2005, the Haseko Group has been engaging in MOST Activities, with the objective of creating an operating environment where employees can seek physical and mental fulfillment and demonstrate their capabilities. "MOST" is an acronym coined from "Move On Step," reflecting our commitment to steadily engaging in activities by taking one step at a time.

MOST Activities aim at reforming and improving operations, shortening working hours and encouraging employees to take leave, and raising awareness of the officers and employees. In concrete terms, the activities are being carried out under the initiative of the committees set up for this purpose in each division of Haseko Corporation and each Group company. Committee members, selected from both the labor and management viewpoints, set themes and issues specific to their own workplaces in addition to common themes, discuss ways to solve them, and put them into practice.

Through ongoing activities carried out by all the committees, they have worked to improve workplaces and working environments across the Group by streamlining, reviewing, and optimizing daily operations; visualizing overtime hours with an

attendance management system; introducing an automatic PC shutdown system; setting Group-wide "leave work early" days at regular intervals (for all employees of the Group companies, adoption rate of approximately 80%); designating scheduled leave (10 days) to promote acquisition of paid leave; and issuing the MOST Report for the purpose of raising the awareness and improving management skills of the officers and employees.

In fiscal year 2022, we started our activities under the slogan, "Make full use of it! -Master the tools to maximize your manpower!" as a common theme. By gaining further proficiency in each of the systems and IT tools that have been introduced in line with the promotion of MOST activities and DX, we worked to improve operational efficiency and productivity. Activities led by each committee include the implementation of various measures to improve the skills of young employees and to retain them in the workplace, as well as the further promotion of paperless operations. The status of each activity is regularly shared among the secretariats of committees, and highly effective measures are horizontally rolled out as needed, contributing to the improvement of the workplace environment across the Group.



Awareness raising poster of the "Group-wide No Overtime Day"

Key measures discussed and taken by MOST Committees in fiscal year 2022

No.	Outline
1	Provided operational support to construction sites by back-office divisions
2	Observed "early finishing and going home early day" at the Business promotion, Architecture & Engineering, and Construction divisions
3	Held one-on-one meetings
4	Held study sessions for young employees
5	Improved operational efficiency using RPA and OCR
6	Distributed mobile PCs and tablets

Status of annual paid leave taken at the Haseko Group (FY2022)

	Annual paid leave taken	(Of which, scheduled leave taken)
Haseko Corporation	68.7%	98.0%
Haseko Group	75.7%	97.5%



Realizing closure of a construction site for 8 days every 4 weeks

For more information, please visit:

The Japan Federation of Construction Contractors (JFCC) has established the Headquarters for Promoting Two Days Off per Week and formulated the Action Plan to Realize Two Days Off per Week, targeted at closing a construction site for eight days every four weeks by the end of fiscal year 2021. The policy for activities in and after fiscal year 2022 is to realize the closure of a construction site for eight days every four weeks by the end of fiscal year 2023, with fiscal year 2024 as the year for confirming that the practice is firmly established. Haseko Corporation also started an initiative to close all construction sites on Saturdays in 2002 and has been promoting the closure of a construction site for six days every four weeks since fiscal year 2018 in accordance with the basic framework of the action plan of JFCC. From fiscal year 2020 onward, we have established 104 designated closure days per year to realize the closure of a construction site for eight days every four weeks. In fiscal 2023, we aim to achieve a closure ratio of 100% by setting designated closure dates of 108 days as a target.



Toward the realization of a safe and healthy working environment

For more information, please visit:



Policy and promotional framework for safety and health

At the Group, we establish a Group-wide Basic Policy for Safety and Health Management each fiscal year, execute thoroughgoing initiatives to eliminate occupational accidents and work to create safe and comfortable workplaces on an ongoing basis. Furthermore, construction sites of the Company establish a safety and health policy and specific implementation measures, which apply also to cooperating companies, for each fiscal year under the Safety and Health Management Plan. To eliminate occupational accidents as well as achieving "zero" fatal and serious accidents/disasters, we conducted activities by setting the frequency rate of occupational accidents at 0.60% or less and the severity rate of occupational accidents at 0.01% or less as target figures for accidents at construction sites.

As a framework for promoting health and safety, the Group has set up its own Safety and Health Central Committee, which oversees the safety and health committees. The Committee, chaired by the President and Representative Director of Haseko Corporation, establishes a safety supervision system by directors. The Safety and Health Committee of each Group company also works on creating safe and comfortable workplaces on an ongoing basis, through concerted efforts made by members of the Committee and industrial doctors.

Activities to raise safety awareness

To eliminate occupational accidents, it is essential that each and every individual act with an awareness of safety in his or her daily work.

In addition to proactive utilization of posters and bulletin boards to help raise employees' awareness, we conduct risk assessment through regular safety patrols at the Group's construction sites as our specific efforts to ensure safety management.

Regarding safety and health education for employees, the Company provides training in each fiscal year on matters such as the basic points of laws, regulations, and rules related to safety and health, the key points in managing each type of construction work, accident case studies, as part of practical training for each year level and position from young to mid-level employees in the construction divisions. Applicable employees are required to participate in this training.

We also provide safety and health education for cooperating companies engaged in construction work as our partners. Specifically, in addition to training for foreman-level workers and those responsible for safety and health at cooperating companies, we also hold hands-on training concerning the safe handling of equipment and machinery used in construction work and how to use equipment to prevent accidents.

Haseko Group's organizational framework for promoting health and safety



As of April 1, 2023



Supply chain

For more information, please visit:

We will continue working to create a safe and productive workplace built on the relationship of trust with our cooperating companies and other suppliers.

Framework of cooperation among quaternity

Haseko Corporation is in charge of building condominiums with a high degree of precision through the combined efforts of the quaternity (i.e., the construction divisions, architecture & engineering divisions and technological promotion divisions of Haseko Corporation as well as "Ken-ei-kai," an organization consisting of approximately 300 major cooperating companies). This cooperative relationship has continued for more than 25 years, and our quality control framework built on the strong ties is a strength that no other company has.

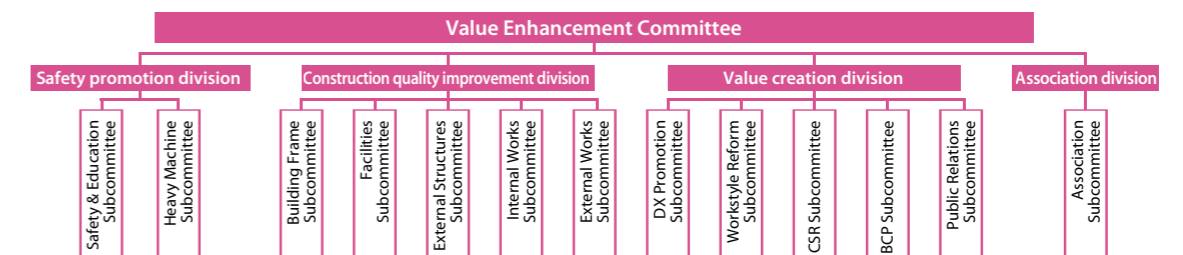
Our activities in pursuit of growth are conducted together with organizations of cooperating companies, namely: "Koshokai" and "Koshokai Kansai" at Haseko Community, Inc.; "Tokyo Juyukai" and "Kansai Juyukai" at Haseko Reform, Inc.; "Tokyo Kenshokai" and "Kansai Kenshokai" at Fujikensetsu Co., Ltd.; and "Shinwakai" at Hosoda Corporation.

HASEKO value enhancement activities

Value enhancement activities are activities to provide high-quality condominiums with the aim of clarifying the responsible construction scope, saving labor and improving work efficiency, and improving the Haseko brand based on the cooperation between technology-related divisions and Ken-ei-kai. Activities that are currently being promoted include initiatives to improve operational efficiency through the utilization of cutting-edge technologies as well as initiatives to further boost productivity aimed at instilling the activities of the HASEKO Value Enhancement Committee toward workstyle reform, which may be regarded as an industry-wide challenge. The outcomes of activities are shared at the Debriefing Session on Value Enhancement Activities held once a year, in pursuit of succession, widespread acceptance, and collaboration at a deeper level.

Organizational framework of HASEKO Value Enhancement Committee

As of April 1, 2023



Protecting the Precious Environment

Housing development has a huge impact on the environment. With a full understanding of such impact, we are not only promoting environmental activities to realize processes and technologies with minimal environmental burden but also engaging in research and technological development.



For more information, please visit: ESG Data

Related SDGs



Material Issues of Protecting the Precious Environment

Response to climate change

As part of efforts toward realizing a sustainable society, we are working to reduce our greenhouse gas emissions from our business activities in accordance with the reduction targets for SBT certification. We are also driving the disclosure of information relating to climate change in line with the TCFD.

Consideration for biodiversity

Ensuring that corporate activities are carried out in a way that takes biodiversity into consideration is an important management issue, and through this we are contributing to the reaching of international goals targeting the realization of a sustainable society.

Pollution prevention and consideration for the local environment

In the course of developing condominiums, we give thoroughgoing consideration to preventing any negative impact of soil, water quality, sunlight, noise, etc. We also proactively make proposals including those for the development of green areas that serve as places for relaxation for local communities.

Response to Climate Change

In accordance with the Haseko Group's climate change response policy, HASEKO ZERO-Emission, formulated in December 2021, the Group has moved forward with initiatives aimed at realizing decarbonization.

For more information, please visit:



The Haseko Group's climate change response policy, HASEKO ZERO-Emission (overview)

The Haseko Group will strive to respond to climate change with the following as its basic stance.

<p>Realize the Corporate Philosophy</p> <p>Addressing climate change as an important management issue</p>	<p>Achieve carbon neutrality by 2050</p> <p>Acquisition of an SBT certification (June 2022) Introduction of renewable energy at all construction sites (by December 2025) Promotion of low-carbon construction</p>	<p>Expand/create business opportunities</p> <p>Analysis of risks and opportunities Transition to net-zero energy housing for for-sale condominiums developed in-house and rental condominiums owned (in 2022 onwards)</p>	<p>Bring together all capabilities of the Haseko Group</p> <p>Promote dialogue/cooperation with stakeholders</p> <p>Disclosures based on the TCFD recommendations, and response to Carbon Disclosure Project (CDP)</p>
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Disclosures based on the recommendations of the TCFD*

The Haseko Group, as a corporate group for housing to create great living, aims "to contribute to society by creating an optimal environment for cities and people." However, in recent years, natural disasters have increased in frequency and intensity due to climate change, which is threatening the safety and security of our lives.

Given these conditions, with the belief that addressing climate change is an important management issue, the Haseko Group endorsed the recommendations of the TCFD, as well as developed and announced its policy addressing climate change,



For more information, please visit:



HASEKO ZERO-Emission in December 2021. We will continue to make disclosures in accordance with the recommendations of the TCFD, as well as monitor and appropriately deal with governmental measures and social trends for reducing the effects of climate change and CO₂ and other greenhouse gas emissions, while aiming to realize a sustainable society and improve corporate value.

*TCFD: Task Force on Climate-related Financial Disclosures. It recommends companies and such to disclose items related to climate change-related risks and opportunities.

Metrics & Targets

The Haseko Group has set reduction targets with total greenhouse gas (CO₂) emissions as a metric for assessing and managing the impact of climate issues on our business management. Our targets for 2030 have acquired an SBT certification.



SBTs reduction target

Scope	Base year	Targets	
		Medium-term (FY2030)	Long-term (FY2050)
Scope1 + Scope2	FY2020	(42%)	(100%)
Scope3		(13%)	(37%)

Haseko Group greenhouse gas emissions results (by Scope)

Metrics	FY2020	FY2021	FY2022
Scope 1 (t-CO ₂): Direct emissions (from burning fuel, etc.)	38,596	40,487	34,486
Scope 2 (t-CO ₂): Indirect emissions (from the use of electricity, etc.)	21,786	24,258	18,302
Scope 3 (t-CO ₂): Supply chain emissions	5,495,690	6,175,367	5,629,382

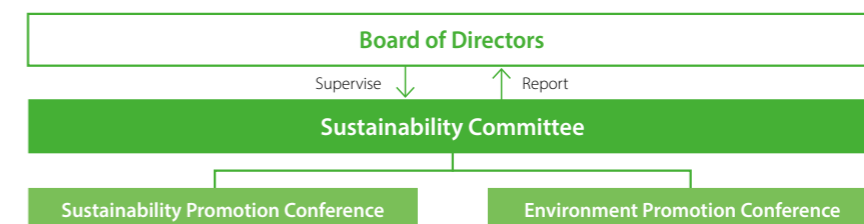
Governance

The Haseko Group has established the "Sustainability Committee" under the Board of Directors with the aim of achieving sustainability. The committee, chaired by the President and Representative Director, is composed of the officers in charge of each division and the presidents of Group companies.

The Sustainability Committee meets once a year to deliberate and decide on policies and action plans concerning sustainability, including our response to climate change, and to monitor and review sustainability activities. Matters deliberated and reported at the Sustainability Committee are reported to and supervised by the Board of Directors, and significant matters are brought to the Board of Directors for deliberation and decision-making. The

Haseko Group takes into consideration the climate-related management issues addressed at the Sustainability Committee when developing its business strategy, investment strategy, and other management strategies.

As subordinate bodies under the Sustainability Committee, we have the "Sustainability Promotion Conference" to address general CSR initiatives and the "Environment Promotion Conference" to implement environmental measures such as decarbonization measures as well as energy and environmental technologies. We are striving ahead with environmental measures linked to our CSR activities as a management strategy.



Strategy

Risk and Opportunity Identification Process

The Haseko Group established a company-wide working group (WG) to address climate change under the Environment Promotion Conference. This working group identified climate-related risks and opportunities, analyzed the level of impact, and studied responses thereto.

The study results are approved by the Sustainability Committee after deliberation on the validity of the analysis and the need for additional response, and then reported to the Board of Directors.

Targeted Sectors/Regions and Impact on Financial Plans

As a first step, our analysis targeted the Domestic-construction business. Quantitative calculations were not performed regarding financial impact this time. In the future, we will work to expand the scope of analysis and calculate the quantitative impact.

Explanation of Scenarios and Short-, Medium-, and Long-term Time Horizons

In our analysis, we established the following two scenarios and studied the impact.

Studies were also done from short-term, medium-term (through 2030), and long-term (through 2050) perspectives.

Climate-related Issues That Have a Significant Impact, Resilience

As a result of analysis, we identified as significant risks the increase in construction costs due to the adoption of a carbon tax and tighter regulations in connection with the transition to a decarbonized society, labor shortages due to rising average temperatures in summer, and delays in construction projects due to more frequent and intensified meteorological disasters.

Our analysis also indicates that an increase in demand for ZEH (Net-Zero Energy Houses) and disaster-resistant houses may lead to an increase in opportunities to receive orders for new construction and renovations. Based on these analytical results, we checked the current state of initiatives addressing these risks and opportunities and studied their adequacy and the need for additional measures. As a result, we confirmed that the current direction of our initiatives is appropriate and that further acceleration is required for several measures, such as decarbonization technology for concrete and steel, which comprise the greater part of CO₂ emissions from construction materials, and energy-saving technology for houses and buildings. Going forward, we will specify actions to accelerate these measures and move forward with further initiatives. Please see the chart below for details on significant risks and opportunities, their impact, and our response.

1.5–2°C scenario	A scenario in which rigorous measures to mitigate climate change are taken and temperatures as of 2100 are no more than 1.5–2°C warmer than the level before the Industrial Revolution. (References: SDS ^{*1} of the IEA, ^{*2} RCP 2.6 ^{*3} of the IPCC, ^{*4} etc.)
4°C scenario	A scenario in which rigorous measures to mitigate climate change are not taken and temperatures as of 2100 are around 4°C warmer than the level before the Industrial Revolution. (References: STEPS ^{*5} of the IEA, RCP 8.5 ^{*6} of the IPCC, etc.)

*1 SDS: Sustainable Development Scenario

*4 IPCC: Intergovernmental Panel on Climate Change

*2 IEA: International Energy Agency

*5 STEPS: Stated Policy Scenario

*3 RCP 2.6: 2°C scenario

*6 RCP 8.5: 4°C scenario

Risks and Opportunities

**Impact* means the impact as of 2030.

Category	Item	Description	Impact		Timeframe
			1.5–2°C	4°C	
Impact of the transition to a decarbonized society	Risk	Adoption of carbon taxes	Medium	Low	Medium term
	Risk	Tighter regulations	Medium	Low	Medium term
	Opportunity	Increased demand for energy-efficient buildings	High	Medium	Medium term
Physical effects	Risk	Rising average temperatures in summer	High	High	Short term
	Risk	More frequent and intensified meteorological disasters	Medium	Medium	Short term
	Opportunity	Increase in disaster prevention and mitigation demand	High	High	Medium term

Countermeasures

Adoption of carbon taxes Tighter regulations Increased demand for energy-efficient buildings	<ul style="list-style-type: none"> Promote the reduction of CO₂ emissions during construction Promote the use of materials with low greenhouse gas emissions 	<ul style="list-style-type: none"> Promote the development of technologies responding to the growing demand for energy efficient buildings
Rising average temperatures in summer More frequent and intensified meteorological Disasters Increase in disaster prevention and mitigation demand	<ul style="list-style-type: none"> Further improve the work environment at construction sites, and promote higher work efficiency by automation and other means Establish construction methods not affected by Weather 	<ul style="list-style-type: none"> Strengthen relationships with cooperating companies and suppliers Promote the development of technologies responding to the growing demand for disaster resistant condominiums

Risk Management

We have established a company-wide working group to sort out climate change risks and analyze their impact on business. The risks analyzed by the working group are deliberated by the Sustainability Committee and reported to the Board of Directors.

As a first step, we did not perform quantitative calculations regarding financial impact this time, but we qualitatively evaluated the chance of risks materializing, their timeframe, impact if they do materialize, and the state of current countermeasures, and we categorized the impact as high, medium, and low.

In anticipation of a variety of risks, Haseko endeavors to collect risk-related information and prepares preventive measures and appropriate countermeasures in advance against risks according to their magnitude and possibility of arising. Through these efforts, Haseko aims to minimize the potential losses and to systematically cope with risk management centering on the Risk Management Department.

Concrete initiatives in response to climate change

Initiatives to reduce CO₂ emissions at construction sites

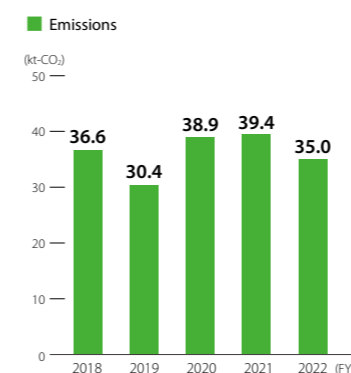
For more information, please visit:



The Haseko Group is promoting the following initiatives at certain sites to reduce CO₂ emissions at construction sites. Going forward, we will continue to increase the number of cases of adoption and

promotion of these initiatives, while taking the scale and location of project into consideration.

CO₂ emissions trends (Haseko Corporation)



Initiatives for reduction of Scope 1 emissions (CO₂ emissions from fuel consumption of construction vehicles, etc.)

Reduction of the number of dump trucks transporting soil away from the site through effective on-site use of soil generated from construction	Use of eco-friendly fuel (GTL and B5) for heavy machinery
Adoption of electric backhoes (trial)	Adoption of electric forklifts
Adoption of Precast concrete technology	Adoption of ALC hardware non-welding method

Initiatives for reduction of Scope 2 emissions (CO₂ emissions from power consumption at sites)

Adoption of solar power generation using prefabricated house roofs	Use of LED for temporary lighting at sites
Adoption of biomass electric power	

Initiatives for reduction of Scope 3 emissions (CO₂ emissions associated with manufacture and transport of construction materials and transport, processing, etc. of waste)

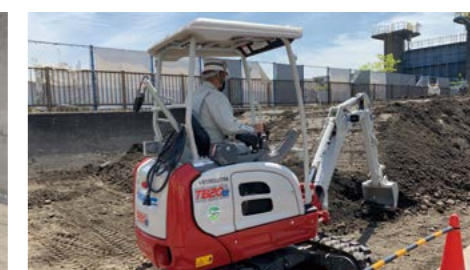
Reduction and thorough separation of waste	Reduction of the number of transport vehicles by reducing volume of waste
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Use of GTL fuel (a GTL sticker)



Adoption of electric forklifts

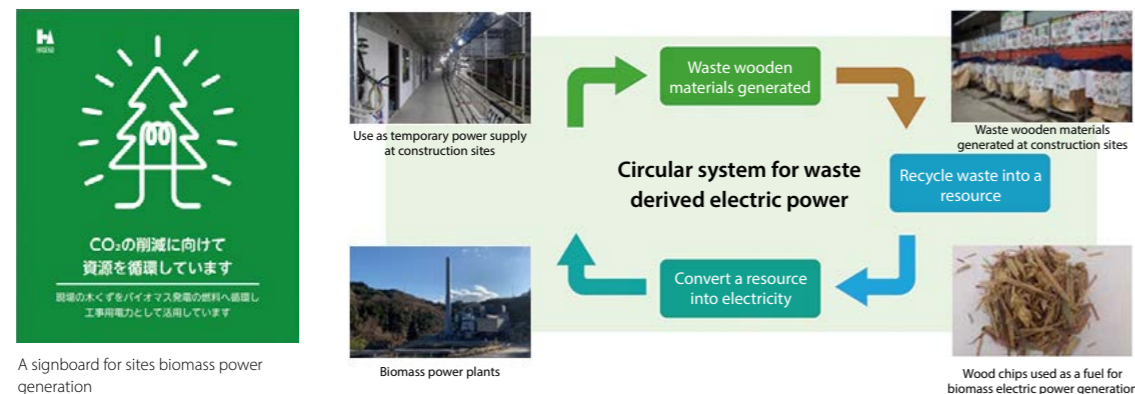


Adoption of electric backhoes (trial)

Use of biomass electric power

In cooperation with an outside power generation company, we have introduced a resource recycling initiative to utilize renewable energy from biomass power generation, which uses waste wooden materials generated at construction sites as part of its fuel as a temporary power supply at construction sites.

This initiative can reduce CO₂ emissions from power generation, as compared with the case of using electricity supplied from conventional thermal power plants, contributing to the mitigation of global warming.



Switching to using 100% renewable energy at construction sites*

In May 2023, Haseko Corporation successfully switched 100% of electricity used at construction sites to renewable energy sources. It is planned that by the end of 2025, other Haseko Group

companies including Fujikensetsu Co., Ltd., Haseko Reform Inc. and Hosoda Corporation will also switch 100% of electricity used at their construction sites to renewable energy sources.

*This excludes sites pending requests to switch to renewable energy electricity subsequent to the commencement of construction and sites switching to (non-renewable) power company supply before delivery.

Promotion of wood use in construction of condominiums

In recent years, the effective use of domestic forest resources has been drawing attention as part of efforts to build a sustainable social environment, and moreover, the mental relaxation effect of the warmth of wood we have long been familiar with has been re-evaluated.

We have established the Wood Use Promotion Committee and are promoting wood utilization for communal buildings in condominiums as the first step in an effort to use more wood for the main structure of condominiums as appropriate.

ComRezi Akabane (Kita City, Tokyo), utilizes wood for the common living spaces on the second to fifth floors of the student residence building. Bransiesta Urayasu (Urayasu City, Chiba) was our first completed condominium featuring wooden construction in private-use areas, with the top floor residential units (14 in total) being constructed from wood.

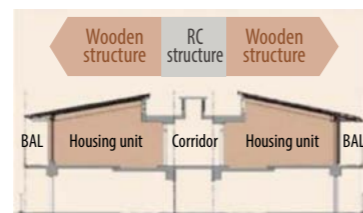
The Haseko Group has worked on research and development of wooden architecture since 2014, and we have completed 14 projects and have 9 projects currently under construction. (as of August 2023).

A project featuring fire-resistant wooden structure on the its top four floors, "(provisional name) Meguro-ku Chuocho 1-chome Plan" is scheduled to be completed in March 2025. We will continue our efforts to challenge the adoption of wood in high-rise buildings and expand its application from the current rental condominium to include for-sale condominium development.

We will continue to promote wooden architecture with a view to achieving carbon neutrality by 2050.



Bransiesta Urayasu



Structural diagram of top floor



Photograph of top floor unit interior

Development of "H-BA Concrete," an environment-conscious concrete

For more information, please visit:



In 2021, we formulated the Haseko Group's Climate Change Response Policy, "HASEKO ZERO-Emission," and we are working to popularize "H-BA concrete" to reduce greenhouse gas (CO₂) emissions.

Produced by blending ordinary Portland cement and blast furnace cement type-B, H-BA concrete is so versatile that it can replace conventional concrete. It is eco-conscious concrete that reduces CO₂ emissions derived from concrete materials by approximately 20%.

This product had been adopted in several projects, including parts of the common-use area of Renai Yokohama Totsuka (Totsuka-ku, Yokohama-shi, Kanagawa; total 439 units) and the entirety (foundations and above-ground framework) of Feel G Residence, a rental condominium building targeting students (Nishi-ku, Kobe-shi, Hyogo; total 120 units). In August 2022, H-BA concrete obtained the "Special Evaluation Method Certification"², which is recognized as an alternative evaluation method to methods that comply with the "Evaluation Method Standard"¹, from the Ministry of Land, Infrastructure, Transport and Tourism.

This certification allows it to be used in for-sale condominiums that use dwelling performance indications.

Following the receipt of the Special Evaluation Method Certification, we fully adopted H-BA concrete in the above-ground framework of the Kamiikedai Project in the Tokyo area (Ota City, Tokyo; total 42 units) and the foundations and above-ground framework of Renai Esaka Enokicho in the Kansai area (Suita-shi, Osaka; total 149 units) for our first time. We will continue to adopt H-BA concrete in other projects of the Haseko Group business. In addition to our group business projects, we will work to popularize H-BA concrete in the projects of other companies to promote the reduction of greenhouse gas (CO₂) emissions across the entire supply chain.

¹ Evaluation Method Criteria: Criteria for methods of evaluating housing performance to be indicated in accordance with the Japan Housing Performance Indication Standards stipulated in the Housing Quality Assurance Act.
² Special evaluation method certification: Certification method approved on an individual basis by the Minister of Land, Infrastructure, Transport and Tourism for new materials and construction methods (e.g., structural safety, reduced deterioration, thermal environment, sound environment) that cannot be evaluated in accordance with evaluation method criteria stipulated in the Housing Quality Assurance Act.

Aiming for virtually zero CO₂ emissions by completely renovating an existing residential building: "Sustaina Branche Hongyotoku"

The Haseko Group is working on a condominium project to achieve virtually zero CO₂ emissions during operations of buildings by completely renovating an existing corporate housing apartment. The Group conducted renovation work on "Sustaina Branche Hongyotoku."

The condominium, aiming to achieve net zero CO₂ emissions by improving the energy-saving performance of housing and using renewable energy, has acquired Building-Housing Energy-efficiency Labeling System (BELS) certification². It meets the reinforced envelope standard (UA value)³ and primary energy consumption⁴ equivalent to the ZEH-M Oriented standard, which involved renovation such as improving its internal and external insulation performance, upgrading to Low-E multilayered glass using the covering method, and upgrading to LED lighting.

Furthermore, we renovated the existing electric and gas combined infrastructure facilities to all-electric; installed solar

power generation equipment on roofs, outer walls, and balcony handrails; adopted pure hydrogen fuel cells; and introduced the "Kenes Green Supply"[®] environmental value plan of Kanden Energy Solution Co., Inc., an environmentally enhanced option that harnesses renewable energy sources. All of these enhancements make this condominium the first domestically renovated property to achieve net zero CO₂ emissions during operation.

¹ For related information, please see "Renovation Example: Sustaina Branche Hongyotoku" on p. 59.
² A system for evaluating and certifying the energy-saving performance of buildings
³ An index which shows the ease that heat escapes from the overall housing, with a smaller value indicating higher insulation performance; 0.6 is the standard value for the Tokyo metropolitan area
⁴ Energy consumption of air conditioning, ventilation, lighting, hot water supply and such

Pollution Prevention and Consideration for the Local Environment

Upon the development of condominiums, we give consideration to environmental pollution, noise, vibration, etc. and proactively propose the development of green areas.

Response to Soil and Water Pollution

In the acquisition of land, the Haseko Group investigates the usage history and conducts soil surveys by specialists if there is any doubt about soil contamination.

When soil contamination is confirmed, appropriate measures are taken including removal or containment of pollutants in accordance with the Soil Contamination Countermeasures Act and other relevant laws and regulations. Similarly, we are responding appropriately to water pollution when problems are identified.

Consideration for the local environment

When constructing new condominiums or renovating existing properties, the Haseko Group makes efforts to give consideration to the local environment such as using low-vibration and low-noise construction vehicles and machinery. At some construction work sites, we have taken measures to minimize the impact on the surrounding area such as intermittently cleaning up the surrounding area, installing soundproof sheets on top of temporary enclosures, and taking measures to prevent noise during pile head processing.



Cleanup activity at the "Shibaura 2-chome, Minato-ku New Construction Project (tentative name)"

Consideration for Biodiversity



For more information, please visit:

Certification for Natural Symbiosis Sites from the Ministry of the Environment

Haseko Corporation applied for and received certification from the Ministry of the Environment, designating Haseko Technical Center as a Natural Symbiosis Site (October 6, 2023).

The 30by30 target, which aims to effectively protect or conserve at least 30% of land and sea areas as healthy ecosystems by 2030, has been set as a global biodiversity goal. Haseko Corporation has been participating in the Natural Symbiosis Sites project, which contributes to the achievement of Japan's 30by30

target, since its trial phase in fiscal year 2022 and has now received the certification.

By obtaining this certification, the Haseko Group will further contribute to the achievement of Japan's 30by30 target by preserving the value of biodiversity and enhancing its quality.



Acquisition of ABINC Business Site Certification

The Association for Business Innovation in harmony with Nature and Community (ABINC) evaluates and certifies the biodiversity-conscious development, management, use, etc. of green areas in companies' facilities (e.g., factories, office buildings, commercial facilities, housing complexes) under its ABINC Business Site Certification (ABINC Certification), with the aim of promoting harmony between nature and people in corporate activities.

In fiscal year 2022, one of the properties designed and constructed by Haseko Corporation obtained the ABINC Certification.

Amid the growing social interest in biodiversity consideration, we will contribute toward the improvement of the natural environment in cities by making proposals that take biodiversity into consideration.



Biodiversity Conservation Activities

The Haseko Group has continued volunteer activities by its employees to foster and conserve biodiversity in accordance with the Haseko Group Code of Conduct on Biodiversity.



"Haseko no Mori" project

For more information, please visit:

The "Haseko no Mori" project is one of the projects commemorating the Group's 80th anniversary. The Group has been conducting forest conservation and afforestation activities at two locations, i.e., Chino City, Nagano Prefecture, and Tanabe City, Wakayama Prefecture, based on the themes of social contribution, future-oriented, and collaboration with the local community. We will proactively make Group-wide efforts in this project together with the local communities.

Afforestation activity "Haseko no Mori" in Chino City, Nagano Prefecture

The Haseko no Mori project in Chino City, Nagano Prefecture started in 2017. We strive to conserve an approximately 13-ha forest by thinning trees and doing other forest management activity on an ongoing basis to keep the forest healthy by our employees and their families in cooperation with Nanakakouchi Zaisanku, a local company that owns the forest, as well as the Forestry Division and the Suwa Regional Development Bureau of Nagano Prefecture. The activity provides an opportunity for us to interact with the local community and for our employees and their families to learn about and appreciate the natural environment.

The activity was not carried out in the fiscal years 2020 and 2021 due to the pandemic, but took place on a smaller scale than usual in the fiscal year 2022, with 29 participants taking thorough measures to prevent the infection.

Afforestation activity "Haseko no Mori" in Tanabe City, Wakayama Prefecture

The Haseko no Mori project in Tanabe City, Wakayama Prefecture started in 2018 as the second activity of the project. We strive to conserve an approximately 3-ha forest by doing an ongoing afforestation activity with a focus on tree planting and underbrush clearing by our employees and their families in cooperation with Nakahechi-cho Sinrin Kumiai, a forestry association that manages the forest, and the local community. The activity provides an opportunity for us to interact with the local community and for our employees and their families to learn about and appreciate the natural environment.

In the fiscal year 2023, 47 participants of our employees and their families planted a total of 500 saplings, which include those of ubame oak and mountain cherry.

Haseko biodiversity seminar

We hold events jointly with Tama City for children of elementary school age and older living in the city to learn about biodiversity, such as the relationships of Satoyama landscapes, thickets and living things, through observation of plants and animals at the biotope installed in Haseko Technical Center and in the Tsurumaki Nishi Park.

Our fourth event of Ikimono Hakken in Tamatsurumaki in the fiscal year 2023, where participants observed nature under the theme of water. A total of 25 participants in 11 groups (of which, 13 were children) enjoyed the event, commenting that they were impressed by the many new things they discovered along the

paths they usually walk casually, and that it was very interesting to learn more about the plants they are familiar with.



Observing living creatures



Biotope

Environmental Management System



For more information, please visit:

To promote and develop environmental activities, each division has set environmental goals and numerical targets and is making steady efforts.

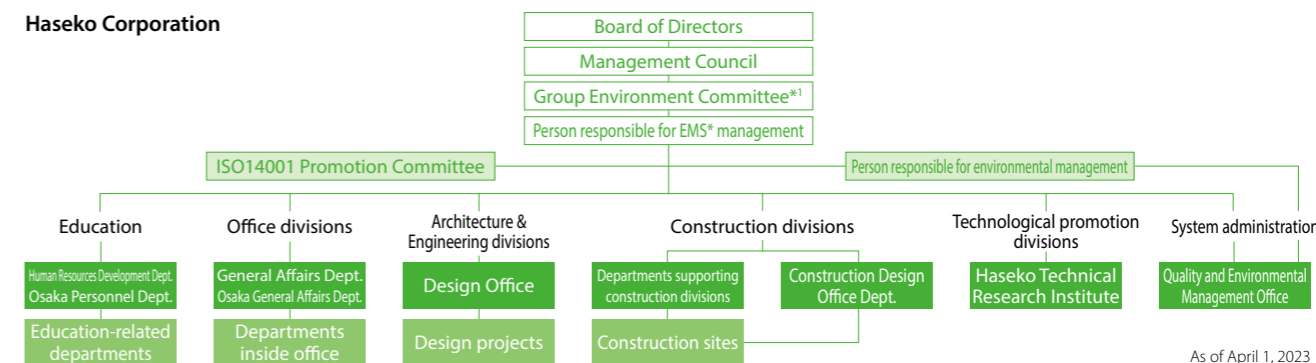


Haseko Group's Environmental Policy/Code of Conduct on Biodiversity

For more information, please visit:

Please scan the QR code to access information about the Haseko Group's Environmental Policy and Code of Conduct on Biodiversity.

Organizational framework for promoting environmental management system



*1. It is responsible for the Haseko Group's environmental policy and operations. *2. Environmental management system

Status of Environmental Management System

Haseko Corporation, Haseko Reform Inc., and Fujikensetsu Co., Ltd. have obtained ISO14001 environmental management system certification and they are continually managing and improving their environmental activities.

Background to obtaining ISO14001 certification

Haseko Corporation obtained ISO14001 environmental management system certification in Kansai and Tokyo regions in July 2001 and October 2001, respectively. In October 2013, we integrated the environmental management systems in Tokyo and Kansai regions and have since been operating the integrated system. As of April 2023, approximately 96% of Haseko Corporation's offices have obtained the ISO14001 certification.

Haseko Reform Inc. obtained the ISO14001 environmental management system certification in March 2014 (at Tokyo and Kansai branch offices). In April 2018, the system was updated to

the 2015 version and integrated with the ISO9001 quality management system, and the integrated system has since been in operation.

In addition, Fujikensetsu Co., Ltd. also obtained ISO14001 environmental management system certification in December 2020 for its Kansai Branch and in February 2021 for its Tokyo Branch.

Going forward, we will continue to engage in environmental management activities.

Initiatives and ongoing improvement

Upon conducting environmental preservation activities, we formulate the Environmental Policy, in response to which each division sets environmental goals and numerical targets and carries out the activities accordingly.

The environmental management system is checked by internal audit and external examination as to whether or not it complies with Haseko's arrangements including specification requirements, and whether or not it is implemented and maintained properly. Based on the results, the environmental management system is reviewed and improved on an ongoing basis.

The days on which external examination was conducted and the number of matters pointed out in fiscal 2022 were as follows.

	Registration date Last updated	External examination date	Number of matters pointed out in external examination
Haseko Corporation	2001.10.1 2022.10.1	2022.7.25~27	None
Haseko Reform Inc.	2014.3.13 2021.4.19	2023.2.27~3.2	None
Fujikensetsu Co., Ltd. (Tokyo Branch)	2021.2.22	2022.12.8	None
Fujikensetsu Co., Ltd. (Kansai Branch)	2020.12.21	2022.10.19~20	None

Compliance with environmental regulations

In fiscal 2022, there was no violation of environmental-related laws in our construction works.



For more information, please visit:

Environmental Accounting

We introduced environmental accounting in fiscal 2004 to get a grasp of environmental conservation activities in quantitative terms and promote such activities in an efficient manner.

Analysis of Operating Results

1. Operating results

In the fiscal year under review (the fiscal year ended March 31, 2023), the Japanese economy had been expected to pick up, partly due to the effects of various policies under the situation of coexisting with COVID-19. However, amid continued global monetary tightening and other factors, downturns in overseas economies put downward pressure on the Japanese economy. In addition, it was necessary for us to pay close attention to the effects of rising prices, supply constraints, and fluctuations in the financial and capital markets.

The new supply of condominium units in the fiscal year under review stood at 28,632 units (down 12.9% year on year) in the Tokyo metropolitan area and 17,252 units (down 5.0% year on year) in the Kinki area. The number of units supplied in the Tokyo metropolitan area fell below 30,000 for the first time in two years by reducing the frequency of supply as well as the number of units per supply. The number of units supplied in the Kinki area also decreased for the same reason with the Tokyo metropolitan area. Both for families (down 4.7% year on year) and studio apartments (down 6.4% year on year) decreased. The upward trend of the unit price and the average market price continues both in the Tokyo metropolitan area and in the Kinki area. The unit price increased to 1,039 thousand yen/m² (up 9.0% year on year) and the average market price increased to 69.07 million yen (up 8.6% year on year) in the Tokyo metropolitan area, surpassing the record high amounts recorded for the fiscal year 2021 (953 thousand yen/m² and 63.60 million yen) and reaching a record high two years in a row. The unit price increased to 775 thousand yen/m² (up 2.1% year on year) and the average market price increased to 46.79 million yen (up 0.6% year on year) in the Kinki area. The unit price reached a record high for a second consecutive year, and the average market price remained at the highest level since the fiscal year 1991 (54.64 million yen). Sales were favorable both in the Tokyo metropolitan area and the Kinki area amid rising unit prices and average market prices. The initial-month sales rate was 70.7% in the Tokyo metropolitan area and the number of for-sale units being marketed as of the end of March 2023 decreased to 5,189 (down 11.8% year on year) because inventory sales were also favorable. The initial-month sales rate was 70.9% in the Kinki area and the number of for-sale units being marketed as of the end of March 2023 decreased to 3,476 (down 6.4% year on year).

Under such circumstances, for the fiscal year under review, which represents the third year of the "HASEKO Next Stage Plan" ("Plan NS"), the Company's medium-term business plan, net sales reached a record high of 1,027.3 billion yen, primarily because real estate sales increased significantly. Ordinary income exceeded the initial forecast of 85.0 billion yen and reached 88.3 billion yen because sales of new for-sale condominiums by consolidated subsidiaries in the Real Estate-Related Business progressed

smoothly and each subsidiary of the Service-Related Business steadily accumulated profits.

For the fiscal year under review, net sales were up 12.9% year on year at 1,027.3 billion yen because of an increase in the transaction volume of real estate for the purpose of receiving construction orders by the Company and an increase in the transaction volume of real estate by consolidated subsidiaries. Mainly due to an increase in the gross profit of real estate sales, operating income was up 9.0% year on year at 90.2 billion yen, ordinary income was up 7.8% year on year at 88.3 billion yen, and net income attributable to owners of parent was up 8.9% year on year at 59.3 billion yen. The operating income ratio was 8.8% (down 0.3 percentage points year on year) and the ordinary income ratio came to 8.6% (down 0.4 percentage points year on year).

Construction-Related Business

For construction works, project owners have had high regard for the Company's ability in gathering land information as well as product planning, its attitude toward construction quality and maintaining construction schedules, its efficient production system, and such. However, the gross profit margin of completed construction contracts declined due to higher costs of materials and labor, among other factors.

In terms of orders for new construction of for-sale condominiums, the Company won orders for 95 projects in total throughout Japan consisting of 64 in the Tokyo metropolitan area including 18 large projects each of which has more than 200 units and 31 in the Kinki and Tokai areas including 9 large projects each of which has more than 200 units. In addition, aside from construction of for-sale condominiums, the Company received orders for 17 projects for rental housing, etc.

As for construction completion, the Company completed construction of 99 projects including 9 projects for rental housing, etc.

The segment posted sales of 746.7 billion yen, a year-on-year increase of 15.5%, because real estate sales increased due to the increase in the transaction volume of land for the purpose of receiving construction orders by the Company. Operating income was 66.9 billion yen, a year-on-year increase of 5.8%, which reflected the increase in the profit of real estate sales despite the decrease in the gross profit of completed construction contracts due to the decline in corresponding gross profit margin.

Real Estate-Related Business

The segment posted sales of 116.4 billion yen, a year-on-year increase of 7.7%, and operating income of 19.1 billion yen, a year-on-year increase of 22.1%, because huge projects of new for-sale condominiums were delivered and other projects were also sold smoothly by consolidated subsidiaries.

Service-Related Business

Sales and profits for extensive refurbishment and interior remodeling increased year on year, due to the increase in volume of works and improvement of the gross profit margin.

In the management of rental condominiums and corporate housing management agency services, the number of units the Company operates reached a combined total of 181,262 units, an increase of 3.6% from the end of the previous fiscal year, due to a steady increase in new consignment of these services and the continuation of ongoing consignment.

In consignment sales of newly built condominiums, sales remained strong, especially in the Tokyo metropolitan area, but the number of delivered units failed to reach the high level of the previous fiscal year.

In real estate brokerage operations, the number of brokered units and the number of sold units in the renovation business both increased year on year.

In for-sale condominium management operations, the number of units the Haseko Group is consigned to manage reached 427,900 units (up 2.1% year on year) with new consignment remaining strong.

In the senior services business, the number of paid facilities for the elderly and housing for the elderly in operation totaled 2,362 units (up 2.8% year on year) mainly as a result of progress seen in move-ins to paid facilities for the elderly and housing for the elderly.

The segment posted sales of 233.2 billion yen, a year-on-year increase of 10.5%, and operating income of 14.9 billion yen, a year-on-year increase of 12.8%.

Overseas-Related Business

New for-sale detached housing business and development of commercial facilities have been in progress in Oahu, Hawaii. A complex facility opened in the resort area in March, 2023.

The segment posted sales of 0.0 billion yen (in contrast to sales of 0.0 billion yen for the previous fiscal year) and an operating loss of 2.9 billion yen (in contrast to an operating loss of 4.3 billion yen in the previous fiscal year).

2. Financial position

Total assets at the end of the fiscal year under review amounted to 1,198.1 billion yen, an increase of 116.2 billion yen from the end of the previous fiscal year. This is attributable to increases in real estate for sale and costs and advances for real estate operations resulting from the investment of funds in land for the purpose of receiving construction orders and the new for-sale condominium business.

Total liabilities were 744.0 billion yen, an increase of 79.8 billion yen from the end of the previous fiscal year. This is attributable to borrowing of debt and issuing of corporate bonds.

Net assets were 454.1 billion yen, an increase of 36.4 billion yen from the end of the previous fiscal year, stemming from such factors as an increase in retained earnings due to the recording of net income attributable to owners of parent, offset by the payment of cash dividends and purchase of treasury stock.

As a result, the equity ratio was 37.9% compared with 38.6% at the end of the previous fiscal year.

The real estate owned by the Haseko Group increased due to such factors as the acquisition of real estate on a short-term basis for the purpose of receiving construction orders and the purchase of for-sale real estate. In this regard, the Company conducts appropriate risk management in implementing its business operations.

Construction-Related Business

Assets of the Construction-Related Business amounted to 390.6 billion yen as of the end of the fiscal year under review, an increase of 36.8 billion yen from the end of the previous fiscal year, due to such factors as increases in real estate for sale and costs and advances for real estate operations resulting from the investment of funds in land for the purpose of receiving construction orders.

Real Estate-Related Business

Assets of the Real Estate-Related Business amounted to 424.0 billion yen as of the end of the fiscal year under review, an increase of 92.3 billion yen from the end of the previous fiscal year, as real estate for sale and costs and advances for real estate operations increased in accordance with steady progress in the purchase of for-sale condominiums, among other factors.

Service-Related Business

Assets of the Service-Related Business amounted to 232.1 billion yen as of the end of the fiscal year under review, an increase of 29.1 billion yen from the end of the previous fiscal year, as real estate for sale and costs and advances for real estate operations increased in accordance with steady progress in the purchase of renovation business, among other factors.

Overseas-Related Business

Assets of the Overseas-Related Business amounted to 99.9 billion yen as of the end of the fiscal year under review, an increase of 32.0 billion yen from the end of the previous fiscal year, as investment securities increased because of investment and fixed assets increased because of the development of retail facilities, among other factors.

3. Cash flows

Net cash used in operating activities for the fiscal year under review was 51.9 billion yen, fluctuated by 117.4 billion yen from the net cash provided by operating activities totaling 65.4 billion yen for the previous fiscal year. Major factors included a decrease of 97.4 billion yen in cash as a result of an increase in inventories (in contrast to a decrease of 40.0 billion yen in cash for the previous fiscal year).

Net cash used in investing activities for the fiscal year under review was 55.4 billion yen, fluctuated by 23.8 billion yen from the net cash used in investing activities totaling 31.6 billion yen for the previous fiscal year. Major factors included a decrease of 35.4 billion yen in cash as a result of purchase of property, equipment and intangible assets (in contrast to a decrease of 26.8 billion yen in cash for the previous fiscal year).

Net cash provided by financing activities for the fiscal year under review was 50.8 billion yen, fluctuated by 35.1 billion yen from the net cash provided by financing activities totaling 15.7 billion yen for the previous fiscal year. Major factors included an increase of 79.7 billion yen in cash as a result of borrowing of debt and issuing of corporate bonds offset by repayment of long-term debt (in contrast to an increase of 40.1 billion yen in cash for the previous fiscal year).

As a result of the above, the balance of cash and cash equivalents at the end of the fiscal year under review amounted to 208.3 billion yen, a decrease of 56.5 billion yen from 264.9 billion yen at the end of the previous fiscal year.

Cash flows from operating activities decreased significantly year on year, but this was mainly due to an increase in inventories.

Consolidated Balance Sheet

	(Millions of yen)	
	As of Mar. 31, 2022	As of Mar. 31, 2023
ASSETS		
Current assets		
Cash and bank deposits	266,891	206,644
Notes and accounts receivable, trade	147,945	169,150
Marketable securities	576	4,613
Costs on uncompleted construction contracts	11,379	12,061
Real estate for sale	165,818	216,966
Costs and advances for real estate operations	176,887	212,591
Real estate for development projects	26,027	30,315
Other	14,642	16,929
Allowance for doubtful accounts	(84)	(70)
Total current assets	810,079	869,199
Fixed assets		
Property and equipment		
Buildings and structures	83,854	98,263
Machinery, vehicles, equipment and furniture	10,239	11,131
Land	96,325	116,645
Leased assets	1,203	1,197
Construction in progress	13,956	18,448
Other	—	22
Accumulated depreciation	(31,396)	(34,087)
Total property and equipment	174,182	211,618
Intangible assets		
Land leasehold rights	1,895	1,896
Goodwill	2,387	2,184
Other	5,810	6,083
Total intangible assets	10,092	10,163
Investments and other assets		
Investment securities	43,125	61,218
Long-term loans receivable	2,333	3,692
Net defined benefit asset	20,416	18,407
Deferred tax assets	8,918	10,751
Other	13,548	13,856
Allowance for doubtful accounts	(787)	(799)
Total investments and other assets	87,554	107,124
Total fixed assets	271,828	328,906
Total assets	1,081,907	1,198,105

	(Millions of yen)	
	As of Mar. 31, 2022	As of Mar. 31, 2023
LIABILITIES		
Current liabilities		
Notes and accounts payable	86,480	93,246
Electronically recorded obligations	55,562	63,896
Short-term borrowings	—	31,500
Current portion of long-term debt	31,841	10,000
Current portion of bonds	—	20,000
Income taxes payable	16,495	19,152
Advances received on uncompleted construction contracts	25,472	28,631
Advances received for real estate sales	38,095	27,245
Warranty	5,487	4,351
Allowance for losses on construction contracts	384	506
Accrued bonuses for employees	5,322	5,515
Accrued bonuses for directors	157	180
Other	85,249	74,580
Total current liabilities	350,543	378,802
Long-term liabilities		
Straight bonds	90,000	100,000
Long-term debt	190,000	230,000
Provision for loss on litigation	2,484	2,819
Provision for employee stock ownership plan	3,446	4,059
Provision for board benefit trust	421	491
Liability for retirement benefit	1,446	1,630
Deferred tax liabilities	18	17
Other	25,883	26,199
Total long-term liabilities	313,697	365,215
Total liabilities	664,240	744,016
NET ASSETS		
Shareholders' equity		
Capital stock	57,500	57,500
Capital surplus	7,373	7,373
Retained earnings	392,149	427,878
Treasury stock	(34,333)	(37,630)
Total shareholders' equity	422,689	455,121
Accumulated other comprehensive income		
Net unrealized gain on other securities	2,358	711
Translation adjustments	(2,180)	5,241
Retirement benefits liability adjustments	(5,205)	(6,989)
Total accumulated other comprehensive income (loss)	(5,027)	(1,037)
Non-controlling interests	5	4
Total net assets	417,667	454,088
Total liabilities and net assets	1,081,907	1,198,105

Consolidated Statement of Income

	(Millions of yen)	
	FY2021	FY2022
Net sales		
Construction contracts	482,866	502,361
Design and supervision	11,262	11,845
Leasing and management	85,416	86,565
Real estate sale	312,576	408,540
Others	17,588	17,965
Total net sales	909,708	1,027,277
Cost of sales		
Construction contracts	399,910	419,087
Design and supervision	5,719	5,460
Leasing and management	66,160	67,237
Real estate sale	274,439	358,615
Others	15,171	15,569
Total cost of sales	761,399	865,968
Gross profit		
Construction contracts	82,956	83,274
Design and supervision	5,543	6,385
Leasing and management	19,255	19,329
Real estate sale	38,137	49,925
Others	2,417	2,396
Total gross profit	148,309	161,309
Selling, general and administrative expenses	65,607	71,147
Operating income	82,702	90,162
Non-operating income		
Interest income	84	97
Dividend income	1,142	374
Subsidy income	164	241
Other	1,015	1,188
Total non-operating income	2,405	1,901
Non-operating expenses		
Interest expenses	1,675	1,919
Equity in losses of affiliates	2	12
Incidental expenses for loan	1,465	1,486
Other	96	380
Total non-operating expenses	3,237	3,798
Ordinary income	81,871	88,265
Special income		
Gain on sale of property and equipment	3	11
Gain on sale of investment securities	218	13
Subsidy income	—	45
Other	3	—
Total special income	224	68
Special losses		
Loss on disposal of property and equipment	66	104
Impairment loss on fixed assets	166	347
Impairment loss on investment securities	36	500
Other	3	41
Total special losses	270	991
Income before income taxes	81,825	87,342
Income taxes – current	25,478	29,115
Income taxes – deferred	1,857	(1,098)
Total income taxes	27,335	28,016
Net income	54,490	59,326
Net income (loss) attributable to non-controlling Interests	(0)	(0)
Net income attributable to owners of parent	54,490	59,326

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2021	FY2022
Net income	54,490	59,326
Other comprehensive income		
Net unrealized gain (loss) on other securities	(1,897)	(1,646)
Translation adjustments	5,140	7,421
Retirement benefits liability adjustments	225	(1,784)
Total other comprehensive income	3,468	3,990
Comprehensive income	57,958	63,316
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	57,958	63,316
Comprehensive income attributable to non-controlling interests	(0)	(0)

Consolidated Statement of Changes in Net Assets

(Millions of yen)

FY2021	Shareholders' equity				Total shareholders' equity	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock		Net unrealized gain (loss) on other securities	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)		
Balance at April 1, 2021	57,500	7,373	369,335	(31,353)	402,855	4,254	(7,320)	(5,429)	(8,495)	5	394,365
Cumulative effects of changes in accounting policies			(11,881)		(11,881)						(11,881)
Restated balance	57,500	7,373	357,454	(31,353)	390,973	4,254	(7,320)	(5,429)	(8,495)	5	382,483
Changes during period											
Cash dividend			(19,503)		(19,503)						(19,503)
Net income attributable to owners of parent for the year ended March 31, 2022			54,490		54,490						54,490
Purchase of treasury stock				(3,087)	(3,087)						(3,087)
Disposal of treasury stock		0		108	108						108
Change in scope of consolidation			(292)		(292)						(292)
Net changes in items other than those in shareholders' equity						(1,897)	5,140	225	3,468	(0)	3,468
Total changes during period	—	0	34,695	(2,979)	31,716	(1,897)	5,140	225	3,468	(0)	35,183
Balance at March 31, 2022	57,500	7,373	392,149	(34,333)	422,689	2,358	(2,180)	(5,205)	(5,027)	5	417,667

(Millions of yen)

FY2022	Shareholders' equity				Total shareholders' equity	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock		Net unrealized gain (loss) on other securities	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income (loss)		
Balance at April 1, 2022	57,500	7,373	392,149	(34,333)	422,689	2,358	(2,180)	(5,205)	(5,027)	5	417,667
Cumulative effects of changes in accounting policies											
Restated balance	57,500	7,373	392,149	(34,333)	422,689	2,358	(2,180)	(5,205)	(5,027)	5	417,667
Changes during period											
Cash dividend			(23,597)		(23,597)						(23,597)
Net income attributable to owners of parent for the year ended March 31, 2023			59,326		59,326						59,326
Purchase of treasury stock				(3,532)	(3,532)						(3,532)
Disposal of treasury stock				234	234						234
Change in scope of consolidation											
Net changes in items other than those in shareholders' equity						(1,646)	7,421	(1,784)	3,990	(0)	3,989
Total changes during period	—	—	35,729	(3,297)	32,432	(1,646)	7,421	(1,784)	3,990	(0)	36,422
Balance at March 31, 2023	57,500	7,373	427,878	(37,630)	455,121	711	5,241	(6,989)	(1,037)	4	454,088

Consolidated Statements of Cash Flows

(Millions of yen)

	FY2021	FY2022
Cash flows from operating activities		
Income before income taxes	81,825	87,342
Depreciation	5,895	6,179
Impairment loss on fixed assets	166	347
Amortization of goodwill	203	203
Provision (reversal) of allowance for doubtful accounts	(16)	(3)
Increase (decrease) in provision for loss on litigation	(26)	(28)
Interest and dividend income	(1,226)	(471)
Interest expenses	1,675	1,919
Equity in earnings of affiliates	2	12
Loss (gain) on sale of investment securities	(218)	(13)
Impairment loss on investment securities	36	500
Loss (gain) on disposal of property and equipment	63	93
Valuation loss on inventories	5,034	1,631
Decrease (increase) in notes and accounts receivable	(15,390)	(21,210)
Decrease (increase) in costs on uncompleted construction contracts	(605)	(682)
Decrease (increase) in inventories	(40,023)	(97,363)
Increase (decrease) in notes, accounts payable and accrued expenses	(7)	15,056
Increase (decrease) in amounts received for uncompleted construction contracts	4,187	3,159
Increase (decrease) in deposits	11,294	(5,367)
Other, net	37,582	(13,671)
Subtotal	90,450	(22,365)
Interest and dividends received	1,229	470
Interest paid	(1,617)	(1,888)
Income taxes paid	(24,614)	(28,126)
Net cash provided by (used in) operating activities	65,448	(51,909)
Cash flows from investing activities		
Payment for purchase of securities	(576)	(659)
Proceeds from redemption of securities	576	659
Purchase of property, equipment and intangible assets	(26,806)	(35,447)
Proceeds from sale of property, equipment and intangible assets	12	60
Payment for purchase of investment securities	(6,379)	(18,365)
Proceeds from sale of investment securities	1,031	42
Loan advances	(11,665)	(16,509)
Proceeds from collection of loans receivable	12,076	15,263
Payments of leasehold and guarantee deposits	(904)	(1,123)
Proceeds from refund of leasehold and guarantee deposits	960	729
Other, net	74	(96)
Net cash provided by (used in) investing activities	(31,601)	(55,446)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	31,500
Increase in long-term debt	50,000	50,000
Repayments of long-term debt	(9,882)	(31,841)
Bonds issuance	—	30,000
Purchase of treasury stock	(3,087)	(3,538)
Incidental expenses for loan	(1,461)	(1,469)
Cash dividends paid	(19,503)	(23,597)
Other, net	(339)	(270)
Net cash provided by (used in) financing activities	15,728	50,785
Effect of exchange rate changes on cash and cash equivalents	982	39
Net increase (decrease) in cash and cash equivalents	50,558	(56,531)
Cash and cash equivalents at beginning of period	214,299	264,864
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	7	—
Cash and cash equivalents at end of period	264,864	208,333

Corporate Overview (as of June 30, 2023)

Corporate overview		
Company name	Haseko Corporation	License and permit registration numbers
Head office	32-1 Shiba 2-chome, Minato-ku, Tokyo 105-8507, Japan Tel: 813-3456-5451	Building Lots and Buildings Transaction Business: Granted by the Minister of Land, Infrastructure, Transport and Tourism, (16) No. 68
Founded	February 11, 1937	Special Construction Business License: Issued by the Minister of Land, Infrastructure, Transport and Tourism, (Special 2) No. 3792
Incorporated	August 22, 1946	First-class Registered Architects Office: Registered with the Governor of Tokyo, No. 27765. Registered with the Governor of Osaka (G) No. 12327.
Capital stock	57.5 billion yen	Specified Joint Real Estate Ventures Permission: Granted by the Commissioner of the Financial Services Agency and the Minister of Land, Infrastructure, Transport and Tourism, No. 8
Number of employees	2,523	Type II Financial Instruments Business: Registered with the Director-General of the Kanto Local Finance Bureau, (FIBO) No. 1447
Business activities	Construction, real estate, engineering	Major member associations
		KEIDANREN (Japan Business Federation) Japan Federation of Construction Contractors The Real Estate Companies Association of Japan The Association of Real Estate Agents of Japan Association of New Urban Housing Technology The Remodeling Promotion Committee for Condominium Type II Financial Instruments Firms Association

Offices
Haseko Corporation Kansai Office
Haseko Corporation Urban development division
Haseko Corporation Yokohama Branch
Haseko Corporation Nagoya Branch
Haseko Corporation Kyoto Branch
Haseko Corporation Kyushu and Okinawa Operations Division
Haseko Corporation Chugoku and Shikoku regions Business Promotion Department
Haseko Corporation Technical Research Institute
Haseko Corporation Hanoi Representative Office

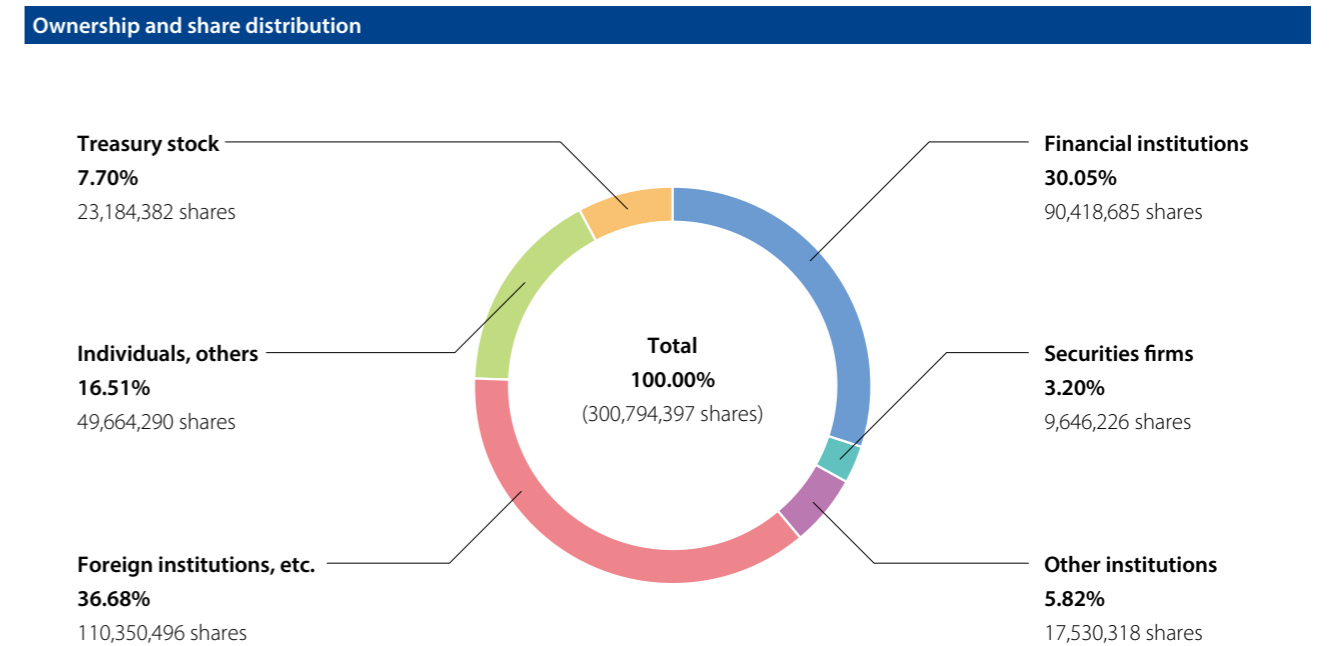
Group companies	
Fujikensetsu Co., Ltd.	Haseko Community, Inc.
Hasec Inc.	Haseko Community Kyushu Inc.
Haseko Furnishing Co., Ltd.	Haseko Community Nishinoh Inc.
Hosoda Corporation	Haseko Community Okinawa Inc.
Haseko Real Estate Development Holdings Inc.	Joint Property Co., Ltd.
Haseko Real Estate Development, Inc.	Haseko Senior Well Design Co., Ltd.
Sohgoh Real Estate Co., Ltd.	Haseko America, Inc., and more
Haseko Home, Co., Ltd.	
Haseko Anesis Corporation	
Haseko Reform Inc.	
Haseko Livenet, Inc.	
Haseko Business Proxy, Inc.	
Haseko Urbest Inc.	
Haseko Real Estate, Inc.	
Haseko Intech Inc.	
Haseko Systems Inc.	
Haseko Property Management Holdings Inc.	

Stock Information (as of March 31, 2023)

Stock information			
Securities code	1808	Shareholder register administrator (and special account management institution)	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-0005
Stock exchange listing	Tokyo Stock Exchange Prime Market	Handling office	Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-0005
Date of listing	October 1961		
Number of shares constituting one unit	100		
Total number of shares authorized to be issued	420,000,000		
Total number of shares issued	300,794,397		
Number of shareholders	63,075		
End of period	March 31		

Major shareholders			
Major shareholder	Number of shares held (shares)	Shareholding ratio (%)	
Ichigo Trust Pte. Ltd.	53,185,600	19.15%	
The Master Trust Bank of Japan, Ltd. (Trust account)	41,817,000	15.06%	
Custody Bank of Japan, Ltd (Trust account)	26,422,900	9.51%	
Resona Bank, Limited	12,609,992	4.54%	
Sumitomo Realty & Development Co., Ltd.	9,916,200	3.57%	

*Excluding 23,184,102 shares of treasury stock. The shareholder ratio is calculated based on the total number of shares issued, net of 23,184,102 shares of treasury stock.



Note: Percentages of shareholdings are rounded down to the second decimal place.

A Corporate Group for Housing
to Create Great Living



Haseko Group

HASEKO