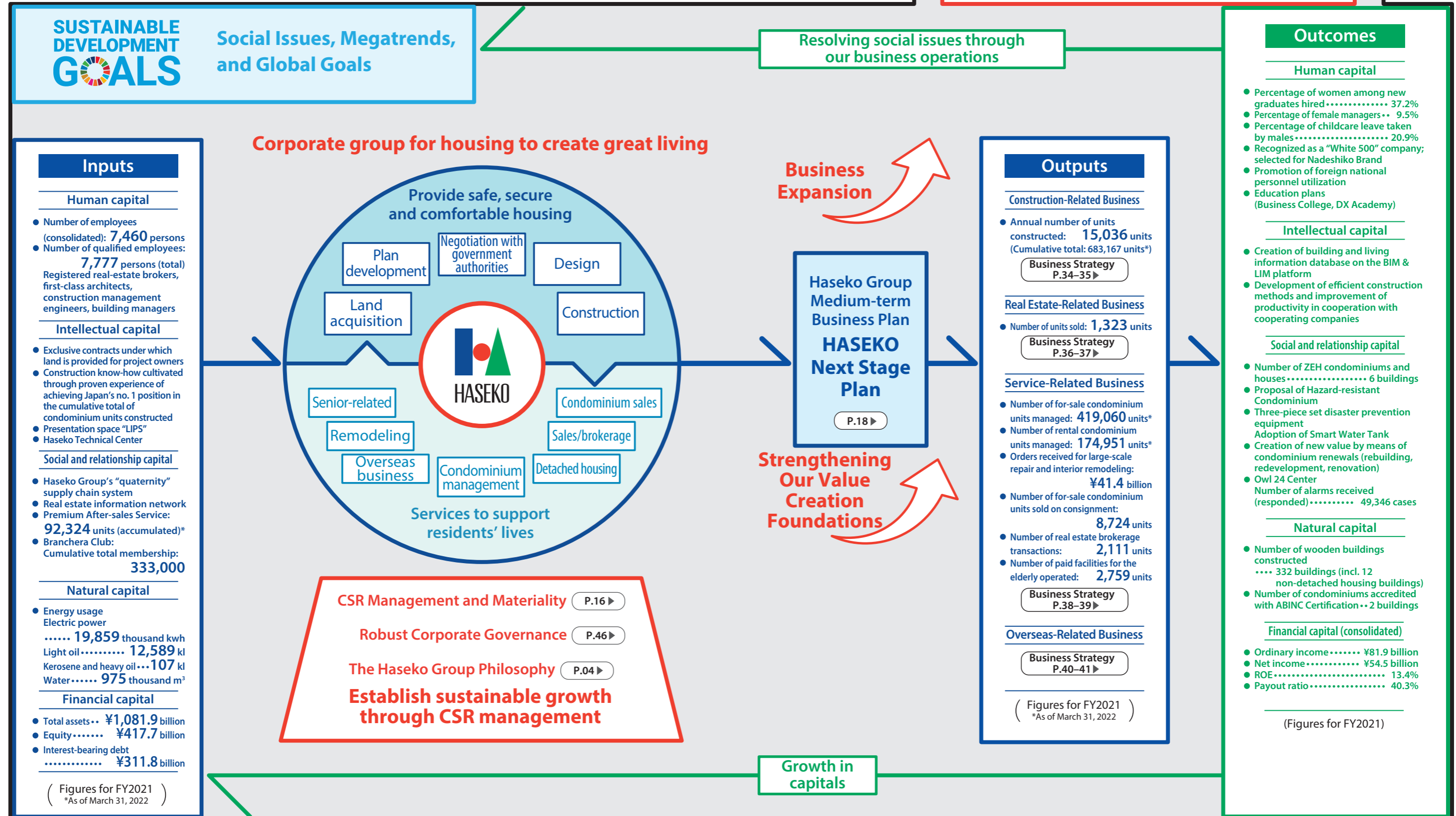


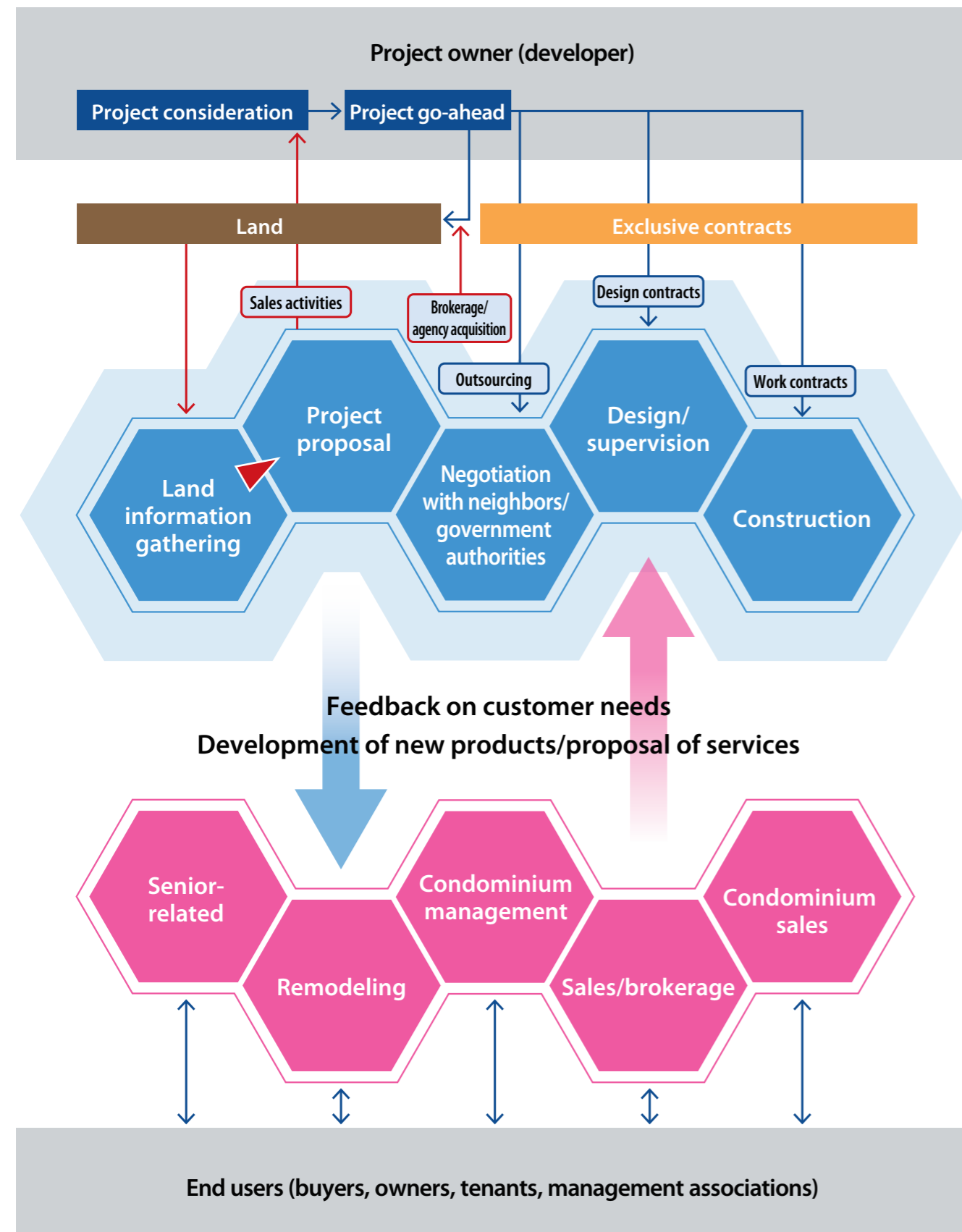
Value Creation Process

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.



Business Model of the Haseko Group



Core Competence

1 Business model

As a general construction company with a focus on for-sale condominiums, Haseko Corporation is engaged in various businesses including land information collection, project planning, neighborhood negotiations, permit acquisition, design, and construction. In addition, Group companies mainly provide housing-related services such as Condominium sales, sales/brokerage, condominium management, remodeling, and senior-related services. In 2020, Hosoda Corporation joined the Group, and as a result, we now also offer detached residences. Synergies have already emerged, an example being our tapping of Hosoda's technical prowess to incorporate wooden materials in the shared

areas of condominiums. While leveraging these collective capabilities, the Haseko Group aims to create optimal environments as it responds to various changes in society such as the greater emphasis on consideration for the environment, natural disasters, aging buildings, and diversifying lifestyles. By utilizing the technical abilities and strong track record we have built up over our many years in condominium construction, we are also striving to take a further leap forward to take on the challenge of new construction fields such as rental condominiums, condominiums for students and senior citizens, hotels, office buildings, and logistics facilities, and to create proposals for new services and products.

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 over 200 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, type of construction. 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.

3 DX and new initiatives

The value, technology and innovation division, which was transferred from Haseko Corporation to Haseko Anesis in April 2020, is playing the central role in pushing ahead with the utilization of advanced technology and the construction of a DX infrastructure, with the aim of creating and field testing new business models, ensuring that existing services remain competitive, and raising productivity. Recently, the COVID-19 pandemic has brought great changes and diversification to the nature of homes and ways of working, and ingenuity in various forms is now required when deciding on the layouts of units and the fixtures to be installed. By proactively moving forward with DX in our own unique way, such as through the use of BIM & LIM, we aim to create new business models by boosting the competitiveness of our products and services and enhance our productivity in innovative ways. To that end, we launched the DX Academy during the previous term, and are focusing on the development of specialist personnel.

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
- Response to COVID-19 pandemic
- Climate change risk