Rather than acting conservatively, the financial divisions will work together with operating divisions to improve profits and expand business.

Shoji Naraoka
Director, Executive Operating Officer
In Charge of Finance, Accounting and IR

Review of fiscal 2021 Business Results

As for the business environment surrounding the Haseko Group during fiscal 2021, there was a movement toward recovery from the economic stagnation caused by the COVID-19 pandemic. However, uncertainty due to the situation in Ukraine compounded the upward trend in material prices, causing them to rise further. On the other hand, the condominium market saw a recovery in the number of new units supplied in both the Tokyo metropolitan area and the Kinki region, underpinned by factors such as improving sentiment toward home acquisition, the continuation of low-interest-rate policy, and measures to support home acquisition. Under these circumstances, in our business results for fiscal 2021, the second year of our medium-term business plan HASEKO Next Stage Plan ("Plan NS"), we achieved double-digit growth in sales, as well as each level of profit.

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.

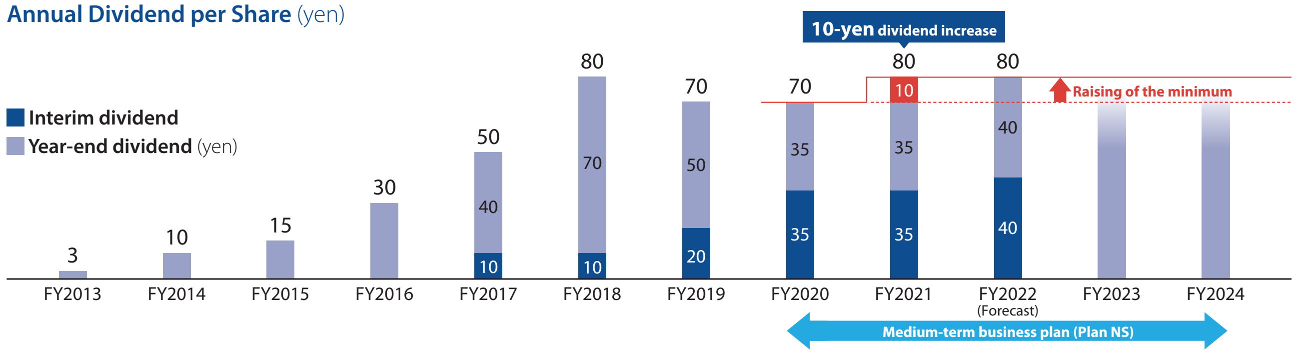
Financial strategy and shareholder returns in the medium-term business plan

(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 (increased 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 (yen)



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 second 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 three years of Plan NS, we plan to 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 on steadily advancing strategic investments that will be monetized going forward and planting the seeds of future profits, 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 that had been restricted up to now.

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. While remaining constantly aware of the risk inherent in real estate, we in the financial divisions will not just aimlessly pursue financial leverage and we will definitely not be overly conservative. Instead, 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.

Interest-bearing debt and equity