Value Creation of the Haseko Group Strengthening Our Value Creation Foundations

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.

DX + Challenge of **New Business Areas A Further Leap!**



SUSTAINABLE DEVELOPMENT

Social Issues, Megatrends, and Global Goals

Resolving social issues through our business operations

Human capital

 Percentage of women among new graduates hired · · · · · 37.2% • Percentage of female managers • • 9.5%

Outcomes

- Percentage of childcare leave taken by males 20.9%
- Recognized as a "White 500" company; selected for Nadeshiko Brand
- Promotion of foreign national
- personnel utilization
- Education plans (Business College, DX Academy)

Intellectual capital

- Creation of building and living information database on the BIM & LIM platform
- Development of efficient construction methods and improvement of productivity in cooperation with cooperating companies

Social and relationship capital

- Number of ZEH condominiums and houses · · · · · 6 buildings
- Proposal of Hazard-resistant
- Three-piece set disaster prevention equipment
- Adoption of Smart Water Tank • Creation of new value by means of condominium renewals (rebuilding,
- redevelopment, renovation) Owl 24 Center Number of alarms received
- (responded) 49,346 cases

Natural capital

- Number of wooden buildings constructed
- •••• 332 buildings (incl. 12
- non-detached housing buildings) Number of condominiums accredited
- with ABINC Certification •• 2 buildings

Financial capital (consolidated)

- Ordinary income •••••• ¥81.9 billion • Net income •••••• ¥54.5 billion
- ROE 13.4%
- Payout ratio ••••••• 40.3%

(Figures for FY2021)

Inputs

Human capital

- Number of employees
- (consolidated): 7,460 persons
 Number of qualified employees: 7,777 persons (total) Registered real-estate brokers,
- first-class architects, construction management engineers, building managers

Intellectual capital

- Exclusive contracts under which land is provided for project owners
- Construction know-how cultivated through proven experience of achieving Japan's no. 1 position in the cumulative total of
- condominium units constructed Presentation space "LIPS"
- Haseko Technical Center

Social and relationship capital

- Haseko Group's "quaternity" supply chain system
- Real estate information network
- Premium After-sales Service: 92,324 units (accumulated)*
- Branchera Club: **Cumulative total membership:** 333.000

Natural capital

- Energy usage **Electric power**
- 19,859 thousand kwh Light oil 12,589 kl Kerosene and heavy oil ••• 107 kl Water 975 thousand m

Financial capital

- Total assets •• ¥1,081.9 billion
- Equity ¥417.7 billion Interest-bearing debt¥311.8 billion

Figures for FY2021 *As of March 31, 2022

Corporate group for housing to create great living Provide safe, secure

and comfortable housing Negotiation with Plan government Design authorities development Land Construction acquisition HASEKO Senior-related **Condominium sales** Remodeling Sales/brokerage

Detached housing Condominium management

Services to support residents' lives

Overseas

business

CSR Management and Materiality (P.16)

Robust Corporate Governance P.46

The Haseko Group Philosophy P.04

Establish sustainable growth through CSR management

Business Expansion

> Haseko Group Medium-term **Business Plan**

HASEKO Next Stage Plan

P.18 ▶

Strengthening **Our Value** Creation **Foundations**

> Growth in capitals

Outputs

Construction-Related Business

 Annual number of units constructed: 15,036 units (Cumulative total: 683,167 units*) **Business Strategy** P.34-35▶

Real Estate-Related Business

• Number of units sold: 1,323 units Business Strategy P.36-37▶

Service-Related Business

- Number of for-sale condominium units managed: 419,060 units*
- Number of rental cond units managed: 174,951 units*
- Orders received for large-scale repair and interior remodeling:

¥41.4 billion Number of for-sale condominium

units sold on consignment: 8,724 units

• Number of real estate brokerage 2,111 units transactions:

• Number of paid facilities for the elderly operated: 2,759 units

> Business Strategy P.38-39▶

Overseas-Related Business

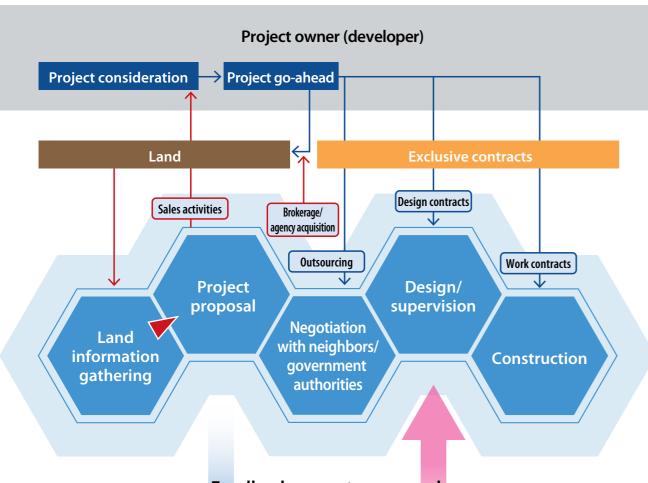
Business Strategy P.40-41▶

Figures for FY2021 *As of March 31, 2022

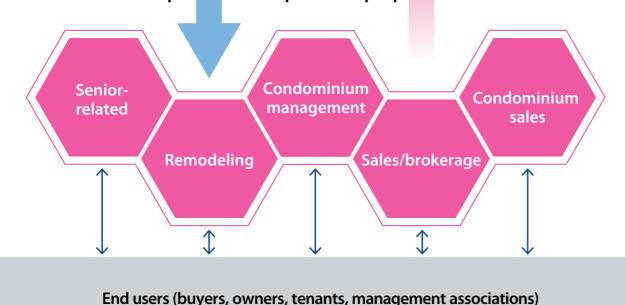
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Business Model of the Haseko Group



Feedback on customer needs Development of new products/proposal of services



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

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.

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.

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

 Assidents and other insidents in the spectrustian but
- 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

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