Value Creation Process

The issues that corporate management must tackle are becoming increasingly diverse and complex as society changes. By combining its originality with its growth strategy, Haseko Corporation will find solutions to issues faced by society through its business activities and achieve sustainable growth and evolution, and while aiming to achieve our vision as a leading company in "housing" and "living", we are committed to enhancing corporate value over the long term.

Changes and issues in the social environment surrounding housing and living

- Domestic population decrease
- Elderly population increase
- Urbanization
- Changing lifestyles
- Environmental issues
- Decarbonization, Biodiversity
- Emergence of geopolitical risks
- Intensification of disasters
- Advancement of technology

New issues faced by society

Resolving social issues through our business activities

Enhance corporate value (expansion of social/ economic value)

Investment in the necessary capital

Creation and review

Vision

To continuously provide environmentally friendly, safe, and secure housing and rich, comfortable living both domestically and internationally

A leading company in housing and living

Originality

- Strengths/Business Model P15、P17
- Accumulated Management Resources and History of the Haseko Group P19、P21
- Business Overview P37

×

Growth strategy

Medium-term Business Plan

HASEKO Evolution Plan

P27

Management materiality (material issues)

P25

- Improved market valuation
- Improved ROE
- Non-financial KPI

The HASEKO Group Philosophy

Corporate Philosophy

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

Sustainable growth and evolution

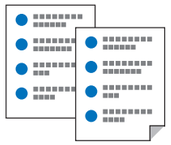
Materiality

Society faces many issues, including climate change and human rights, and proactive engagement is demanded in order to address these issues. In order to achieve both sustainable business growth and the creation of social value, the Haseko Group examines the issues that should be prioritized for tackling from the perspectives of both business and society, and designates them as material issues.
We review the details of our materiality as and when necessary from the perspective of compatibility with management policy and social conditions. After first identifying our material issues in 2018, we subsequently revised their details in April 2020 and May 2023, and then again in July 2026.

Materiality identification process

The HASEKO Evolution Plan, medium-term business plan, commenced in April 2025, and we re-identified our material issues with the goal of increasing their connection to changes in the social environment and our business strategy. Basing our review of the materiality we had previously identified while incorporating international guidelines, external assessments, and the perspective of stakeholders, we set out the material issues faced by the Haseko Group in a systematic manner and overhauled our materiality to further take into account risk response and opportunity creation.

Step 01 Identification of candidate material issues

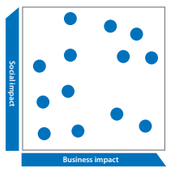


Looking back on the materiality we had previously identified and the identification process, we checked for compatibility with the current business environment and the medium-term business plan to form a structured impression of the issues faced. We then created a broad-ranging list of material issues from the following perspectives.

- International initiatives (WEF, WBCSD)
- International standards / guidelines (SASB, ESRS, etc.), business sector industry associations (Japan Federation of Construction Contractors, etc.)
- Aspects assessed by ESG rating agencies (FTSE, MSCI, Sustainalytics)
- Industry trends

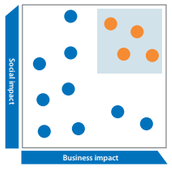
Based on these, we examined and set out relations between social / environmental issues and the Haseko Group, and selected materiality candidates.

Step 02 Evaluation of candidate material issues



For the identified candidates, we clearly documented the business risks and opportunities and the impact on society, and evaluated each issue.
We gathered issues that take into account medium- to long-term management strategy and business environment through interviews with top management, input sessions with the Sustainability Committee, and questionnaires for the Sustainability Committee (31 members at group management level), and incorporated them in the evaluation of candidate material issues.

Step 03 Identification of materiality



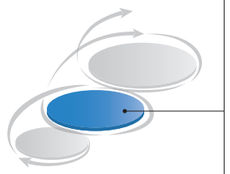
Based on the results of this assessment, we sorted through the issues faced by the Haseko Group and rated their importance on the two scales of impact on society and impact on business to create a materiality matrix. In order to ensure objectivity regarding the impact on society, we incorporated the opinions of external experts.
We then broke down and integrated the candidates we had mapped, and came up with six material issues and 20 key initiatives.
After then going through a process of screening and approval by the Sustainability Committee, Management Council, and Board of Directors, these were then finalized as the materiality of the Haseko Group.

Solving social issues and creating value through corporate activities

Reviews carried out on an as-needed basis in accordance with social conditions, etc.

6 material issues and 20 key initiatives (reviewed in July 2026)

By addressing our materiality, we will work to both find solutions to the issues faced by society through our business activities and achieve growth in our business, thus resulting in the creation of further value.



Living and the Built Environment
- Safety and security of buildings and services
- Comfortable and enriching living and built environment
- Resilience in living and the built environment
- Diversity among residents
- Contribution to community formation

Climate Change
- Mitigation
- Adaptation

Resources and Nature
- Resource recycling
- Consideration for the local environment and pollution prevention
- Biodiversity

Human Capital
- Securing and developing human resources
- Diversity in our workforce

Human Rights and Labor
- Occupational health and safety
- Working conditions and labor practices

Trust and Foundations
- Supply chain management
- Technology and innovation
- Data security and personal information/ privacy
- Compliance
- Governance
- Risk management

Initiatives and Targets

We are taking action on specific measures and targets based on the details set out in HASEKO Evolution Plan, our medium-term business plan. We will undertake reviews as necessary in light of the business environment and status of progress going forward.

Initiatives to Enhance Market Valuation Expectations for stable growth and shareholder returns	
Growth strategy investment	• Invest in R&D, DX, and human capital • Expand business area and new areas, M&A
Sustainable returns for shareholders	• Increase annual dividends, progressive dividends • Raise the level of total return ratio
Enhance initiatives for sustainability	• Achieve CO_2 emission reduction targets • Continuous review of non-financial KPIs
Enhance communication with stakeholders	• Enrich information disclosure and understanding for corporate activities • Promotion of constructive dialogue with shareholders

Initiatives to Improve ROE Maintain over 10% and aim for approximately 13% by FY2030	
Improve profitability	• Improve construction profit margins • Secure profits in Overseas Business • Improve productivity through DX and discover new revenue sources
Improve capital efficiency	• Improve turnover rate in real estate business • Optimal control of liabilities and capital • Purchase treasury stock as needed

Main Non-Financial KPIs

Materiality	Initiatives and KPIs	Target
Climate change response	Reduce greenhouse gas (CO_2) emissions (base year FY2020) • Scope1+Scope2 • Scope2 (t-CO_2) • Scope3	FY2030 -42% FY2026 0 FY2030 -13%
	Introduce renewable energy power (including group companies and offices)	FY2026 100%
	Adopt H-BA Concrete	FY2030 50% or more
	Expand ZEH-M supply • Properties developed by group • Properties constructed by group	Each year 100% FY2030 100%
Human Capital	% of female managers	FY2030 12% or more
	% of DX promotion personnel	FY2030 20% or more
	% of operation with 8 close every 4 weeks	FY2027 100%
	% of eligibles for specific health guidance	FY2030 15% or less
Respect for human rights	Implementation of human rights due diligence	Implement every FY
Supply Chain Management	% of response for sustainable procurement questionnaire (construction-related organizations of partner companies)	Each FY 100%
	% of engagement with foreign workers Implementation rate (based on the number of partner companies)	Each FY 100%

Medium-Term Business Plan: HASEKO Evolution Plan

Amidst a changing business environment, we have undertaken measures toward strengthening the foundation of each business and toward the recovery of earning power on the basis of our medium-term business plan. Furthermore, technology development, digital transformation (DX), and other such initiatives toward growth are underway. Going forward, we will steadily translate these into results and bring sustainable growth.

Plan Overview

HASEKO Evolution Plan

FY2025 to FY2030 (6 Years)

Basic Policy

As a leading company in "housing" and "living," to achieve sustainable growth and enhance corporate value

Business Strategy

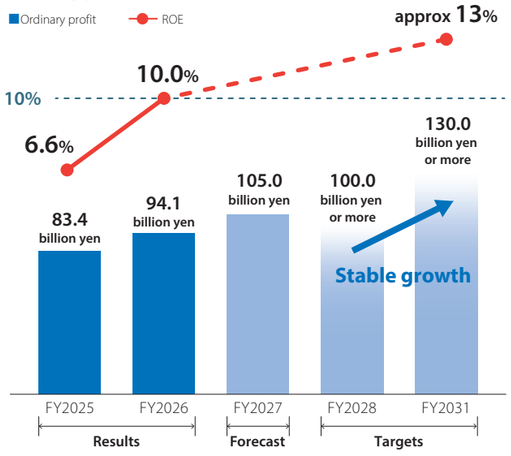
1. Promote further growth and enhancement in the Construction-Related Business
2. Expand and improve quality of the Real Estate-Related Business
3. Promote Condominium Management and Operation Business growth
4. Monetize Overseas Business
5. Challenge of new business areas

Strengthen the Management Foundation

1. Financial strategy
2. Strengthen technology development
3. Accelerate DX
4. Enhance initiatives for sustainability
5. Strengthen functions of corporate division

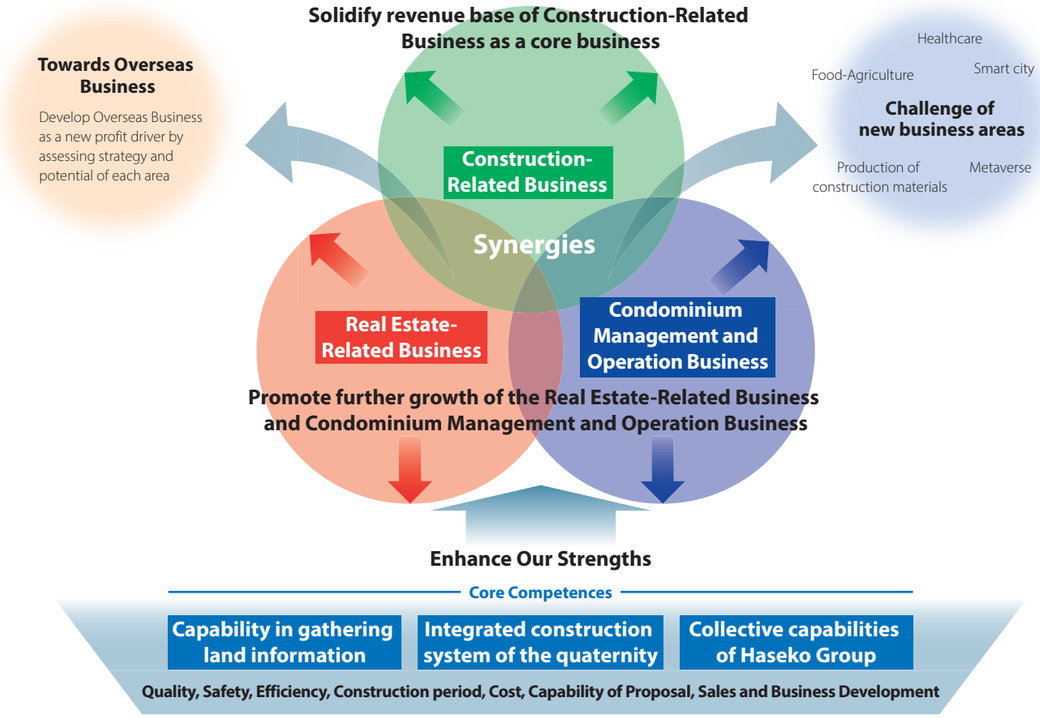
Consolidated ordinary profit	Target for FYE Mar. 31, 2028: **100** billion yen or more Target for FYE Mar. 31, 2031: **130** billion yen or more Establish stable profit base over **100** billion yen
ROE	Maintain over **10%** and aim for approximately **13%** by FY2030
Investment plan	About **400** billion yen
Capital structure	Try to maintain a D/E ratio below **1.0**
Shareholder returns	Total return ratio of about **50%** for 6 fiscal years total **Progressive dividends** Flexible purchase of treasury shares

Ordinary profit / ROE



Progress toward planned targets

The first year of the plan, the fiscal year ended March 31, 2026, saw a smooth start with net sales reaching a record high of 1,273.1 billion yen and ordinary profit exceeding the planned amount at 94.1 billion yen. Earning power recovered thanks to an incrementally increasing construction volume and an improved profit margin in the Construction-Related Business, and ROE increased to 10.0%. We also expect to achieve the target for the fiscal year ending March 31, 2028 of ordinary profit in excess of 100 billion yen a year early. Toward the achievement of the goals of the plan, going forward we will work to strengthen our revenue base and increase capital efficiency by further increasing the gross profit margin of construction contracts, strengthening our supply structure, and other such efforts.



Business strategy progress

1) Further Construction-Related Business growth and evolution

In addition to achieving a swift recovery in gross profit margin of construction contracts and maintaining and improving our construction system, we expanded use of construction methods that use PCa, commenced operations at our PCa plant, utilized BIM and digital transformation (DX), promoted wooden interior decoration, and continued our expansion into data center construction and a range of other fields of construction. As a result, orders received reached an all-time high, and both sales and operating profit grew. However, we still face issues in terms of securing construction staff and increasing work site productivity, and shall work to further enhance our system.



Kasumigaura PCa Center

2) Expand and improve quality of Real Estate-Related Business

With the aim of improving capital efficiency, we increased the operational efficiency of our owned real estate and achieved an increase in revenue. In addition to strengthening our renovation, brokerage, and other businesses that have a fast turnover, we strengthened our foundation for growth by reviewing our portfolio, undertaking development to meet a diverse range of needs, carefully selecting regional projects to concentrate on, and worked on areas such as the utilization of digital transformation (DX). However, there is still room for improvement in the turnover ratio of owned assets and in the selection of projects, so we will continue to work on increasing efficiency.



Bransiesta Shin-Maruko

Medium-Term Business Plan: HASEKO Evolution Plan

3) Promote Condominium Management and Operation Business growth

We worked to increase our housing stock, thoroughly implemented profitability management, and achieved better efficiency by leveraging digital technology. Net sales grew robustly, and operating profit increased greatly. Housing stock increased, and we are strengthening our operations by expanding third-party management and providing value-added services. On the other hand, there is still room for ingenuity in addressing labor shortages and rising costs, and we will continue working to further improve efficiency and productivity.

4) Monetize the Overseas Business

As well as making progress with projects under development in the mainland United States, we have made fresh investments in housing complex developers. And in Vietnam, we are engaged in business related to condominiums with a focus on construction. We expanded our business foundation by selling residences and selling off land in Hawaii, establishing a local subsidiary in the UK, and participating in joint projects in Australia, among other efforts. However, there are still issues that we need to address when it comes to full monetization and structure building, so we will work on increasing the certainty of return on investment and enhancing business management.



Rental housing development business in Melbourne, Australia

5) Challenge of new business areas

We commenced operations at our own PCa plant, and expanded production functions and products. Further, in addition to new business creation through our internal system for soliciting ideas, we worked on lifestyle support, the utilization and reuse of empty houses, and other such initiatives through partnerships with venture companies, leading to steady progress in the establishment of a foundation. On the other hand, we have issues to address in terms of cooperation with the companies we invest in and the monetization of new business, so going forward we will work on verification and practical implementation.

Progress in strengthening of management foundation

1) Financial strategy

We undertook growth strategy investment with a focus on real estate in Japan and overseas. Thanks to factors including an improved asset turnover ratio with investment efficiency in mind, consolidated real estate sales achieved an increase of more than 10% over the previous fiscal year despite real estate and the overseas investment balance remaining at the same level as the end of the previous fiscal year. Along with this, we have continued to feed results back to shareholders through increased dividends, the acquisition of treasury shares, and in other such forms. Going forward, we will work to further increase our earning power and improve capital efficiency.

2) Strengthen technology development

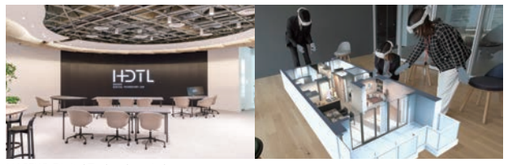
In addition to starting work on the construction of an HS wood plant that utilizes domestically produced timber and promoting the use of wood, we made progress on technological development in terms of both preparations for future use as well as utilization in actual projects, with efforts including the start of operations at our PCa plant, functional improvement in external wall tile inspections utilizing AI, and initiatives toward stretching the frequency with which large-scale refurbishments need to be carried out. Henceforth, we will advance our efforts toward the start of full operations at the HS wood plant in 2028 and a setup for increased production at our PCa plant, and in addition we will further advance technology development that will result in improvement in productivity and quality and action on decarbonization.



Haseko Technical Center

3) Accelerate DX

Toward the creation of new experience based on digital transformation (DX), we opened the HASEKO Digital Technology Lab in April 2025. Leveraging HASEKO-version BIM ultra-high-definition images and AR/MR and VR technology, it disseminates sales and design methods that combine the real and the virtual. Going forward, while expanding our utilization of the 3D data we have accumulated, we will translate this into further value creation and monetization.



HASEKO Digital Technology Lab

4) Enhance initiatives for sustainability

We re-examined our sustainability management based on a review of our materiality, and systematically set out six material issues and 20 initiatives. Progress was made on the establishment of a system for addressing these material issues and initiatives that takes into account TCFD/TNFD and other such things, and the link between business activities and KPI management has been strengthened. Going forward, we will increase our ability to take action for each measure, and work on visualizing their effects while disseminating this within our organization.

5) Strengthen functions of corporate division

By working on improving the quality of discussions while assessing their effectiveness and advancing initiatives for improvement on the basis of the results, the Board of Directors made steady progress on enhancing our governance system. Discussions on important themes, such as capital efficiency and human capital, have also taken on more depth. Going forward, we will translate these discussions into concrete management results while undertaking an ongoing review concerning our evaluation system.

Message from the officer in charge of technology

Leveraging the technology and thinking in the field of housing development that we have accumulated over the course of many years to find resolutions to the issues faced by society, we will achieve corporate value enhancement through sustainable growth and evolution.



Kazuo Ikegami
Executive Vice Chairman and Representative Director
In charge of technology for the Group

Since we first developed our "CONBUS" standardized houses in 1973, Haseko Corporation has advanced its housing complex business under the concept of swiftly providing high-quality and long-lasting housing efficiently and at a fair price. Amidst structural changes in the construction industry that include labor shortages, decarbonization, and digitalization, Haseko Corporation has gone beyond productivity improvements and views using the know-how and technology in the field of housing development we have built up over the course of many years to create a mechanism that produces sustainable competitiveness and profitability as an issue for management to tackle.

With the addition of the plants belonging to the WOOD FRIENDS Group that joined the Haseko Group last year, we now have a highly sustainable supply chain foundation underpinning our business operations that promote the switch to wooden structures and materials, from lumber production to sawing, logistics, and construction. In addition, by working toward labor-saving through the start of full operations at our PCa plant, we will further increase the competitiveness of the safe, secure, and comfortable housing that we create. In the course of undertaking this, we will expand our concept of housing creation to wooden structures, and provide high-quality, high-added-value housing that leverages the warmth, aroma, and other characteristics of wood to secure value in terms of both the environment and lifestyle.





On the other hand, going forward, we will take the design, construction, and quality management knowledge we have fostered in Japan and apply it overseas in accordance with local characteristics, with a main focus on the mainland United States and Vietnam. And in terms of AI utilization, we will (1) introduce the "Genbanome" safety support app at 129 work sites in the Tokyo metropolitan area and shift to a safety management system that doesn't depend on the capabilities of the construction manager, (2) proceed with design trend analysis, automated quality checks, and automated design leveraging data, and (3) take forward the practical incorporation of AI in each stage or work, for purposes such as the optimization of living through the introduction of AI concierges in our own projects, as we strive to create corporate value.

Message from the Officer in Charge of Finance



Aiming to achieve the goals of HASEKO Evolution Plan medium-term business plan, we will continue to make ambitious growth investments and undertake management that is conscious of cost of capital and stock price.

Takehiko Asano
Director, Senior Operating Officer
in Charge of Corporate Planning, Finance, and IR in the Corporate Management Division,
and in Charge of Accounting

As the Officer in Charge of Finance of the HASEKO Group

In FY2026, I assumed the position of Officer in Charge of Finance for the Haseko Group. As well as developing my career with a main focus on roles such as corporate planning and HR in the Corporate Management Division, I also have experience in the real estate investment business and the overseas business, and of being involved in sales for condominium management associations in the Group's management companies. The thing that stands out most in my memory is my involvement in the formulation and implementation of a reconstruction plan that included a request for debt waivers from the 1990s in the era after the collapse of the bubble. And I now recognize that my role as the Officer in Charge of Finance is not only to prevent anything like the management crisis we experienced in the past from happening again, but also to proactively advance the investment required to achieve the goals of the HASEKO Evolution Plan medium-term business plan while ensuring that this investment is understood both internally and externally. Whilst taking a thorough approach to playing these roles, I intend to establish the management foundation required to achieve a further great advance toward the next generation.

Overview of performance in the fiscal year ended March 31, 2026, and outlook for the next year

The condominium market in the fiscal year ended March 31, 2026 saw the first increase in supplied condominium units over the previous year in four years in the Kinki area, while the Tokyo metropolitan area recorded the fourth straight year of figures below the previous year as a result of ongoing decline.

On the other hand, turning our attention to product details, the sales prices per square meter in both the Tokyo metropolitan area and the Kinki area reached its highest level ever for the fifth consecutive year. While condominium prices continued to rise, concerns over future increase in interest rates on variable-rate mortgages and wage increases at companies underpinned purchasing sentiment and resulted in resilient sales.

In the HASEKO Evolution Plan, we have set our goal for consolidated ordinary profit to 100 billion yen for the fiscal year ending March 31, 2028, which marks the halfway point in the plan, and to 130 billion yen for the fiscal year ending March 31, 2031, the plan's final year. We are working to establish a revenue base that will enable us to stably achieve consolidated ordinary profit of 100 billion yen. In the fiscal year ended March 31, 2026, for which we forecasted ordinary profit of 85 billion yen, net sales reached a record 1,273.1 billion yen while ordinary profit reached 94.1 billion yen, meaning we successfully achieved the best start in the first year of this plan. I see the main factor behind this as the synergistic effect of an increase in construction sales in our mainstay Construction-Related Business and an improvement in construction profit margin. The dividend for the fiscal year ended March 31, 2026 was set at 95 yen, marking an increase of 5 yen on the original forecast. In addition to this, we also acquired 20 billion yen in treasury shares over the course of the year. This is because we have set the cumulative total shareholder return ratio for the period of the plan to around 50%, with a basic policy for shareholder returns of stable, sustained, and progressive dividends over the course of the plan.

For the fiscal year ending March 31, 2027, we forecast net sales will stand at a record high of 1,380.0 billion yen on the back of an increase in net sales of completed construction contracts and real estate sales. We also anticipate that the improvement in the gross profit margin of completed construction contracts, which had been sluggish due to the impact of rising prices, will gain momentum, and for this reason among other factors, we forecast that ordinary profit will exceed the previous fiscal year and reach 105.0 billion yen. We are on course to achieve the aforementioned target of 100 billion yen in consolidated ordinary profit by the fiscal year ending March 31, 2028 a year early.

Our approach to share price and capital cost

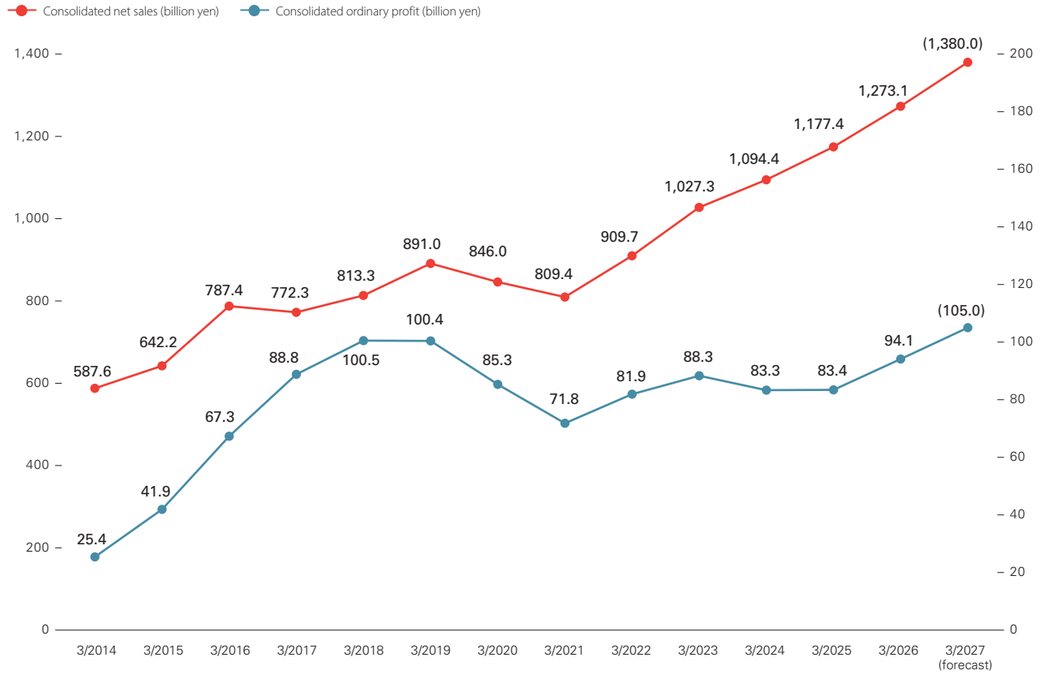
In terms of our investments, we practice management that is conscious of rate of return on equity (ROE) and return on assets

Summary of financial results and forecast

(billion yen)

(consolidated)	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Change	%	Fiscal year ending March 31, 2027 Forecast	Change	%
Net sales	1,177.4	1,273.1	+95.8	+8.1%	1,380.0	+106.9	+8.4%
Operating profit (Operating profit ratio)	84.7 (7.2%)	98.7 (7.8%)	+14.0 (+0.6pt)	+16.6%	110.0 (8.0%)	+11.3 (+0.2pt)	+11.4%
Ordinary profit (Ordinary profit ratio)	83.4 (7.1%)	94.1 (7.4%)	+10.6 (+0.3pt)	+12.8%	105.0 (7.6%)	+10.9 (+0.2pt)	+11.6%
Profit attributable to owners of parent (Profit ratio)	34.5 (2.9%)	54.8 (4.3%)	+20.4 (+1.4pt)	+59.2%	66.0 (4.8%)	+11.2 (+0.5pt)	+20.4%
EPS (yen)	126.20	204.54	+78.34	+62.1%	249.39	+44.85	+21.9%
ROE	6.6%	10.0%	+3.4pt		11.3%	+1.3pt	
Orders received (non-consolidated)	586.6	726.7	+140.1	+23.9%	730.0	+3.3	+0.5%
Annual dividend per share (yen)	85	95	+10		100	+5	
Payout ratio	67.4%	46.4%	–21.0pt		40.1%	–6.3pt	

Consolidated net sales/consolidated ordinary profit over time



Message from the Officer in Charge of Finance

(ROA) in consolidated financial statements, including factoring capital cost into our IRR criteria for investment. There are various different methods for calculating the cost of shareholders' equity, but we estimate that it is between 6% and 9% when calculated using the capital asset pricing model (CAPM), which is considered to be the most common method.

There are various assessments of this level, and here we will use this cost of capital as the basis to calculate the weighted average cost of capital (WACC) taking into account the cost of liabilities. Since we took on many of our current borrowings under a negative interest rate policy, we will assume a cost of liabilities of 3.1% to 3.4% (pre-tax) from a long-term perspective into the future. Based on an assumed D/E ratio of 0.8x to 1.0x, we estimate the Company's WACC to be in the range of 4.1% to 6.0%.

Compared with this WACC, our return on invested capital (ROIC) as of the end of March 2026 is approximately 7%, which we regard as meeting the minimum acceptable level. Looking at the Company's ROIC by business segment, while the Construction-Related Business and Condominium Management and Operation Business are generating sufficiently high ROIC relative to WACC, ROIC in the Overseas Business is dragging down the companywide average, and although the Real Estate-Related Business is tending toward improvement, it still cannot be said to be making a positive contribution so we think there is plenty of room for improvement.

For the 10 years up to the fiscal year ended March 31, 2024, our ROE was above 10%, having at least exceeded the cost of shareholders' equity calculated by means of CAPM. However, it has been declining since its peak of 31.1% in the fiscal year ended March 31, 2016, and dropped to 6.6% in the fiscal year ended March 31, 2025. This decline in ROE is due mainly to the following factors: a drop in the profit margin of construction contracts due to rising material and labor costs; an increase in costs and general and administrative expenses due to increases in wages for employees; the fact that our real estate business, which aims to increase profits under the current plan, is investing ahead of schedule, thereby reducing the rate of turnover of net sales; and the recording of extraordinary losses in the Overseas Business resulting in ROA more than halving from 9.6% in the fiscal year ended March 31, 2016 to 2.5% in the fiscal year ended March 31, 2025. However, initiatives in the first year of the medium-term business plan produced results, and in the fiscal year ended March 31, 2026, the ratio of profit to net sales and ROA recovered to 4.3% and 3.9%, respectively, thanks to factors including improvement in the gross profit margin of completed construction contracts. And with the impact of the aforementioned acquisition of 20 billion yen in treasury shares among other things, ROE recovered to the minimum level of the target set out in the medium-term business plan of 10.0%. Furthermore, we expect ROE to improve to 11.3% in the fiscal year ending March 31, 2027 as a result of further improvement in the gross profit margin of completed construction contracts.

Even though the ROE exceeds the cost of capital calculated according to CAPM, the PBR remains in the lower half of the 1x range because the PER has remained low at around 10x.

While PER momentarily reached around 15 times due to a temporary reduction in profit through the recording of extraordinary losses in the fiscal year ended March 31, 2025, and due to construction-related stocks being in an upward trend in the fiscal year ended March 31, 2026, it has returned to around 11 times as of the end of June 2026.

This is thought to be due to low expectations for the Company's growth in the stock market. On the other hand, the Haseko Group's consolidated net sales have increased from 587.6 billion yen in the fiscal year ended March 31, 2014, one fiscal year before Plan NBS, to 1,273.1 billion yen in the fiscal year ended March 31, 2026 for an average annual growth rate in net sales of 6.7%. In addition, consolidated ordinary profit increased from 25.4 billion yen in the fiscal year ended March 31, 2014 to 94.1 billion yen in the fiscal year ended March 31, 2026. The average annual growth rate over the last 13 years has been 11.5%. To improve PBR, it is essential to improve ROE and PER. While we were unable to absorb the effects of rising prices and labor costs up to the fiscal year ended March 31, 2025 in our mainstay Construction-Related Business, leading to a decline in the gross profit margin of completed construction contracts, in the fiscal year ended March 31, 2026 we proceeded with DX and industrialization as well as shifting to receiving orders with payments for construction premised on inflation, which enabled us to improve our profit margins. While this trend toward improvement is expected to continue in the fiscal year ending March 31, 2027, I see the recording of profit with stable and high margins in the construction industry as an ongoing important issue for us going forward.

In addition, the total asset turnover ratio has decreased due to the expansion of investment in the real estate businesses, which is one of the focused strategies of Plan NS (the previous medium-term business plan), especially with respect to the expansion of the real estate for rent holding and development business. However, another important issue is to improve the turnover ratio of the Real Estate-Related Business by selling to private REITs and private funds managed by our subsidiary Haseko Real Estate Investment Management, Inc. and by actively utilizing other real estate liquidation methods. Taking the investments we made ahead of schedule during the period of Plan NS to generate revenue in the HASEKO Evolution Plan medium-term business plan, we have set targets that take into account real estate turnover ratio in order to improve the capital efficiency that had declined temporarily due to the expansion of our Real Estate-Related Business. Although this was the first year of the plan, ROA improved (from 2.5% to 3.9%), and the effects of this are already seen in the figures. We will also expand the disclosure of information on the growth strategies of each of the Haseko Group's businesses, our initiatives on environmental issues and technological development, our approaches to human capital, and our measures for ensuring shareholder returns. In doing so, we will deepen understanding from stakeholders through conversations with them and work to improve our standing in the stock market.

Key points in financial strategy under the HASEKO Evolution Plan

In the HASEKO Evolution Plan, we designate 400.0 billion yen (or around 70%) of the 610.0 billion yen in total cash inflow over

Estimation of cost of shareholders' equity using CAPM

Yield on safe assets Yield on Japanese government bonds 0.7-1.6%	+	Expected additional yield on shares 6.00%	×	Risks specific to Haseko Corporation Stock beta value 0.92-1.33	=	Expected additional yield on Haseko Corporation shares Cost of shareholders' equity 6-9%

Estimated weighted average cost of capital based on cost of shareholders' equity

Interest-bearing liabilities 0.8-1.0	Cost of liabilities (A-rated 10-year bond) 3.1-3.4% After tax 2.1-2.3%	}	Capital/liabilities Weighted average cost WACC 4.1-6.0%
Net assets 1.0	Cost of shareholders' equity 6-9%		

ROA/ROE outlook

ROA			=	Total asset turnover ratio			×	Ratio of profit to net sales		
FYE Mar. 31, 2016	FYE Mar. 31, 2026	FYE Mar. 31, 2027 (forecast)		FYE Mar. 31, 2016	FYE Mar. 31, 2026	FYE Mar. 31, 2027 (forecast)		FYE Mar. 31, 2016	FYE Mar. 31, 2026	FYE Mar. 31, 2027 (forecast)
9.6%	3.9%	4.7%		1.5	0.9	1.0		6.5%	4.3%	4.8%

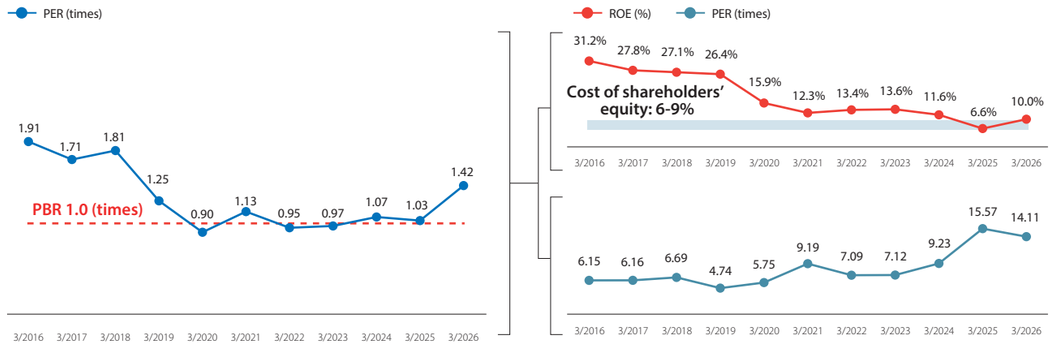
ROE			=	Financial leverage			×	ROA		
FYE Mar. 31, 2016	FYE Mar. 31, 2026	FYE Mar. 31, 2027 (forecast)		FYE Mar. 31, 2016	FYE Mar. 31, 2026	FYE Mar. 31, 2027 (forecast)		FYE Mar. 31, 2016	FYE Mar. 31, 2026	FYE Mar. 31, 2027 (forecast)
31.1%	10.0%	11.7%		3.2	2.5	2.5		9.6%	3.9%	4.7%

ROE		=	Financial leverage		×	ROA		
Basic earnings per share			Total assets			Total asset turnover ratio		Ratio of profit to net sales
Net assets per share			Net assets			Net assets		Net sales

PBR formula

PBR	=	ROE	×	PER
Share price		Basic earnings per share		Share price
Net assets per share		Net assets per share		Basic earnings per share

PBR and ROE/PER over time



*1 PBR and PER are calculated using the closing price at the end of each fiscal year.
*2 PBR and ROE are calculated using the average owner's equity at the beginning and end of the fiscal year.

Message from the Officer in Charge of Finance

the course of the plan as funds for growth strategy investment in order to increase our profits. In the fiscal year ended March 31, 2026, which was the first year of the plan, we made a suitable volume of investment.

In Japanese real estate, the plan calls for investment mainly in business with a relatively high turnover ratio such as the renovation business and detached housing business with the aim of increasing the turnover ratio of the real estate segment as a whole, and so the increase in the real estate balance remained slight. In the Overseas Business, on the other hand, we made an investment of around 25 billion yen and this was mainly composed of investments in the rental condominium business in the mainland United States.

Furthermore, in the current plan, we are pivoting away from real estate and into areas for sustainable growth, such as construction-related, DX-related, and new business and M&A. Our PCa factory established in Kasumigaura City in Japan's Ibaraki Prefecture as a strategic investment to advance the Company's industrialized construction methods, such as productivity increases based on linking with BIM, commenced full operation in October 2025. Thus far we have ensured a production capacity that is almost exactly as planned, and have achieved a smooth operating situation. And since acquiring Hosoda Corporation in 2020, we have made progress on increasing the use of wooden materials, with examples including the construction of wooden communal buildings in condominiums and the construction of rental condominiums that employ hybrid structures of wood and reinforced concrete. Furthermore, in June 2025, we acquired WOOD FRIENDS Co., Ltd., which is engaged in wood processing and the construction and sale of wooden detached houses in the Tokai area of Japan. The fiscal year ended March 31, 2026 was a process of adjustment to the business model of the Haseko Group, with impairment losses being recorded at some facilities and other locations. However, with the technology that this company possesses, not only can we utilize domestically-produced timber for wooden materials in the private areas within condominiums going forward, in the future we anticipate that the technology will be applied to hybrid structures that combine reinforced concrete and wooden construction.

Real estate investments in Japan and overseas contribute directly to profits, and technology investments contribute indirectly, and the Company's earning power will improve if these investments achieve results. Our ROE is expected to be 11.3% for the fiscal year ending March 31, 2027, but our target is to raise this to around 13.0% by the fiscal year ending March 31, 2031. The measures necessary to achieve this are (1) raising the total asset turnover ratio to 1.0, (2) increasing the ratio of profit to net sales to around 5.2%, and (3) after achieving these two things, having financial leverage of 2.5 times.

The most important factor in achieving this is restoration of the gross profit margin on completed construction contracts in the construction business. This fell to 12.5% in the fiscal year ended March 31, 2025 from 21.1% in the fiscal year ended March 31, 2018. While it recovered to 14.1% in the fiscal year ended March 31, 2026, it is still not close to the level it originally was. While we expect a recovery to 15.9% in the fiscal year ending March 31, 2027 and forecast a profit margin of 4.8% in the same year, in order to boost this to our target of 5.2%, we need to either further improve the gross profit margin of completed construction contracts or aim to further build up profit without significantly increasing assets in our real estate business or our overseas business.

Toward increased share price

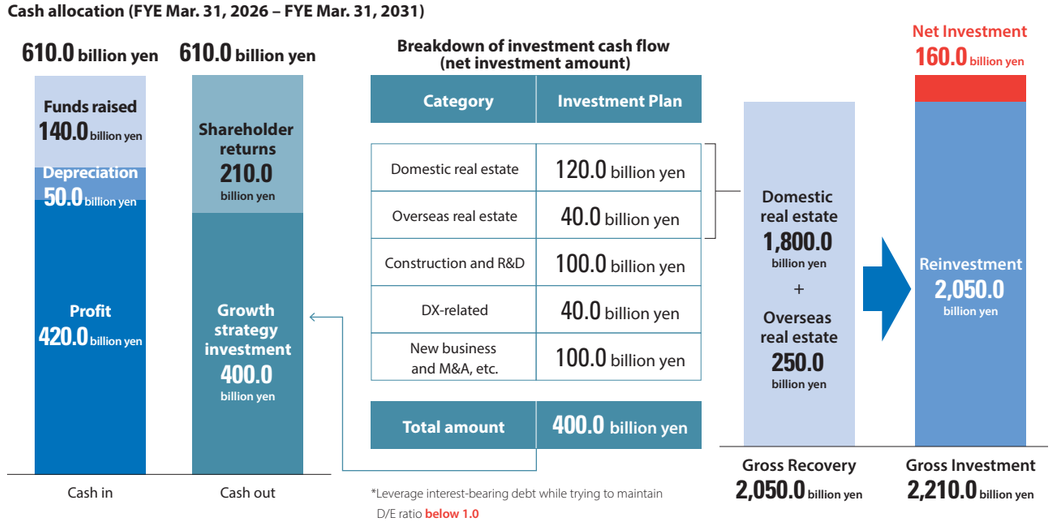
As set out above, the HASEKO Evolution Plan medium-term business plan increases the total shareholder return ratio beyond that of the previous medium-term business plan to around 50%, and with a policy of progressive dividends throughout its period, it embarked on a policy sustainably increasing dividends. Sustainable profit growth is required for sustainably increasing dividends, and we shall work to increase profits in order to ensure we achieve the ordinary profit target of 130.0 billion yen for the fiscal year ending March 31, 2031.

The Company's PER has remained at an average of around 10 times over the most recent five years. As of the end of June 2026, the share price stands at around 11 times the EPS forecast of approximately 250 yen. Considering that this is about 15 times for major construction companies, this means that relative growth expectations are relatively lower for Haseko Corporation. If the target of an ordinary profit of 130.0 billion yen in the fiscal year ending March 31, 2031 under the Company's current plan is achieved, EPS will improve to around 300 yen. If the market accepts the certainty of achieving this EPS, then with a PER of 15 times, this will mean we will aim for a share price of 4,500 yen.

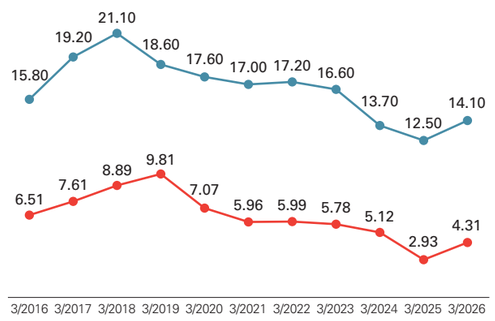
In order to nurture expectations regarding this forecast in the market, enhanced information disclosure and dialog with shareholders are important. We emphasize proactive and constructive dialog with investors, and after quarterly announcements of financial results we hold an online conference. Also, each half, top management holds a financial results briefing. And through one-on-one meetings with sell-side analysts and major shareholders, management itself creates opportunities for direct dialog. In addition, we actively conduct one-on-one meetings with domestic and overseas institutional investors, led mainly by the IR Department, and provide management with feedback from investors. Through these initiatives, we strive to enhance transparency regarding management strategy and financial and non-financial information, and to eliminate the perception gap with investors.

To support an increase in PER, reducing the cost of shareholders' equity is also important. We believe the cost of shareholders' equity has declined compared with the past due to stable revenue increase from growth in the number of for-sale condominiums under our management and in rental condominium management operations, enhanced shareholder returns through the progressive dividends introduced under the current plan, and appropriate management of capital and liabilities. At the same time, we recognize there are concerns that factors such as higher real estate balances and losses in Overseas Business are causing uncertainty over the Company in the stock market. We are committed to addressing these concerns by incorporating them into our management strategy, while further enhancing the quality and volume of our information disclosures with a continued focus on the stock markets.

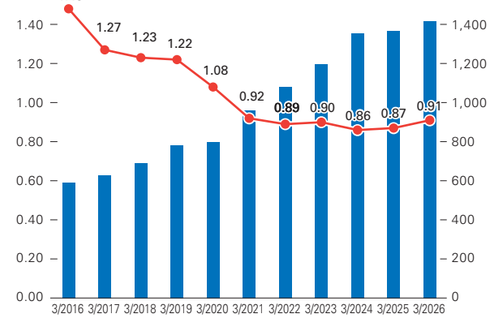
Cash allocation (FYE Mar. 31, 2026 – FYE Mar. 31, 2031)



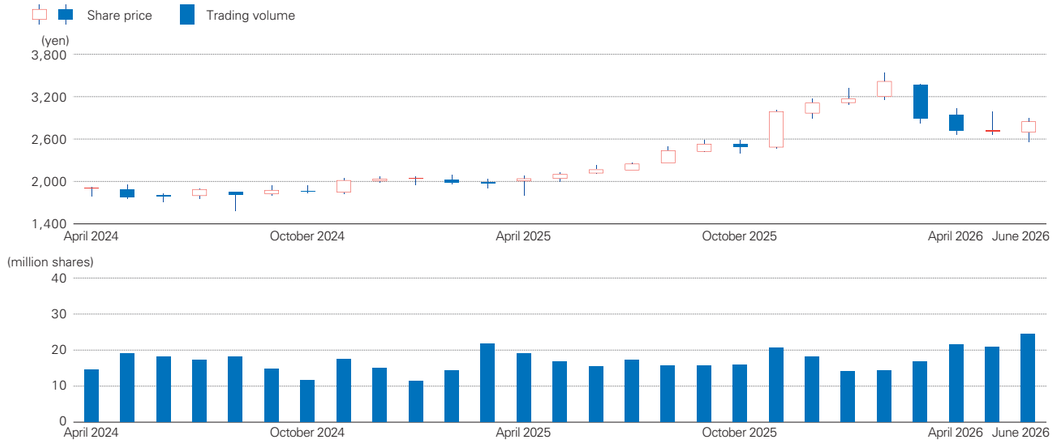
Profit margin/gross profit margin of completed construction contracts over time



Total assets/total asset turnover ratio over time



Share price/Completion rate



Source: StockWeather.com, Inc.

Business Overview

The Haseko Group classifies its businesses into four segments, and aims to achieve sustainable growth and enhanced corporate value by implementing a strategy in each segment while producing synergies between businesses.

Construction-Related Business

› Business Strategy p.39



Centering on the Tokyo metropolitan area, the Kinki area, and the Tokai area that constitute Japan's three major metropolitan areas, in this segment we are engaged in business as a general construction company that offers a comprehensive service covering everything from the planning and design of condominiums and other such buildings, to their construction. We provide high-quality buildings under a comprehensive system, and have an industry-leading track record in condominium construction. Our subsidiaries also undertake, in addition to the construction and sale of detached houses, large-scale refurbishment projects that contribute to maintaining and enhancing the asset value and safety of condominiums, and this helps the Group to provide safe and secure housing in various forms.

Real Estate-Related Business

› Business Strategy p.43



Leveraging the data and know-how accumulated in the Construction-Related Business, we undertake for-sale condominium business in Japan's three major metropolitan areas and around the rest of the country. In addition to for-sale condominium business, we offer a diverse range of real estate solutions that include the development of rental apartments, refrigerated warehouses, and other income property as well as renovation services. Furthermore, we are also engaged in brokerage that includes consignment sales of new condominiums and brokerage for existing condominiums, and through this we contribute to realizing rich and comfortable housing and living.

Condominium Management and Operation Business

› Business Strategy p.45



Utilizing the condominium stock we have built up through our Construction-Related Business and Real Estate-Related Business, we are engaged in the management of for-sale and rental apartments, corporate housing, and other such properties. Through our provision of high-quality property management, we support comfortable living for residents. We also run fee-based nursing homes to offer rich living for life, across generations. Furthermore, we offer a wide variety of services that include advertising agency work for real estate and proposals for sales promotion plans.

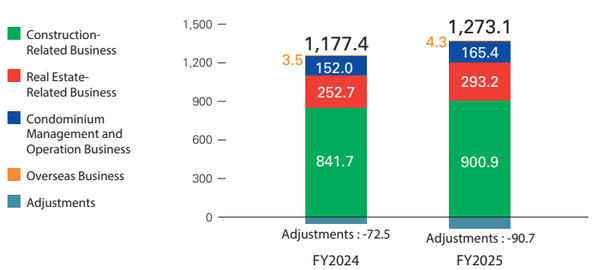
Overseas Business

› Business Strategy p.47

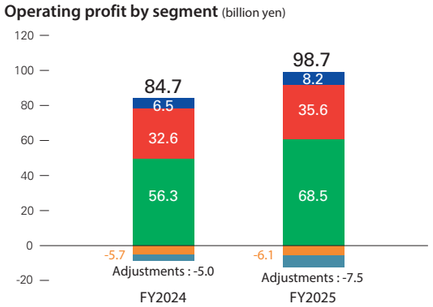


Looking squarely at the future shrinking of the domestic market in Japan, we are taking our business forward in line with the housing situation in other countries. In the mainland United States, the UK, and Australia, we are engaged in developing and investing in rental housing and senior housing. In Vietnam, we have partnered with a local general contractor and are engaged in the construction and operation of serviced apartments. We have also been engaged in a large-scale complex development with a focus on resort residences on the island of Oahu in Hawaii since the 1980s.

Net sales by segment (billion yen)



Operating profit by segment (billion yen)



Medium- to long-term outlook concerning the Haseko Group's business environment

Business Environment Outlook

The Haseko Group perceives the decline in Japan's population as being a medium- to long-term risk factor in its business environment. On the other hand, we expect the demand for condominiums in Japan's three major metropolitan areas that form the main domain of our activities to continue henceforth, and we see room for expansion and growth in our business through expansion of market share and the creation of new demand.

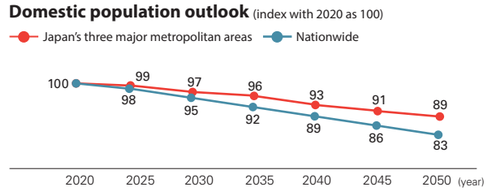
Based on this perception and with a core focus on the construction of condominiums in Japan, we will advance our business in the non-residence field and overseas with the aim of achieving sustainable growth and enhancing corporate value.

Population and household trends in Japan's three major metropolitan areas

According to figures from the National Institute of Population and Social Security Research, population decline in Japan's three major metropolitan areas will be mild in comparison to the expected forthcoming decline in the population of Japan as a whole, and is expected to be limited to a fall of around 7% by 2040 in comparison with 2020.

The number of households is expected to gently increase across Japan as a whole up to around 2035 before beginning to decline as a result of more people living alone and smaller families, but the number of households in Japan's three major metropolitan areas is expected to stand at a level around 4% higher than 2020 in the year 2040.

Domestic population outlook (index with 2020 as 100)



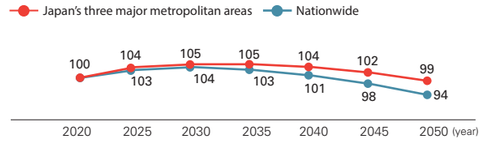
*Figures as of 2023 Calculated based on assumptions of median birth and death rates
Graph: Created by Haseko Corporation based on [Regional Population Projections (Prefecture/Municipality) for Japan 2023] from the National Institute of Population and Social Security Research

Change in approach to lifestyles and housing

Daily life in condominiums entails many different advantages and disadvantages. We view condominiums in the urban areas that form the main area in which the Haseko Group undertakes its business as possessing a high level of value in the shortened commuting times, the wealth of common facilities and equipment to reduce the burden of housework, and the reduced burden of building maintenance and management that they offer.

They are also highly regarded for the reassurance they offer in terms of disaster and crime prevention, and we believe that people will continue to opt for condominium living going forward.

Outlook for the number of households in Japan (index with 2020 as 100)

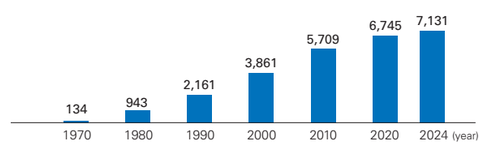


*Figures as of 2024
Graph: Created by Haseko Corporation based on [Prefectural Household Number Projections for Japan 2024] from the National Institute of Population and Social Security Research

Expansion of housing stock and new business opportunities

Given the build up of for-sale condominium stock in Japan, it is expected that the need to maintain and improve levels of comfortable living through management, remodeling, relocation, and other such actions will continue to expand into the future. Addressing the aging of condominiums will also be an important theme in our business. While the issues of consensus building for reconstruction and lengthy project periods remain, we believe that the necessity of this will take on yet more importance from the perspective of maintaining the infrastructure for daily life in cities.

For-sale condominium unit stock in Japan (thousand units)



Graph: Created by Haseko Corporation based on [Trends in the Stock of For-Sale Condominiums as of the End of 2024] from Ministry of Land, Infrastructure, Transport and Tourism

Business risks

Here we present key matters concerning business risks and other risks facing the Haseko Group that we believe could materially affect decision-making by investors. See the Haseko website for the details of each risk and other risks.

- Dependence on the for-sale condominium business
- Accidents and other incidents in the construction business
- Geographic concentration of operations
- Construction market trends
- Credit risk of business partners
- Overseas Business risks
- Relationships with local residents
- Owned real estate
- Climate change risk etc.

▶See website for details

Construction-Related Business

With a focus on the construction of for-sale condominiums, our work spans everything from planning and design to construction. Our unique business model provides us with the strength to achieve high levels of quality and safety as we respond to diversifying lifestyles and a changing social environment while increasing the value of housing as we aim to create the optimum environment for daily life.



Performance in FY2025

Segment net sales
900.9 billion yen

Segment operating profit
68.5 billion yen

Segment assets
401.3 billion yen

Number of employees
4,124

Risks and opportunities

Risks	Opportunities
● Falling demand for newly built condominiums and worker shortages due to the declining population in Japan	● Compactification of city
● Lower willingness to purchase due to soaring land prices	● Initiatives to renew aging condominiums
● Deteriorating material procurement environment due to geopolitical uncertainty	● Initiatives on resilient housing and communities
● Soaring and persistently high prices of construction materials and cost of labor	● Responding to new needs for housing and living
● Changes to relevant bills regarding construction, occupational health and safety, the environment, etc.	● Elimination of labor shortages and avoidance of construction delays through industrialization and DX
● Foreign exchange fluctuations	● The creation of new opportunities (and avoidance of loss) accompanying responses to climate change

Business overview

Role of business

The goal of our Construction-Related Business is to create environmentally conscious, safe, and secure housing. With a unique business model under which, operating mainly in Japan's three major metropolitan areas, Haseko Corporation offers a comprehensive service spanning everything from the planning and design to the construction of condominiums and other buildings, we have built up the strongest record of results in Japan.

This business is a core business for the Group and forms a starting point for expansion into other businesses, thus supporting the sustainable growth of the Group and the creation of corporate value.

Business model and strengths

In contrast to other general contractors, Haseko Corporation also has functions that include the gathering of land information and making proposals for business plans. One of our strengths comes in the form of our exclusive contracts under which land is provided for project owners, and under this system we present land information to companies along with a proposal for the optimum business plan.

In addition to our rich construction track record, our business model is also characterized by the way we have worked together with group members and cooperating companies to build a system under which we leverage information on customer needs in terms of sales, management, refurbishment, and other aspects of our services, and provide high-quality condominiums that receive very few after-sales complaints.

Taking on challenges in different fields

We view responding to changes in the social environment and diversification in customer needs as an important management issue, and we are currently in the process of expanding into a wide range of other fields of construction.

Leveraging the technological capabilities and rich track record of results that we have built up over the course of many years, we are expanding our fields of business into areas including detached houses, hotels, senior living residences, data centers, and logistics facilities.

And especially when it comes to the use of wood, by linking the sawing technology of WOOD FRIENDS Co., Ltd. with Hosoda Corporation's proven track record of results in wooden construction and applying the wooden construction technologies accumulated by both companies, we are aiming to reduce our burden on the environment while providing housing that offers high added value.

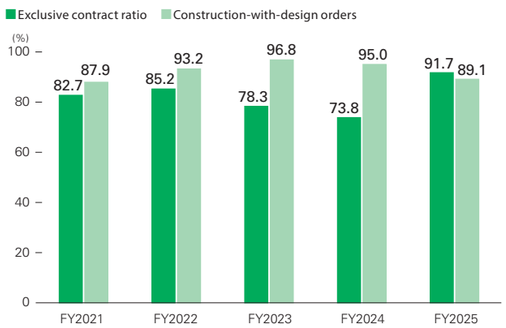
Results in FY2025

FY2025 was the first year of the HASEKO Evolution Plan medium-term business plan, and the priority issues we focused on were achieving a swift recovery in the gross profit margin of construction contracts, and maintaining and improving our construction system. Through developments that include an expansion of pre-cast concrete (PCa) construction methods, the start of operations at our own PCa plant, progress in our utilization of BIM/DX, and expanded back-office support for work sites, we made progress in our efforts to establish a sustainable construction system.

As a result of this, non-consolidated orders for Haseko Corporation alone stood at a record 726.7 billion yen, chiefly due to orders for private-sector condominiums. We completed the construction of 65 for-sale condominiums with 12,154 units in the Tokyo metropolitan area and 27 with 4,831 units in the Kansai and Tokai areas, totaling 92 for-sale condominiums with 16,985 units.

Furthermore, in addition to an increase in net sales of completed construction contracts, the gross profit margin of construction contracts continued to improve thanks to factors including better efficiency in construction, and this resulted in an increase in both segment sales and operating profit.

Exclusive contract ratio, construction-with-design orders



Priority issues

Handling changes in demand due to soaring prices and other factors, and the order environment

Haseko Corporation has a unique business model that uses exclusive contracts under which land is provided for project owners, and our planning and proposal making capabilities founded on our capability to produce highly accurate estimates are one of the sources of our competitive advantage.

In addition to a shift toward inflation, factors that include uncertainty surrounding circumstances overseas and exchange rate fluctuations are expected to keep the cost of construction materials high for the time being. Therefore, suitably controlling the impact of construction cost increases on sales prices to maintain and secure demand is an important issue for us.

We have established a price level that takes into account customers' purchasing potential through optimization of the exclusive floor area in each unit and other such examples of ingenuity in product design rather than passing on increases in construction material prices to sales prices in their entirety, and we produce suitable business plans and proposals to allow us to handle an environment such as this.

And for the risk of fluctuations in construction material prices, we are working to enact more advanced cost management through measures including planned material procurement that takes order forecasts and market trends into account.

Going forward, we will aim to ensure stability in orders and profit as we respond to a range of environmental changes.

Establishing a sustainable construction system

In light of changes in the social environment and worsening labor shortages, we are working to establish a sustainable construction system.

We will further advance our industrialized construction methods that include PCa methods and unitization while working to standardize construction methods and achieve labor savings, and in doing so strive to improve productivity while ensuring both quality and safety. And by enhancing pre-construction investigations through digital transformation (DX), we are working to reduce the burden of those on worksites and establish a stable supply system.

In addition, we are advancing our multiskilling efforts, our establishment of an education system, and the enhancement of our system for accepting foreign workers, and proceeding to build an environment that enables a diverse range of human resources to work in safety and security. Furthermore, as part of our work-style reforms, we are working to entrench a system of eight closures every four weeks and aiming to achieve a sustainable working environment.

In the supply chain also, we undertake responsible procurement activities by focusing on our partnerships with cooperating companies and ensuring thorough compliance with procurement guidelines, including respect for human rights and ensuring a healthy working environment. Through these initiatives, we will fulfill our social responsibility and work to strengthen stability in our production base and improve corporate value.

Achieving both high quality and productivity

Condominiums are a form of social infrastructure that supports daily life, and they need a comprehensive approach to ensuring quality and creating value across the whole of a building's life cycle, from design to construction, maintenance and management, and repair.

Not only does Haseko Corporation offer the efficient and stable provision of high-quality housing, we also see improvement in the value of housing as an aspect of

Construction-Related Business

productivity and have thus positioned it as an important issue that provides a source of competitiveness.

In terms of construction, we work with the Ken-ei-kai organization of cooperating companies to bring sophistication to process management, ensure a thorough approach to creating a safe and orderly environment for construction, and expand our leveraging of industrialization products. Furthermore, our combination of a diverse range of technologies, examples of which can be found in the leveraging of our own PCa plant to achieve quality homogenization and labor saving and in our promotion of wooden interior decoration to improve design properties and livability, allows us to achieve both efficiency and the creation of added value.

And also in terms of linking design and construction, we leverage HASEKO-version BIM and ICT to improve design precision and reduce reworking, thus putting in place a mechanism to ensure stable quality. In addition to this, we feed back the knowledge gleaned through Haseko's Premium After-sales Service and other such operations to the design and construction phases to create a system that leads to continuous improvement.

Going forward, by putting all of this into action on worksites, we will seek to improve value creation productivity that goes beyond efficiency, and maximize quality, supply capacity, and residential value.

Haseko's Premium After-sales Service

Concept

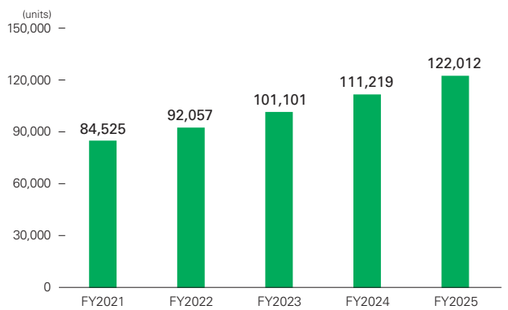
Commitment to Quality

Haseko Corporation will take an even more comprehensive approach to its after-sales service responsibility

4 Features

Direct Direct order receiving system	**For Longer** Unique long-term after-sales service
Even More Enhancement of periodic services	**Greater Convenience** Home Maintenance Handbook and maintenance tool set

Units subscribed to Premium After-sales Service



R&D / DX

Enhanced supply capacity through standardization in construction

Shortages and aging of skilled workers as well as discrepancy in construction quality are structural problems that the construction industry faces. With the aim of addressing these issues and improving productivity, we are rethinking the carpentry work that has conventionally been performed onsite and shifting to a construction process based on component standardization and unitization.

A specific example of an initiative in this area is our progress on the unitization of washrooms. In this construction method, we create panels for the ceilings and walls in advance to reduce the need for construction work onsite. At the same time, we are aiming to reduce the number of processes and stabilize quality.

By going through a verification process based on life-size mockups to optimize the balance of workability, quality, and cost at a realistic level, we are advancing the creation of a standard model that includes work procedures and repair methods. Our objective is to entrench it as a mechanism capable of horizontal deployment on any worksite.

Furthermore, as we go through an incremental process of innovation in terms of operations to handle differences in construction work conditions and schedules, we are making progress on establishing a highly efficient construction method. Along with this, we are working on visualizing cost structure, refining implementation criteria, and stabilizing profitability.

Going forward, we will work to improve accuracy through a variety of performance tests and layout verifications and to construct a system that can provide a stable supply despite workforce limitations, and translate this into productivity improvement for the business as a whole and enhancement of our profit base.

Construction of a decarbonization model based on resource recycling

As a new environmental technology, we are working on the commercialization of ground improvement and construction sludge processing technology that utilizes bamboo chips. In the background to this is the problem of neglected bamboo forests that is being faced around Japan. As a means of solving this issue that society faces, Haseko Corporation is working on a circular construction model that utilizes bamboo resources.


Life-size mockup of a washroom unit

This technology allows construction sludge to be reused as reclaimed soil by mixing bamboo chips into it and solidifying it. In trials, we reduced the amount of cement required through the use of bamboo chips, and have confirmed that it provides the strength necessary for construction while offering transportability. And in addition to the reduction in CO2 emissions by replacing cement with bamboo chips, the carbon absorbed by the bamboo can be locked away in the ground, thus achieving both a reduction in the environmental burden and construction functionality.

Currently, we are verifying its applicability on construction sites, and are confirming the construction procedure and work efficiency. We are working to establish it as a technology that can be implemented without any major schedule changes compared to conventional construction methods, and are now at the level of practical use.

Furthermore, we are also advancing work on establishing a manufacturing system with the goal of ensuring a stable supply of bamboo chips, and we will roll this out as a business model that brings together everything from resource procurement to utilization in construction.

Going forward, by working to expand the fields in which bamboo resources are applied while optimizing costs and achieving both decarbonization of construction sites and resource recycling, we will aim to establish a new field of growth that offers both environmental value and profitability.


Mixing bamboo chips into construction sludge

Business topics

HASEKO Value Enhancement Committee

The HASEKO Value Enhancement Committee (the VU Committee) was established with the objective of solving problems and increasing productivity on construction sites, and has led improvement activities onsite over the course of more than 30 years. Its sharing of knowledge and ingenuity across worksites and its linking of this to companywide improvement in technological capabilities form one of the major features of its work.



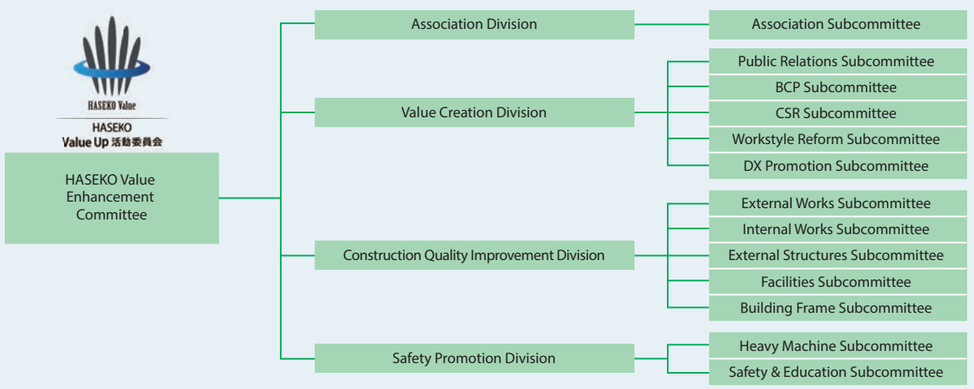
Value Enhancement Committee

The VU Committee goes beyond simply undertaking improvement activities, and has played the role of responding to management issues in each generation. It initially started out working on construction efficiency improvement and cost reduction before expanding its field of operation to include the advancement of quality and safety. Over recent years, its scope has expanded again to include addressing labor shortages, bringing in work-style reforms, improving productivity, and promoting digital transformation (DX).

To date, it has come up with various innovations from worksites, including the standardization of temporary construction plans, the optimization of material delivery flows, and the review of construction procedures. In addition to reducing costs and shortening construction periods, these initiatives have contributed to improvements in safety and quality, making a significant contribution to building a foundation for our competitiveness in construction.

As an initiative to translate the ideas of each individual on worksites into value creation, the VU Committee will continue to be a crucial foundation to support the growth of Haseko Corporation through the succession of our worksite-centric culture of improvement and the establishment of a sustainable construction system.

Committee structure



Real Estate-Related Business

As we take forward our supply, development, and holding of housing as well as associated business, we aim to maximize value through synergies with our Construction-Related Business and Condominium Management and Operation Business.
With a focus on capital efficiency, we are working to enhance profitability and capital turnover efficiency while developing a diverse range of businesses.



Performance in FY2025

Segment net sales
293.2 billion yen

Segment operating profit
35.6 billion yen

Segment assets
633.9 billion yen

Number of employees
1,487

Risks and opportunities

Risks	Opportunities
● Decreased demand of new condominium units	● Improvements in the employment and income environment
● Intensified competition for land acquisition, rising land prices	● Diversification of housing styles and expansion of the remodeling and existing brokerage market
● Prolongation of development period, drastic inflation during development period	● Expanding our business to major regional cities
● Fluctuations in financial and capital markets, rising interest rates	● Increased business opportunities through the use of private REITs
	● Increased number of condominiums requiring rebuilding

Business overview

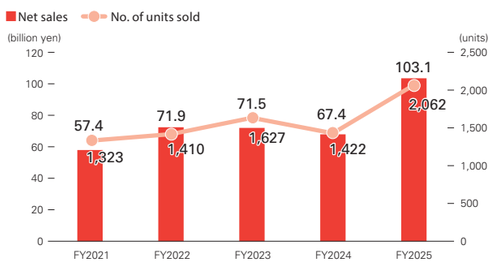
Robust sales of condominiums

While the rise in the sale price of for-sale condominiums continued, the condominium sales market was robust amidst the continuation of an environment that supports housing acquisition, with elements such as an improvement in the employment and income environment and an expectation of rising interest rates and prices.

Leveraging its strengths in the form of its capability in gathering land information, development capabilities, the abundant know-how, and group collaboration capabilities it has built up over many years through its Construction-Related Business and Condominium Management and Operation Business, the Haseko Group works on the development of for-sale condominiums for individuals and rental apartments for investors. Furthermore, we have also steadily built up the number of units that we handle as part of our brokerage business for existing housing and our renovation business under which we add value to preowned housing before resale, and these efforts support our strategy to meet the needs of diversifying housing styles.

Under our HASEKO Evolution Plan medium-term business plan, we emphasize capital efficiency and are focusing our efforts on profitability and asset turnover. In FY2025, the first year of the plan, this policy allowed us to achieve growth in revenue. Going forward, we will continue to undertake proactive investment toward sustainable growth.

Net sales from for-sale condominiums / number of new units sold



Priority issues

Capital efficiency improvement progress and initiatives

In FY2025, we strived to enhance profitability and turnover ratio as an initiative focused on improving capital efficiency. We are now working to enhance the structure of our asset management business, and are also steadily growing our net sales by selling off income property and other such assets. Going forward, we will continue to undertake efficient asset management with an emphasis on avoiding prolonged asset holdings. Going forward, we will seek to expand our renovation business, brokerage business, and other businesses that have a high turnover ratio, and aim for qualitative improvement in assets value through the optimization of our real estate portfolio.

Furthermore, the Haseko Group, which possesses a wealth of land information, sees enhancing development capabilities in order to extract maximum value from each property as an important issue in our Real Estate-Related Business. In order to meet the everchanging needs of our customers, we are working to expand the range of development services we provide, from luxury condominium series to logistics facilities, refrigerated warehouses, data centers, and detached houses. In addition, we will continue to embrace the challenge of initiatives that focus on innovative and distinctive properties, such as concept rental apartments to meet the needs of a diverse range of lifestyles.


Bransiesta Shin-Maruko

Business expansion in regional cities

The expansion areas for the for-sale condominium business go beyond Japan's three major metropolitan areas and into 41 prefectures in the regions of Hokkaido, Tohoku, Hokuriku, Chugoku/Shikoku, Kyushu, and Okinawa, and our track record in for-sale condominiums stretches over 31 prefectures.

On the other hand, in light of factors such as soaring construction costs, when it comes to our business in regional cities, we intend to select and concentrate on areas in which we are able to pass costs on. In addition to carefully crafting business plans, we will leverage the comprehensive strengths of the Haseko Group by, for example, using Haseko Urbest to gain an understanding of customer needs and utilizing Haseko Intech to make proposals to increase added value of interiors, thus maintaining a high level of quality in our supply of housing.

Expansion areas



●: Areas where Haseko Real Estate Development Holdings has a track record in the for-sale condominium business (as of March 2026)

Differentiation in the developer business

In order to grow sustainably in the rapidly-changing real estate market, we shall go beyond for-sale condominiums for families and also focus on the development of luxury condominiums and resort condominiums.

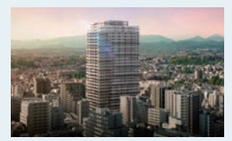
And through our own unique DX measures such as the utilization of BIM data to replicate the layout of residences in metaverse space on the web to provide a "Metaverse furniture coordination service" that allows individuals with whom a contract has been concluded to select furniture from the comfort of their own home, we are working to enhance our competitiveness and improve our productivity.

Business topics

Renai Tower Hachioji (planned completion: 2028)

The Renai Tower Hachioji is a project under which a competition was held to select contractors for a new for-sale condominium on corporate-owned land, and the Haseko Group came together to participate in this competition. The Haseko Group was selected as a contractor in recognition of its compelling proposal, which integrated the diverse expertise of our Group companies, including development, sales, management, and leasing.

This large-scale project will feature a 32-floor condominium with a seismic isolation structure and a total of 499 units. Comprising units with various layouts ranging from the 30m^2 range to the 120m^2 range in area, the building is expected to acquire Long-Life Quality Housing certification and Net Zero Energy Houses-M Oriented certification. It is also anticipated that the common facilities and services typical of a high-rise condominium, including concierge services and a sky lounge, will be further enhanced going forward.



Condominium Management and Operation Business

We support rich and comfortable living for our customers and leverage the collective capabilities of the Haseko Group to achieve growth.
Leveraging the Group's integrated value chain, we deliver trusted and distinctive services, aiming to build a stable profit foundation and create new value.



Performance in FY2025

Segment net sales
165.4 billion yen

Segment operating profit
8.2 billion yen

Segment assets
161.5 billion yen

Number of employees
3,183

Risks and opportunities

Risks	Opportunities
● Increasingly severe labor shortages and soaring personnel expenses and inflation	● Expansion of business opportunities due to increased stock of condominiums in Japan
● A crowded and intense competitive environment	● Building of touchpoints with customers and residents and improvement of convenience through advances in ICT
● Change in consumer sentiment due to inflation	● Fundamental productivity reforms by leveraging LIM (Living Information Modeling) data and cutting-edge technology, and digital transformation (DX)
	● Acquisition of business opportunities by strengthening the Group's value chain and expanding business areas

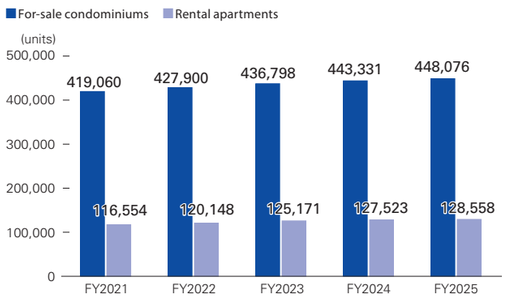
Business overview

The purpose of the Condominium Management and Operation Business is to create rich and comfortable living for customers mainly in the existing housing market. The service-related Group companies were spun off from Haseko Corporation to deliver the services for creating living, and currently, we provide a wide range of services from the management of for-sale condominiums, rental apartments, corporate housing, and other properties to the management of fee-based nursing homes and services to support the Group.

Driven by a steady increase in our housing stock, including increases in the number of for-sale and rental apartment units under our management, net sales in this segment continue to grow. With improving profit in the senior living business, FY2025 saw a major increase in segment operating profit.

Going forward, we will continue to work on enhancing our business foundation by steadily building up our housing stock, while also creating stable profit with high capital efficiency through efficient operations based on action that includes the leveraging of digital technology and providing new added value and services, thus contributing to the improvement of the corporate value of the Group.

Number of condominium units managed



Priority issues

Buildup of stock and streamlining

Amid an increase in domestic condominium stock and in the elderly population, we plan to further build up our housing stock.

Furthermore, new issues and needs are emerging, including an increase in inspections of aging condominiums and related work such as facility upgrades and repairs, a shortage of people to become directors of management associations, and the spread of third-party management.

However, there are also heightening concerns that cost increases resulting from labor shortages and increasing personnel expenses and inflation will squeeze profits. For these issues, we will enact thorough profitability management while striving to ensure profit through a range of efficiency measures and service provision. We will also work to expand and enhance touchpoints with residents through functional expansion of Suteki Net and the rollout of smooth-e, and aim to ensure improved customer satisfaction while at the same time aiming to operate efficiently and reduce the burden on employees.

Suteki Net

This is a dedicated condominium portal that aims to improve convenience in condominium life and encourage communication among residents, management associations, and management companies.

smooth-e

This is an outsourced condominium management service that uses third-party management and an app. Based on residents' submitted ideas and review features, it supports decision-making while incorporating ideas from Haseko.



smooth-e

Business topics

Greater efficiency through DX in services for seniors

Since Haseko Senior Well Design Co., Ltd. was launched in 2021 as an amalgamation of three companies working in the senior living business, we have incrementally taken forward initiatives that include setting out our vision for our care-related business and services for residents, as well as the introduction of digital devices.

Going beyond nighttime rounds, care record input, and other work directly related to care, we have also included expense reimbursement, working shift creation, and other associated work in the scope of the measures we have taken. Furthermore, in addition to achieving greater efficiency on each individual worksite, we have advanced overall optimization through consolidation at head office, and implemented a comprehensive reconstruction of our operational structure.

At offices where the measures were enacted, the percentage of negative evaluations of services from residents has dropped compared to before the enactment, and no instances of customer experience being harmed have been seen. At the same time, employee working hours have decreased by around 3% and work satisfaction has increased by around 40%. In financial terms, profitability was enhanced by factors including a roughly 8-point drop in the ratio of personnel expenses and an increase in sales, delivering an effect in both financial and non-financial terms.

Using the introduction of digital tools as a catalyst, we reviewed the way we deliver operations and services. In doing so, we designated the execution of these initiatives as a top priority for management, clearly communicating their purpose to employees to foster a sense of unity throughout the process. Furthermore, we see the fact that employees worked together on activities such as providing careful explanations to residents and took things forward in an incremental and smooth manner as being an important factor that led to the delivery of results.

Milestones in DX initiatives

- 2021 **Integration of three companies in the senior living business**
  - Definition of vision for operations and services, and directionality
- 2022
  - Preparation for migration to new operations/systems (vendor selection, development, etc.)
- 2023
  - Introduction of digital devices
  - Operational changes
- 2024 **Completion of introduction of Honobono Next care support app**
- 2025 **Completion of introduction of LIFELENS**
  - Definition of vision for operations and services, and directionality
- 2026 **DX evaluation report to management**

Overseas Business

With the aim of establishing an important revenue base for the future and distributing risk through business portfolio diversification, we are promoting business expansion overseas. And with a focus on the mainland United States, we are exploring leveraging our strengths to expand into the most suitable business areas for us in line with the market environment in each country or region.



Performance in FY2025

Segment net sales
4.3 billion yen

Segment operating profit
-6.1 billion yen

Segment assets
158.5 billion yen

Number of employees
81

Risks and opportunities

Risks

- Country risks (political and social changes)
- Weakness in overseas real estate markets caused by high interest rate policies
- Fears of deceleration in the global economy due to increasing tariffs and the emergence of geopolitical risks
- Foreign exchange risk

Opportunities

Mainland United States
- Ongoing strong demand in the rental housing market
- Stability in medium- to long-term housing demand due to an increasing population

Vietnam
- Growing demand for construction works due to recovery in the housing market
- Competitive advantage with Haseko Corporation's construction, quality, and management know-how

Business overview

Basic policy in Overseas Business

Our Overseas Business broadly comprises three businesses. These are a real estate development business in developed countries that commenced work in 2019 with a focus on the mainland United States, a condominium-related business that centers on the construction business in Vietnam, and a large-scale complex development project on the island of Oahu in Hawaii in which we have been engaged since 1989.

Real estate development business in the mainland United States is at the stage of advance investment, and we expect to recover these investments from the fiscal year ending March 31, 2028. While incrementally advancing a migration to an asset-light business model and working to increase capital efficiency and distribute risk, we will aim to establish a stable and sustainable revenue base.

Toward the conclusion of the Ewa Project in Hawaii, we are working to develop and sell off surrounding land while aiming to stimulate business at the commercial facilities.

Although losses are continuing to be recorded in the Overseas Business segment, the main factor behind this is losses incurred in the project in Hawaii and a loss on valuation ahead of the completion of the project.

Priority issues

Progress of business in the mainland United States

Under the business strategy set out in our HASEKO Evolution Plan medium-term business plan, we are proceeding with investments in Overseas Business that includes investments in the mainland United States. The outstanding investment balance as of the end of FY2025 is 85.6 billion yen.

In our rental housing development business in the mainland United States, the projects on which we had started development are progressing as planned, and we plan to recover the investment by selling off these developments after they enter stable operation.

As a business platform that fits with this policy, in April 2026 we acquired a 30% stake in TRG Holdings, LLC., which is engaged in the development and construction of rental housing complexes.

Through our partnership with TRG, going forward we will share our technological know-how and the quality management methods we possess concerning the design and construction of rental housing complexes, and together expand the area in which we can leverage them. Through this we will aim to produce a business synergy and achieve medium- to long-term enhancement of corporate value.

Business progress in Hawaii

Toward the completion of the Ewa Project, a large-scale complex development project that we are working on in the west of the island of Oahu, we are undertaking a range of measures.

Under this project, in addition to approximately 4,000 housing units we have developed thus far, we have also undertaken development that includes an artificial lagoon and the Wai Kai commercial facility. We are now selling all 32 residences of the Kekainani Project that marks the final phase of our sales of housing for primary residence, and we plan to start the process of handing these over in FY2026.

Currently, we are undertaking work on four fronts: (1) further revitalization of the Wai Kai commercial facility, (2) selling off of hotel land (realization of hotel development based on third-party capital), (3) selling off of remaining commercial land (realization of commercial facility development based on third-party capital), and (4) development of resort housing land (condominiums, town houses, etc.).

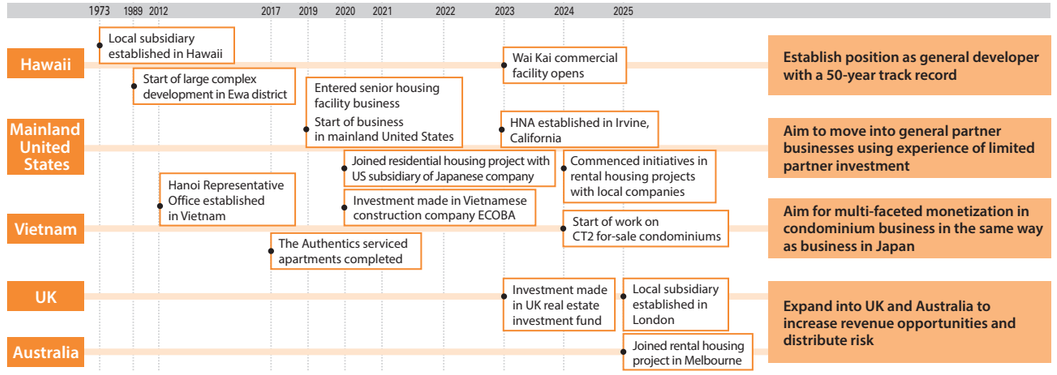
In FY2025, we recorded a loss on valuation of inventories for our hotel land, and are proceeding with initiatives to sell it off.

Progress in other aspects of our Overseas Business

We are currently mainly engaged in business in the US and Vietnam, where we already had a presence, and in addition to the mainland United States, we have commenced work on business in the UK and Australia in reflection upon market size, growth potential, business environment transparency, and other such factors with the aim of distributing our portfolio. In the UK, we have commenced engagement in the rental housing development business and fund investment business from our office in London that we opened in 2025.

In Australia, we have entered the rental housing development business in Melbourne, and are exploring business opportunities going forward in reflection upon the progress of projects in this area.

History of our Overseas Business



Business topics

Local subsidiary established in London

We are expanding our real estate development business outside of the mainland United States with the aim of portfolio distribution, and we have been involved in the business of real estate investment in the UK since 2018. As part of this, we established HASEKO UK Limited in London in October 2025. With this as a springboard, we will work to further deepen our understanding of the local market and undertake initiatives toward the establishment of a foundation for future business and the enhancement of base functionality.

Participation in the management of a U.S. mainland real estate developer

Through a subsidiary of TRG, we entered the real estate development business in the mainland United States in April 2026.

With a focus on Texas, this company is engaged in numerous rental housing complex developments in the sunbelt area, and it offers a complete suite of functions required for the rental housing complex business covering everything from land acquisition to permit acquisition, construction, and asset management, thus providing a high degree of compatibility with the business of the Haseko Group.


Aura Crown Heights, Lewisville, Texas

Creating a synergy by fusing the strengths of both companies, we will aim to become one of the top ten multi-family (rental housing complex) developers in the US.