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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 10, 2023

Company name: HASEKO Corporation
Code number: 1808

Stock exchange listing: Tokyo Stock Exchange, Prime section
URL: <https://www.haseko.co.jp/hc/>

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 01, 2023 to September 30, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
September 30, 2023	523,006	17.1	43,276	14.8	43,260	18.3	28,703	16.0
September 30, 2022	446,448	7.6	37,704	(9.0)	36,569	(10.7)	24,734	(12.6)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 41,222 million [15.4%]
Six months ended September 30, 2022: ¥ 35,733 million [11.4%]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2023	105.24	-
September 30, 2022	90.01	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
September 30, 2023	1,178,565	484,597	41.1
March 31, 2023	1,198,105	454,088	37.9

(Reference) Shareholder's equity: As of September 30, 2023: ¥ 484,592 million
As of March 31, 2023: ¥ 454,084 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	40.00	-	40.00	80.00
Fiscal year ending March 31, 2024	-	40.00	-	-	-
Fiscal year ending March 31, 2024 (Forecast)	-	-	-	40.00	80.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 01, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,080,000	5.1	88,000	(2.4)	83,000	(6.0)	55,500	(6.4)	203.46

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of issued shares (common stocks)
- 1) Total number of issued shares at the end of the period (including treasury stocks):

September 30, 2023:	300,794,397 Shares
March 31, 2023:	300,794,397 Shares
 - 2) Total number of treasury shares at the end of the period:

September 30, 2023:	28,014,284 shares
March 31, 2023:	28,283,902 shares
 - 3) Average number of shares during the period:

Six months ended September 30, 2023:	272,728,944 shares
Six months ended September 30, 2022:	274,792,033 shares
- (Note) The number of treasury stocks above includes shares held as the trust assets for the Board Benefit Trust (BBT) and the Employee Stock Ownership Plan (ESOP).
Shares of the Company's own stock held in BBT and ESOP trust accounts are included in treasury stock subtracted from the calculation of the average number of shares during the period.

This report is not subject to audit procedures by certified public accountants or audit firms.

Explanation regarding appropriate use of forecasts, and other specific comments

The forecasts contained herein are based on information available as of the date of this announcement, and the actual results may differ materially from forecasts due to various factors. For details of assumptions for financial forecasts and other related matters, please refer to "1. Qualitative Information on Quarterly Financial Results (4) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking information" on page 3 of the Attachment.

Supplementary materials for this report and results briefing materials can be found on the Company's website.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operation

For the six months ended on September 30, 2023, since increases in net sales of construction contracts and a transaction volume of real estate, net sales were 523.0 billion yen, up by 17.1% compared with the same period of the previous fiscal year, operating income was 43.3 billion yen, up by 14.8% compared with the same period of the previous fiscal year, ordinary income was 43.3 billion yen, up by 18.3% compared with the same period of the previous fiscal year, and net income attributable to owners of parents was 28.7 billion yen, up by 16.0% compared with the same period of the previous fiscal year.

Operating results by reportable segment are as follow:

	Billions of yen							
	Construction-related business		Real estate-related Business		Service-related business		Overseas-related business	
Net Sales	382.4	(+53.1)	56.8	(+12.6)	126.4	(+23.2)	0.4	(+0.4)
Segment income	31.4	(-0.4)	10.2	(+2.9)	7.2	(+2.6)	-2.3	(-0.7)

Figures in parentheses show the amount of increase or decrease from the same period of the previous fiscal year

(Construction-related business)

For construction works, projects owners have had high regard for the Company's ability in gathering land information as well as product planning, its attitude regarding construction quality and maintaining construction schedules, efficient production system, and such. However, the gross profit margin of completed construction contracts lowered due to worsened construction profitability upon receiving orders and higher costs of material and labor, among other factors.

In terms of orders for new construction of for-sale condominiums, the Company won orders for 38 projects in total throughout Japan consisting of 28 in the Tokyo metropolitan area including 3 large projects each of which has more than 200 units and 10 in the Kinki and Tokai areas including 2 large projects each of which has more than 200 units. In addition, aside from construction of for-sale condominiums, the Company received orders for 5 projects for rental housing, etc. As for construction completion, the Company completed construction of 35 projects including 5 projects for rental housing, etc.

The segment posted sales of 382.4 billion yen, up by 16.1% compared with the same period of the previous fiscal year and operating income was 31.4 billion yen, down by 1.4% compared with the same period of the previous fiscal year because of increases in net sales of construction contracts and a transaction volume of real estate for the purpose of receiving construction orders.

(Real estate-related Business)

The segment posted sales of 56.8 billion yen, up by 28.6% compared with the same period of the previous fiscal year, and operating income of 10.2 billion yen, up by 39.0% compared with the same period of the previous fiscal year, as increases in deliveries new for-sale condominiums and a transaction volume of other real estate.

(Service-related Business)

The number of units to be delivered in consigned sales of newly built condominiums, the volume of repair work in large-scale repair work and interior remodeling, the number of sold units in the renovation business and the volume of construction work in common areas and exclusive areas in for-sale condominium management operations increased.

The segment posted sales of 126.4 billion yen, up by 22.5% compared with the same period of the previous fiscal year, and operating income of 7.2 billion yen, up by 58.0% compared with the same period of the previous fiscal year.

(Overseas-related business)

The subsidiaries have been operating a commercial facility and developing new projects of for-sale detached housing business in Oahu, Hawaii.

The segment posted sales of 0.4 billion yen (the sales of 0.0 billion yen in the same period of the previous fiscal year) and operating loss of 2.3 billion yen (the operating loss of 1.6 billion yen in the same period of the previous fiscal year), because the commercial facility has just launched.

(2) Explanation of Financial Position

Total assets as of September 30, 2023 decreased by 19.5 billion yen from the end of the previous fiscal year to 1,178.6 billion yen. This is mainly due to decreases in notes and accounts receivable, trade and real estate for sale.

Total liabilities were 694.0 billion yen, a decrease of 50.0 billion yen from the end of the previous fiscal year. This is mainly due to a decrease in short-term borrowings, etc.

Net assets were 484.6 billion yen, an increase of 30.5 billion yen from the end of the previous fiscal year. This is mainly due to the recording of net income attributable to owners of parents.

(3) Explanation of Cash Flows

The balance of cash and cash equivalents as of September 30, 2023 amounted to 187.1 billion yen, a decrease of 21.3 billion yen from the end of the previous fiscal year.

Net cash provided by operating activities for the six months ended on September 30, 2023 was 44.0 billion yen, fluctuated by 83.7 billion yen compared with the net cash used for operating activities totaling 39.7 billion yen in the same period of previous fiscal year. Major factors included an increase of 3.9 billion yen as a result of a decrease in inventories (in contrast to a decrease of 19.2 billion yen in cash for the same period of previous fiscal year) and an increase of 30.8 billion yen in cash as a result of a decrease of notes and accounts receivable, trades (in contrast to an increase of 15.2 billion yen in cash for the same period of previous fiscal year.)

Net cash used for investing activities for the six months ended on September 30, 2023 was 23.8 billion yen, fluctuated by 0.6 billion yen compared with the net cash used for investing activities totaling 24.4 billion yen in the same period of previous fiscal year. Major factors included a decrease of 13.2 billion yen in cash as a result of purchase of property, equipment and intangible assets (in contrast to a decrease of 14.7 billion yen in cash for the same period of previous fiscal year.)

Net cash used for financing activities for the six months ended on September 30, 2023 was 42.7 billion yen, fluctuated by 28.2 billion yen compared with the net cash used for financing activities totaling 14.5 billion yen in the same period of previous fiscal year. Major factors included a decrease of 31.5 billion yen in cash as a result of newly borrowing of debt and repayment (in contrast to a decrease of 0.6 billion yen in cash for the same period of previous fiscal year.)

(4) Explanation of Forecast of Consolidated Financial Results and Other Forward- Looking Information

There is no change in the forecast announced on May 11th, 2023.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2023	As of September 30,2023
Assets		
Current assets		
Cash and bank deposits	206,644	189,121
Notes and accounts receivable, trade	169,150	138,375
Marketable securities	4,613	867
Costs on uncompleted construction contracts	12,061	14,348
Real estate for sale	216,966	184,034
Costs and advances for real estate operations	212,591	252,592
Real estate for development projects	30,315	33,737
Other	16,929	21,321
Allowance for doubtful accounts	(70)	(120)
Total current assets	869,199	834,274
Fixed assets		
Property and equipment		
Buildings and structures	98,263	109,665
Machinery, vehicles, equipment and furniture	11,131	11,769
Land	116,645	116,617
Leased assets	1,197	1,095
Construction in progress	18,448	5,596
Other	22	40
Accumulated depreciation	(34,087)	(34,975)
Total property and equipment	211,618	209,807
Intangible assets		
Land leasehold rights	1,896	1,896
Goodwill	2,184	2,082
Other	6,083	6,705
Total intangible assets	10,163	10,683
Investments and other assets		
Investment securities	61,218	78,834
Long-term loans receivable	3,692	3,787
Net defined benefit asset	18,407	19,251
Deferred tax assets	10,751	9,041
Other	13,856	13,683
Allowance for doubtful accounts	(799)	(796)
Total investments and other assets	107,124	123,801
Total fixed assets	328,906	344,290
Total assets	1,198,105	1,178,565

(Million yen)

	As of March 31,2023	As of September 30,2023
Liabilities		
Current liabilities		
Notes and accounts payable	93,246	88,633
Electronically recorded obligations	63,896	64,314
Short-term borrowings	31,500	-
Current portion of long-term debt	10,000	20,000
Current portion of bonds payable	20,000	20,000
Income taxes payable	19,152	12,744
Advances received on uncompleted construction contracts	28,631	32,397
Advances received for real estate sales	27,245	37,284
Warranty	4,351	3,764
Allowance for losses on construction contracts	506	457
Accrued bonuses for employees	5,515	5,134
Accrued bonuses for director	180	-
Other	74,580	52,306
Total current liabilities	378,802	337,033
Long-term liabilities		
Straight bonds	100,000	100,000
Long-term debt	230,000	220,000
Provision for loss on litigation	2,819	3,086
Provision for employee stock ownership plan	4,059	4,109
Provision for board benefit trust	491	433
Liability for retirement benefit	1,630	1,704
Deferred tax liabilities	17	12
Other	26,199	27,591
Total long-term liabilities	365,215	356,935
Total liabilities	744,016	693,968
Net assets		
Shareholders' equity		
Capital stock	57,500	57,500
Capital surplus	7,373	7,373
Retained earnings	427,878	445,477
Treasury stock	(37,630)	(37,239)
Total shareholders' equity	455,121	473,111
Accumulated other comprehensive income		
Net unrealized gain(loss) on other securities	711	4,327
Translation adjustment	5,241	13,668
Retirement benefits liability adjustments	(6,989)	(6,514)
Total accumulated other comprehensive income	(1,037)	11,481
Non-controlling interests	4	5
Total net assets	454,088	484,597
Total liabilities and net assets	1,198,105	1,178,565

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2022	For the six months ended September 30,2023
Net sales		
Construction contracts	229,970	261,867
Design and supervision	3,810	3,638
Leasing and management	42,021	44,714
Real estate sale	161,635	203,298
Others	9,013	9,489
Total net sales	446,448	523,006
Cost of sales		
Construction contracts	190,729	222,247
Design and supervision	1,705	1,763
Leasing and management	32,671	34,458
Real estate sale	142,081	177,556
Others	7,345	7,766
Total cost of sales	374,532	443,791
Gross profit		
Construction contracts	39,240	39,620
Design and supervision	2,105	1,876
Leasing and management	9,350	10,256
Real estate sale	19,554	25,741
Others	1,668	1,722
Total gross profit	71,916	79,215
Selling, general and administrative expenses	34,212	35,939
Operating income	37,704	43,276
Non-operating income		
Interest income	40	108
Dividend income	206	250
Foreign exchange gains	157	379
Other	663	722
Total non-operating income	1,066	1,459
Non-operating expenses		
Interest expenses	863	1,192
Share of loss of entities accounted for using equity method	0	184
Other	1,338	99
Total non-operating expenses	2,202	1,475
Ordinary income	36,569	43,260

(Million yen)

	For the six months ended September 30,2022	For the six months ended September 30,2023
Special income		
Gain on sale of property and equipment	8	1
Subsidy income	45	-
Gain on reversal of asset retirement obligations	-	4
Total special income	53	5
Special losses		
Loss on disposal of property and equipment	31	12
Loss on tax purpose reduction entry of fixed assets	41	-
Total special losses	71	12
Income before income taxes	36,551	43,253
Income taxes - current	11,201	13,847
Income taxes - deferred	616	702
Total income taxes	11,817	14,549
Net income	24,733	28,704
Net income (loss) attributable to non-controlling interests	(0)	1
Net income attributable to owners of parent	24,734	28,703

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2022	For the six months ended September 30,2023
Net income	24,733	28,704
Other comprehensive income		
Net unrealized gain(loss) on other securities	(282)	3,616
Translation adjustments	10,869	8,427
Retirement benefits liability adjustments	413	475
Total other comprehensive income	11,000	12,518
Comprehensive income	35,733	41,222
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	35,734	41,221
Comprehensive income attributable to non-controlling interests	(0)	1

Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	36,551	43,253
Depreciation	2,972	3,531
Amortization of goodwill	102	102
Increase (decrease) in allowance for doubtful accounts	31	48
Increase (decrease) in provision for loss on litigation	(0)	(0)
Interest and dividend income	(247)	(358)
Interest expenses	863	1,192
Share of loss (profit) of entities accounted for using equity method	0	184
Loss (gain) on disposal of non-current assets	22	11
Loss on valuation of inventories	-	19
Decrease (increase) in trade receivables	15,162	30,830
Decrease (increase) in costs on construction contracts in progress	(2,172)	(2,287)
Decrease (increase) in inventories	(19,220)	3,898
Increase (decrease) in trade payables	(11,922)	(4,234)
Increase (decrease) in advances received on construction contracts in progress	1,287	3,767
Increase (decrease) in deposits received	(31,667)	(16,476)
Other, net	(13,242)	1,377
Subtotal	(21,481)	64,856
Interest and dividends received	238	350
Interest paid	(855)	(1,191)
Income taxes paid	(17,589)	(20,028)
Net cash provided by (used in) operating activities	(39,687)	43,987
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(14,695)	(13,182)
Proceeds from sale of property, plant and equipment and intangible assets	58	35
Purchase of investment securities	(8,560)	(10,493)
Proceeds from sales and withdrawal of investment securities	19	296
Loan advances	(7,995)	(9,766)
Proceeds from collection of loans receivable	6,764	9,486
Payments of leasehold and guarantee deposits	(462)	(461)
Proceeds from refund of leasehold and guarantee deposits	496	285
Other, net	(59)	(27)
Net cash provided by (used in) investing activities	(24,434)	(23,828)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(31,500)
Repayments of long-term borrowings	(636)	-
Purchase of treasury shares	(2)	(2)
Incidental expenses for loan	(1,307)	(65)
Dividends paid	(12,493)	(11,104)
Other, net	(54)	(52)
Net cash provided by (used in) financing activities	(14,492)	(42,723)
Effect of exchange rate change on cash and cash equivalents	1,766	1,306
Net increase (decrease) in cash and cash equivalents	(76,847)	(21,258)
Cash and cash equivalents at beginning of period	264,864	208,333
Cash and cash equivalents at end of period	188,017	187,075

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Notes to Significant Changes in the Amount of Shareholder's Equity)

Not applicable.

(Segment information)

1. Reportable segment information (net sales and income (loss))

For the six months ended September 30,2022

(Millions of Yen)

	Reportable Segments				Total	Adjustments and eliminations (Note 1)	Consolidated (Note 2)
	Construction- related business	Real estate- related business	Service- related business	Overseas- related business			
Net sales							
Sales to third parties	303,896	43,942	98,609	1	446,448	—	446,448
Inter-segment sales and transfer	25,381	228	4,517	—	30,125	(30,125)	—
Total	329,277	44,169	103,126	1	476,574	(30,125)	446,448
Segment income(loss)	31,844	7,306	4,568	(1,606)	42,113	(4,408)	37,704

Note 1 : Adjustment and eliminations for segment income include (2,093) million yen of elimination of inter-segment transactions and (2,315) million yen of corporate expenses, which are not allocable to the reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

Note 2 : Segment income(loss) has been adjusted with operating income in the consolidated statement of income.

For the six months ended September 30,2023

(Millions of Yen)

	Reportable Segments				Total	Adjustments and eliminations (Note 1)	Consolidated (Note 2)
	Construction- related business	Real estate- related business	Service- related Business	Overseas- related business			
Net sales							
Sales to third parties	345,615	56,565	120,443	382	523,006	—	523,006
Inter-segment sales and transfer	36,766	245	5,917	—	42,929	(42,929)	—
Total	382,381	56,811	126,361	382	565,934	(42,929)	523,006
Segment income(loss)	31,412	10,159	7,218	(2,271)	46,518	(3,242)	43,276

Note 1 : Adjustment and eliminations for segment income include (1,056) million yen of elimination of inter-segment transactions and (2,186) million yen of corporate expenses, which are not allocable to the reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

Note 2 : Segment income(loss) has been adjusted with operating income in the consolidated statement of income.

3.Non-consolidated Orders received

(1) Non-consolidated Orders received

	Orders	
	Millions of Yen	%
For the six months ended September 30, 2023	203,572	25.3
For the six months ended September 30, 2022	162,408	14.9

* % indicates changes from the previous corresponding period.

Breakdown of orders Received

[Millions of Yen]

	For the six months ended September 30, 2022		For the six months ended September 30, 2023		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Private-sector condominiums	128,567	(84.9%)	159,455	(82.8%)	30,888	24.0%
Rental condominiums, Company housing, etc.	13,707	(9.0%)	20,690	(10.8%)	6,983	50.9%
Residence Total	142,274	(93.9%)	180,145	(93.6%)	37,871	26.6%
Non-Residence	2,859	(1.9%)	2,698	(1.4%)	(161)	(5.6%)
Others	6,355	(4.2%)	9,658	(5.0%)	3,303	52.0%
Construction Total	151,488	93.3%	192,501	94.6%	41,013	27.1%
Consulting Contracts	3,483	2.1%	3,515	1.7%	32	0.9%
Construction business	154,972	95.4%	196,016	96.3%	41,044	26.5%
Design and Supervision	7,436	4.6%	7,556	3.7%	120	1.6%
Orders Total	162,408	100.0%	203,572	100.0%	41,164	25.3%

* The figures in parentheses refer to the proportion of Construction Total.

(2) Non-consolidated Orders received forecast

	Annual	
	Millions of Yen	%
March 2024 forecast	500,000	3.9
March 2023 result	481,280	1.9

* % indicates changes from the previous corresponding period.

Qualitative information of Orders Received result and forecast

Construction total were 192.5 billion yen, increased by 41.0 billion yen y/y and Orders received were 203.6 billion yen, increased by 41.2 billion yen y/y. A progress rate against the annual forecast of 500 billion yen was 40.7% and we haven't revised it.