

Haseko Group Integrated Report 2022





A Corporate Group for Housing to Create Great Living

Haseko Corporation was founded in 1937 as Hasegawa Komuten, a privately managed builder.

Since first participating in the construction of condominiums in 1968, we built a cumulative total of over 680,000 units in 2021, which account for almost 10% of Japan's for-sale condominium stock. This is an outcome of efforts we have made since our inception to create housing and lifestyle value

that provides safety, security, and comfort, and a stepping stone toward creating the Haseko Group's corporate value.

Going forward, we will continue to strengthen our business structures that reflect changing lifestyles and customers' needs in business propositions, design, and construction, while also striving to create new value by promoting DX, engaging new business areas, and responding to climate change.

Beyond this, we will continue to advance into the future with the aim of becoming a corporate group for housing to create great living.

About the Haseko Group Integrated Report 2022



The Corporate Philosophy of the Haseko Group is “To contribute to society by creating an optimal environment for cities and people.” Under this philosophy, we have actively developed our business with the aim of evolving and growing as a corporate group for housing to create great living.

We have decided to newly issue an Integrated Report as a means to capture an overview of our value creation activities from a long-term, comprehensive perspective and to share it with our stakeholders. Through this report, we hope to communicate and share our thoughts regarding the value creation of the Haseko Group alongside information on specific initiatives so that we can encourage an even greater understanding of the Group among shareholders, investors, employees, and people living in the communities in which we do business.

Going forward, the Haseko Group will aim to create even greater value while meeting the expectations of all stakeholders.

Noriaki Tsuji
Chairman and Director

The Haseko Group Philosophy

Corporate Philosophy

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

Principles of Conduct

1. **Customers First:** To provide the highest quality and best services to customers
2. **Sincerity:** To work with sincerity and earn customer trust
3. **Challenge:** To create new domains by exercising our comprehensive strengths and ability to take action
4. **Thankfulness and Pride:** To be always thankful, and work with confidence and pride
5. **Integrity:** To be a responsible societal citizen with ambition and integrity

Group Slogan

Aiming to become a corporate group for housing to create great living

Editorial policy

The Haseko Group Integrated Report 2022 has been positioned as a tool for communicating with a wide range of stakeholders. It introduces the medium-term business plan, business strategies, CSR initiatives, and the Haseko Group's growth (value creation) story. We hope that this report will help you better understand the Group.

Period covered

FY2021 (April 2021–March 2022)
Note, however, that some information from outside this period is also included.

Organizations covered

Haseko Corporation, 85 subsidiaries, and six affiliate companies.

Issued in: December 2022

Disclaimer concerning forward-looking statements

The forward-looking statements included in this report are based on the Company's views at the time of its preparation. Please understand that actual results may differ from the forecasts included due to changes in a variety of factors.

Referenced guidelines

Haseko Group Integrated Report 2022 has been prepared using the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) and the GRI Standards issued by the Global Reporting Initiative (GRI) as references.

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“Creation of Housing that the Times Demand”

—Histories of Housing Complexes and Haseko—

The Haseko Group has been endeavoring to provide safe, secure and comfortable housing by constantly responding to social challenges, which change with the times. Going forward, we will continue to aim to deliver a better life to the people.



For details, please visit our website:
<https://www.haseko.co.jp/hc/english/company/history.html>



1937 Founding of Hasegawa Komuten in Amagasaki, Hyogo

Needs

The intensification of the war boosted demand for the construction of munitions facilities. After the war, the number of construction works for schools and other public buildings increased rapidly.

Haseko's response

- Before the war, Haseko developed its business as a constructor of wooden factory and office buildings by securing contracts mainly from the private sector.
- In the immediate postwar period, it worked on many public building projects, such as school construction. Afterwards, the Company won a contract for its first reinforced concrete construction of an apartment building, which led to a leap in its development.



Founder Takehiko Hasegawa standing in front of the company building at the time of the founding

1960s— Popularization of Condominiums and Upcoming Age of Diversification

Needs

With the total population reaching over 100 million, there was growing demand for housing complexes amid the high-growth period of the Japanese economy. The establishment of the Act on Building Unit Ownership, etc. in 1962 led to the introduction of a new form of residence, for-sale condominium, and the government's home ownership scheme also brought about a quantitative expansion.

Haseko's response

- In 1968, the Company embarked on the construction of its first condominium, working on the streamlining of production technologies and research and development thereof, including after-sales complaints handling.
- The development of Haseko's proprietary mass housing supply system “CONBUS (Condominium Building System)” for standardized houses contributed to the quantitative spread of condominiums as well as to the improvement of housing standards.



Ashiya Matsuhama Heights, the first condominium Haseko constructed



CONBUS series

1980s— Age of Diversified Needs for Condominiums

Needs

Changes in lifestyle and family structure and an increase in investment properties diversified the needs for condominiums. In the wake of the introduction of the Warranty Program for Houses for for-sale condominiums in 1993 and the Great Hanshin-Awaji Earthquake in 1995, people began to place greater emphasis on the basic performance of condominiums.

Haseko's response

- A technical research institute, the industry's first software-tech think tank, and a multidisciplinary laboratory (currently, Haseko Research Institute, Inc.) were established to drive the research and development of products and technologies that reflect the market needs.
- We put our efforts into visualizing the basic performance of condominiums that had not been visible before by utilizing the Housing Performance Indication Mark, a proprietary indication mark that we had introduced ahead of the industry and by installing the industry's first Naked Room.



Proprietary housing performance indication mark



Acro City Towers, the first skyscraper condominium Haseko constructed

2000s— Age of Safety and Security

Needs

Following a succession of scandals in the construction industry, including the earthquake-resistance data falsification scam, compliance came to assume more importance. Furthermore, frequent natural disasters, including the Great East Japan Earthquake in 2011, brought about an age where people became more conscious of the safety and security of condominiums.

Haseko's response

- Following the enforcement of the Act for Promotion of Long-Life Quality Housing in 2009, we were accredited with Japan's first Long-Life Quality Housing certification for for-sale condominium.
- We developed and commercialized a next-generation condominium archetype “Be-Next,” which allows both enhanced basic performance and customizability.
- We also promoted the construction of disaster-resilient condominiums by taking disaster control measures from both the hardware and software perspectives.



Branchera Urawa, Japan's first condominium certified as Long-Life Quality Housing



Haseko Technical Center and Haseko Condominium Museum, newly established as part of the projects commemorating Haseko's 80th anniversary since its founding

2020s— Age of Sustainability

Needs

Recently, consumer behavior has changed significantly in the face of the COVID-19 pandemic. We have also entered an age where companies are required to respond to climate change, harmonize with the environment, and respect diversity so as to achieve sustainable growth. We expect to see significant changes in the condominium market along with the changes in social conditions.

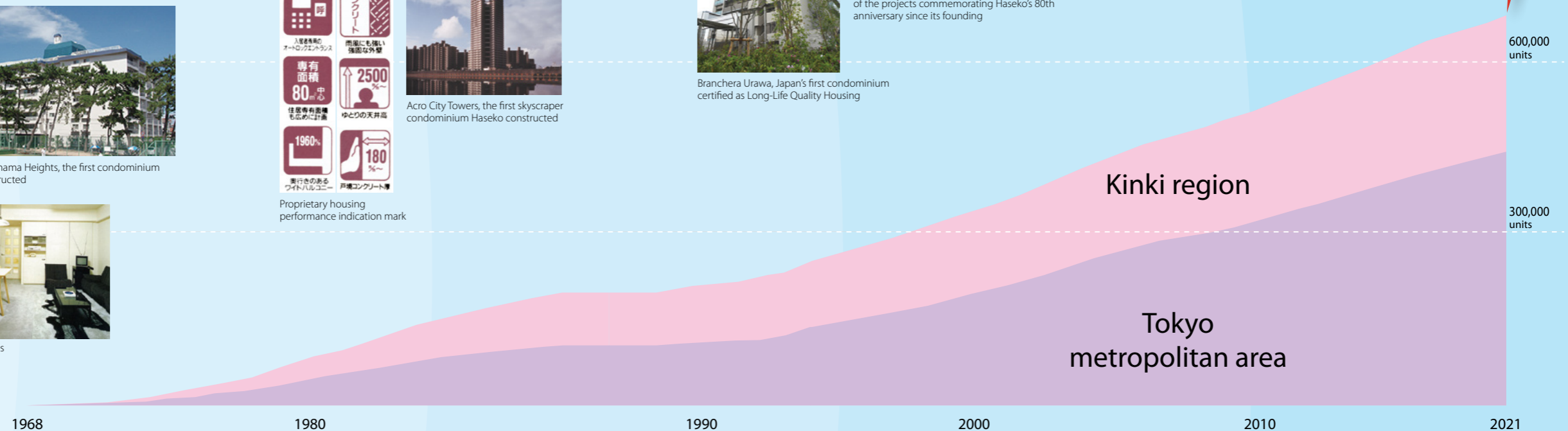
Haseko's response

- We are promoting sustainability-conscious business, such as constructing longer-life condominiums and environmentally friendly condominiums.
- We will drive digital transformation (DX) to aim for the further improvement of quality and the provision of new value.
- We are currently promoting the construction of condominiums that respond to changing needs during the COVID-19 pandemic.



Renai Yokohama Totsuka, condominium for the new normal

2021
 Exceeded 680,000 units
 Approx. 10% of Japan's for-sale condominium stock



FY1959 Net sales ¥0.73 billion
 Ordinary income ¥0.02 billion

FY1979 Net sales ¥161.1 billion
 Ordinary income ¥20.5 billion

FY1995 Net sales ¥495.0 billion
 Ordinary income ¥(118.0) billion

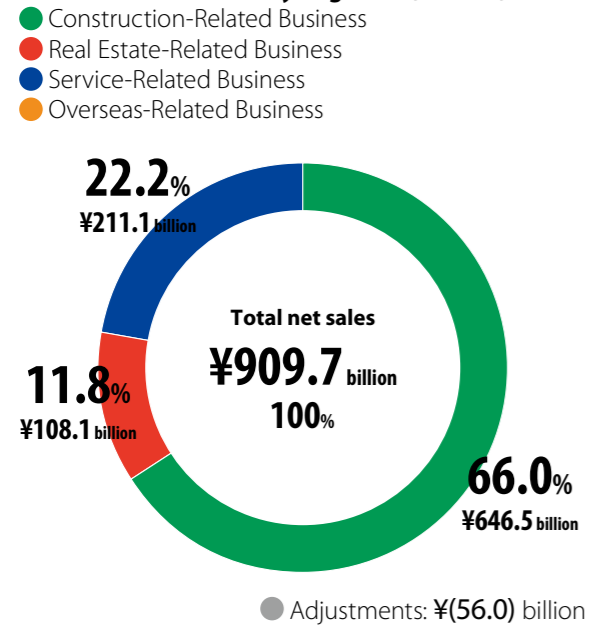
FY2018 Net sales ¥891.0 billion
 Ordinary income ¥100.4 billion

FY2021 Net sales ¥909.7 billion
 Ordinary income ¥81.9 billion

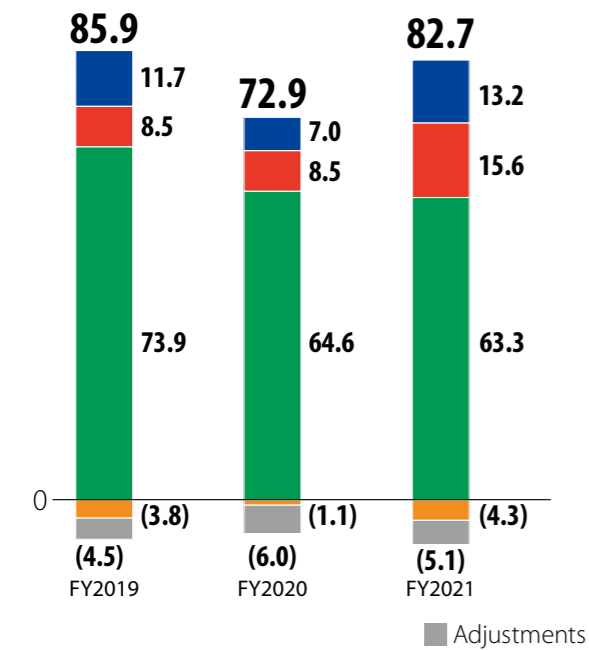
Note: The figures for the fiscal years 1959 and 1979 are non-consolidated data of Hasegawa Komuten (currently, Haseko Corporation).

Business Overview of the Haseko Group

Net Sales Breakdown by Segment (FY2021)



Operating Income by Segment (billions of yen)



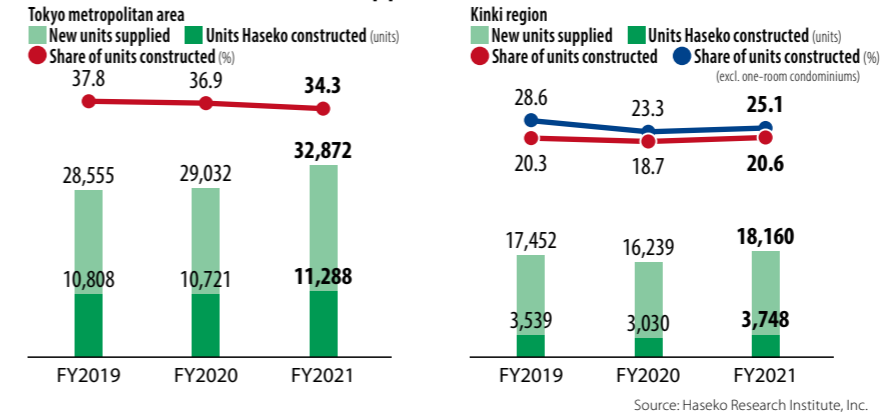
Key Consolidated Data for FY2021

Net sales	¥909.7 billion
Operating income	¥82.7 billion
Ordinary income	¥81.9 billion
Net income	¥54.5 billion

Construction-Related Business

Haseko Corporation (or the "Company") is engaged in comprehensive construction services for condominiums and apartments, from planning and design to construction. Fujikensetsu Co., Ltd., Hasec Inc., and Foris Corporation, subsidiaries of the Company, etc. are engaged in the contract construction services and the sales and lease of construction materials and equipment, etc. The Company places orders for part of its operations and construction works; planning, design, and supervision of condominiums, office buildings, and other properties; and construction materials and equipment, etc. to its subsidiaries and affiliates. Hosoda Corporation, a subsidiary of the Company, is engaged in construction and sales of detached houses etc.

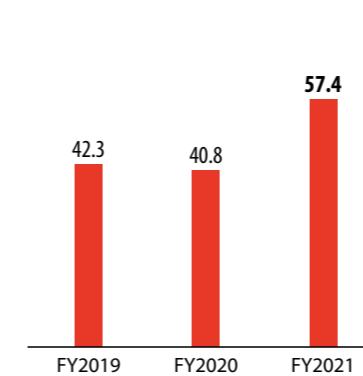
Historical data of new units supplied and share of units constructed



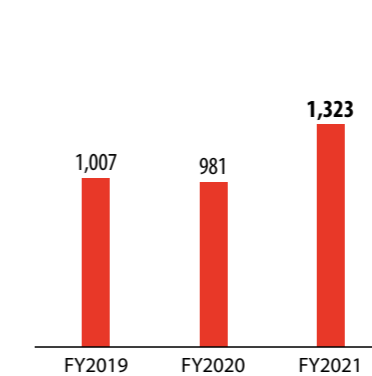
Real Estate-Related Business

Haseko Real Estate Development Holdings Inc., a subsidiary of the Company, supervises the sales of condominiums and the for-sale condominium business. Haseko Real Estate Development, Inc. and Sohgo Real Estate Co., Ltd., subsidiaries of the Company, are engaged in the sales and lease of condominiums. Haseko Home, Co., Ltd. a subsidiary of the Company, has been newly established to engage in the sales of houses.

Net sales (billions of yen)



Number of units sold (units)

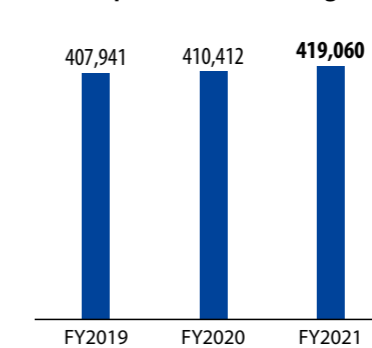


Service-Related Business

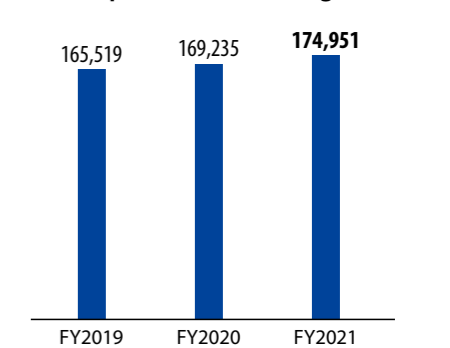
Haseko Reform Inc., a subsidiary of the Company, engages in large-scale repair work and interior remodeling. Haseko Livenet, Inc., a subsidiary of the Company, etc. are engaged in the operation and management of rental condominiums and other properties. Haseko Business Proxy, Inc., a subsidiary of the Company, provides corporate housing management agency services. Haseko Urbest Inc., a subsidiary of the Company, is engaged in the consigned sales of for-sale condominiums. Haseko Real Estate, Inc., a subsidiary of the Company, engages in real estate brokerage operations as well as condominium renovation operations.

Haseko Community, Inc., a subsidiary of the Company, etc. are engaged in for-sale condominium building management. Haseko Senior Well Design Co., Ltd., a subsidiary of the Company, operates paid care facilities for the elderly and engages in the nursing-care insurance business.

Number of for-sale condominium units operated and managed (units)



Number of rental condominium units operated and managed (units)



Overseas-Related Business

Haseko America, Inc., a subsidiary of the Company, etc. are engaged in the development and sales of real estate in Hawaii, the United States.



Consolidated Financial and Non-Financial Highlights

Key Financial Data (Consolidated)

Item		FY2011	FY2012	FY2013	FY2014
		95th term	96th term	97th term	98th term
Orders	(millions of yen)	329,229	349,402	442,751	539,642
Net sales	(millions of yen)	500,929	558,919	587,571	642,167
Operating income	(millions of yen)	21,615	24,329	28,838	42,698
Ordinary income	(millions of yen)	18,199	19,976	25,405	41,889
Net income attributable to owners of parent	(millions of yen)	11,242	13,064	24,830	28,542
Comprehensive income	(millions of yen)	10,271	17,346	31,207	38,440
Net assets	(millions of yen)	101,996	113,805	119,472	144,089
Total assets	(millions of yen)	467,075	460,864	457,408	476,914
Net assets per share	(yen)	40.76	259.89	346.17	478.45
Basic net income per share	(yen)	7.05	41.72	81.36	94.64
Diluted net income per share	(yen)	5.29	32.52	67.98	92.90
Equity ratio	(%)	21.8	24.7	26.1	30.2
Return on equity	(%)	11.3	12.1	21.3	21.7
Net cash provided by (used in) operating activities	(millions of yen)	33,711	38,231	55,267	39,984
Net cash provided by (used in) investing activities	(millions of yen)	2,363	14,843	29,395	(4,067)
Net cash provided by (used in) financing activities	(millions of yen)	(28,801)	(24,115)	(65,425)	(40,235)
Cash and cash equivalents at end of the year	(millions of yen)	88,885	118,239	137,689	133,563
Interest-bearing debt	(millions of yen)	198,485	182,430	147,861	128,245

FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
99th term	100th term	101st term	102nd term	103rd term	104th term	105th term
551,445	577,811	558,405	568,931	518,847	483,158	546,537
787,354	772,328	813,276	890,981	846,029	809,438	909,708
68,762	89,032	100,805	98,430	85,925	72,909	82,702
67,327	88,827	100,497	100,369	85,253	71,832	81,871
51,226	58,762	72,289	87,391	59,851	48,258	54,490
44,259	58,116	74,798	86,214	53,040	53,273	57,958
185,374	238,467	296,835	368,051	387,682	394,365	417,667
589,993	630,937	687,706	773,219	799,319	953,659	1,081,907
615.21	791.24	995.44	1,234.13	1,323.51	1,425.93	1,520.73
170.41	195.48	214.98	293.87	201.36	168.62	198.32
—	—	—	—	—	—	—
31.3	37.7	43.0	47.5	48.5	41.4	38.6
31.2	27.8	27.1	26.4	15.9	12.3	13.4
65,590	109,536	56,516	33,064	(15,263)	31,876	65,448
(30,801)	(19,824)	(16,351)	(14,473)	(37,222)	(35,772)	(31,601)
(16,286)	(40,213)	(34,742)	(12,379)	(8,356)	66,799	15,728
152,115	201,456	206,866	212,980	151,754	214,299	264,864
174,721	141,850	125,441	120,404	152,262	267,951	311,841

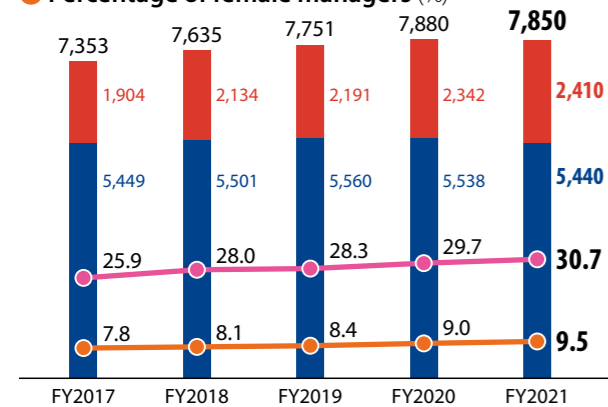
Key Non-Financial Data (Consolidated)

Number of Group employees/

■ Male ■ Female (persons)

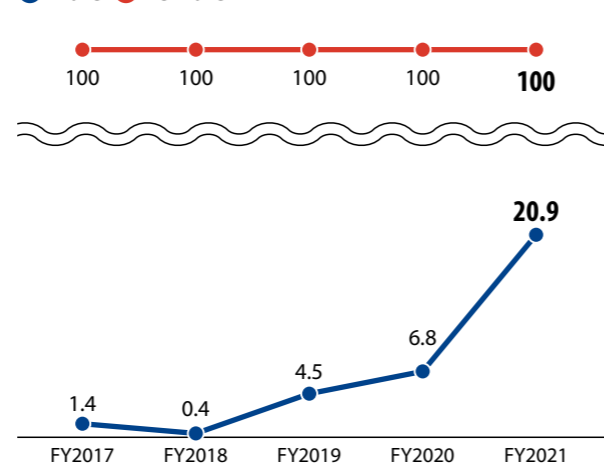
● Percentage of female employees (%)

● Percentage of female managers (%)



Percentage of childcare leave taken (%)

● Male ● Female

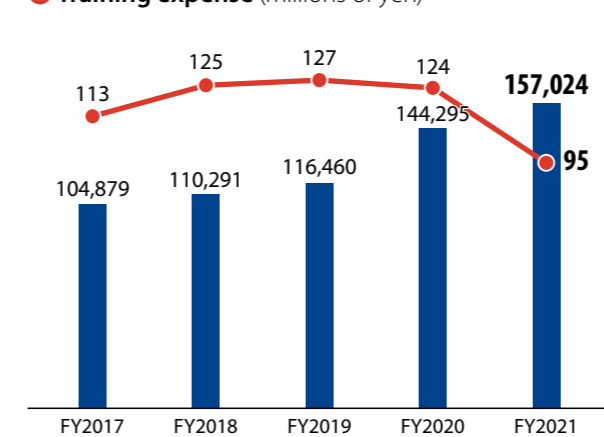


The figures are non-consolidated data of Haseko Corporation.

Education on Personnel Development (Training)

■ Training hours (hours)

● Training expense (millions of yen)



The figures are non-consolidated data of Haseko Corporation.



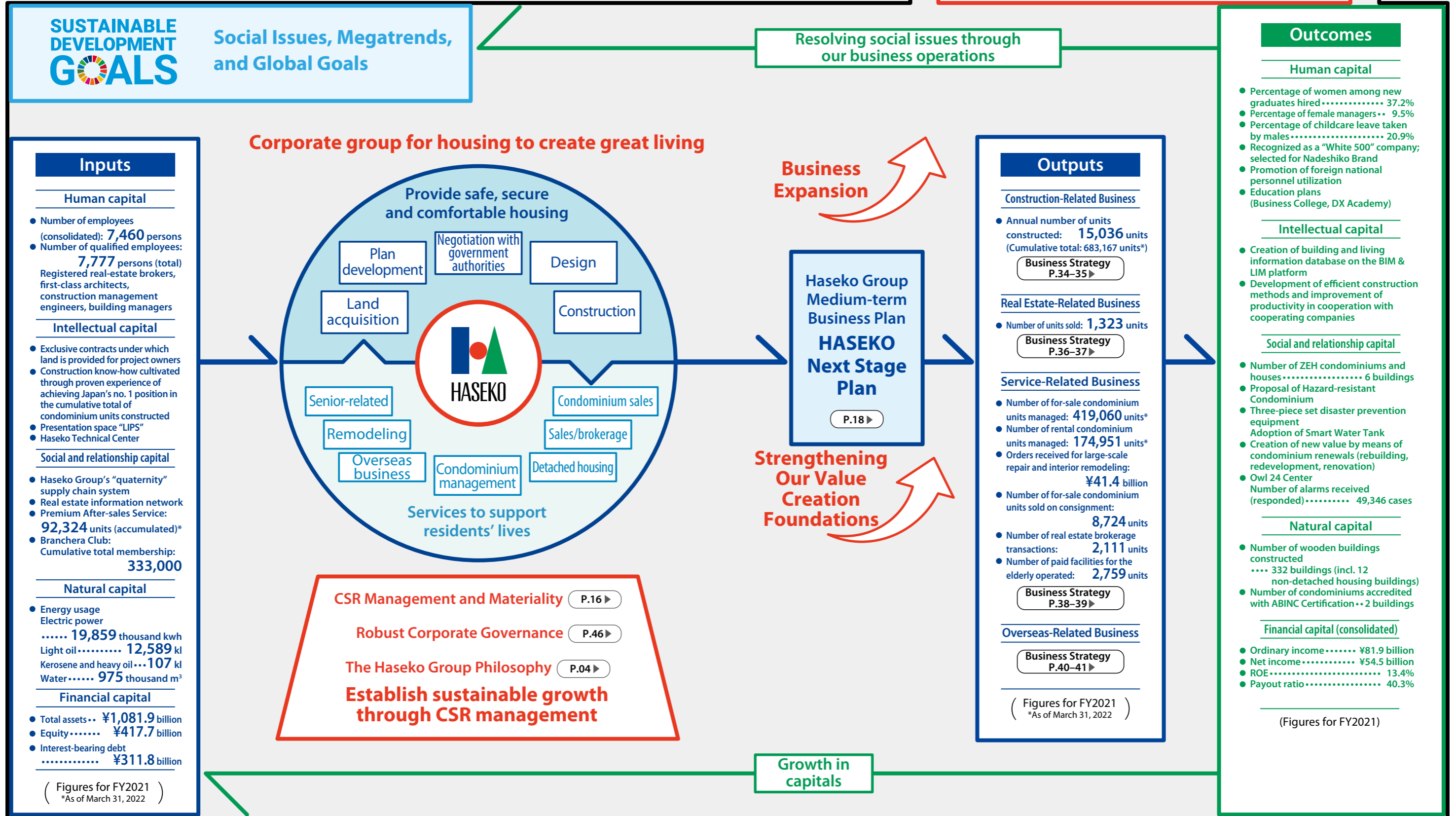
For other non-financial information, please visit the following URL:

<https://www.haseko.co.jp/hc/english/csr/esg/>

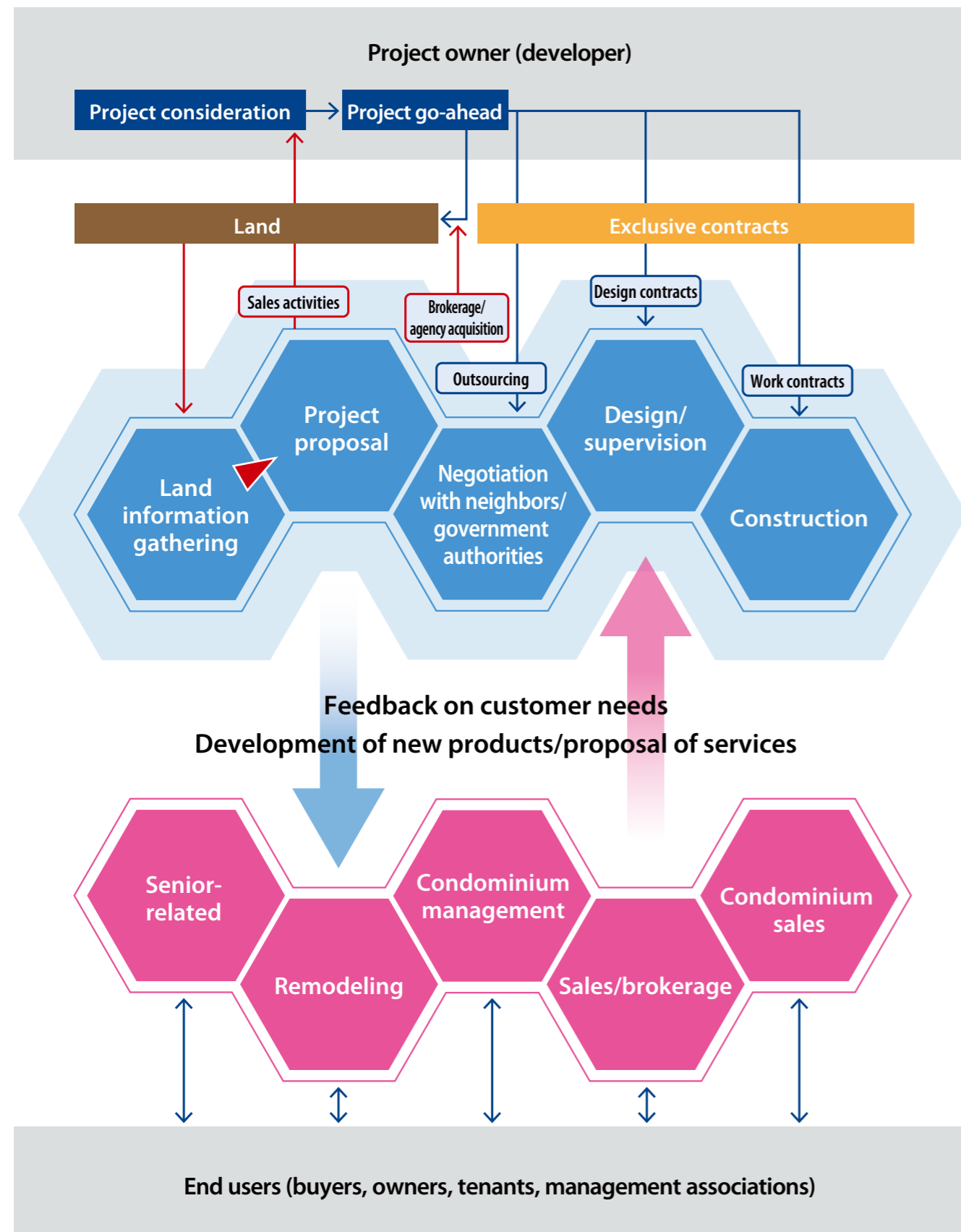
Value Creation Process

We at the Haseko Group adopt a long-term perspective as we aim to address the social issues surrounding our daily lives through business operations. We will deepen coordination among the Group companies and realize a corporate entity that proves to be worthy of the trust received from urban dwellers.

DX + Challenge of New Business Areas A Further Leap!



Business Model of the Haseko Group



Core Competence

1 Business model

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

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

2 Quaternity

We are endeavoring to enhance quality through the integrated operation of four bodies, (quaternity), consisting of the construction divisions, architecture & engineering divisions, technological promotion divisions, and Ken-ei-kai (an organization of over 200 of our main cooperating companies). We have enjoyed a strong relationship of trust with the Ken-ei-kai for more than 25 years, and this quality control framework by quaternity is a strength that no other company has. Since 1991, we and the Ken-ei-kai have been pursuing Autonomous Management Activities, striving to ensure high levels of construction precision and quality control. In 2016, these activities marked their 25th anniversary, and were reinvented as Haseko Value Enhancement Activities. We are aiming to take a further leap forward by utilizing the combined strength of all workers and five subcommittees grouped by type of construction, namely building frame, facilities, external structures, interior works, and exterior works, type of construction. The outcomes of these activities are conveyed to work sites and relevant departments, and also shared at the "Debriefing Session on Value Enhancement Activities" held once a year, with the goal being to achieve "succession," "widespread acceptance," and "collaboration" at a deeper level.

3 DX and new initiatives

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

Risks for the Haseko Group

Here we present key matters that we believe could materially affect decision-making by investors. We recognize that the Haseko Group is exposed to various other risks besides these, and strive to do our best to ensure that they do not materialize and to mitigate them through diversification or avoid them altogether.

Nevertheless, it is possible that the Group's operating performance and financial position could be adversely affected as a result of external factors beyond the Group's control or events that are at the present time deemed unlikely to occur.

Key matters that could materially affect decision-making by investors

- Dependence on the condominium business
- Construction market trends
- Legal and administrative regulations, etc.
- Relationships with local residents
- Liability for noncompliance with contracts
- Accidents and other incidents in the construction business
- Credit risk of clients
- Owned real estate
- Corporate acquisitions, etc.
- Unbalanced business areas
- Overseas business risks
- Operational risks
- Management of personal information, etc.
- Fund procurement and interest payments
- Stock market trends
- About the Medium-term Business Plan
- Response to COVID-19 pandemic
- Climate change risk

CSR Management and Materiality

Toward CSR Management—Group Medium-term Business Plan (HASEKO Next Stage Plan)

In February 2020, we formulated the “Haseko Group Long-Term Vision — What the Company Aims to Be for the Fiscal Year Ending March 2030 —” and medium-term business plan for achieving the vision, “HASEKO Next Stage Plan (Plan NS),” which runs until the fiscal year ending March 31, 2025, with the aim of making a further leap forward as a “corporate group for housing to create great living.”

We will aim to achieve sustainable growth of the Haseko Group by including CSR management initiatives in our focused strategies of Plan NS and promoting further links between corporate management and CSR.

We are implementing the following initiatives to make a further leap forward as a corporate group for housing to create great living.

Initiatives of CSR management

- (1) Enhance corporate value by both “creating social value” and “growing the Group” through solving problems regarding business
- (2) Incorporate important ESG factors to pursue for long-term growth and the strengths of the Haseko Group into CSR themes, and promote CSR targets

Our Four Main CSR Themes

We are promoting initiatives toward realization of the four main CSR themes, which is the goal of the Haseko Group’s CSR.

Four main CSR themes	17 key sub-themes	Related SDGs*	ESG
Creating attractive living spaces	<ul style="list-style-type: none"> ● Safety, security and comfort ● Enabling diverse lifestyles ● Community ● Environmental consideration in daily life 		E/S
Building a company worth working at	<ul style="list-style-type: none"> ● Enabling the flourishing of diverse talent ● A safe and healthy working environment ● Personnel development and technology succession ● Supply chain 		S
Protecting the precious environment	<ul style="list-style-type: none"> ● Cyclical resource use ● Energy & CO₂ ● Pollution prevention and consideration for the local environment 		E
Nurturing a culture of trust	<ul style="list-style-type: none"> ● Corporate ethics and compliance with the law ● Respect of human rights ● Information disclosure and stakeholder engagement ● CSR education and training ● Promotion of social contribution activities ● Supply chain management 		G

*SDGs: UN Sustainable Development Goals

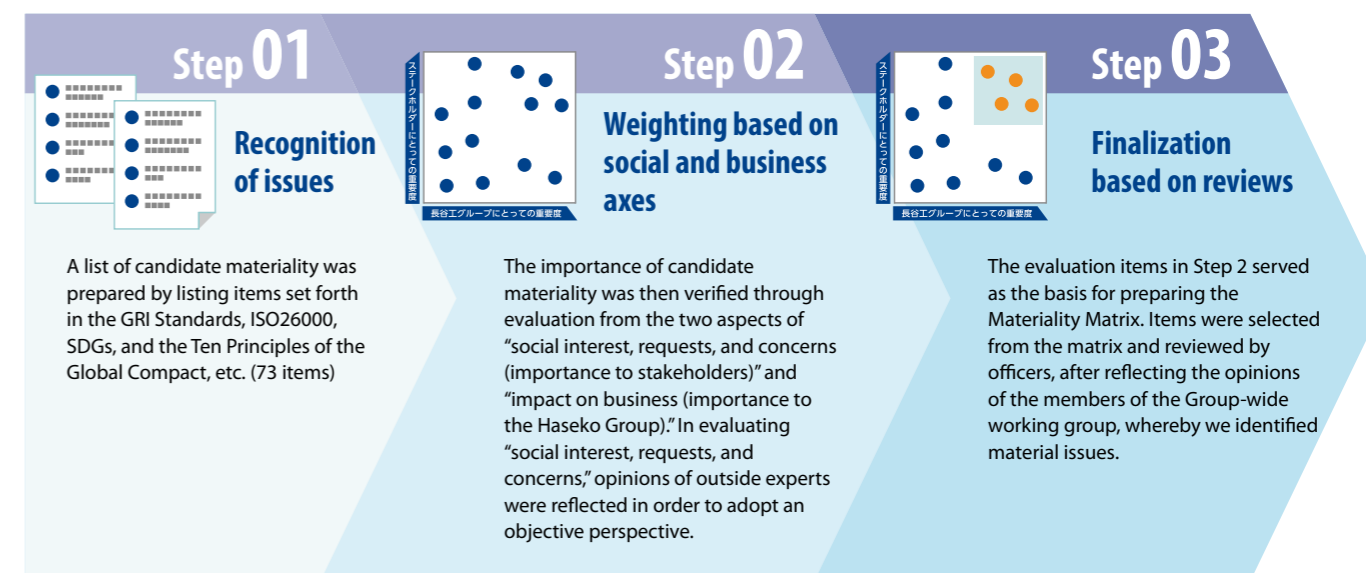
Materiality

Amidst accumulating environmental and social issues, including climate change, energy problems, aging society with fewer children, poverty, and human rights issues, corporations have a growing responsibility to solve such issues. The Haseko Group identified priority issues to be addressed as materiality (material issues) in 2017 and incorporated these issues into our guidelines for promoting CSR.

The details of materiality were revised in April 2020 with the start of the medium-term business plan, “HASEKO Next Stage Plan.” When undertaking the review, our investigation was made from the perspective of business and social axes considering factors such as the medium-term business plan, social conditions, and opinions of outside experts. The decision was made through a review by officers in March 2021 and we have taken initiatives in line with the materiality since April that year.

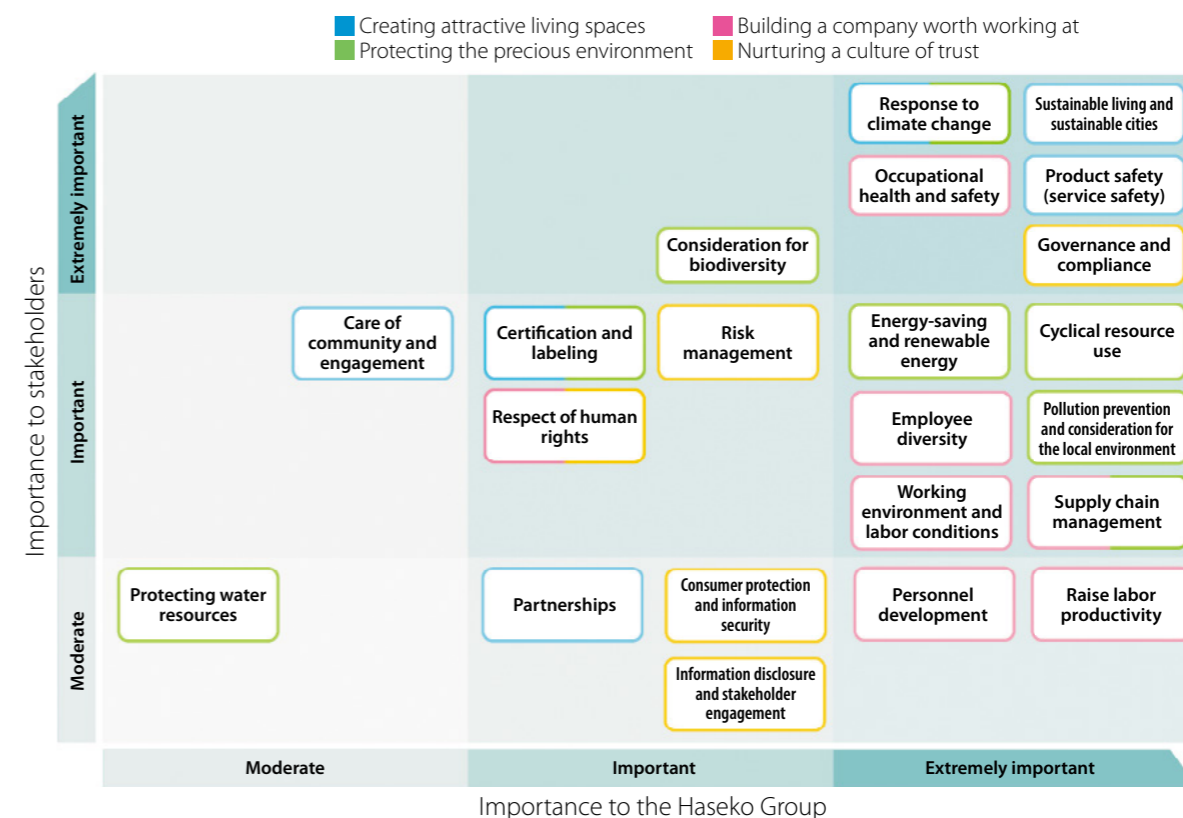
We will conduct periodic reviews as necessary from a perspective of consistency with the management policy and social conditions.

Materiality Identification Process



Haseko Group’s Materiality

All of the materiality topics identified have been incorporated as components of our four main CSR themes.



Progress on the Medium-term Business Plan (HASEKO Next Stage Plan)

In 2020, the Haseko Group formulated the Haseko Group Long-Term Vision—What the Company Aims to Be for the Fiscal Year Ending March 2030. Toward achieving the Long-Term Vision, we have embarked on a five-year medium-term business plan, HASEKO Next Stage Plan (“Plan NS”), and are executing growth strategies based on the premise that conditions in society will change.

Basic policy and focused strategies under the current medium-term business plan

Name of plan	HASEKO Next Stage Plan (Plan NS)—Aiming for growth to the Next Stage		
Period of plan	fiscal year ending March 31, 2021–2025 (five years)		
Basic policy	1	Strengthen corporate management that builds on both the Construction-Related Business, which primarily targets the market for new housing supply, and the Service-Related Business, which is centered on the market related to existing residences etc.	4 Establish a stable profit base through growth strategy investment 5 Maintain a strong financial base and enhance shareholder returns
	2	Deepen coordination among the Group companies and realize a corporate entity that proves to be worthy of the trust received from urban dwellers	6 Challenge for new endeavors from a medium- to long-term perspective 7 Focus on establishing CSR management
	3	Provide safe, secure and comfortable housing and urban environment	
Focused strategies	1	Strengthen competitiveness of core businesses ● Expansion of domain of the Construction-Related Business ● Expansion of redevelopment and reconstruction business/response to compact cities ● Continuation and strengthening of the Service-Related Business	
	2	Expansion of investment in Real Estate-Related Business ● Expansion of business areas for condominium sales business ● Rental properties holding and development business	
	3	Initiatives for future growth ● Investment for realizing digital transformation (DX) ● Investment for introducing advanced technologies by the value, technology and innovation division ● Investment in overseas business ● New investment ● Investment in human assets	
	4	Investment plan	
	5	Financial strategy and shareholder returns	
	6	Action for CSR management	

Numerical targets and investment plan

Numerical targets

fiscal year ending March 31, 2025

Consolidated ordinary income **100.0 billion yen**

Ordinary income of consolidated subsidiaries **30.0 billion yen or more**

fiscal year ending March 31, 2021–2025

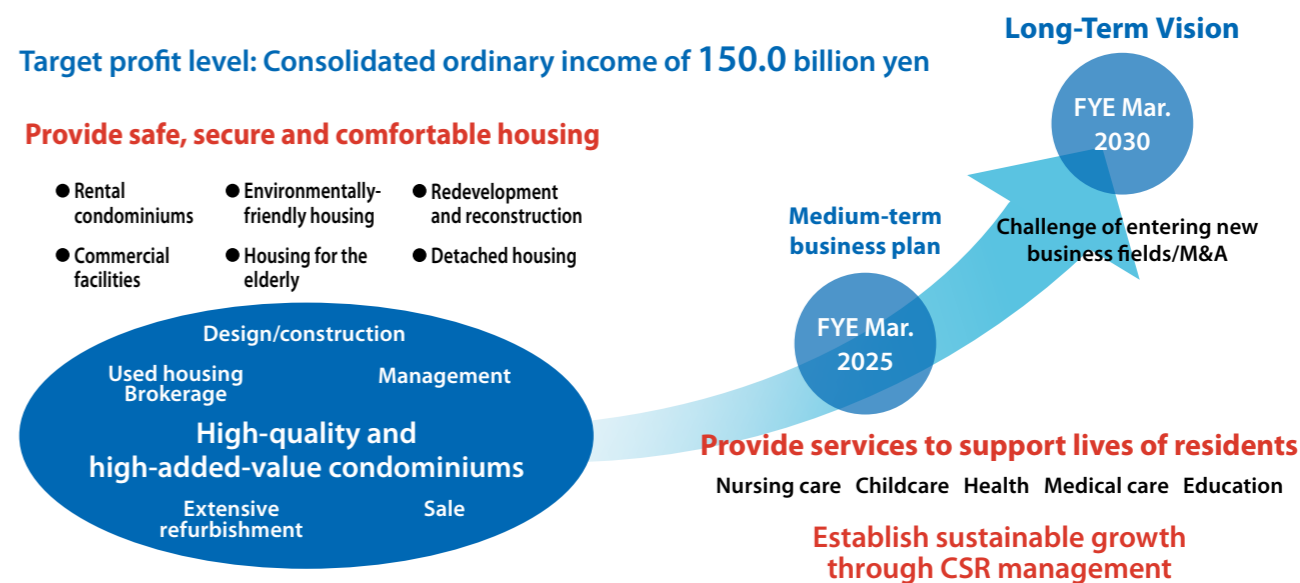
Five-year total consolidated ordinary income **400.0 billion yen**

Investment plan

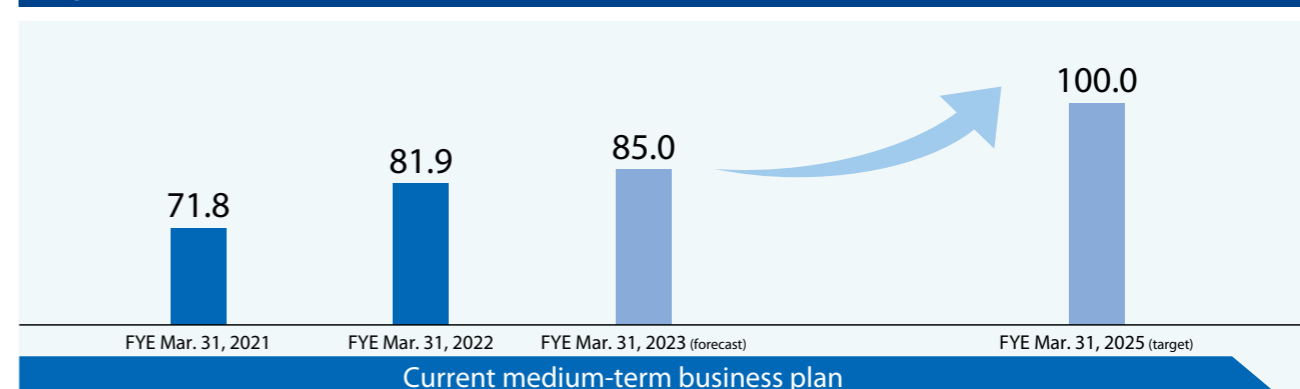
Category	Investment amount (five-year total)	
Condominium sales business	50.0 billion yen	● Expanding business areas
Rental properties holding/development business	70.0 billion yen	● Holding rental properties to raise stable revenue sources ● Establishing private placement REIT
Overseas business	60.0 billion yen	● Re-establishing profit base in the United States (Hawaii) ● Establishing a design and construction production system in Southeast Asia ● Participation in real estate development projects
Advanced technology investment	20.0 billion yen	● Fundamental innovation of existing business productivity ● Creation of new business models
New businesses, M&A, etc.	40.0 billion yen	● Development of new products and services ● M&A focusing on improving services of existing businesses and expanding business areas with growth potential
Five-year investment amount (total)	240.0 billion yen	

What the Company aims to be for the fiscal year ending March 2030

A further leap forward in a corporate group for housing to create great living



Progress on the current medium-term business plan (consolidated ordinary income) (billions of yen)



Perception of business environment

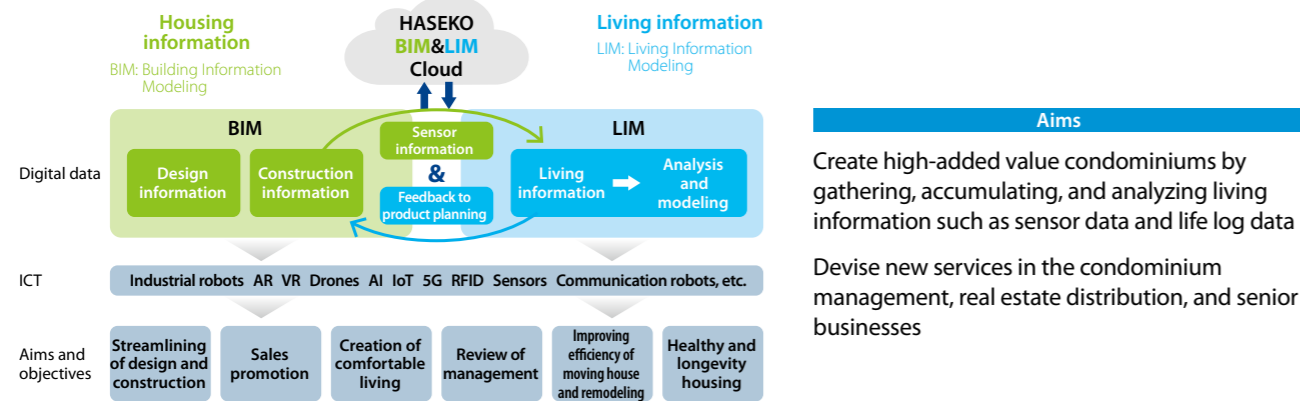
Outlook for business environment	Strengths of the Haseko Group
<ul style="list-style-type: none"> ● Lower levels of supply of new condominium units ● Regional core cities becoming “compact cities” ● Increased awareness of the importance of natural disaster preparedness ● Increase in condominium stock and expansion of needs for renovation, rebuilding, and redevelopment ● Response to labor shortage and workstyle reform ● Accelerated evolution of technology 	<p>Number-one condominium builder in Japan</p> <ul style="list-style-type: none"> ● Integrated service for condominium business ● Accumulated technical know-how from specialization in condominium construction ● Quality control framework based on strong relationships of trust with cooperating companies <p>Land information gathering capabilities</p> <ul style="list-style-type: none"> ● Unique-to-Haseko “exclusive contracts under which land is provided for project owners” ● Response to needs for land other than as sites for condominiums <p>Collective capabilities of the Haseko Group</p> <ul style="list-style-type: none"> ● Providing a wide range of services in the real estate stock business ● Feedback of information from Group companies to end-users
Condominium market expected to see significant changes	Business model needs rebuilding

To respond with precision to changes in societal conditions and achieve sustainable growth, we will be aiming to make a further leap forward as a “corporate group for housing to create great living,” both in terms of physical products and services and knowhow

Execution status of focused strategies

1. Investment in advanced technology
—Establishment and utilization of HASEKO BIM & LIM Cloud

BIM & LIM Cloud: Haseko's unique building information and living information platform



Aims

Create high-added value condominiums by gathering, accumulating, and analyzing living information such as sensor data and life log data

Devise new services in the condominium management, real estate distribution, and senior businesses

Development of ICT condominiums: Deploying ICT to offer a new approach to buildings

Our third ICT condominium: ComRezi Akabane

Utilization of non-contact authentication technology, congestion monitoring technology, and environmental monitoring technology



Elevator with a face authentication feature, Community lounge, Weather sensor



Locking/unlocking using a dedicated app, Checking notifications of the arrival of packages in the delivery box, Photographs (left, pinpoint weather information; middle, facility congestion status; right, transmission of post-disaster safety status)

Development of ICT condominiums for homes for the elderly and for-sale condominiums

2. Current progress and future plans for DX initiatives



3. Expansion of investment in the Real Estate-Related Business
- Area expansion of condominium sales business



Branchera Sapporo Maruyama
● Chuo-ku, Sapporo-shi
● Total number of units: 40

Branchera Takasaki
● Takasaki-shi, Gunma
● Total number of units: 70

Branchera Wakayama
● Wakayama-shi, Wakayama
● Total number of units: 69

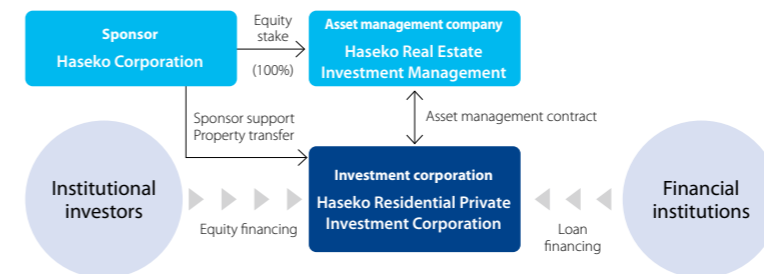
Branchera Delight Terukuni
● Kagoshima-shi, Kagoshima
● Total number of units: 55

Real estate information provided by Haseko Real Estate Development (available only in Japanese): <https://www.branchera.com>

4. Launch of private placement REIT

Haseko Corporation established Haseko Residential Private Investment Corporation, and the private placement REIT was launched on February 1, 2022. For the expansion of investment in Real Estate-Related Business, which is one of the focused strategies of our current medium-term business plan, the private placement REIT will serve as a means of strengthening the Haseko Group's stock business.

Investment corporation schematic diagram



Main rental properties owned by Haseko Corporation



Bransiesta Kugahara, Bransiesta Nishi-Funabashi

5. Establishment of Haseko Group climate change response policy: HASEKO ZERO-Emission

As part of our efforts aimed at achieving carbon neutrality by fiscal 2050, we established a climate change response policy, HASEKO ZERO-Emission.

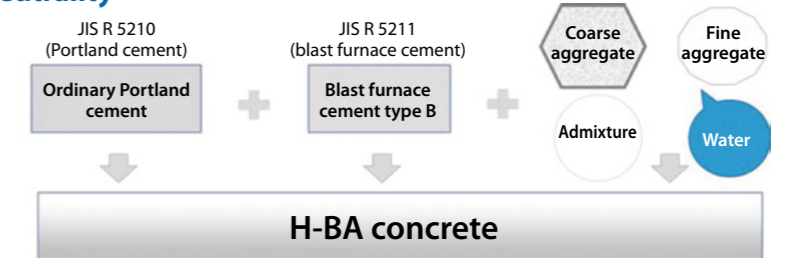
We have also set targets for reducing CO₂ emissions based on the SBT* and publicly endorsed the TCFD recommendations.

*Science Based Targets (targets based on the Paris Agreement and scientific evidence)

Key initiatives for achieving carbon neutrality

(1) Promotion of adoption of H-BA concrete, an environment-conscious concrete

A general-purpose concrete that reduces CO₂ emissions
Can be produced in the normal way



(2) Transition to net-zero energy housing (ZEH) for condominiums developed in-house

Push forward with projects that ensure that all for-sale condominiums and rental condominiums developed primarily by the Haseko Group meet the ZEH-M Oriented standard.



ZEH-M Oriented condominiums constructed

Renai Minami-Kashiwa, Renai Ageo

6. Initiatives for CSR management: External evaluations

Selected for inclusion in FTSE Blossom Japan Index



Haseko Corporation has been selected for inclusion in the FTSE Blossom Japan Index, which comprises Japanese companies demonstrating excellence in ESG (Environmental, Social and Governance).

Other certification, selection, etc.

• SBT certification



• Selected as Nadeshiko Brand



• Recognized as a White 500 enterprise (large enterprise category) in 2022 under the Certified Health and Productivity Management* Outstanding Organizations Recognition Program



*The term "Health and Productivity Management" is a registered trademark of the NPO Kenko-kei (Workshop for the Management of Health on Company and Employee).

Message from the Management



We will overcome this era of turbulent change with our DNA in condominium development and DX innovations to create new housing and lifestyles

Kazuo Ikegami

Haseko Corporation
President and Representative Director

With richness of housing comes a happy family life

Thank you very much for reading the Haseko Group Integrated Report. With our Corporate Philosophy of “To contribute to society by creating an optimal environment for cities and people,” we have traveled our path as a “corporate group for housing to create great living”, and on February 11, 2022, the Company celebrated its 85th anniversary. I would like to express our deepest gratitude to all our stakeholders for their tremendous support of our growth to date.

Here, in addition to conveying the intentions for the creation of richness of housing and living that the Haseko Group has continued to pursue since its foundation, I would like to share my thoughts about how we will offer social value for the future while aiming for sustainable growth and the expansion of corporate value.

Over the years, the Haseko Group has spread condominiums as a form of housing and lifestyle widely among consumers and set standards for present-day condominiums through technological developments that lead the industry. We have long held a high share of the condominium construction market in the Tokyo metropolitan area and Kansai region, and we pride ourselves on being a group of experts in this field.

The Group has experienced many changes in the times over its 85-year journey. Since 2020, when I was appointed as president of the Company, COVID-19 has spread throughout the whole of society, and Japanese consumers have changed the way they think about housing. In other words, with restrictions placed on contact with other people and on going out, remote work spread rapidly. As a result,

people were spending more time at home, which gave them the opportunity to take a fresh look at housing. This led to a growing awareness of wanting to move to housing that would enrich their lives more. Aided by low interest rates for housing loans, there was a sudden shift among homebuyers to purchase relatively spacious condominiums in suburban areas with good environments. Haseko’s sales centers have been thriving since the second half of 2020, and sales have also recovered from the downturn caused by the impact of the COVID-19 pandemic.

This trend of re-examining housing is, in my opinion, an excellent one. This is because I believe that the most important aspect of housing is that it makes all members of the family living in that home happy and able to spend time there with peace of mind. Housing that has the depth to adapt freely to the changes in family composition is another aspect that will enrich people’s lives. After joining Haseko in 1980, I worked for many years in the field of design. In the course of my career, I gave a great deal of thought to what constitutes “the richness of housing,” and it is something that I continue to pursue today.

Constantly chasing ideal living environments, we engage in our business with the desire to enrich housing in Japan. As a company with Japan’s leading track record in condominium construction, we will remain conscious of our social mission and responsibility as we actively respond to the new housing needs that have emerged since the pandemic.

Creating a new housing culture

In February 2020, we declared the “Haseko Group Long-Term Vision — What the Company Aims to Be for the Fiscal Year Ending March 2030 —”, under which we are aiming to make a further leap forward in a “corporate group for housing to create great living,” both in terms of physical products and services and knowhow. As our path leading to the Long-Term Vision, we formulated and implemented the New Medium-term Business Plan “HASEKO Next Stage Plan (Plan NS),” the medium-term business plan over the five years until the fiscal year ending March 2025. Plan NS is now in its third year.

As an outcome of the Plan to date, sales of for-sale condominiums have been strong, and the expansion of our developer business in regional cities has produced results. We are confident that we are achieving a steady improvement in our business, including in the Service-Related Business, such as management and remodeling. Consolidated ordinary income in the fiscal year ended March 2022 reached 81.9 billion yen, and we are well on track to achieving our target of 100 billion yen in consolidated ordinary income in the final year of Plan NS.

Meanwhile, as a construction company that creates optimal living environments, we emphasize and are committed to protection of the environment across our entire organization. In December 2021, with the goal of achieving carbon neutrality by 2050, we established the Haseko Group's Climate Change Response Policy: "HASEKO ZERO-Emission", under which we have set targets for the reduction of CO₂ emissions from 2020 levels. Simultaneously with the establishment of "HASEKO ZERO-Emission", we also declared our endorsement of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and we are disclosing information accordingly. Our CO₂ emissions reduction targets were certified as being based on scientific grounds under the Science Based Targets (SBT) initiative in June 2022.

As concrete action on these reduction targets, in all new condominium developments being led by the Haseko Group, all for-sale condominiums whose design was commenced in or after fiscal 2022 and all Haseko-owned rental condominiums are being made into Net -Zero Energy Houses (ZEH), and we are increasing their insulation and energy-saving performance.

We have also taken on the challenge of using wood and wood materials in condominium construction. The use of wood for building materials traps the carbon inside the

building, which enables the reduction of CO₂ emitted in the manufacture and disposal of materials. The charm of wood as a material is also not to be overlooked. The aroma that comes from the wood, the beauty of the grain, and the softness and warmth of the wood's surface when touched all have a significant impact on humans' five senses, giving it the power to add richness to living.

We want to create soothing spaces in condominiums that are surrounded in reinforced concrete. For this reason, the Haseko Group has been using wood in the common-use facilities of our condominiums for the past several years, and we have also launched an initiative to incorporate wooden materials into condominium structures themselves in recent years. We are adopting hybrid structures that combine reinforced concrete with wooden construction in consideration of fire resistance and earthquake readiness. Some such condominiums are already under construction, and there will surely be more opportunities ahead to encounter these kinds of buildings.

Creating a style of living a spiritually rich life alongside nature is another of the Haseko Group's important jobs. At the same time, we will properly incorporate technologies to counter increasingly severe disasters, and, by creating housing that combines these technologies, we will contribute to the creation of spiritually rich lifestyles.



Details of HASEKO ZERO-Emission can be found on the Company's website.
<https://www.haseko.co.jp/hc/english/csr/environment/climate.html>



Haseko Group Long-Term Vision — What the Company Aims to Be for the Fiscal Year Ending March 2030 —

Further Leap Forward in a Corporate Group for Housing to Create Great Living

The Company will endeavor to specifically realize its Corporate Philosophy of "To contribute to society by creating an optimal environment for cities and people" by responding to changes in social conditions, including the aging society with fewer children, decreasing population, trends for "compact cities," disasters, aging buildings, environmental awareness and energy saving and community formation. For these purposes, the Company will aim to make a further leap forward in a "corporate group for housing to create great living," both in terms of physical products and services and know-how by combining its initiatives on rental housing, housing for the elderly, commerce, nursing care, childcare, healthcare, medical care and education, etc., with a focus on for-sale condominiums.

Provide safe, secure and comfortable housing

Provide services to support lives of residents

Establish sustainable growth through CSR management

DX will change construction sites and transform the provision of housing value

The Haseko Group has been leading the industry in the transition to DX in construction, including our introduction 12 years ago of Building Information Modeling (BIM), a system that performs design tasks using 3D models on a computer. In part due to the growing orientation toward digital technologies of recent years, such as the use of tablets and smartphones to check drawings and completion rates, the COVID-19 pandemic prompted a sudden expansion of the DX trend. When I visit our sites and talk to the workers, they often tell me that DX has greatly transformed their work on the ground. In addition to increases in production efficiency, employees' work styles are also improving. Progress is being made in initiatives for a five-day working week, and total overtime hours are trending downward.

As I mentioned earlier, I worked in the design field for many years. In my day, architects would imagine in 3D in their heads and commit those images to 2D drawings. Based on those drawings, the actual building would then be created in 3D at the site. This was the traditional method of architecture. Because the people on site went to a great deal of trouble to build while looking at paper drawings, mistakes would happen, requiring the work to be redone. I have witnessed with my own eyes, when supervising sites, how difficult it is to translate 2D designs into 3D, and I always wondered whether we could spark a revolution in the production of buildings.

That is why I was so astounded when I first encountered the BIM production system 12 years ago. If a building can be created on a computer, everything, from the structural members to the finishing materials, becomes 3D data. This data can be passed onto the factory for the parts to be made on the production line, and those parts need merely to be assembled on site. Sensing that this would be a revolutionary step, we immediately made the decision to introduce the system. Since then, we have continued to plug away at site reforms, and in 2021, the rate of introduction of BIM reached 100%. With BIM as the first step, we are now well on track to achieving full-scale digitalization.

The atmosphere on construction sites has also changed considerably. Now more women, who are not only Haseko's employees but also our cooperating companies employees are working on construction sites, and we are currently working toward achieving eight days off every four weeks on 100% of construction sites. With upper limits on overtime



set to start in 2024, a response to the shortage of new workers is also a matter of urgency. I myself want to accomplish the challenge of making construction sites smarter and easier to work in via a DX-driven production revolution. As such, I am aiming to increase productivity by 20% by the fiscal year ending March 2025, the final year of Plan NS.

In Plan NS, we are investing in the materialization of DX as a priority strategy. In addition to the establishment of the "DX Promotion Committee" with the presidents of each Group company as members, we have also held the "DX Academy," which is open to all Group employees. The learning model involves selected members being given more specialized tasks to solve and acquiring expert knowledge as they do so.

Further, in the Service-Related Business, through "Living Information Modeling (LIM)," sensors are used to collect and visualize a variety of living information from condominium residents. "HASEKO BIM & LIM Cloud," which links building information with living information, is used for the integrated collection and accumulation of data obtained from BIM and LIM for analysis and examination. Examples include elevators with facial recognition functions that use non-contact authentication technology, and systems for the automatic control of the optimal brightness, temperature and humidity inside the condominium based on the status of consumers' energy use. With these systems, we are building condominiums that make use of information and communication technology (ICT) that offers higher added value.

The Haseko Group has gathered together all manner of functions related to the condominium business, from construction to management and repair, within the Group. Among those functions, the work of condominium management is particularly labor-intensive. Solving the


problem of the quality of service being affected by the qualities of the individual workers requires the introduction of digital technology and the development of software that is able to manage large numbers of condominiums appropriately with a small team, while working to ensure that services are leveled out. For management associations that are facing the problem of people to fill committee positions due to the aging of the population, software that will support their activities will also be needed. It will take some time to give shape to these solutions, but we intend to provide ample investment for the development of software in this area.

The days when our job was finished once a condominium was built to the required design and handed over to the owners are long gone. In the condominium

business of the future, we will need to continue developing new services, including management and repairs, based on the day-to-day information of residents.

Another major mission I recognize in terms of information management is the use of big data. The Haseko Group has all manner of data related to condominiums, from real estate to design, construction, sales, management, and repairs. We will digitize all this information, link it together, and put it into a form that will allow any Group company to access the information with ease. We are currently in the process of building the mechanisms for this. By using the kind of big data that is unique to the Haseko Group, I hope to realize initiatives that will lead to the creation of new businesses by 2030.

Details of our technology and quality initiatives, including the Haseko-version BIM, can be found on the Company's website. <https://www.haseko.co.jp/hc/english/technology/>

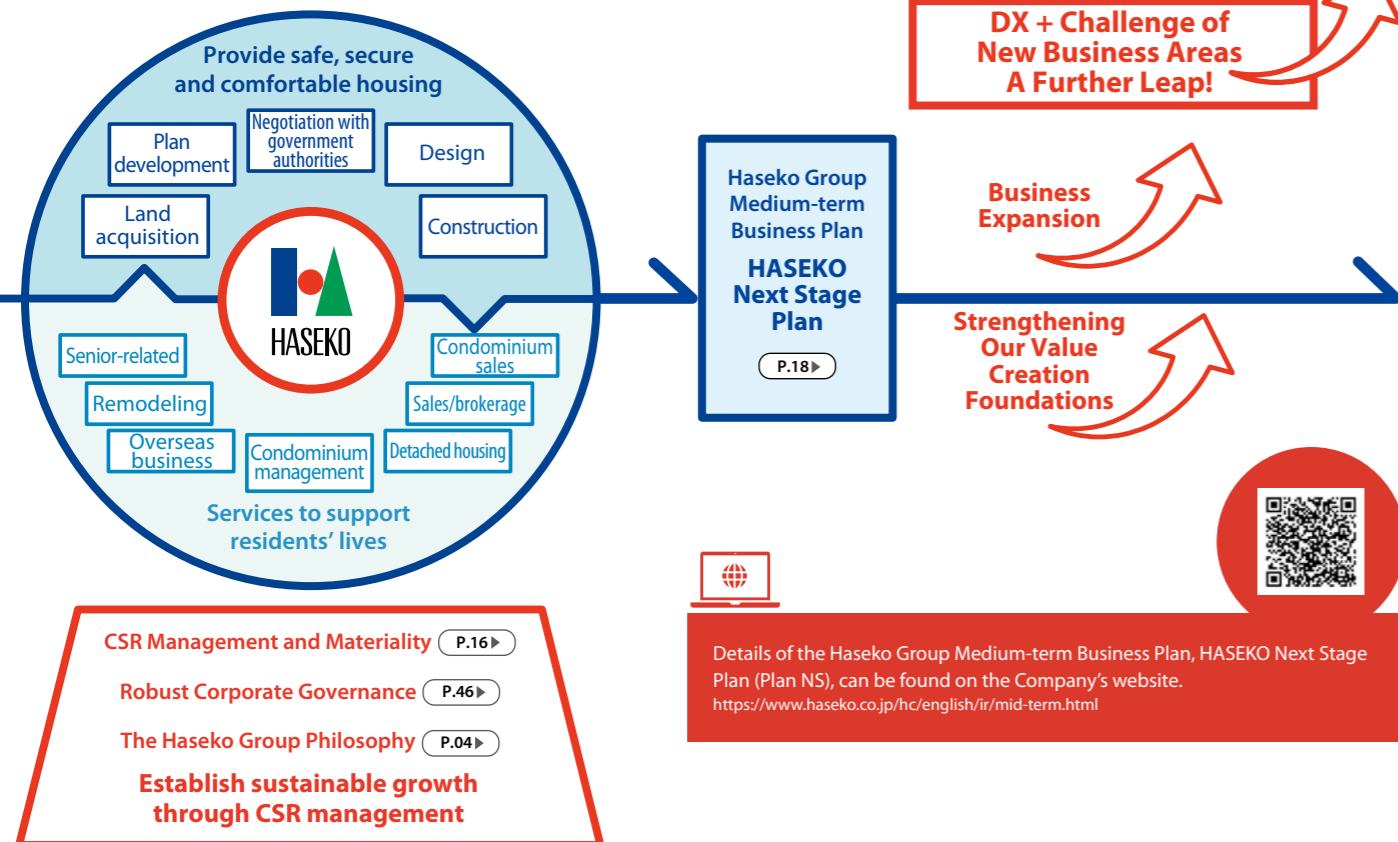


Opening up new possibilities and continuing to progress toward the future

Our specialization and comprehensive capabilities as a group of experts in condominiums are our greatest strengths, but at the same time, they may also represent a

challenge. We will not be able to maintain business area that specializes only in condominiums 30 or 50 years into the future. From that perspective, in recent years, the Haseko

Corporate group for housing to create great living




CSR Management and Materiality P.16 ▶

Robust Corporate Governance P.46 ▶

The Haseko Group Philosophy P.04 ▶

Establish sustainable growth through CSR management

Details of the Haseko Group Medium-term Business Plan, HASEKO Next Stage Plan (Plan NS), can be found on the Company's website. <https://www.haseko.co.jp/hc/english/ir/mid-term.html>




Group has expanded its business to include high-rise condominium as well as horizontally spread-out condominium buildings. We are also focusing efforts on the construction of non-residential buildings such as logistics warehouses and on the expansion of our business domains into regional cities and overseas.

After the collapse of Japan's bubble economy in the 1990s, the Haseko Group was plunged into a management crisis and found itself in extremely difficult straits. However, all employees shared the same determination to overcome that crisis, and by working desperately hard day in and day out, we were able to pull through. The confidence that was born of that experience gives us powerful support even today.

While many different factors of uncertainty lie ahead for society, even if something unexpected were to happen, our past experience has given us the power to survive with tenacity. That power is our strong ambition to achieve our goals.

With the "Haseko Group Long-Term Vision — What the Company Aims to Be for the Fiscal Year Ending March 2030 —," as the common dream of all employees, we have declared a target of consolidated ordinary income of 150 billion yen. Given our current profit level, the hurdles to achieving this target may seem high. However, we have been able to accomplish a leap in growth from past profit levels before. We were able to achieve that because each and every one of our employees thought for themselves about what they personally should do to achieve our ambitious targets.

The environment surrounding our Haseko Group has changed dramatically in recent years, with the expansion of remote work and decarbonization initiatives. However, this changing environment also represents opportunities. To make this figure of 150 billion yen a reality, in facing this

great change, all executives and employees must have the courage to create new things with new ideas and dynamism, without being constrained by previous ways of working or thinking.

In aiming for the expansion of corporate value and sustainable growth, corporate governance will ensure the transparency required of management and make use of objectivity and external insight that is not dependent solely on internal perspectives. In our management structure, 5 of our 13 directors, or approximately 40%, are independent outside directors, one of whom is a woman. Thanks to their management supervision and advice based on their wealth of diverse experience and achievements, we have increased the effectiveness of the monitoring function of the Board of Directors, and we are taking advantage of their perspectives and ideas, which do not exist internally, in our management.

The world of "housing" is expanding without limit in terms of the diversity of its domains and its depth. Such an expanding world requires the active participation of diverse people. As well as its building-related aspects, including engineering, aesthetic design and construction, it requires the provision of diverse value that will help enrich the lives of the people who live in our condominiums. This includes the services needed to continue living there, such as repairs, remodeling, and management, as well as healthcare, long-term nursing care, parenting, climate change, food, and community. As such, the possibilities for business are expanding.

The provision of housing that always suits the times and for which there is a high degree of need, more quickly and of a higher quality at a reasonable price than any other, and the eternal enrichment of the state of housing and lifestyle. These are the ultimate management positions of the Haseko Group. We ask our stakeholders for their continued understanding and support for the business of the Group.

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

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



Review of fiscal 2021 Business Results

As for the business environment surrounding the Haseko Group during fiscal 2021, there was a movement toward recovery from the economic stagnation caused by the COVID-19 pandemic. However, uncertainty due to the situation in Ukraine compounded the upward trend in material prices, causing them to rise further. On the other hand, the condominium market saw a recovery in the number of new units supplied in both the Tokyo metropolitan area and the Kinki region, underpinned by factors such as improving sentiment toward home acquisition, the continuation of low-interest-rate policy, and

measures to support home acquisition. Under these circumstances, in our business results for fiscal 2021, the second year of our medium-term business plan HASEKO Next Stage Plan ("Plan NS"), we achieved double-digit growth in sales, as well as each level of profit.

The main causes for concern in the current business environment are steeply rising materials prices and intensified competition for the acquisition of land for commercial use. In regard to rises in materials prices, we specialize in condominiums, and all our condominiums are built under exclusive contracts under which land is provided for project owners, so we seek to fully utilize this feature to

place orders for materials in large volumes as early as possible. We are working on the acquisition of land for commercial use in a balanced way that does not compromise business opportunities or financial soundness, looking ahead to the market one to two years from now when sales will begin.

Progress on the medium-term business plan HASEKO Next Stage Plan ("Plan NS")

To further grow profits

For the fiscal year ending March 31, 2025, which is the final year of the Plan NS, we have set the numerical targets of 100.0 billion yen in consolidated ordinary income, 30.0 billion yen or more in ordinary income of consolidated subsidiaries, and five-year total consolidated ordinary income of 400.0 billion yen. As of the end of the second year of Plan NS, we are making smooth progress toward achieving these targets.

Raising profits in the Service-Related Business will be essential to meeting these numerical targets and further expanding profits. Our Service-Related Business is centered on services related to existing housing so there is plenty of potential for further growth going forward, but an issue to be addressed is that it is more labor intensive than the Construction-Related Business, meaning that profit levels and productivity per person are low. Over the last few years, our introduction of DX has prioritized construction sites, but for the remaining three years of Plan NS, we plan to strengthen DX investment aimed at reforming operations in the Service-Related Business.

and planting the seeds of future profits, such as acquiring land for commercial use to expand the area of our condominium sales business in Japan, including in regional cities, and resuming participation in overseas real estate projects that had been restricted up to now.

Looking back over the Company's history, there have been times when our very existence has been threatened. The big lesson we have learned from the struggles led to the development of the basic policy of seeking to expand business by the operating divisions in tandem with the financial divisions while actively taking risks in a sensible manner and continuing to add funds procured from outside the Company. While remaining constantly aware of the risk inherent in real estate, we in the financial divisions will not just aimlessly pursue financial leverage and we will definitely not be overly conservative. Instead, we will work together with the operating divisions to achieve Plan NS by balancing active business investment with the maintenance of a sound financial base.

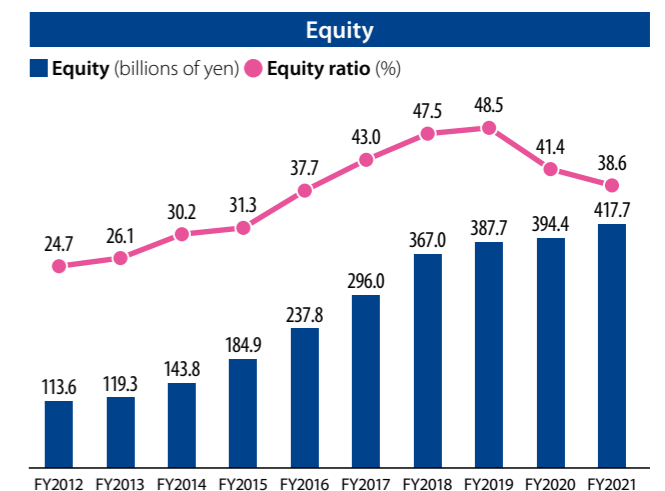
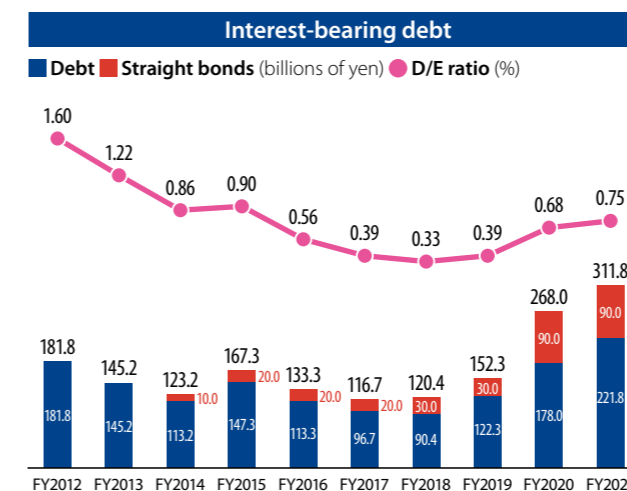
Basic policy on shareholder returns

In May 2022, we raised our minimum annual dividend per share by 10 yen from 70 yen to 80 yen to clarify our stance on shareholder returns and to enhance returns. We also made a total shareholder return ratio calculated from the sum of net income attributable to owners of parent for the five fiscal years of Plan NS of about 40% into part of our basic policy on shareholder returns. We will strive to enhance shareholder returns by firmly securing the resources needed to maintain a stable dividend through the steady achievement of Plan NS while also keeping flexible purchases of treasury stock as an option.

Investment plan and financial strategy

In Plan NS, we have allocated 240.0 billion yen over five years for investment. This is being used on steadily advancing strategic investments that will be monetized going forward

Interest-bearing debt and equity



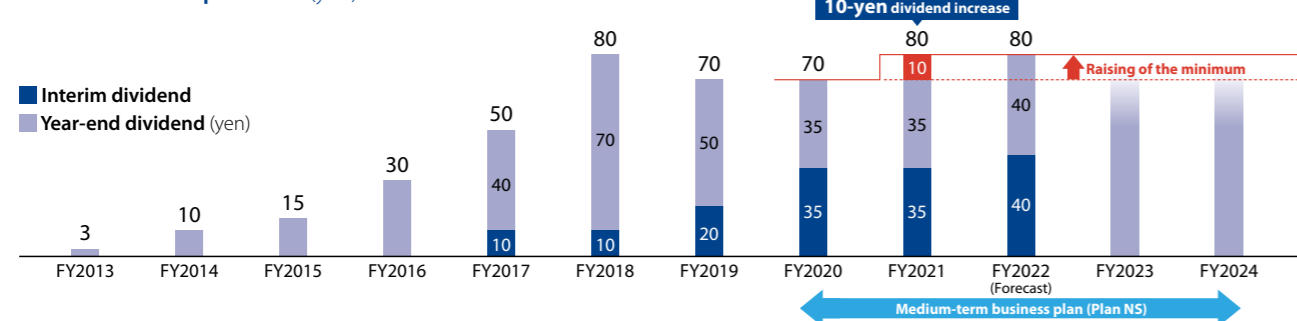
Financial strategy and shareholder returns in the medium-term business plan

- (1) Maintain a strong financial base while accelerating growth strategy investment and enhancing shareholder returns
- (2) Continue to pay stable dividends. In addition, buy back shares flexibly, taking into account the business environment, growth investment opportunities, the Company's stock price level, and improvement of capital efficiency

Shareholder return policy in the medium-term business plan

- (1) Set the **minimum** annual dividend per share at 70 yen (increased to **80 yen** from the fiscal year ended March 31, 2022)
- (2) Set the **total shareholder return ratio** calculated from the sum of net income attributable to owners of parent for five years at **about 40%**

Annual Dividend per Share (yen)



DX for “Enriched Lives” as Imagined and Evolved by the Haseko Group

Three key persons who lead the Group DX Promotion Study Subcommittee (hereinafter G-DX Subcommittee), which was established to promote DX in the Haseko Group, gathered to discuss where Haseko’s DX currently stands as it moves forward to promote the use and development of DX in all situations, from design and construction to management, repair, and lifestyle, with the intention of further enriching people’s lives in Japan.



Yukio Kurematsu
Operating Officer
(Haseko Anesis Corporation)

Kurematsu studied construction engineering in the United States after joining the Company and moved into corporate planning on his return to Japan. He is responsible for the Service-Related Business as a General Manager of the Haseko Anesis Corporation. He has been involved in the value, technology and innovation division since its establishment as the head of the division's operations. Vice Chair of the DX Promotion Committee launched in 2021. Chair of the G-DX Subcommittee.
<Conviction toward DX>
I believe that the kind of mindset reform that would transform the situation on the ground in an instant, without being constrained by past ways of working or thinking, will be particularly important for the promotion of DX.

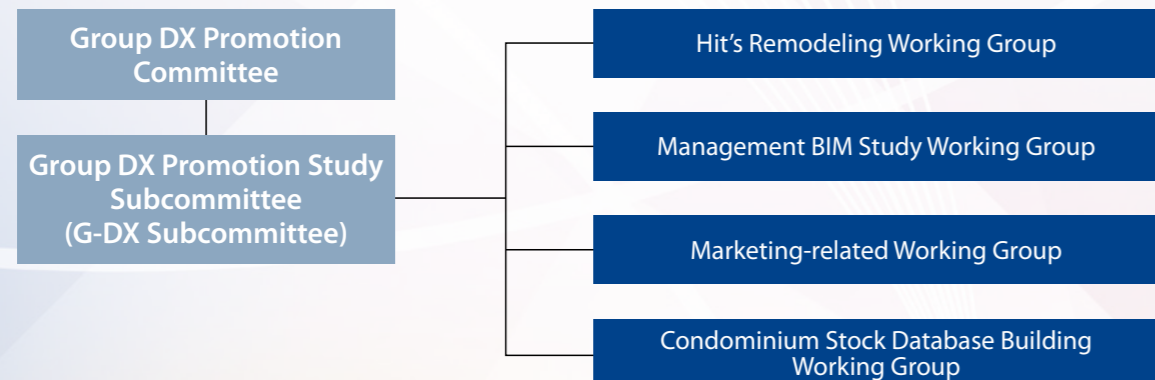
Norio Horii
Operating Officer
(Engineering Division, Haseko Corporation)

Having gained experience on construction sites for three years after joining the Company, Horii worked in design in the Engineering Division. From 2012, in addition to his design duties, he was involved in building the “Haseko-version BIM” as the person responsible for the introduction of BIM. Member of the G-DX Subcommittee.
<Conviction toward DX>
BIM is an enormous cluster of digital information. I hope that we can take advantage of digital technologies to rebuild the business model of the entire Haseko Group, with BIM resources at its core.

Hidefumi Hara
General Manager
(Construction BIM Promotion Department, Haseko Corporation)

Hara has been working at the frontline of construction sites since joining the Company. He took the initiative in introducing CAD at a time when design work on site was predominantly done by hand. When the Construction BIM Promotion Department was established, demand for his hands-on experience led to his transfer to the new department. Member of the G-DX Subcommittee.
<Conviction toward DX>
It is precisely because of the Haseko Group’s ability to share information smoothly from design and construction through to management that we will be able to build DX that is brimming with originality.

Framework for DX Promotion



Integrated process from design through to construction is Haseko’s style

— What are the distinctive features of the Haseko-version BIM?

Horii Today, BIM is in wide use among the major general contractors and design firms. However, it is commonly separated into design BIM and construction BIM, and there are many cases in which data cannot be used efficiently in an integrated manner.

Fundamentally, the ideal BIM would enable data to be connected seamlessly from design through to construction, sales and onto maintenance and management. However, the elements required for BIM by the design side and those required by the construction side differ, making it difficult for design and construction to share a single set of BIM data. For the design side, design images such as color and form are important, so they want to be able to convert them to 3D to verify and present them in a way that is easy to understand. For the construction side, on the other hand, finely detailed composition and numerical data such as quantity and size are important. These data cannot be used at the production site unless their degree of precision is increased to the point where they can be used as is. There are people who are happy with a rough shape and people who are unsatisfied without a finely detailed information, and it is difficult for these two sides to share data. This results in situations where a BIM data created by the design team would be almost completely unusable by the construction side.

However, more than 90% of the work at Haseko Corporation is done in an integrated manner between design and construction. In addition, many of our businesses are specialized in condominiums, which makes it easy to set rules and recycle data. This is indeed the most distinctive feature of the Haseko-version BIM, and in this sense, I think that our Company is an organization that is particularly suited to BIM.

Precisely because the ratio of construction with design account for more than 90% of our work, we are able to build BIM that can be used jointly with the construction team from the design stage. This shared use of BIM places a burden on the design side in the initial stages, but it means greater efficiency overall from construction to sales. We call this “front loading,” and our ability to do this is the Company’s greatest strength.

We have also been working closely with our cooperating companies (148 companies in the Tokyo metropolitan area and 143 companies in the Kansai and Tokai areas; as of March 2022). This means that their voices are reflected from the design stages, creating the groundwork for even smoother progress.

Hara This, precisely, is the strength of our “quaternity” (four entities in one body) that has no equal among our competitors.

Our design, construction, and technological promotion divisions, along with our cooperating companies, form a “quaternity” (four entities in one body) that has continued to share information and cooperate in other ways for over a quarter of a century. This is an advantage even in the era of BIM. For example, the site supervisors listen to the opinions of the construction workers and convey that feedback upstream, where improvements are made to standardize and normalize optimal operational systems downstream and make them more efficient, and this is incorporated into the BIM. The Company has always had the foundations for making that happen.

One outcome of the introduction of BIM has been, I believe, the eradication of the demarcation between design and construction. Front loading and sharing of information with Group companies has also become smoother. This means that sectionalism has been eliminated and the Group has united as one to start pursuing reform. The existence of BIM has been the trigger for this kind of synergy.

Changing the mindset of all 8,000 employees to pursue DX

— 100% introduction of BIM has now been achieved, and Phase 2 has finally begun. What is the G-DX Subcommittee’s role in that phase?

Kurematsu Regarding the more labor-intensive service-related businesses, such as management and repair, there is no team for supporting DX even among the Group companies. It was for this reason that the Group DX Promotion Committee was established with the function of promoting DX across the entire Haseko Group by linking the various service-related companies horizontally. The objective of its activities is to create a back-up framework that will enable the individual Group companies to engage in DX at their respective sites. Trials cost money, so we have established R&D funding in the form of a new DX budget. We have built a mechanism in which DX can be trialed on the ground and, if the trial goes well, the individual companies can then pursue it further with their own budgets.

Horii A reporting meeting of associated companies is held every six months, at which various priority issues are raised by the individual Group companies. They present detailed materials, such as what kind of measures they developed or concrete actions they took this period and what they were planning to implement in the following period. The Group DX Promotion Committee deliberates on these reports and makes suggestions for areas where DX could be put to use. For each theme that emerges from this process, a working group is formed to work specifically on that theme.



DX Academy special website



A presentation being given at DX Academy

Hara The construction division has communicated its desire to work together to achieve reform. When providing a certain digital tool to a site, simply converting its conventional operations to digital does not offer major benefits from DX. Since changing to a method in which the sites themselves work out what areas of their operations they would reform and we provide the digital tools needed for that reform, we have started to see the benefits. This has made me painfully aware that, without an accompanying reform in mindset, such as making a 180° change to the operations themselves, we will not see results.

Kurematsu For example, just photographing something that is handwritten will not improve efficiency in itself. It requires a mindset of also eliminating the entire series of processes itself, including printing and filing, all in one go, to render them all unnecessary. Storing what is needed on the cloud will eliminate the effort of filing, and searching will become exponentially easier.

Hara Currently, we are engaging in the DX theme of information sharing and in the improvement of efficiency, namely the thorough elimination of time spent searching, time spent moving from one place to another, and time spent waiting, as our priorities. The digitalization environment is now ready, so I see Phase 2 as the phase in which we will change the mindsets of each and every employee who uses it.

Horii To change employees' mindsets, in FY2021, we held a "DX Academy," which was made available to all 8,000 employees. We



invited Toyo University Professor, Ken Sakamura, who created TRON, an operating system architecture in use worldwide, to deliver e-learning modules on basic topics such as "What is DX?" and "Challenges for the Realization of DX," in an attempt to change the way our employees' awareness. After that, we conducted an "Innovation Leader Development Program" for certain employees selected as DX leaders, and we are working on the further promotion of DX.

Beyond the overlaying of BIM and LIM, a vision of future living appears

— Following on from BIM, efforts are now being placed into LIM (Living Information Modeling). How did this original concept of LIM come about?

Kurematsu The Company has always believed that our job did not end with the completion of our condominiums, and we place importance in providing appropriate after-sales care, including post-construction management. Information about problems at the condominiums we have built is collated by a section called the Customer Satisfaction Department, and, where necessary, the whole company is involved in resolving those problems. The information is then fed back to design and construction to be put to use next time.

However, this methodology takes time and effort. In some situations, it can also lead to complaints being made by the customer. The concept of LIM emerged from the idea of installing a variety of sensors in a building to make it easier to understand the status of faults and building systems for taking photographs for remote verification, which would improve after-sales service responses and building maintenance and management by leaps and bounds. Depending on the systems installed, excellent condominium after-sales service responses could be achieved. This is how we are differentiating ourselves from our competitors.

Furthermore, centralizing and visualizing all living information, including regular building inspection data and elevator and other operational data, is the concept of LIM. We also came up with the idea of overlaying LIM and BIM data to create a platform for buildings' management, and we are now working on the construction of the "HASEKO BIM & LIM Cloud". We have installed sensor devices, including seismic sensors and environmental sensors in Haseko Group-owned rental



condominium buildings, as well as facial recognition systems, and are currently conducting demonstration trials of the use of data.

In addition, condominiums generally undergo large-scale repairs every twelve years. Storing the records of those repairs on BIM will make the condition of the building before and after the repairs apparent. The repairs made a further twelve years later will also be stored as repair history on the BIM. This will make it easy to see the building's history on the BIM, which will assist with asset maintenance and appraisal. We also believe that this information will be beneficial for residents.

Hara We are also considering sensors for measuring the temperature of building walls, because we believe that this data could be put to use in large-scale repairs. For example, if we can see that the south face of the building is hotter, meaning severe deterioration, we could employ highly durable, more expensive materials on that side. However, if there is less deterioration on the north face, it may not be necessary to use such durable materials. In some cases, the same kind of results may be obtained in day-to-day maintenance, not in large-scale repairs. Organization of deterioration over time as digital data could assist with preventive maintenance, enabling us to provide buildings that have longer useful lives.

Horii This will also benefit the customers. In large-scale repairs, we can show clear, visible evidence that certain repairs are not needed, giving specific reasons, which will lead to more economical repairs.

I would like to provide customers with "fault prediction." By combining BIM and LIM, we will be able to detect situations that are likely to cause problems in advance. If our call center could communicate to the customer, at a point when the problem has not yet occurred, that a problem is likely to occur soon and so we will deal with it before it does, customer satisfaction is sure to increase, and business opportunities will likely emerge.

Hara I believe that, once we have collected a mass of LIM data, various new business opportunities of this nature will arise. For example, diversity is increasing among residents, with people of different ethnicities and languages living in the same condominium buildings. When we consider condominium management and operations in such times, conventional methods probably have their limits. By centralizing information with BIM & LIM, we can see the condition of the building in 3D. This is easy to understand regardless of language, which will make it easier to obtain understanding for repairs and the like.

DX, going beyond "things" to nurture "experiences" and "time"

— Could you describe your future vision for DX in the Haseko Group going forward?

Hara Within the Company's Corporate Philosophy of "To contribute to society by creating an optimal environment for cities and people," we are already providing "things" in the daily living environment. Going forward, in addition to conventional building maintenance and management, if we can collect the daily living information of customers who live in those buildings, we can create services that offer "experiences" and "time."

Kurematsu To give an example, we could install seismic sensors in student condominiums and, if an earthquake occurs, we could provide services such as informing the students' parents living in regional areas about the seismic intensity of the quake and the state of damage.

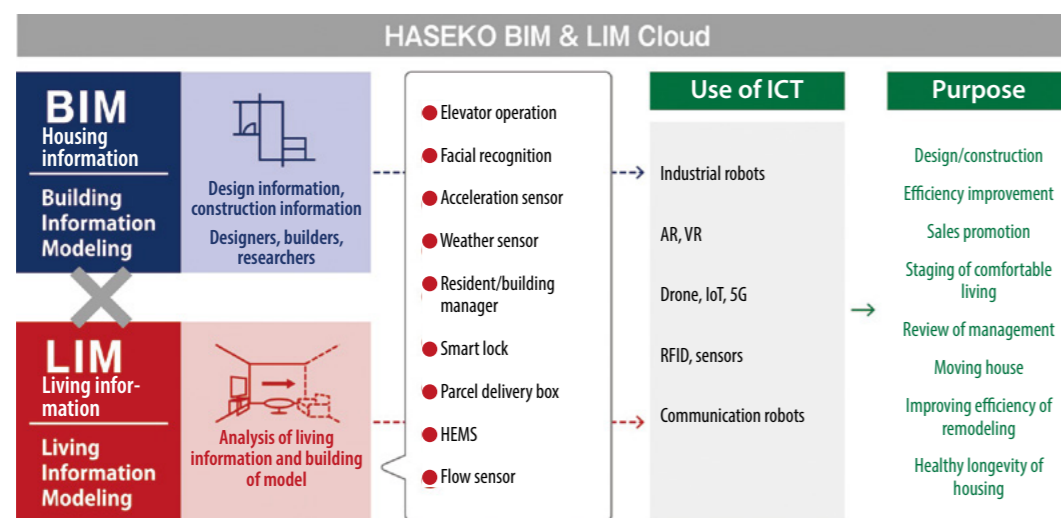
Hara In future, we might even be able to indicate the best route for residents from their condominiums to the closest evacuation site when a disaster strikes. If we could provide instructions such as telling people living on a certain floor to take a certain staircase, we could improve congestion on emergency staircases. As we continue to proceed with mindset reform and make more and more progress with DX, we hope you will watch over us with



a sense of excitement about what kind of condominiums Haseko will come up with next and what kinds of condominium management services we will develop and offer.

Kurematsu The HASEKO BIM & LIM Cloud has already started operating, so our next challenge will be how to grow it into a valuable platform. Total digitalization, starting with sales and marketing to customers, right through to handling after-sales complaints, is a task that we are currently working on in coordination with the various Group companies.

Through DX, we hope to realize the kind of support that will allow customers to live rich, comfortable lives for a long time in the housing that we have built or that we manage.



Conceptual diagram of BIM & LIM Cloud

Construction-Related Business

Under the “quaternity” system consisting of the construction divisions, the architecture & engineering divisions, the technological promotion divisions, and cooperating companies, Haseko Corporation is promoting digitalization in all areas of construction-related businesses from design and construction to site management to improve quality and facilitate business activities.

(Left) Toshiyuki Murakawa, Director and Executive Vice President
(Right) Masahito Koizumi, Director and Senior Operating Officer



Risks and Opportunities in Construction-Related Business



- Soaring costs for construction materials and labor
- Deteriorated materials procurement environment due to the unstable situation in Ukraine, etc.



- No disruption to construction and construction schedule owing to increased productivity
- Diversification of business portfolio through growth in general project orders (resulting in reduced dependence on for-sale condominiums)
- Creation of opportunities (avoidance of opportunity losses) by addressing climate change, etc.

Business overview

— Steady completion of private-sector condominiums —

In fiscal year 2021, Haseko Corporation completed the construction of 65 for-sale condominiums with 12,941 units in the Tokyo metropolitan area and 30 with 4,824 units in the Kansai and Tokai areas, totaling 95 with 17,765 units. In addition, under the policy of expanding the Construction-Related Business domain in line with the Plan NS, we completed the construction of four high-rise condominiums, five rental condominiums, as well as non-residential buildings such as data centers, commercial buildings, and hotels.

Business environment

— Increasingly severe environment for procuring materials and winning contracts —

There are two major points of concern about our business environment.

The first point is how to address difficulties in procuring materials. A prominent example is the deteriorating material procurement environment due to the unstable situation in Ukraine. We cannot say anything definite at this point, but we believe this situation will have no small impact on properties starting construction in fiscal year 2022 and beyond. We are implementing a materials procurement strategy that minimizes the impact by taking full advantage of our centralized materials procurement system and ensuring timely procurement operations based on the construction start forecast.

The second point is how to address the intensified contract-winning environment. In recent years, competition has intensified with second-tier housing companies and local general contractors, mainly in the residential construction businesses. In this regard, we are making every effort to fully publicize the Group's collective capabilities, attractive product planning, and improved construction quality to avoid easily accepting low-priced orders.

Priority issues

— Digitalization of all business activities and environmental considerations at construction sites —

In our for-sale condominium construction, Haseko Corporation is proud to say that we have already established a construction system that can deliver high-quality products with overwhelming price competitiveness.

The key to further strengthening this construction system in the future is to reform workstyles and solve labor shortages. As measures against such issues, we are working with our cooperating companies through the combination of “introduction and utilization of BIM” and “DX promotion.” The combined promotion of BIM and DX will shorten construction periods, reduce costs, and maintain or improve quality. In addition, improving productivity and reducing workload through these measures will lead to employees' workstyle reforms and improved working conditions.

Environmental considerations at construction sites are also a priority issue for the Construction-Related Business. We are working diligently to promote initiatives in accordance with “HASEKO ZERO-Emission.” As part of these efforts, we have picked up construction methods and new approaches that can contribute to decarbonization and have begun verifying CO₂ reduction effects and applying such methods and approaches to actual construction operations at all sites.

Major progress of the Plan NS

— Increase in orders other than that for for-sale condominiums and introduction of BIM and DX to all construction sites —

In the Plan NS, the Construction-Related Business focuses on three main themes: expansion of the scope of orders received, production technology innovation through the combination of BIM and DX, and environmental considerations.

In addition to the digitalization of all our business activities and progress in environmental considerations at construction sites mentioned earlier, we are also making steady progress in expanding the scope of orders received as a progress report of the Plan NS. Thanks to utilizing a wide variety of expertise provided by the Project Promotion Office, which was launched jointly by the Architecture & Engineering and construction divisions at the start of Plan NS, general construction orders other than that for for-sale condominiums increased. As a result, non-consolidated orders for rental condominiums, corporate housing, etc., increased by 78.7% year on year in the fiscal year ended

March 31, 2022. We will further strengthen our efforts to expand the scope of orders received, which is a top priority strategy in the Plan NS.

Similar recent examples of initiatives under the Plan NS are the introduction of “Sekos” (BIM), which automates the preparation of integrated diagrams, and “Sip” (DX), a voice input inspection system that transmits information directly from construction sites in a timely manner. While aiming to improve productivity by 20% in 2025, we have verified the effects of workload reduction and efficiency enhancement by selecting model sites that fully utilize BIM and DX. As a result, we have confirmed an extremely high level of productivity enhancement. Accordingly, we plan to promote the introduction at all construction sites of BIM design and DX that contributes to reducing site management workload.

Future business outlook

— Continuing to leverage the strengths of quaternity —

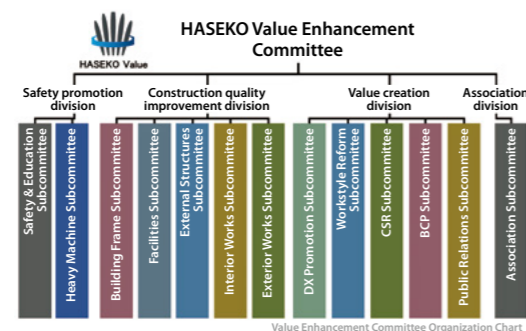
High quality and productivity improvement of the Company fundamentally depend on the integrated operation of quaternity, consisting of the construction divisions, Architecture & Engineering divisions, technological promotion divisions, and Ken-ei-kai (an organization of cooperating companies). The quaternity framework, in which everyone is on equal footing regardless of rank, is our unique advantage and brand unrivaled by our peers.

We have established the HASEKO Value Enhancement Committee, which consists of these quaternity and others including the safety promotion division. The Committee has a 32-year history since its establishment in 1991, in which cooperating companies have been treated as our cooperating companies. It promotes initiatives to improve operational

efficiency and productivity by utilizing advanced technology. The achievements of such value enhancement activities are widely disseminated to and shared by all subcontracting workers at the Debriefing Session on Value Enhancement Activities held once a year. The Construction-Related Business will firmly respond to orders and subsequent constructions that will expand greatly in the future by further strengthening the quaternity framework and materializing the effect of digitalization in all business operations, from design and construction to site management. In addition, we will strive to earn the trust of our stakeholders by generating solid profits.



CIELIA TOWER Osaka Tenmabashi



Quality Activities Driven by Cooperation among Four Bodies (Quaternity)

Business topics

Further deepening research and technology development of wooden architecture

Haseko Corporation has been engaged in research and development of wooden architecture since 2014, and is currently working jointly with Hosoda Corporation, one of its Group companies, to construct a medium-to-high-rise rental housing complex in Urayasu-shi, Chiba, with top floor housing units featuring a fire-resistant wooden structure. We will continue to research and develop technologies for high-rise wooden condominiums with a view to achieving carbon neutrality by 2050.



Real Estate-Related Business

The Group companies such as Haseko Real Estate Development, Inc. and Sohgo Real Estate Co., Ltd. are engaged in a wide variety of businesses, including condominium sales and the development and operation of rental condominiums in major metropolitan areas and core regional cities.

(Left) Junichi Tani, Representative Director and Executive Vice President
(Right) Nobuhiro Tani, Representative Director and Executive Vice President



Risks and Opportunities in Real Estate-Related Business



- Decreased supply of new condominium units
- Intensified competition for land acquisition
- Soaring land prices
- Changes in interest rates, etc.



- Increased willingness to purchase condominiums due to changes in the way of living
- Enhanced business capabilities through a nationwide expansion
- Increased business opportunities through the establishment of private placement REIT
- Increased number of condominiums requiring rebuilding

Business overview

— Increased sales and profits year on year due to growing demand for high-quality housing —

Condominium sales remained steady as the demand for high-quality and comfortable housing has increased with the increase in the number of people working from home due to the COVID-19 pandemic. Haseko Real Estate Development, Inc. and Sohgo Real Estate Co., Ltd. achieved strong operating results for two consecutive fiscal years in our developer sector. Haseko Real Estate, Inc., a brokerage and renovation/resale company of second-hand condominiums, has also seen steady sales growth. With changes in how people work and live, our business areas are expanding beyond metropolitan areas to various regions and districts.

Business environment

— Emerging issue in land acquisition —

Options for selecting land and real estate are greatly expanding with the increase in the number of people working from home and the growing need of people wishing to live comfortably in suburban areas where there is plenty of space. In developing new products suitable for such housing, the Group can take advantage of its specialization in condominiums and quickly propose various floor plans incorporating cutting-edge technologies such as ICT. This is a major competitive advantage of the Group.

On the other hand, we are aware of an emerging issue in land acquisition. In suburban areas suitable for the development of large, horizontally spread-out condominiums, which is the Group's forte, we have found ourselves competing with logistics developers. Unlike residential properties, in the case of logistics facilities, overseas investment funds may also join the competition, and we may sometimes lose out on opportunities to acquire land for this reason.

In addition, a certain level of risk management is now required for land acquisition because such competition has resulted in a rise in acquisition price. Land prices in the Tokyo metropolitan area are also on a rising trend. Having had to carry a large amount of debt after the collapse of the bubble economy, we have taken a cautious stance—i.e., setting a specific ceiling for investments, making investments within the ceiling, and then proceeding to the next project while recouping those investments.



Branchera Kirishima

Priority issues

— Area expansion of condominium sales and diversification of businesses —

At present, we obtain information on more than 2,000 land properties per month nationwide to consider turning them into projects. Our nationwide network is largely in place, and we are moving ahead with condominium sales in Kyushu, Chugoku, Shikoku, and other regions, following the three major metropolitan areas. The Kyushu and Okinawa areas in particular are performing well, with Branchera Naha Kohagura (Naha-shi, Okinawa) and Branchera Akasaka Hanamizuki Street (Fukuoka-shi, Fukuoka) receiving favorable reviews from customers.

Our activities rooted in local communities are also deepening at each office, and we are gathering more real estate information than ever before. Haseko Real Estate Development, Inc. and Sohgo Real Estate Co., Ltd. are rigorously engaged in the development of office buildings and logistics properties to more effectively develop land for non-residential use. In addition, Hosoda Corporation, a manufacturer and developer of detached housing, joined the Group in 2020. The Group will actively gather information on land to develop detached housing and acquire land with the aim to expand its detached housing business nationwide.



Renai Ageo

Major progress of the Plan NS

— Expanding business opportunities through the establishment of private placement REIT —

In the Plan NS, one of our priority strategies for the Real Estate-Related Business is to diversify development projects and secure new sources of revenue by establishing a private placement REIT. Haseko Corporation established HASEKO Residential Private REIT Inc. to start the operation of the private placement REIT on February 1, 2022. We will further expand our investment in the Real Estate-Related Business and strengthen our recurring

revenue model business by increasing our rental properties holdings. As properties suitable for REITs overlap with those sought by BtoB business customers, we will allocate each of these properties in an optimal manner and take a certain amount of time to achieve steady growth in the real estate investment field.

Future business outlook

— Embodying Haseko's concept of high-rise condominiums —

As part of our efforts to expand the scope of orders received, we are working to strengthen our initiatives for high-rise condominiums. The Group plans to construct 12 high-rise condominiums in the Tokyo area, two in the Kansai area, and two in the Tokai area over the next several years. As these high-rise condominiums include redevelopment projects commissioned by a redevelopment association, we are honored and humbled that the Group has received a certain level of recognition for technical capabilities in high-rise condominium construction. We

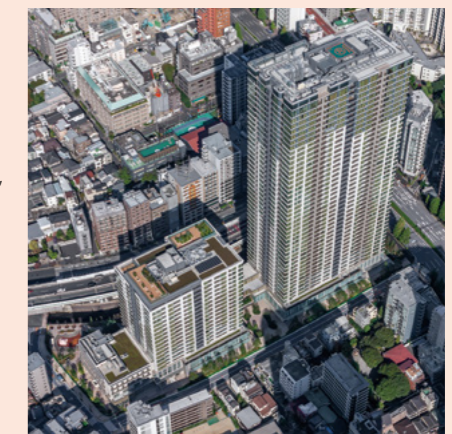
look forward to showing you how the Haseko Group carries out high-rise condominium construction through a series of upcoming projects. Going forward, we foresee that redevelopment and rebuilding will become more important due in part to increasing difficulties in acquiring land for real estate development. In particular, we will take a long hard look at rebuilding aging apartment complexes as a critical factor while deploying human resources in this area.

Business topics

Completion of SHIROKANE The SKY, Shirokane 1-chome Eastern Section North District Type 1 Urban Redevelopment Project

Following the construction of Shirokane Aer City, we plan to complete the construction of SHIROKANE The SKY (a 45-storied building with 1,247 residential units, hospitals, factories, stores, and offices) as a statutory redevelopment project (Shirokane 1-chome Eastern Section North District Type 1 Urban Redevelopment Project) by the end of 2022 and start deliveries in February 2023.

Haseko Corporation has been involved in both projects as a project partner and construction joint venture. We contributed to the redevelopment project by providing consensus building support involving approximately 550 right holders and other parties in SHIROKANE The SKY. In addition, Haseko Real Estate Development, Inc. also took part as a participating association member, and the entire group worked together to support the redevelopment project. The Haseko Group will continue to contribute to the community through redevelopment projects.



Service-Related Business

Each company in the Service-Related Business engaged in housing support is expanding its sales capabilities by leveraging the value chain within the Group.

Satoshi Kumano
Director, Senior Operating Officer



Risks and Opportunities in Service-Related Business



- Growing labor shortage due to expansion of scale
- Decreased productivity and efficiency



- Expansion of business opportunities due to increased stock of condominiums in Japan
- Fundamental productivity reform of the Service-Related Business through the use of LIM data, advanced technologies, and DX
- Acquisition of business opportunities by strengthening the Group's value chain and expanding business areas

Business overview

— Toward an age where the Group companies improve their uniqueness —

The service-related Group companies were established by separating the functions for creating “living” from Haseko Corporation. Currently, the Service-Related Business covers a wide range of areas, including sales, management, distribution brokerage, large-scale repair and remodeling, and even the senior business. Through our close involvement in “living,” we feed back real-life information obtained from users to the creation of “housing” in the Construction-Related Business consisting of business planning, design, and construction. While building a relationship for mutual growth, we also pursue uniqueness in each field.

Business environment

— Aiming to establish a “corporate group for housing to create great living” together with the Construction-Related Business —

In contrast to the Construction-Related Business, whose primary market is the supply of new housing, the Service-Related Business focuses on the existing housing market. In the Plan NS, we aim to achieve robust management focusing on both businesses.

In the first year of the Plan NS, we struggled in the large-scale repair and remodeling business, mainly due to the suspension of activities by management associations as a result of the COVID-19 pandemic. However, in the fiscal year ended March 31, 2022, the second year of the Plan NS, sales and profits increased year on year, partly in reaction to the sluggish results in the first year. Major operational benchmarks in the Service-Related Business increased year on year. These benchmarks include the number of for-sale condominium units managed, the number of rental condominium units operated and managed, orders received for large-scale repair and interior remodeling, and the number of real estate brokerage transactions.

Priority issues

— Refining the strengths of each Group company to enhance competitiveness —

The Service-Related Business has steadily increased the number of for-sale condominium units managed and the number of for-sale condominium units sold on consignment, resulting in higher profits, thanks to Haseko Corporation's sales activities by utilizing its own land. One of our future priority issues is to further increase the angle of sales increase through our own sales efforts in the Service-Related Business.

The Service-Related Businesses is inherently labor-intensive, and therefore expansion in scale can lead to labor shortages and low productivity and efficiency. In addition, the business involves various types of operations, such as sales, management, brokerage, remodeling, and senior-related services, so it is not easy to develop best practices horizontally. We therefore believe that it is essential to analyze the business in each field carefully first, identifying each Group company's uniqueness and strengths given its position in the industry, and then to hone our competitive edge.

Major progress of the Plan NS

— Promoting regional expansion and productivity reform —

One of the priority strategies in the Plan NS is to strengthen the competitiveness of our core businesses. The Service-Related Business has two themes in the Plan: (1) expanding our business areas from major metropolitan areas to major regional cities and (2) rebuilding our business model by introducing advanced technologies.

As for (1) above, service-related businesses have increased in conjunction with the expansion of the developer business to regional areas. At the same time, we are steadily promoting sales to areas other than the three major metropolitan areas as part of our regional strategy focusing on services.

The rebuilding of our business model through the introduction of advanced technologies in (2) above has led to solving issues unique to labor-intensive service-related businesses. To increase profits in the face of rising labor costs, we

must make efforts to lower costs by building platforms. By utilizing LIM data, which visualize information on living in condominiums, and pursuing DX, we aim to promote fundamental productivity reform in the Service-Related Business to increase revenue.

Future business outlook

— Aiming to be a collection of competent Group companies —

The purpose of segmenting the Service-Related Business and having Group companies engage in each segmented business is to foster a sense of financial autonomy. Once a company can stand on its own feet, the next step is to increase its

competitiveness in the industry and raise its status. By bringing together these competent service-related companies, we aspire to further expand the power of the Haseko Group as a whole.

Consignment sales of for-sale condominium

- Haseko Urbest Inc.

Real estate brokerage and renovation

- Haseko Real Estate, Inc.

Management of paid care facilities for the elderly and nursing-care insurance business

- Haseko Senior Well Design Co., Ltd., Furusato, Co., Ltd.

Management agency for corporate housing

- Haseko Business Proxy, Inc.

Sale of furniture

- Haseko Intech Inc.

Printing and other related services

- Haseko Systems Inc.



For-sale condominium building management

- Haseko Property Management Holdings Inc.
- Haseko Community, Inc.
- Haseko Community Kyushu Inc.
- Haseko Community Nishinohon Inc.
- Haseko Community Okinawa Inc.

Operation and management of rental condominiums and other properties

- Haseko Livenet, Inc.
- Joint Property Co., Ltd.

Large-scale repair work and interior remodeling

- Haseko Reform Inc.

*1: Sales to external customers
*2: Operating income

Business topics

Proposing a free and comfortable urban senior lifestyle Opening BRANCHEILE Kuramae

We are going to open a new facility for the elderly with nursing care services in Kuramae, a popular area offering a mix of history, culture, and contemporary trends. Under the “Kuramae 1-chome Plan” of Japan Post Real Estate Co., Ltd., we will manage a senior housing complex with 124 independent units for those who are healthy and 30 units for those who need nursing care. We will offer a variety of services to support healthy and prosperous days, such as unique programs by experts in the fields of sports and arts, applications using IoT technology, health promotion support in collaboration with university hospitals, etc. and will provide a safe, comfortable, and highly functional environment.



Overseas-Related Business

Promoting overseas business development to make it a vital profit base for the future

Katsuhide Takahashi
Executive Operating Officer



Risks and Opportunities in Overseas-Related Business



- Soaring costs for construction materials and personnel
- Country risks (political and social changes)
- Decline in the number of housing units sold due to high-interest rate policies overseas
- Impact of the COVID-19 pandemic
- Foreign exchange risk, etc.



- Strengthening and continuing businesses in Hawaii, which are also popular among Americans
- Participation in the fast-growing Vietnamese market
- Strengthening businesses in the mainland U.S.

Business environment and priority issues

— Establishing a future profit base through aggressive investment —

The progress of Japan's low birthrate and super-aging society makes us concern about the shrinkage of the condominium development business in the future. On the other hand, the Haseko Group specializes in for-sale condominiums and has yet to fully expand into other business domains. Based on this recognition, we intend to actively invest and deploy human resources in overseas businesses to create a profit base for the future right now, when we still have growth potential. Under the Plan NS currently underway, we plan to invest 60.0 billion yen in overseas businesses over the five years starting from the fiscal year ended March 31, 2021. This amount is second only to the amount invested in the rental properties holding/development business.

Major progress of Plan NS

— Partnership with a local general contractor in Vietnam —

One of the priority strategies in Plan NS is new investment in overseas businesses. To expand into Asia, we have established a representative office in Hanoi, Vietnam, and sent personnel to the office. The Authentic, an 18-storied serviced apartment with 110 units constructed in 2017, had a difficult period during the two years of the COVID-19 pandemic. However, the occupancy rate has currently been maintained at over 80%, mainly by expatriates of Japanese companies. Haseko Corporation designed and constructed the apartment, but found it difficult to operate the apartment totally on its own. Therefore, we entered into a partnership with a local general contractor, Ecoba Vietnam Joint Stock Company, in 2020 to start a new collaboration.



Priority issues

— Further revitalization of the Hawaii business —

Since 1989, we have been engaged in large-scale development of approximately 448 hectares (1,107 acres) in the Ewa district on the west side of Oahu, Waikiki, Hawaii. To date, approximately 4,000 units, including detached houses and townhouses, have been sold to Americans, and an 18-hole golf course, Hoakalei Country Club (designed by Ernie Els), and a 21-hectare (51-acre) lagoon have already been completed. We are also constructing Wai Kai, a comprehensive recreational facility scheduled to open in 2023. By increasing the attractiveness of this area, we aim to develop hotels and sell resort condominiums.

Future business outlook

— Participation in the real estate development business in the mainland U.S. —

We resumed investment in 2018 to expand our business in the mainland U.S. In April 2022, we established a branch office in California at our overseas subsidiary and dispatched employees from Japan. We are currently in the preparation stage to contribute to the Group's future revenue. In cooperation with Japanese trading companies, we are investing in development projects for senior housing and rental housing in California and other areas, with a focus on the Sunbelt region, which is experiencing remarkable economic development.



Business topics

Established position as a Japanese developer with nearly 50 years of experience

In 1973, we established a local subsidiary in Hawaii and built condominiums and offices around Waikiki and resort condominiums on the islands of Hawaii and Kauai. Now we are in the final phase of condominium complex development in the Ewa district on the west side of Oahu. The development of this area, located about 28 kilometers (17 miles) west of Honolulu Airport (Daniel K. Inoué Airport), is a large-scale complex development with an area of 448 hectares (1,107 acres). Since its launch in 1998, Haseko Corporation has provided approximately 4,000 new high-quality detached houses.



Aiming to realize Haseko-quality housing in Vietnam

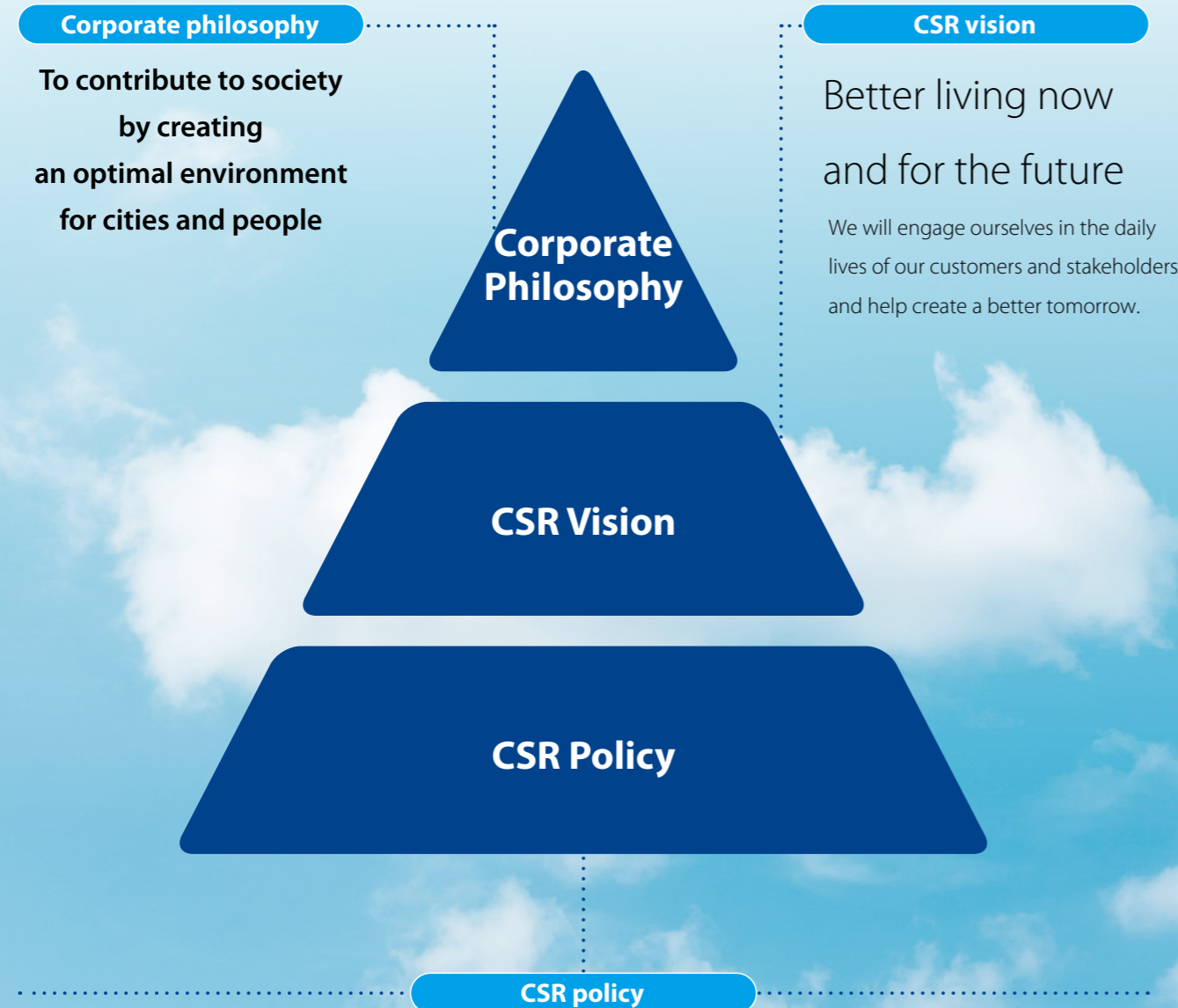
In 2012, Haseko Corporation entered Hanoi, Vietnam, to develop its condominium construction business. In 2017, we developed and completed The Authentic, a serviced apartment for Japanese expatriates, the first Haseko project in Southeast Area. Haseko Corporation operates and manages this condominium. Utilizing the experience and know-how in real estate development and condominium construction gained through this business, we aim to develop businesses peripheral to the condominium business such as development, design, and sale, while still focusing on the construction business.



CSR Management of the Haseko Group

We at the Haseko Group adopt a long-term perspective as we aim to address the social issues surrounding our daily lives through business operations.

As a corporate group for housing to create great living, we will promote CSR initiatives based on our CSR vision to fulfill our corporate philosophy and contribute to a sustainable society.



- Based on our CSR vision, we, in the Haseko Group, promote CSR activities in accordance with the following policy items:
1. Through a broad range of businesses related to housing and daily life, we will contribute to the realization of a sustainable society.
 2. In collaboration with our stakeholders, we will take action to integrate social and environmental concerns into our businesses processes.
 3. Utilizing the collective capabilities of our Group, we will strengthen our management ability in order to create new value for society and meet the expectations of our customers and other stakeholders.
 4. In all our business activities, we will comply with the law and act on the basis of high ethical standards.
 5. We will continue to improve our CSR initiatives, proactively disclose information, and aim to raise transparency throughout the organization.



SDGs (Global Goals) Closely Related to Our Business Operations

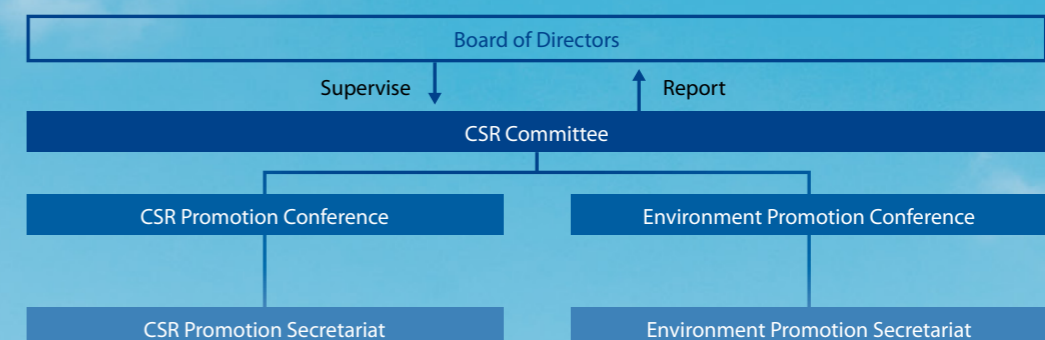
We have identified 10 out of the 17 Global Goals (SDGs) promoted by United Nations with a particular connection to our business. We recognize that the business and operations of the Haseko Group are closely linked to social and environmental challenges, and through solution-oriented business actions, we aim to create synergies between the generation of social value and the growth of the Haseko Group.

Social issues surrounding our daily lives

- Response to climate change
- Conservation of ecosystem
- Safety and security
- Disaster prevention and disaster response
- Regional revitalization
- Response to demographic changes and aging society
- Diversity promotion
- Active participation of women
- Health, medical care, and nursing care
- Vocational education and creation of employment opportunities
- Childcare and parental care
- Sustainable consumption
- Cyclical resource use



CSR Organizational Framework



Nurturing a Culture of Trust

In order to develop better housing in practice, Haseko Group's organization must have a solid foundation and be worthy of its stakeholders' trust.

To this end, we will enhance management and proactively engage in initiatives in the area of social contribution.



For more information, please visit:
<https://www.haseko.co.jp/hc/english/csr/governance/>



ESG Data
<https://www.haseko.co.jp/hc/english/csr/esg/>



Kazuhiko Ichimura
Outside Director

Mami Nagasaki
Outside Director

Toshikatsu Ogura
Outside Director

Shinsuke Fujii
Outside Director

Toru Izawa
Outside Director

Six dimensions for nurturing a culture of trust

Corporate ethics and compliance with the law

We are working to thoroughly enforce compliance as the bedrock underpinning the Group's corporate activities.

Respect of human rights

We will work with the business partners that form our supply chain to minimize the negative impact on human rights and fulfill our responsibility to respect human rights.

Information disclosure and stakeholder engagement

In the pursuit of our business activities, we will work to earn the trust of stakeholders through the extensive disclosure of our business and CSR activities and deeper engagement with stakeholders.

CSR education and training

We will instill the conviction throughout the entire Group that CSR is the foundation of our business activities.

Promotion of social contribution activities

We will actively promote social contribution activities to fulfill our social responsibility as a better corporate citizen.

Supply chain management

We lead CSR initiatives across the entire supply chain to maintain a sustainable society.

*This "Nurturing a culture of trust" section reports on the activities of Haseko Corporation in principle. "The Company" in this report refers to Haseko Corporation.

Hope for new challenges toward future growth through the active engagement of diverse human resources

Mami Nagasaki Haseko Corporation Outside Director



April 1998: Registered as attorney and joined Ishii Law Office. April 2009: Partner of Ishii Law Office (current position). December 2014: Special Member of Tokyo Metropolitan Examination Committee for Disputes over Construction Works (current position). April 2015: Civil conciliation commissioner, Tokyo District Court (current position). June 2018: Outside Director of the Company (current position).

Q1 What is your assessment and opinion of the Haseko Group's corporate governance system, given the recent changes in the business environment?

In the four years since I became an Outside Director of the Company in 2018, there have been significant developments in the environment surrounding corporate governance. Specifically, with the establishment and revision of the Corporate Governance Code, which are the guidelines for corporate governance, the standards for the effectiveness of the boards of directors of Prime Market-listed companies have been tightened, and boards are now called on to engage in sustainability-related issues more proactively and aggressively. This is one example of the demand for more appropriate governance that is conscious of companies' impact on and responsibility toward society.

In this regard, I believe that the Company's systems of corporate governance system are sufficiently effective. In the Board of Directors, which includes five Outside Directors with diverse background and skills, opinions are exchanged in an open atmosphere, and I sense that the Company has a corporate culture that actively accepts opinions from outside perspective such as ours. I was given many opportunities to talk with employees immediately after my appointment as Director, and in recent years, the speed at which information is provided and answers are given to my questions has increased. I also have the impression that the internal Directors have become more active in speaking up in meetings. In addition to the Board of Directors meetings, meetings are also held to exchange opinions on the creation of new businesses from medium to long-term perspectives, and I strive to make suggestions from my own expert perspectives.

Q2 What contributions have you made to specific ESG initiatives in your position as an attorney, and what is your assessment of them?

As the construction business has significant impact on society and the environment, appropriate collaboration with suppliers and consideration of human rights are essential for sustainability initiatives. The Company has always strived to build relationships of trust with its suppliers, and in January 2022, it formulated the "Haseko Group's Human Rights Policy" to respond to more substantial human rights violation risks. Progress is also being made in the formulation of basic policy for respect of human rights in the supply chain in Japan. The Company is eyeing these developments as it acts on the analysis, assessment, and disclosure of risks, so I will also provide support in this area.

In December 2021, the Company established the Haseko Group's Climate Change Response Policy: "HASEKO ZERO-Emission", under which we have set targets for the reduction of greenhouse gas (CO₂) emissions. (*The 2030 reduction targets were approved as science-based targets by the SBT (Science Based Targets) initiative in June 2022.) Other actions being taken include proposing the use of environment-friendly concrete and making Company-developed condominiums into Net-Zero Energy Houses (ZEH) that offer superior energy-saving performance. We are also accelerating DX initiatives with our unique technologies, including the introduction of Building Information Modeling (BIM), an advanced technology for designing 3D models of buildings on the computer screen. My hope is that trends such as this will be further accelerated to reduce the burden on workers.

Q3 As the Company's first female director, what is your view of the Company's approach toward the promotion of women's success in the workplace?

In general, the construction industry is perceived as a male-dominated society, but from an early stage, the Company has been making efforts to form networks across the Group and solve problems to realize a workplace environment where women can enjoy a long career. Thanks in part to the hard work of our female employees, in March 2022, Haseko Corporation was selected as a Nadeshiko Brand by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as a listed enterprise that is outstanding in terms of encouraging women's success in the workplace. In recent years, in addition to the increase in the percentage of women recruited, we have set a numerical target to reduce the number of female employees leaving the Company. Going forward, I will personally continue to be proactive in making recommendations for the promotion of women's success in the workplace.

Q4 What are your hopes for the Haseko Group in the future?

Under the Medium-term Business Plan, which ends in the fiscal year ending March 2025, various strategies are currently being deployed, and I am paying particular attention to "Initiatives for future growth." My focus is on how the Group's overseas business, including the comprehensive development in Oahu, Hawaii, upfront investment for which is under way, will be established as a pillar of revenue. I also look forward to growth in non-residential areas, such as the Service-Related Business, as well as condominium reconstruction and redevelopment projects outside the Company's core business of for-sale condominiums.

To promote the expansion and growth of these kinds of initiatives for future growth and to realize a "further leap forward in a corporate group for housing to create great living," the "Haseko Group Long-Term Vision — What the Company Aims to Be for the Fiscal Year Ending March 2030 —," I believe that the viewpoints and sensibilities of consumers, based on their many and varied needs, will take on increasing importance.

From the perspective of achieving a further leap in the future, I will devote my best efforts to ensuring that the Group will achieve further growth as an enterprise where diverse human resources can shine, including the emergence of many more female executives across the entire Group.

Corporate Ethics and Compliance with the Law

As the foundation supporting the Haseko Group's corporate activities, we work for strict adherence to corporate governance and compliance.

Corporate Governance

Basic approach to corporate governance

Haseko Corporation has made it a basic policy of its corporate management to contribute to society and win society's confidence through its business operations that put customers first. The Company has also positioned reinforcement of corporate governance as one of its utmost management priorities as it recognizes that it is indispensable to secure management transparency and objectivity for maximizing corporate value in a

stable manner over the long term and ensuring shareholders' interests.

As part of its effort to achieve sustained growth and enhance corporate value over the medium- to long-term, the Company has formulated its "Basic Policy on Corporate Governance" and posted it on its website.

For Haseko Corporation's corporate governance, please visit the following URL:
https://www.haseko.co.jp/hc/english/csr/governance/philosophy.html#anc_1

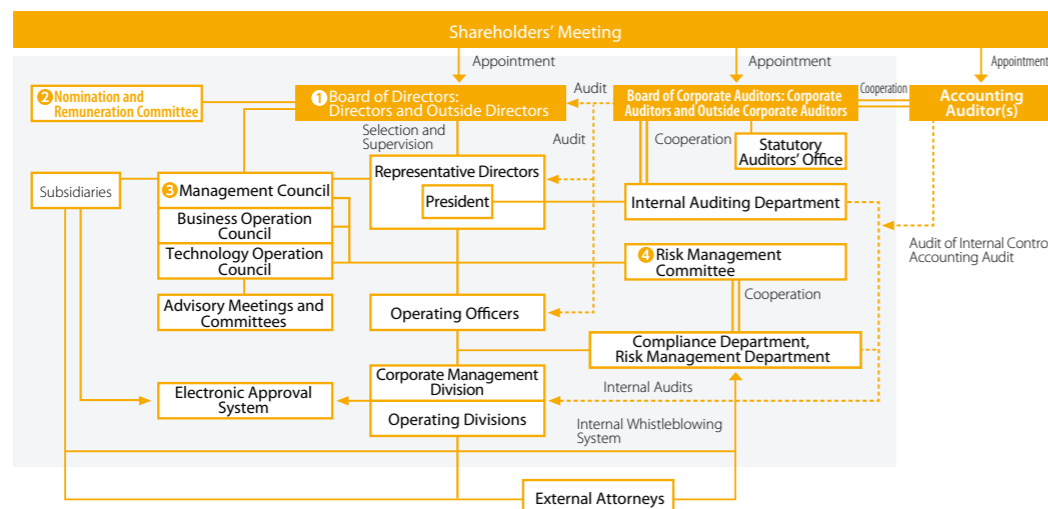
Company institutions

Haseko Corporation has adopted a corporate auditor system as a corporate institution. The Board of Directors of Haseko Corporation serves as the institution where directors with expert knowledge and experience in various operating divisions conduct decision-making on managerial issues and supervise the execution of duties of other directors. As for monitoring of management operations, the Company's system provides the Board of Corporate Auditors, the majority of which are outside corporate auditors, with the monitoring function from an objective and neutral standpoint from outside through implementation of audits. On top of these functions, starting in June 2016, Haseko appointed outside directors with abundant experience and track record to occupy at least one third of the Board of Directors, so that they shall provide appropriate opinions and advice in order to further activate discussions at the Board of Directors and enhance the function to monitor business

management. With this system in place, we are making efforts to build an optimum system for the Company, taking into consideration the balance between the operation of the Board of Directors and the monitoring functions. In addition, one of the appointed outside directors is a woman, and we are continuing to work towards ensuring the diversity of the Board of Directors.

Decisions on certain matters authorized by the Board of Directors are made by the Management Council, Business Operation Council, and Technology Operation Council, each of which limits the participation of directors to a certain extent. In doing so, we have developed a system to separate the functions of decision-making and supervising such decision-making, so that each director can supervise the execution of duties by other directors. In addition, the Management Council is also responsible for the function of discussing in advance the important issues to be decided by the Board of Directors.

Company Institutions and Internal Control



Details of company institutions

- The Board of Directors holds regular meetings once a month and extraordinary meetings as necessary, and is responsible for important decision-making and regular reports on matters related to management. In addition, operating officers make reports on business operations on a regular basis to the Board.
- The Nomination and Remuneration Committee is an advisory body for the Board of Directors, in order to secure objectivity, transparency, and fairness of the procedures related to the nomination, remuneration, etc. of directors and enhance corporate governance. The committee comprises all independent outside directors and an equal or smaller number of representative directors, etc.
- The Company has established the Management Council and two operation councils—the Business Operation Council and the Technology Operation Council—to facilitate prompt and flexible decision-making on matters related to daily business operations to

the extent they are authorized by the Board of Directors. Participation of directors in the Management Council and the two operation councils is limited to a certain extent, so that the functions of decision-making and supervising such decision-making are divided, and clarification is made for the responsibilities and authority for these functions. Moreover, the Management Council is responsible for the function of discussing in advance the important issues to be decided by the Board of Directors.

- The Risk Management Committee is held once every quarter and on an ad hoc basis as necessary whenever any material risk has arisen. It examines and determines the establishment, amendment, or abolishment of internal rules on risk management and risk prevention plans, etc., and discusses and decides on the implementation policies and specific measures for risk management, among other things.

Evaluation of the effectiveness of the Board of Directors

Based on the results of analyzing and evaluating the effectiveness of the Board of Directors in fiscal 2021 in accordance with our Basic Policy on Corporate Governance, we have confirmed that the Board of Directors has held constructive and active discussions and that its effectiveness has been sufficiently ensured. The outline and results of this analysis and evaluation are as follows.

Evaluation method

We conducted a questionnaire regarding the effectiveness of the Board of Directors for all directors and corporate auditors. Reflecting on the results of this questionnaire and reports from the secretariat on the operation of the Board of Directors in fiscal 2021, deliberations were held and the effectiveness of the Board of Directors as a whole was analyzed and evaluated at the Board of Directors meeting in April 2022 based on opinions presented by the Board of Corporate Auditors and individual directors.

Evaluation items

(1) Institutional design/composition	Number of members, percentage of independent outside directors, diversity, frequency of meetings, meeting length
(2) Operation	Number and content of agenda items, quality and quantity of agenda materials, timing of prior distribution, quality of prior explanations
(3) Deliberation	Constructive discussions and multifaceted considerations in meetings, ethos, one's own roles and responsibilities
(4) PDCA	Addressing issues raised, reporting results after resolutions, efforts toward improvement

For the evaluation results, please visit the following URL:
https://www.haseko.co.jp/hc/english/csr/governance/philosophy.html#anc_1

Status of audits

Status of audits by the Board of Corporate Auditors

Haseko Corporation is a company with the Board of Corporate Auditors. It consists of five corporate auditors, of which two are full-time and three are outside, and meets once every month and on an ad hoc basis as necessary.

The two full-time corporate auditors cooperate with each other to conduct audit activities including an audit of the Company's internal control system. More specifically, the corporate auditors attend the Management Council, Business Operation Council, Technology Operation Council, Risk Management Committee, and other important meetings, observe internal audits, interview directors and other officers and employees about the status of business operations as necessary, and inspect approval documents, minutes, meeting materials, and reports, among others. The corporate auditors also hold a Group Corporate Auditors' Liaison Meeting to cooperate with Group companies' corporate auditors.

In accounting audits, all the corporate auditors meet with Ernst & Young ShinNihon LLC., the accounting auditor of the Company, to receive the explanations of accounting audit plans, quarterly reviews, and accounting audit reports from the accounting auditor. As necessary, the full-time corporate auditors interview the Accounting Department and the accounting auditor.

Status of internal audits

In internal audits, the Internal Auditing Department comprised of nine members conducts internal audits of information management, risk management, etc. and assesses internal control over financial reporting. Whenever internal control issues are found in an accounting audit, information on the issues is communicated to each division, and improvements to resolve the issues are considered. At the same time, as part of the assessment of internal control, the Internal Auditing Department obtains the information, gives feedback to each division, and monitors the progress of improvements made in each division. The Internal Auditing Department also reports the status of such improvements to the President, the Board of Directors, corporate auditors, and the accounting auditor.

Further, the Internal Auditing Department carries out such activities while reporting the status of them to corporate auditors as appropriate in order to coordinate the roles of internal audits with the roles of audits by the Board of Corporate Auditors and ensure consistency between these roles. Corporate auditors observe internal audits, receive the reports of internal audit results, and exchange information about in-house status with the Internal Auditing Department as appropriate.

Management team

For Haseko Corporation's management team, please visit the following URL:
<https://www.haseko.co.jp/hc/english/company/officer.html>

Independence criteria for outside officers

For the independence criteria for outside officers, please visit the following URL (available only in Japanese):
<https://www.haseko.co.jp/hc/company/pdf/independence.pdf>

Skills Matrix

Name	Position	Company management/ Management strategy	Finance/ Accounting	Legal affairs/Risk management	Overseas business	Construction/ Architecture	Sales/Real estate	Urban development	Technology/DX	ESG/Sustainability
Noriaki Tsuji	Chairman and Director	●		●			●	●		●
Kazuo Ikegami	President and Representative Director	●		●		●			●	●
Junichi Tani	Representative Director, Executive Vice President	●					●	●		
Nobuhiro Tani	Representative Director, Executive Vice President	●					●	●		
Toshiyuki Murakawa	Director, Executive Vice President	●				●			●	
Shoji Naraoka	Director, Executive Operating Officer	●	●		●				●	
Masahito Koizumi	Director, Senior Operating Officer	●				●			●	
Satoshi Kumano	Director, Senior Operating Officer	●		●			●			●
Kazuhiko Ichimura	Outside Director	●	●	●				●		●
Mami Nagasaki	Outside Director		●	●						●
Toshikatsu Ogura	Outside Director	●	●	●					●	●
Shinsuke Fujii	Outside Director	●	●	●	●					●
Toru Izawa	Outside Director	●		●		●	●	●		

Executive remuneration

The basic policy for remuneration of directors is stipulated in the Basic Policy on Corporate Governance, which was revised by the resolution of the Board of Directors in March 2021. In accordance with the Basic Policy on Corporate Governance, the remuneration of directors is determined by resolutions of the Board of Directors based on the criteria for payment of remuneration of directors prepared by the President in consideration of discussions at the

Outline of the remuneration system of directors

Composition of remuneration

● Remuneration of directors consists of basic remuneration (fixed remuneration) and performance-linked remuneration.

Basic remuneration

- Basic remuneration is paid monthly in a fixed amount, with a standard amount set for each position.
- The amount of basic remuneration is determined comprehensively based on the position, duties, and term of office of each director and by taking into consideration the Company's business performance, the level of employee salaries, and the level of remuneration of directors at comparable companies.

Nomination and Remuneration Committee, which is comprised entirely of independent outside directors as well as representative directors, etc., numbering not more than the independent outside directors.

The Nomination and Remuneration Committee held a meeting once in fiscal year 2021, and all the members of two inside directors and five outside directors attended the meeting.

Performance-linked remuneration

- Performance-linked remuneration consists of executive bonuses and stock remuneration. This system makes adjustments according to business performance, with the purpose of offering incentives for achieving business plans and increasing corporate value.
- Because the medium-term business plan sets consolidated ordinary income as a specific numerical target, performance-linked indicators are the achievement status of the consolidated ordinary income relative to the initial forecast as of the beginning of each fiscal year and year-on-year changes in the consolidated ordinary income.
- In principle, outside directors and corporate auditors are not eligible for performance-linked remuneration.

Cross-shareholdings

In the case where holding shares of our business partners will help facilitate the operation of business, Haseko's policy is to hold shares as cross-shareholdings in accordance with the "Guidelines for Asset Acquisition in Facilitating Transactions" that is separately prescribed.

The guidelines state that the total book value of assets acquired shall remain within a prescribed amount of the consolidated net assets.

Haseko examines cross-shareholdings individually in terms of medium- to long-term economic rationale and future projections annually at a Board of Directors meeting, and if any shares are determined to be without merit in holding, then those shares will be reduced or otherwise reconsidered. The Board of Directors confirms the status in transactions for the businesses relevant to the cross-shareholdings once every year, including annual amounts of orders received and purchase amounts for those businesses to deliberate the feasibility of continuing shareholding.

Number of issues and amount recorded in the balance sheet

(as of March 31, 2022)

	Number of issues	Amount recorded in the balance sheet (millions of yen)
Unlisted shares	10	106
Shares other than unlisted shares	6	16,891

Issue for which number of shares increased in fiscal year 2021

Not applicable

Issue for which number of shares decreased in fiscal year 2021

	Number of issues	Total sale amount for decreased shares (millions of yen)
Unlisted shares	1	0

Training for officers

The Company has put in place an education system for directors, corporate auditors, operating officers, and other officers and employees to provide education and training relevant to their positions.

For directors and corporate auditors, the "Basic Policy on Corporate Governance" stipulates that "the Company will organize programs that offer seminars, etc., for acquiring essential knowledge and information, offer and help find training opportunities, and provide relevant financial support," and in accordance with this policy, the Company pays the costs of seminars and other programs in which directors and corporate auditors have participated for self-development.

For outside directors, the Company provides an orientation program soon after they take office, where representatives from each department of the Company's Corporate Management Division and each of the other divisions as well as from Group companies join to make presentations about businesses, operations, the Company's current status and major issues facing the Company. In addition, the Company also offers them

opportunities to visit the Company's facilities and construction sites to promote their understanding of the Company's businesses and individual projects. For outside corporate auditors, the Company provides various reference materials about the Company, while also inviting them to participate in some of the visits to the Company's facilities and construction sites, to help deepen their understanding of the Company's businesses.

For operating officers as well as department managers and higher-level managers, the Company provides its "Executive Leader Development Program," a training program that includes, among others, a "New Managing Executive Officer Training Course," "New Officer Training Course," "School of New Corporate Management," and "Corporate Management Course." The Company ensures that these training courses not only cover knowledge essential to their current positions, but also include knowledge necessary for directors and corporate auditors, with the aim of nurturing future candidates for director and corporate auditor.

Compliance

Basic approach and policy for compliance (Haseko Group Standards of Conduct)

With the recognition that strict compliance is indispensable for the continuity of a corporation, the Company established the Haseko Group Standards of Conduct, under which Haseko has been working to establish a management system where all directors, operating officers, and staff respect societal standards and take sensible courses of action in keeping with their duties as

members of society, as well as complying with all laws and regulations both in Japan and abroad, and the Company's articles of incorporation, so that the Company can win the confidence of society.

The Company regularly reviews the Standards of Conduct for relevancy and effectiveness and revises it as needed.

Major points of the "Haseko Group Standards of Conduct"

- Behave with common sense and responsibility / obey laws and regulations / respect human life / honor human rights / prevent risks
- Obey industry laws / observe thorough quality control / ensure complete safety management / raise customer satisfaction / obey laws such as the Antimonopoly Act / prevent unfair competition / prevent infringement upon intellectual property rights / prevent bribery and corrupt practices / make proper donations and political contributions / conduct sound accounting procedures and tax processing / disclose management information / sever ties with antisocial forces
- Develop new technology, products, and services / develop and improve products and services to fulfill customer needs / conduct environmental protection activities / contribute to society
- Manage and properly use corporate assets / manage company information / manage personal information / protect intellectual property rights / operate information systems
- Foster a positive workplace / comply with labor-related laws and regulations / prevent labor-related disasters and preserve the work environment / prohibit harassment / prohibit political and religious activities
- Prohibit the provision of profits related to the exercising of shareholder rights / prohibit conflict of interest / prohibit insider trading / prohibit breach of trust / prohibit any other form of fraudulent activity

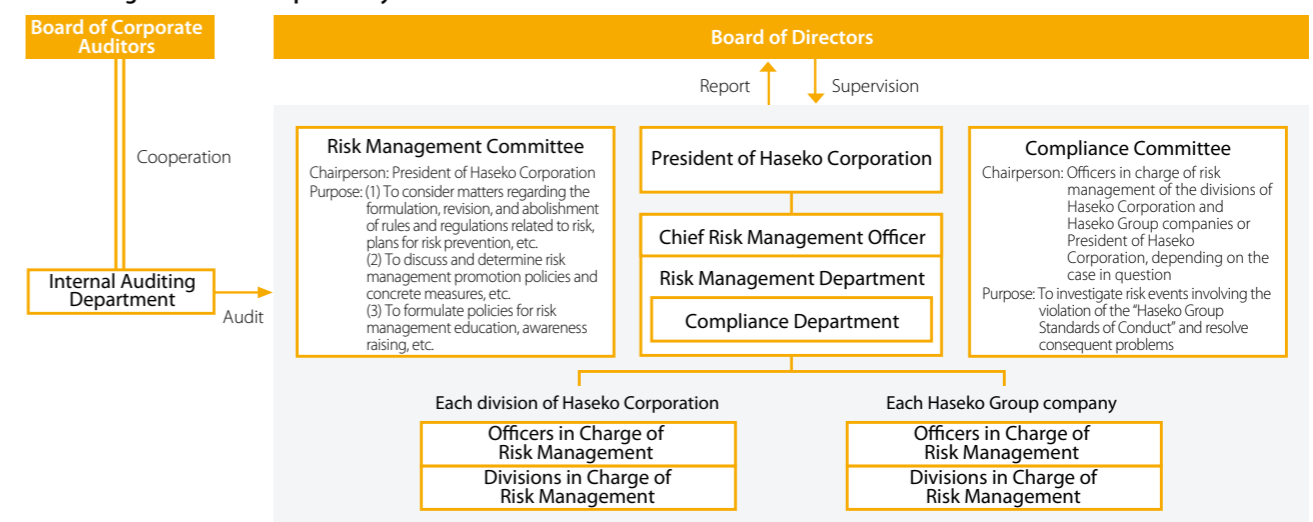
System for promoting compliance

The Compliance Department, established in the Risk Management Department as a department responsible for instilling the Standards of Conduct across the Group and advancing compliance efforts, is working to enhance the Group's compliance.

In addition, pursuant to internal rules and regulations on internal audits, the Internal Auditing Department, which is under the direct control of the President, investigates and evaluates whether activities of respective divisions conform to laws and regulations, the articles of incorporation, the Company's rules and regulations, corporate policies, etc. and whether they are reasonable, and works to make improvements based on the results.

If there is any act violating the Standards of Conduct that causes concern that it might produce a material effect, it will be reported to the President and officers in charge of risk management will make an investigation. As needed, the Compliance Committee chaired by officers in charge of risk management or the President of the Company is convened to work to resolve it through such actions as examining circumstances, analyzing causes, identifying remedies, investigating whether there are any similar events, devising measures for preventing recurrence, and sharing the results in the Company and across the Group.

Risk Management and Compliance System



Internal whistleblowing system

The Haseko Group has set out the "Haseko Group Whistleblower Protection Rules" pursuant to the Whistleblower Protection Act and relevant laws and regulations. In addition, the Company has established an office in the Compliance Department of the Risk Management Department, as well as in a law firm as an external contact, dedicated to receiving public-interest whistleblowing reports by officers and employees and requests for consultation regarding harassment and compliance issues in general (including issues concerning the prevention of corruption such as graft and bribery). The reports and requests may be filed

anonymously. The Company has put in place a system for protecting whistleblowers and preserving their anonymity and created an environment where employees feel free to file a report or request consultation in order to ensure that any wrongful act or misconduct be immediately detected and corrected.

Accounts submitted to the office responsible for consultation on internal whistleblowing, and the status of subsequent responses provided, are reported to the representative directors, outside directors, and corporate auditors on a regular basis.

Information security

In recent years, there has been a growing risk of information assets being exposed to threats in various aspects in line with the progress of information technology.

The Haseko Group is working on the protection of information assets handled in its businesses and the enhancement of management of such assets, including customer information. We are building awareness of information management, having established the "Haseko Group's Information Management Regulations" and "Basic Policy for Information Security" on a Group-wide scale and formulated the "Information Handling Guidelines" shared across the Group. We have also set individual management standards according to the respective

businesses and contents of information handled by Group companies.

Haseko Livenet, Inc., which is engaged in the operational management of rental housing, handles personal information of residents and prospective residents as well as information assets entrusted by clients. For this reason, we have built an Information Security Management System (ISMS) in all divisions in Tokyo and Osaka. We are utilizing international standard ISO/IEC 27001 in the inspection and review of day-to-day information asset management activities, having obtained certification in August 2005.

Risk Management

Basic approach to and policy for risk management

The Haseko Group has set out the "Haseko Group Risk Management Policy" with the aim of properly managing various internal and external business risks associated with its operations and continuing to maintain and enhance its corporate value.

The Company has put in place its risk management system, and has ensured that rules and measures under the policy are known and implemented by all Haseko Group officers and employees.

For more information about the Haseko Group's risk management, please visit the following URL:
https://www.haseko.co.jp/hc/english/csr/governance/philosophy.html#anc_3

Risk management system

The Haseko Group has adopted a risk management system in which the President of Haseko Corporation serves as Chief Officer to implement the "Haseko Group Risk Management Policy." The Company has also appointed a Chief Risk Management Officer, who is responsible for overall risk management, including risk prevention and crisis response across the Group, and officers in charge of risk management, who are responsible for leading risk management in each operating division of Haseko Corporation and Group companies. In addition, each Group company has its risk management department, which makes advice and recommendations regarding the formulation and implementation of Group-wide measures for promoting risk management and monitors the progress of these measures.

The Company has also established the "Risk Management Committee" under the chairmanship of the President of Haseko Corporation. The committee meets once every quarter, while convening an extraordinary meeting as needed when a serious risk event occurs, and works to collect, analyze, assess, and address risk events across the Company. The results of discussions of the "Risk Management Committee" are reported as needed to the Board of Directors, which assesses and oversees the implementation and effectiveness of the risk management system.

Business Continuity Plan (BCP)

The Haseko Group has formulated a "Business Continuity Plan" with the aim of establishing a mechanism of clarifying operations of Group companies in the event of a major earthquake and other natural disasters, ensuring the safety of "housing" provided by us, preventing the suspension of operations or in the event that they are suspended, enabling the resumption of operations within the shortest possible time, as well as promptly preserving offices and tasks after ensuring the safety of employees and their families, enabling employees engaged in restoration activities and restoration support to take action autonomously.

The "Business Continuity Plan" stipulates that it shall be triggered by the authority of the head of Group Control Headquarters (President of Haseko Corporation) in the event

where large earthquakes with a seismic intensity of lower 6 are observed at an earthquake observation point of the Japan Meteorological Agency located within a 50 km radius of the Haseko Group's business bases (earthquakes below the reference seismic intensity are not excluded depending on the degree of the damage, etc.), and also in the event of natural disasters other than earthquakes (including storms, heavy rain, heavy snow, floods, high tides, tsunamis, eruptions, etc.) if the damage is significant. In the event of an emergency, the Company will set up a Group Control Headquarters and a Group Control and Support Headquarters in Tokyo or Osaka and a Regional Control Headquarters in the Tokai and Kyushu areas, while each Group company will set up a control headquarters.

Respect of Human Rights

Basic approach to human rights

The Haseko Group explicitly states "respect of human rights" in the Haseko Group Standards of Conduct. Moreover, in order to deepen our initiatives for respecting human rights, in January 2022 we established the Haseko Group's Human Rights Policy in line with the United Nations Guiding Principles on Business and Human Rights. We will instill the Standards and Policy throughout the Group so that each and every employee will deepen his/her understanding of human rights and engage in operations with a high level of awareness at all times, as well as require our cooperating companies and other supply chain constituents to respect human rights in their own business activities. Moreover, we will pursue management that respects human rights through efforts including human rights due diligence initiatives.

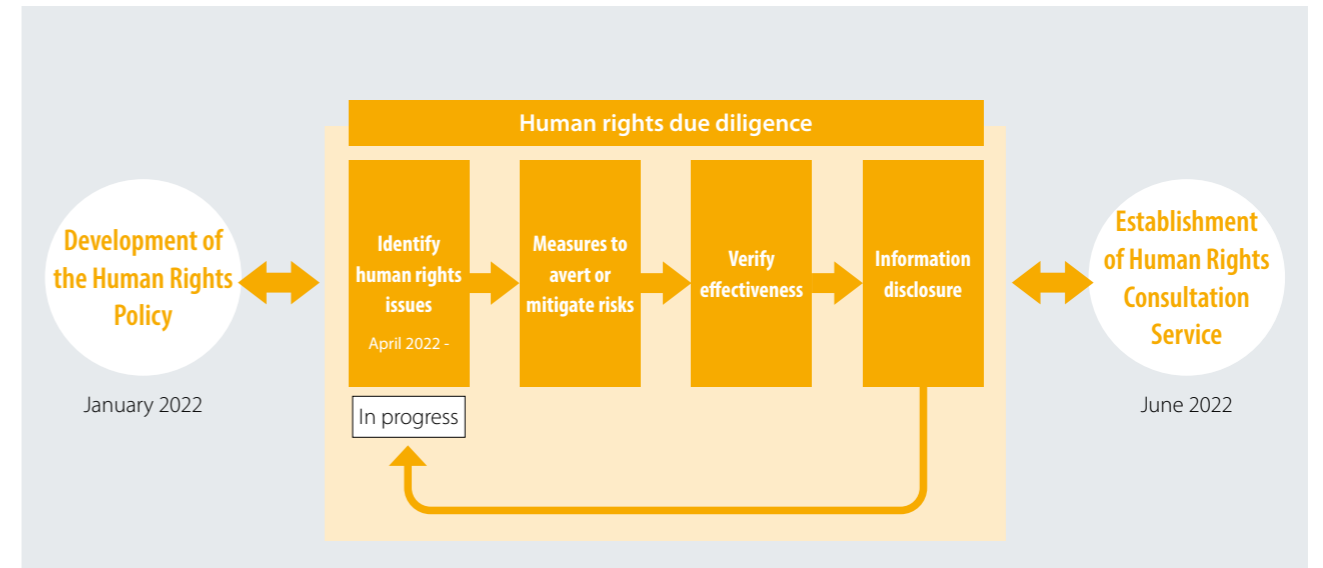
For the Haseko Group's Human Rights Policy, please visit:
https://www.haseko.co.jp/hc/english/csr/governance/human_rights.html#anc_1

Status of human rights due diligence initiatives

Coinciding with the development of the Haseko Group's Human Rights Policy, we are currently promoting human rights due diligence initiatives. Specifically, we have formed a working group that identifies potential human rights violation risks related to the business activities of the Haseko Group and assesses those risks in terms of their degree of severity and likelihood of occurring. The working group then verifies the status of actions taken by relevant divisions and Group companies and identifies any human rights issues that require action.

Once human rights issues have been identified, we institute measures to avert or mitigate such risks, before verifying the effects of the measures thus instituted. In this way, we turn the PDCA cycle to improve the effectiveness of our efforts to respect human rights.

Overview of Initiatives for Respecting Human Rights



Consultation Service

The Company may be contacted about any concerns regarding human rights violations in connection with the Group's corporate activities from the following webpage.
<https://www.haseko.co.jp/hc/english/contact/soudan/input>

Supply Chain Management

The Haseko Group promotes multiple initiatives to fulfill its social responsibility across the entire supply chain.

CSR Procurement

Haseko Group CSR Procurement Guidelines

The Haseko Group has established the “Haseko Group CSR Procurement Guidelines” to fulfill its social responsibility across the entire supply chain. The Group will work to meet the demands of society by having Group companies follow these guidelines in procuring materials, labor and other resources, while also asking its business partners (includes not only suppliers, but

also all entities with whom the Group does business, such as subcontractors and agents) to observe these guidelines in their business activities. The Haseko Group has had its main business partners sign an agreement stating that they commit to these guidelines.

1. Thorough compliance

- We will comply with laws and regulations of the countries and regions in which we operate.

2. Respect for human rights

- We will respect human rights of all stakeholders in the Group's business.
- We will not discriminate on the grounds of race, nationality, birth, belief, religion, sexual orientation, gender identity, age, presence or absence of disability, or other status, or commit any act that harms the dignity of individuals.
- We will eliminate forced labor and child labor.
- We will respect workers' freedom of association, right to organize, right to collective bargaining, and right to collective action.
- We will comply with minimum wage laws for the payment of wages.
- We will put in place proper working hours, days off, and time off work.

3. Fair business activities

- We will respect the spirit of antitrust laws aimed at promoting fair transactions and will not commit any unfair act, such as acts that restrict competition or abuse superior bargaining positions.
- We will not offer inappropriate benefits to public employees or equivalent parties.
- We will reject any unjust demands from antisocial forces and will not engage in transactions or business with related companies or use antisocial forces for any reason.
- We will put in place an internal whistleblower system to report cases of misconduct and ensure the anonymity of the whistleblower.
- We will not use intellectual property rights unlawfully.

4. Commitment to safety and hygiene

- We will ensure safety and hygiene for all stakeholders in our business, including our customers and people in the communities where we operate.
- We will ensure thorough safety management at construction sites and surrounding areas and work to prevent labor accidents.
- We will put human life first and work to establish a safe and proper working environment.

5. Securing quality

- We will put in place proper management systems to ensure that the quality of our products and services satisfies our customers and strive for higher quality.

6. Care for the environment

- We will work to address the prevention of global warming, the development of a recycling-oriented society and the conservation of biodiversity and always act by taking the protection and improvement of the global environment into consideration.
- We will work on energy saving, resource saving and the reduction of CO₂ emissions.
- We will comply with environmental laws and regulations and properly manage and treat harmful substances and waste.

7. Proper disclosure of information

- We will disclose necessary information to our customers and society in a timely and proper manner.

8. Thorough information security

- We will put in place proper management systems to protect personal information and confidential information.

9. Contribution to society

- We will respect the cultures and customs of the countries and regions where we operate and contribute to building a sustainable society through a wide range of businesses relating to housing and living.

10. Preparation of the Business Continuity Plan (BCP)

- We will work to establish proper risk management systems to prepare for natural disasters and unpredictable emergencies.

Established on October 1, 2021



For Haseko Corporation's CSR Procurement, please visit: <https://www.haseko.co.jp/hc/english/csr/governance/philosophy.html>

Declaration of Partnership Building

Having joined the “Declaration of Partnership Building” initiative established by Japan's Cabinet Office, we will strive for co-existence and co-prosperity with business partners while working to increase added value across the entire value chain.



Promotion of Social Contribution Activities

The Company cherishes the connection with the local community and actively promotes social contribution activities.

Contributions to the Local Community

Under the Haseko Group's Corporate Philosophy “To contribute to society by creating an optimal environment for cities and people,” we are implementing initiatives to promote and revitalize the local community as a focus area of social contribution activities.

Use of corporate *Furusato Nozei* program for Asuka Village

Haseko Corporation has donated taxes to Asuka Village since fiscal 2018 by using the corporate *Furusato Nozei* (hometown tax donation) program.

In fiscal 2021, the taxes we donated were allocated to finance five projects related to the project for inscription on the World Heritage List on which Asuka Village has been working, namely (1) Asuka Half Marathon project, (2) low-season tourist attraction campaign project, (3) wild animal control measure project, (4) woodland landscape creation and utilization project, and (5) attractive farming village development project.



Donating to cafeterias for children in need

The Asuka Village Regional Development Corporation, Haseko Community, Inc., and Haseko Corporation jointly donated vegetables harvested at Haseko Asuka Village Community Farm to 23 cafeterias for children in need (*kodomo shokudo*) in Nara Prefecture in July and December 2021. The vegetables were used

at these cafeterias and delivered to single parent families and neighboring children's homes as activities drawing on the close-knit community. We will continue with a social contribution through the donation of vegetables.



Harvesting vegetables



Packed and delivered vegetables

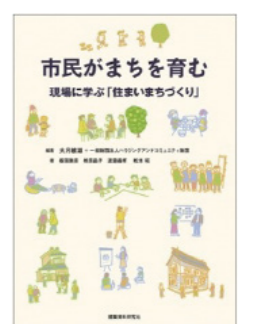
The Housing and Community Foundation publishes a book *Citizens' Town Development—Learning Housing and Town Planning from Worksites—*

The Housing and Community Foundation (chaired by Ikuo Oguri, Executive Advisor to Haseko Corporation) is a general incorporated foundation established by Haseko Corporation in July 1992, with the objective of contributing to the creation of a prosperous living environment. In order to create a high-quality living environment that transcends generations and build a local community full of vitality, we believe that building homes and communities on the initiative of the citizens is crucial, and we make it our social mission to support such activities.

The foundation published a book *Citizens' Town Development—Learning Housing and Town Planning from Worksites—* marking the 30th anniversary of its establishment. The book introduces some

examples of the activities for which the foundation has given grants, and summarizes intellectuals' comments on each of the activities.

The foundation will continue to support town planning activities on the initiative of the citizens through its grant-funding projects for housing and community-building activities.



For our other social contribution activities, please visit the following URL: https://www.haseko.co.jp/hc/english/csr/governance/social_contribution.html

Creating Attractive Living Spaces

The Haseko Group aims to create a better living environment for cities and people. We will work on creating attractive living spaces by demonstrating the collective capabilities of the Haseko Group continuing to support—in all aspects—the lives of people living in condominiums, while tackling various social issues such as the decreasing population, aging society with fewer children and environmental problems.



Four dimensions for creating attractive living spaces

Safety, security and comfort

We will realize high levels of quality and comfort so that residents can feel a greater sense of safety and security at home than anywhere else. We will also make thoroughgoing efforts to prevent crime and disasters including preparation against earthquakes.

Diverse lifestyles

We will keep developing and providing new technologies and services to meet diverse needs that change with the times and from stage to stage in each person's life.

Community

We will contribute toward improving the value of the community as a whole by building a community that not only consists of condominium residents and service users but also includes local residents.

Environmental consideration in daily life

We are minimizing environmental burden stemming from condominiums, where many people live, and proactively introducing facilities and equipment that can contribute to the environment of cities as a whole.



Environmental Consideration in Daily Life

We will proactively introduce facilities and equipment that minimize environmental burden stemming from condominiums and contribute to the environment of cities as a whole.

ZEH condominiums (ZEH-M) business

As more importance is attached to reducing CO₂ emissions from the household sector toward a decarbonized society, it has become essential to promote energy-saving of the house itself. Recognizing that realizing energy-saving housing complexes is an area that can greatly contribute to realizing a decarbonized society, the Haseko Group is making efforts to promote ZEH-M.

Efforts to turn all condominiums developed in-house into ZEH (from FY2022)

The Haseko Group, including Haseko Real Estate Development, Inc. and Sohgho Real Estate Co., Ltd., companies engaged in the condominium development business, will strive to increase the ratio of ZEH-M among the new condominiums that the Group will develop. In addition, we will ensure that all condominiums for sale and rental condominiums held by the Group and designed in fiscal 2022 or later meet the ZEH-M Oriented standard.

As part of our efforts to date, Haseko Real Estate Development, Inc. and Sohgho Real Estate Co., Ltd. have been registered as "ZEH Developers," and Hosoda Corporation, which is engaged in the detached house business, has been registered as a "ZEH Builder."

- *What are ZEH and ZEH-M?
ZEH stands for "zero energy house" and refers to houses that achieve an annual net energy consumption of zero, while ZEH-M is ZEH for housing complexes.
- *What is a "ZEH Developer"?
A company that plays a central role in forming ZEH-M projects by making public its Action Plan for ZEH-M Popularization, Progress of the Plan, ZEH-M Installation Plan, and ZEH-M Installation Results in accordance with the ZEH-M Roadmap.
- *What is a "ZEH Builder"?
A company that sets a business goal of increasing the percentage of "ZEH," "Nearly ZEH," and "ZEH Oriented" houses to total orders received to 50% or more by fiscal 2020, based on the ZEH Roadmap.

For other information on efforts to turn more condominiums into ZEH, please visit the following URL: https://www.haseko.co.jp/hc/english/csr/product/consideration.html#anc_1

Developed the ZEH-M specification review support tool

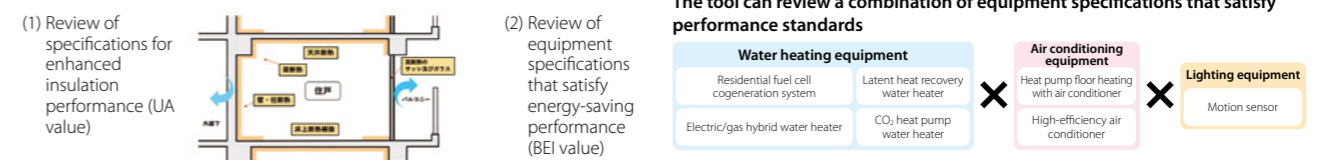
As the Ministry of Economy, Trade and Industry stated in its "Sixth Basic Energy Plan" in October 2021 that new housing to be built after fiscal 2030 should aim to meet the ZEH standard for energy-saving performance, Having developed the ZEH-M specification review support tool to design condominiums that meet ZEH-M performance standards, Haseko Corporation has been proposing since January 2022 that developers should use the tool.

This tool is also linked to our construction cost estimation system, which enables us to make flexible proposals tailored to the needs of developers in each condominium project and to calculate costs in a timely manner.

By utilizing this tool, we will continue to promote the spread of ZEH-M and contribute to reducing CO₂ emissions in the entire supply chain.

Details of Review by the ZEH-M Specification Review Support Tool

*The tool can calculate estimated costs on a timely manner based on the results of reviews (1) and (2) below.



Super High-rise ZEH-M Demonstration Project "Premist Tower Utsubohonmachi"

"Premist Tower Utsubohonmachi" (Property owner: Daiwa House Industry Co., Ltd.) is a high-rise condominium with 36 floors above ground, one basement floor and a total of 350 units, designed and constructed by Haseko Corporation and scheduled for completion in February 2023. Haseko Corporation aims to build housing complexes that can contribute to the global environment through "a comfortable living space with a passive design that utilizes and adjusts natural energy" and "energy saving by introducing high-efficiency equipment." Specifically, the primary performance of the building has been improved by adopting features such as balcony shapes that control solar radiation, double sash windows, and Low-e double glazing. Although the building is a high-rise condominium, primary energy consumption has been reduced by introducing, for example, high-efficiency air conditioning and ventilating

equipment, energy-saving equipment, a home energy management system (HEMS), and LED lighting. As a result, the project was adopted as our first Super High-rise ZEH-M Demonstration Project in the "ZEH-M Oriented" category.



CG rendering of completed "Premist Tower Utsubohonmachi"

Safety, Security and Comfort

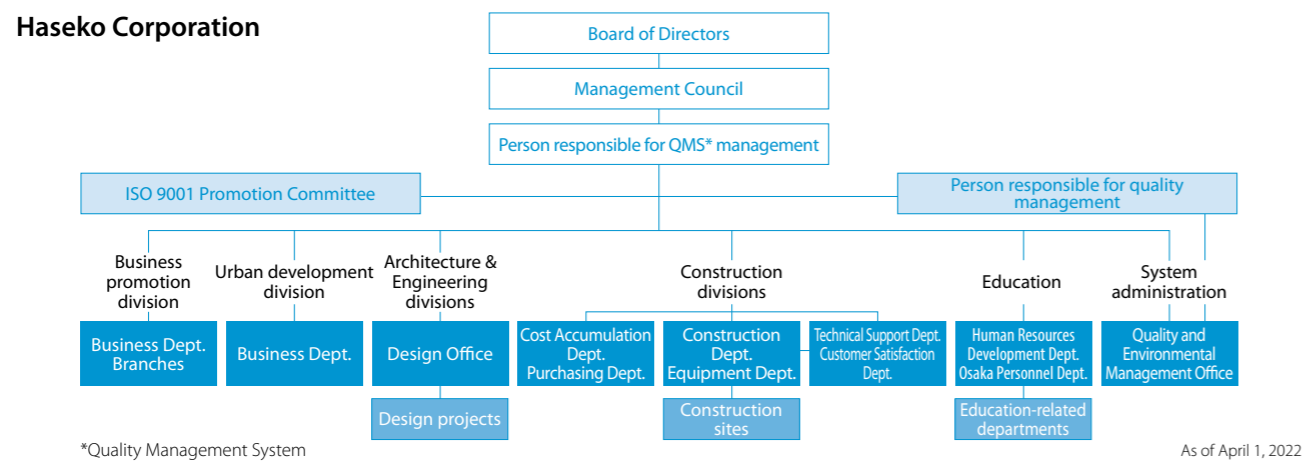
We are committed to constructing residences where residents can feel safe. As part of this commitment, we will pursue high quality and comfort and thoroughly implement measures against crime and natural disasters, such as earthquakes.

Quality Management System

Haseko Corporation, Haseko Reform Inc., and Fujikensetsu Co., Ltd. have established a quality management system based on ISO 9001 and are working to improve quality by setting a quality policy.

For other information on the quality management system, please visit the following URL:
https://www.haseko.co.jp/hc/english/csr/product/safety.html#anc_1

Framework to Promote Quality Management System



Construction of "Resilient" Condominiums Considering the Prevention and Reduction of Disaster

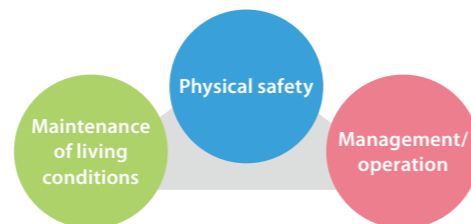
As Japan continues to be hit by large-scale natural disasters and earthquakes, the call is growing for disaster-resilient housing. In order to provide more safe, secure, and comfortable housing, we will work hard to promote the construction of disaster-resilient condominiums that can recover from disaster on their own by taking advantage of the collective capabilities of the Haseko Group in disaster countermeasures both from the tangible and intangible aspects.

Proposal of Hazard-resistant Condominium

In 2018, many residential homes were significantly affected by natural disasters including the Earthquake in Northern Osaka Prefecture and Typhoon Jebi (No. 21) which crossed the Kinki region. The Disaster Resilient Technology Working Group, which was established by the Haseko Group in the wake of increasingly severe natural disasters, has prepared and has been providing services based on the Proposal of Hazard-resistant Condominium covering exclusive and communal areas, essential services, as well as operation and management.

The Proposal will be actively made to properties inside and outside the Group for adoption to support residents both from the tangible and intangible aspects of the Haseko Group's safe, secure and comfortable condominiums leveraging the advantages of collective living.

Basic Policy for the Proposal of Hazard-resistant Condominium



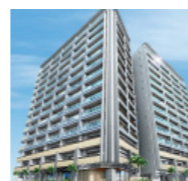
- 1 Protect physical safety in the event of a disaster
- 2 Maintain living conditions until the infrastructure is restored after the disaster
- 3 Develop the management and operation systems including those after the disaster

Adopting specifications and facilities suitable to a unique local environment

Branchera Naha Akebono Premist has adopted particular specifications and facilities that suit the climate of Okinawa. In Okinawa, where typhoons often bring rain with strong winds, building openings must be highly watertight. Branchera Naha Akebono Premist uses high watertightness sash windows with a watertightness of 1,500 Pa*, exceeding the level of JIS W-5

(equivalent to 500 Pa) so that the property can weather long hours of rainstorms such as typhoons.

*Pa or pascal is the unit of wind pressure.



Creation of New Values by Means of Condominium Renewals

It is said there are approximately 1,040,000 aged condominiums constructed under the former earthquake resistance standards (those of 1981 or before). Lack of aseismic capacity, aging buildings and facilities, aging residents as well as the question of how to renew condominiums have become social issues. The Haseko Group has established a framework to provide one-stop support for a variety of phases (including grasping of actual conditions through the evaluation of aseismic capacity, building diagnosis, and/or equipment diagnosis, deliberation of policies for rebuilding or life elongation considering the results of said evaluation and/or diagnosis, building of consensus between residents, design, and construction work) to cope with condominium renewals. The Group will create new values by coping with condominium renewals, making the most of its experiences in condominium construction, thereby contributing to the resolution of social issues.

Started construction of rental condominium "SustainaBranche Hongyotoku," aiming for virtually zero CO₂ emissions by completely renovating an existing corporate housing apartment.

The Haseko Group is working on Japan's first condominium project to achieve virtually zero CO₂ emissions during operations of buildings by completely renovating an existing corporate housing apartment to further operate research and technological development for realizing a decarbonized society. Recently, the Group has started renovation work on "SustainaBranche Hongyotoku."

This condominium introduces various state-of-the-art technologies of the Haseko Group, including energy-saving technologies that contribute to realizing a decarbonized society, technologies for extending the life of buildings, and wellness housing technologies. In order to create future housing that makes maximum use of IoT devices and AI technology, 13 out of

36 units are designed as experimental residential housing where environmental data are collected for developing new technologies.



Before renovation

Perspective drawing

*Design details are subject to change.

Technological Innovation to Support Safety, Security and Comfort

From BIM to DX—Evolution of production reform

The Company has adopted the Haseko-version BIM for 100% of its condominium designs since April 2020. The forefront of research, development, and practical application of BIM has shifted to "how to use it on construction sites."

For example, we have developed a tool that uses BIM to automatically calculate the quantity of concrete placed on the day. This has resulted in a 75% improvement in work efficiency compared to conventional methods.

We also develop robots that work on construction sites. In September 2022, we announced the development of HIPPO™, a cleaning robot.

We will continue our research to integrate our BIM and robot technologies, which are currently scattered around, in a digital twin, leading to a significant DX.

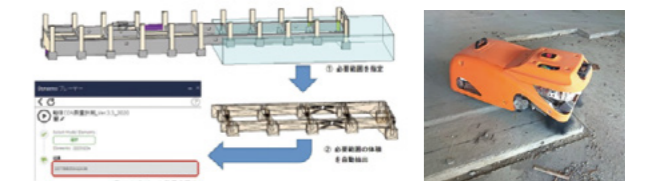


Illustration of concrete quantity calculation using the Haseko-version BIM

HIPPO™, a cleaning robot

Diverse Lifestyles

We will keep providing housing to meet the diverse needs of individuals, from children to the elderly, that change with lifestyles and from stage to stage in each person's life.

Proposing a New Way of Living

ComRezi Akabane, a co-creative residence

The Haseko Group constructed ComRezi Akabane, a co-creative residence consisting of a student dormitory, a shared corporate dormitory, and rental condominiums.

UDS Ltd., Mieta Inc., and Haseko Community, Inc. will provide an opportunity for dormitory students, company employees, and tenants of rental condominiums to create a community together so that they can feel the importance and attractiveness of human

connections through encounters and discoveries, which will lead to their growth.

As a corporate group for housing to create great living, the Haseko Group will continue to take on the challenge of building and providing new housing complexes focusing on urban living from service and hardware aspects to support the affluent lifestyles of residents.

Building a Company Worth Working At

The collective capabilities of the Haseko Group rest on the employees of the Group and those of cooperating companies. We are striving to create a pleasant working environment by developing supportive structures and systems at the company level so that each and every one of them can fully demonstrate their abilities and skills.



For more information, please visit:
<https://www.haseko.co.jp/hc/english/csr/employee/>



ESG Data page:
<https://www.haseko.co.jp/hc/english/csr/esg/>

Four Dimensions for Building a Company Worth Working At

Enabling the flourishing of diverse talent

To provide technologies and services that meet the diverse needs of customers, we are creating an environment that respects the diversity of employees who work in the Haseko Group and enables each and every employee to make the most of his/her individuality at work.

Personnel development and technology succession

We provide employees with education, training, and a variety of other learning opportunities so that each and every employee can play a greater role by further improving and developing his/her capabilities.

A safe and healthy working environment

We are endeavoring to enhance the health of employees by giving consideration to safety and health at the workplace so that they can play an active role by demonstrating their capabilities.

Supply chain

It is impossible for the Haseko Group to run its businesses without collaboration and cooperation with its cooperating companies and all other parties in the supply chain. We have built relationships based on trust and developed a structure that enables us to work together in the long run.



Enabling the Flourishing of Diverse Talent

The Haseko Group is striving to develop an environment in which a diverse range of people can demonstrate their individual characteristics and capabilities and thrive regardless of their race, nationality, gender, sexual orientation, gender identity, age, religion, or disabilities.

Creating Pleasant Workplaces

Promotion of diversity

Supporting the active participation of women

We host gatherings of female employees to help them build a network and eliminate their concerns about their career paths etc., hold training sessions on health issues peculiar to women, and provide them with follow-up and other programs before and after they give birth and then return to work. Haseko Corporation has been selected as one of the "Nadeshiko Brands" for fiscal 2021 by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as a listed company that excels in the "promotion of women's activities."



System for supporting flexible workstyle

Aiming to build a working environment where both men and women find it easy to balance work and family, we have put in place a range of systems that enable them to flexibly choose their workstyles depending on their own situations. Such systems include spouse maternity leave, partially paid childcare leave, other childcare-related systems including time off for children, half-day or hourly paid leave, work-from-home, staggered commuting, flexible working hours, and overtime work exemption/limitation for employees who are unable to work overtime for childcare/nursing care.

Working environment that brings the capabilities of diverse employees fully into play

We have put in place a range of frameworks and systems to create a working environment where each and every employee from diverse backgrounds can demonstrate their capabilities to the fullest extent. This includes systems that enable employees to pursue diverse career paths, such as a career assessment system, a professional staff system, a job category transfer system, a region-based work assignment system, a system for conversion to full-time employees, a reemployment system, and a returner support program; and a framework for fair and equitable personnel assessment by multiple evaluators based on clear criteria.

Promotion of diversity across the organization

To promote CSR-based management and diversity, we periodically report mainly on the progress of plans and the situation of mid-career recruitments to the Board of Directors and the Management Council. In fact, our top management has issued a message that the diversity & gender-related measures should focus not only on the active participation of women but also on creating workplaces where diverse employees feel comfortable working and shine, with "getting the most out of their qualities" as a key theme. Our top

management members have also mentioned in the message that, to this end, they will build a framework whereby the opinions of employees are reflected in their initiatives for improving systems and changing the way of thinking. The Company is committed to organization-wide efforts to create pleasant workplaces. These efforts include *Iku-Boss* Declaration (a statement of commitment by management members in charge of business units to supporting employees in balancing work and family) and the use of the results of organization-wide diversity promotion initiatives, including the support for women's active participation, as the metrics for evaluating or selecting managers, as well as providing relevant training to executive members.

Active participation of senior employees

The Company is taking the lead in promoting the active participation of senior citizens in the workplace. For instance, given the recent regulatory changes in line with the aging of society and with a view to making effective use of human resources, we raised the retirement age from 60 to 65 in 2005. In fact, as of April 1, 2022, 232 rehired employees have continued to work actively after retirement age. In addition, in the condominium management business, as many as approximately 5,800 senior employees with a wealth of life experience are working as Life Managers (caretakers), managing condominiums and providing livelihood support to the residents in these condominiums.



Life Manager

Promotion of the employment of persons with disabilities

Aiming to build workplaces where we can work with employees with disabilities, the Company has continued efforts to promote the employment of persons with disabilities. As a result of these efforts, as of June 1, 2022, the number of employees with disabilities has reached 174 throughout the Group. The Company has also endeavored to expand workplaces for persons with disabilities and retain them. Specifically, we operate Kashiwa Farm and Funabashi Farm, both rental farms, as workplaces for employees with intellectual disabilities; and have started satellite office services since fiscal 2020 to assign jobs to employees with mental disabilities.



Employees working at Kashiwa Farm

"MOST Activities" aimed at improving the working environment across the Group

Since fiscal 2005, the Haseko Group has been engaging in "MOST Activities" with the objective of creating an operating environment where employees can seek physical and mental fulfillment and demonstrate their capabilities. "MOST" is the abbreviation of "Move On Step," reflecting our commitment to steadily engaging in activities by taking one step at a time.

In concrete terms, the MOST Activities are being carried out under the initiative of the committees set up for this purpose in each division of Haseko Corporation and each Group company. Committee members selected from both the labor and management viewpoints set themes and issues specific to their own workplace, discuss ways to solve them, and put them into practice.

They have worked on a variety of activities aimed at improving workplaces and working environments throughout the Group. Such activities include streamlining, reviewing, and optimizing daily operations; visualizing overtime hours with an attendance management system; introducing an automatic PC shutdown system; setting "leave work early" days at regular intervals; encouraging employees to take multiple paid holidays in a row; sharing and horizontally expanding information on the activities of each committee; and issuing the MOST report for the purpose of raising the awareness and improving skills of the management and employees.

A Safe and Healthy Working Environment

We strive to create a safe and healthy working environment and promote health among employees working in the Haseko Group and employees of cooperating companies.

Toward the Realization of a Safe and Healthy Working Environment

Policy for safety and health

At the Haseko Group, we establish a Group-wide "Basic Policy for Safety and Health Management" that stipulates a safety and health policy for Group employees each year, execute thoroughgoing initiatives to eliminate occupational accidents and work to create safe and comfortable workplaces on an ongoing basis.

Furthermore, construction sites of Haseko Corporation establish a safety and health policy and specific implementation

measures, which apply also to cooperating companies, for each fiscal year under the Safety and Health Management Plan.* Specifically, to minimize occupational accidents, not to mention reducing fatal and serious incidents to zero, we have focused on activities to eliminate factors that cause human errors as a priority challenge.

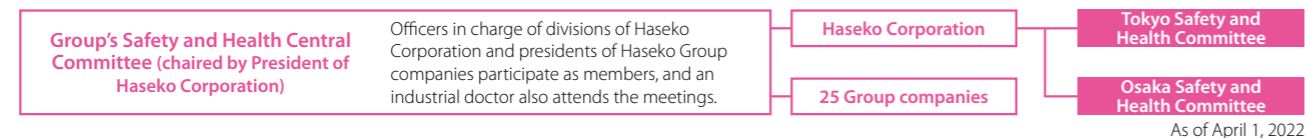
*The Safety and Health Management Plan applies to Haseko Corporation's construction sites and cooperating companies that undertake construction work.

Framework for promoting health and safety

The Haseko Group has voluntarily set up the Safety and Health Central Committee, which oversees the safety and health committees, and has appointed the President and Representative Director of Haseko Corporation as its chairman, establishing a safety supervision system by the Representative Director. The Safety and Health Committee of each Group company also works on creating safe and comfortable workplaces on an ongoing basis through concerted efforts made by members of the Committee and industrial doctors.

In fiscal 2021, with "Let's expand comfortable workplaces and promote workstyle reform" as our slogan, we implemented thoroughgoing initiatives to eliminate occupational accidents at each business site. In addition, committee members for safety and health promotion of each company continued to play a central role in creating a safe and comfortable workplace environment.

Haseko Group's Organizational Framework for Promoting Health and Safety



As of April 1, 2022

Promoting Health Management

Basic approach to employees' health

Since 2008, the Haseko Group has been providing support to its officers and employees for their better physical and mental health by promoting "Healthy HASEKO Full-of-life Plan" under the slogan "No success without healthy officers and employees."

To communicate its passion for and approach to health at the Group level, we released "Haseko Group's Declaration of Health" in September 2017 and thereby presented our corporate policy for health to people inside and outside the Group.

The Haseko Group's Declaration of Health

We, at the Haseko Group, hereby make our declaration of health to pursue a group in which all employees—our most important business resources—can maintain their health, both physically and mentally, and each and every one of them can work more vigorously, in order to fulfill our corporate philosophy "To contribute to society by creating an optimal environment for cities and people."

- 1. Support for health** The Company will proactively work on maintaining and improving its employees' health and provide support to them for better health.
- 2. Responsibility for health** Employees shall take responsibility for their own health and take action and make efforts accordingly on an ongoing basis.
- 3. For a healthy future** Our future must be unlocked by no one but ourselves. In order to open the way to Haseko Group's future, let's work together and make efforts as a team by giving top priority to our health.

Established September 15, 2017

Haseko Corporation President and Representative Director Kazuo Ikegami

Organizational framework for promoting health management

In accordance with the Haseko Group's Declaration of Health, we established the Haseko Group Health Management Promotion Committee in fiscal 2018. The Committee is chaired by the President of Haseko Corporation. Its members are the respective officers in charge of departments of Haseko Corporation, the respective presidents of Group companies, industrial doctors, and

labor unions; and its secretariat consists of the Personnel Dept., the Safety Management Dept., the Welfare Dept. of Haseko Well Center, and the health insurance society. The Committee makes decisions on company-wide policies, targets, plans and progress related to the maintenance and promotion of employees' health, and shares related information.

Selected under the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program

Haseko Corporation and its affiliates were selected under the "2022 Certified Health & Productivity Management" Outstanding Organizations Recognition Program (White 500)* in the large enterprise category hosted by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi as one of the "organizations engaging in strategic health and productivity management program efforts for maintaining their employees' health from a management perspective."*The term "Health and Productivity Management" is a registered trademark of the NPO KenkoKaiei (Workshop for the Management of Health on Company and Employee).



Personnel Development and Technology Succession

We offer our employees various learning opportunities by way of personnel development, career development and other means so that each and every employee can play an active role in their workplace.

Personnel Development

Group's educational policy

In fiscal 2020, we launched the Haseko Group Personnel Plan in step with the start of a new Medium-term Business Plan (NS Plan). Under the education slogan of "continuously produce autonomous human resources and nurture a diverse workforce that will shape the future of Haseko," we have worked to build human resources and organization essential to achieving the NS Plan goals.

In fiscal 2022, we will develop various educational initiatives to enable each and every employee to experience personal growth and job satisfaction, while following our current educational slogan.

Haseko Corporation's education system

In addition to fostering autonomous human resources and career development, we will implement various initiatives such as the development of innovative human resources and global human resources and DX education.

- Priority initiatives**
1. Autonomous human resources development program
 2. Career development
 3. Development of innovative human resources and global human resources
 4. DX education

For the chart of Haseko Corporation's education system, please visit the following URL (available only in Japanese): <https://www.haseko.co.jp/hc/csr/employee/img/educational/system3.pdf>

Supply Chain

We will continue working to create a safe and productive workplace built on the relationship of trust with our cooperating companies and other suppliers.

Haseko Value Enhancement Activities Driven by Framework of Cooperation among Four Bodies (Quaternity)

Framework of cooperation among "quaternity"

Haseko Corporation is in charge of building condominiums with a high degree of precision through the combined efforts of the quaternity (i.e., the construction divisions, architecture & engineering divisions and technological promotion divisions of Haseko Corporation as well as "Ken-ei-kai," an organization of cooperating companies consisting of approximately 300 major cooperating companies). This cooperative relationship has continued for more than 25 years, and our quality control framework built on the strong ties is a strength that no other company has.

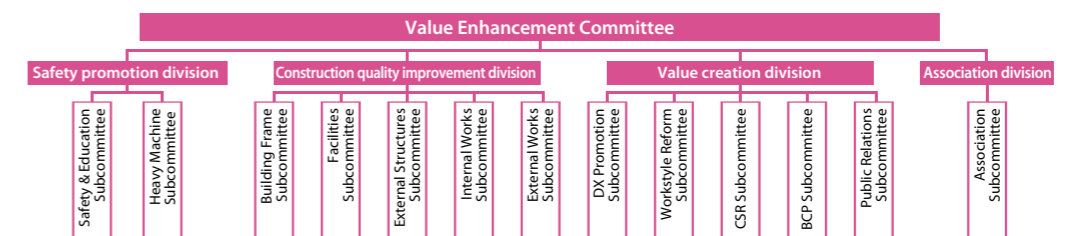
Our activities in pursuit of growth are conducted together with organizations of cooperating companies, namely: "Koshokai" and "Koshokai Kansai" at Haseko Community, Inc.; "Tokyo Juyukai" and "Kansai Juyukai" at Haseko Reform, Inc.; "Tokyo Kenshokai" and "Kansai Kenshokai" at Fujikensetsu Co., Ltd; and "Shinwakai" at Hosoda Corporation.

HASEKO value enhancement activities

Value enhancement activities are activities to provide high-quality condominiums with the aim of clarifying the responsible construction scope, saving labor and improving work efficiency, and improving the Haseko brand based on the cooperation between technology-related divisions and Ken-ei-kai. Activities that are currently being promoted include initiatives to improve operational efficiency through the utilization of cutting-edge

technologies as well as initiatives to further boost productivity aimed at instilling the activities of the HASEKO Value Enhancement Committee toward workstyle reform, which may be regarded as an industry-wide challenge. The outcomes of activities are shared at the "Debriefing Session on Value Enhancement Activities" held once a year, in pursuit of "succession," "widespread acceptance," and "collaboration" at a deeper level.

Organizational Framework of HASEKO Value Enhancement Committee



As of April 1, 2022

Protecting the Precious Environment

Housing development has a huge impact on the environment. With a full understanding of such impact, we are not only promoting environmental activities to realize processes and technologies with minimal environmental burden but also engaging in research and technological development.



Three Dimensions for Protecting the Precious Environment

Cyclical use of resources

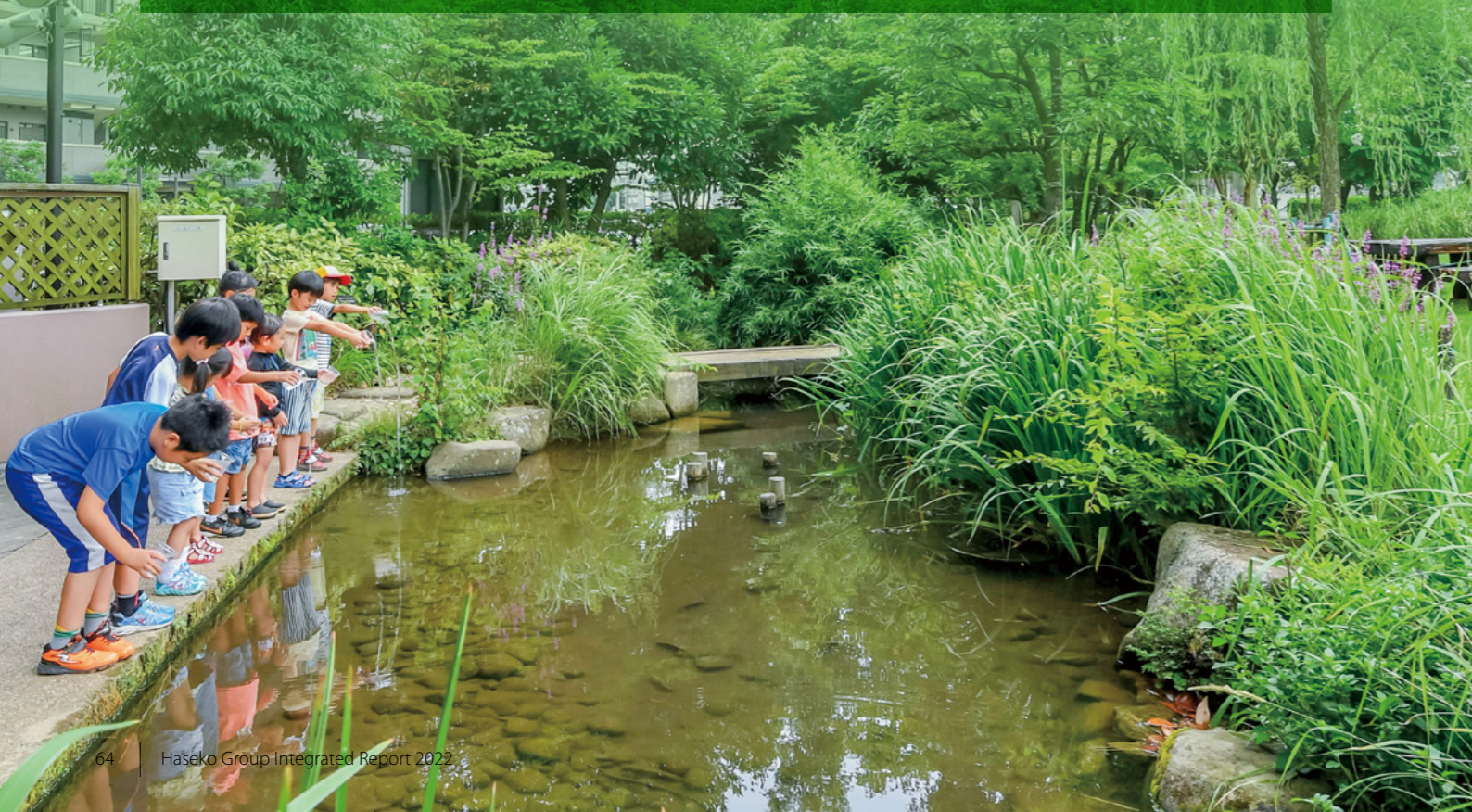
Recognizing that we are operating our businesses by using limited resources of the earth, we are handling resources carefully in all processes of our business activities and are making efforts to recycle them as much as possible.

Energy & CO₂

Condominiums require a lot of energy and release CO₂ not only during their construction but also while in use. We will thus stay cautious of energy consumption and CO₂ emissions in all stages, from planning and designing to maintenance and management.

Pollution prevention and consideration for the local environment

In the course of developing condominiums, we give thoroughgoing consideration to preventing any negative impact of soil, water quality, sunlight, noise, etc. We also proactively make proposals including those for the development of green areas that serve as places for relaxation for local communities.



The Haseko Group's Climate Change Response

In accordance with the Haseko Group's Climate Change Response Policy "HASEKO ZERO-Emission," formulated in December 2021, the Group has moved forward with initiatives aimed at realizing decarbonization.

The Haseko Group's Climate Change Response Policy HASEKO ZERO-Emission (Overview)

The Haseko Group will strive to respond to climate change with the following as its basic stance.

<p>Realize the Corporate Philosophy</p> <p>Addressing climate change as an important management issue</p>	<p>Achieve carbon neutrality by 2050</p> <p>Acquisition of an SBT certification (June 2022) Introduction of renewable energy at all construction sites (by December 2025) Promotion of low-carbon construction</p>	<p>Expand/create business opportunities</p> <p>Analysis of risks and opportunities Transition to net-zero energy housing for for-sale condominiums developed in-house and rental condominiums owned (in 2022 onwards)</p>	<p>Bring together all capabilities of the Haseko Group</p> <p>Promote dialogue/cooperation with stakeholders</p> <p>Disclosures based on the TCFD recommendations, and response to Carbon Disclosure Project (CDP)</p>
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For more information about the Haseko Group's Climate Change Response Policy "HASEKO ZERO-Emission," please visit the following URL: <https://www.haseko.co.jp/hc/english/csr/environment/climate.html>

Disclosures Based on the TCFD Recommendations

The Haseko Group, as a corporate group for housing to create great living, aims "to contribute to society by creating an optimal environment for cities and people." However, in recent years, natural disasters have increased in frequency and intensity due to climate change, which is threatening the safety and security of our lives. Given these conditions, with the belief that addressing climate change is an important management issue, the Haseko Group endorsed the recommendations of the TCFD, as well as developed and announced its policy addressing climate change, HASEKO ZERO-Emission in December 2021. We will continue to

make disclosures in accordance with the recommendations of the TCFD, as well as monitor and appropriately deal with governmental measures and social trends for reducing the effects of climate change and CO₂ and other greenhouse gas emissions, while aiming to realize a sustainable society and improve corporate value.



Metrics & Targets

The Haseko Group has set reduction targets with total greenhouse gas (CO₂) emissions as a metric for assessing and managing the impact of climate issues on our business management.

All Group companies will continue to study measures for achieving greenhouse gas emissions reduction targets (and targets for promoting these measures).

Scope	Base year	Targets	
		Medium-term (FY2030)	Long-term (FY2050)
Scope1*1 + Scope2*2	FY2020	(42%)	(100%)
Scope3*3		(13%)	(37%)

For information on actual emissions, please visit: <https://www.haseko.co.jp/hc/english/csr/esg/>

*1 Scope 1: Direct emissions from burning fuel, etc.
*2 Scope 2: Indirect emissions from the use of electricity, etc.
*3 Scope 3: Supply chain emissions related to business activities

The Haseko Group's targets for FY2030 approved by SBT

The Group has set targets for reducing greenhouse gas emissions under Scope 1 and 2 by 42% and under Scope 3 by 13%, both from the levels in fiscal 2020, by fiscal 2030. These targets have been approved by SBT in June 2022.



Governance

The Haseko Group regards CSR as an important management issue, and thus, has aimed to make organization-wide progress in CSR activities. To promote and instill CSR activities throughout the Group, we have established the “CSR Committee,” a subordinate organization of the Board of Directors, chaired by the President and Representative Director. The Committee’s members include the officers in charge of Haseko Corporation’s divisions, and the presidents of Haseko’s Group companies.

The CSR Committee meets once a year to deliberate and decide on basic CSR policies and action plans, including the Group’s response to climate change, and to monitor and review CSR activities. Matters deliberated and reported at the CSR Committee are reported to and supervised by the Board of Directors, and significant matters are brought to the Board of Directors for deliberation and decision-making. The Haseko Group takes into consideration the climate-related management issues addressed at the CSR Committee when developing its business strategy, investment strategy, and other management strategies.

The Haseko Group has moved forward with concrete initiatives for environmental issues. In addition to the “CSR Promotion Conference” and the “CSR Promotion Secretariat,” which are subordinate bodies under the CSR Committee for responding to general CSR initiatives, the Group has established the “Environment Promotion Conference” and the “Environment Promotion Secretariat” that implement environmental measures such as decarbonization measures as well as energy and environmental technologies.

Management Structure



Role of Each Body

Body	Role	Composition	Frequency of meetings	Secretariat
CSR Committee	Deliberates and decides on matters relating to CSR management at the management level	[Chairperson] President and Representative Director of Haseko Corporation [Members] Officers in charge of Haseko Corporation's divisions and presidents of Haseko's Group companies	Once a year	CSR Department
CSR Promotion Conference	Deliberates on and executes specific policies for CSR management	[Members] Officers of Haseko Corporation and Haseko's Group companies	Three times a year	
CSR Promotion Secretariat	Serves as the secretariat for CSR related bodies	[Members] General managers of departments at Haseko Corporation and Haseko's Group companies	Four times a year	
Environment Promotion Conference	Deliberates on and executes specific policies to achieve medium- and long-term environmental targets in CSR management	[Members] Officers of Haseko Corporation and Haseko's Group companies	Three times a year	Quality and Environmental Management Office
Environment Promotion Secretariat	Serves as the secretariat for environment related bodies	[Members] General managers of departments at Haseko Corporation and Haseko's Group companies	Four times a year	

Strategy

Risk and opportunity identification process

The Haseko Group has established a company-wide working group (WG) to address climate change under the Environment Promotion Conference. This working group has identified climate-related risks and opportunities, analyzed the level of impact, and studied responses thereto.

The study results are approved by the CSR Committee after deliberation on the validity of the analysis and the need for additional response, and then reported to the Board of Directors.

Targeted sectors/regions and impact on financial plans

As a first step, our analysis targeted the domestic construction business. This time, we did not perform quantitative calculations regarding the financial impact. In the future, we will work to expand the scope of analysis and calculate the quantitative impact.

Explanation of scenarios and short-, medium-, and long-term time horizons

In our analysis, we established the following two scenarios and studied the impact.

1.5–2°C scenario	A scenario in which rigorous measures to mitigate climate change are taken and temperatures as of 2100 are no more than 1.5–2°C warmer than the level before the Industrial Revolution. (References: SDS*1 of the IEA,*2 RCP 2.6*3 of the IPCC,*4 etc.)
4°C scenario	A scenario in which rigorous measures to mitigate climate change are not taken and temperatures as of 2100 are around 4°C warmer than the level before the Industrial Revolution. (References: STEPS*5 of the IEA, RCP 8.5*6 of the IPCC, etc.)

*1 SDS: Sustainable Development Scenario

*2 IEA: International Energy Agency

*3 RCP 2.6: 2°C scenario

We also studied the impact from short-term, medium-term (through 2030), and long-term (through 2050) perspectives.

Climate-related issues that have a significant impact, resilience

As a result of the analysis, we identified as significant risks the increase in construction costs due to the adoption of carbon taxes and tighter regulations in connection with the transition to a decarbonized society, labor shortages due to rising average temperatures in summer, and delays in construction projects due to more frequent and intensified meteorological disasters.

Our analysis also indicates that an increase in demand for Net-Zero Energy Houses (ZEH) and disaster-resistant houses may lead to an increase in opportunities to receive orders for new construction and renovation.

Based on the results of our analysis, we looked into the current status of our initiatives addressing these risks and opportunities and studied their adequacy and the need for additional measures. As a result, we have confirmed that the current direction of our initiatives is appropriate and that further acceleration is required for several measures, such as the decarbonization technology for concrete and steel, which comprise the greater part of CO₂ emissions from construction materials, and the energy-saving technology for houses and buildings. Going forward, we will substantiate actions for accelerating these measures and move forward with further initiatives.

Please see the chart below for details of significant risks and opportunities, their impact, and our response.

*4 IPCC: Intergovernmental Panel on Climate Change

*5 STEPS: Stated Policy Scenario

*6 RCP 8.5: 4°C scenario

Risks and Opportunities

**Impact* means the impact as of 2030.

Category	Item	Description	Impact		Timeframe
			1.5–2°C	4°C	
Impact of the transition to a decarbonized society	Risk	Adoption of carbon taxes	Medium	Low	Medium-term
	Risk	Tighter regulations	Medium	Low	Medium-term
	Opportunity	Increased demand for energy-efficient buildings	High	Medium	Medium-term
Physical effects	Risk	Rising average temperatures in summer	High	High	Short-term
	Risk	More frequent and intensified meteorological disasters	Medium	Medium	Short-term
	Opportunity	Increase in disaster prevention and mitigation demand	High	High	Medium-term

Countermeasures

Adoption of carbon taxes Tighter regulations Increased demand for energy-efficient buildings	<ul style="list-style-type: none"> Promote the reduction of CO₂ emissions during construction Promote the use of materials with low greenhouse gas emissions 	<ul style="list-style-type: none"> Promote the development of technologies responding to the growing demand for energy-efficient buildings
Rising average temperatures in summer More frequent and intensified meteorological disasters Increase in disaster prevention and mitigation demand	<ul style="list-style-type: none"> Further improve the work environment at construction sites, and promote higher work efficiency by automation and other means Establish construction methods not affected by weather 	<ul style="list-style-type: none"> Strengthen relationships with cooperating companies and suppliers Promote the development of technologies responding to the growing demand for disaster-resistant condominiums

Risk Management

We have established a company-wide working group to identify climate change risks and analyze their impact on business. The risks analyzed by the working group are deliberated on by the CSR Committee and reported to the Board of Directors.

As a first step, although we did not perform quantitative tests regarding the financial impact this time, we qualitatively assessed the chance of risks materializing, their timeframe, their impact if they do materialize, and the status of current countermeasures. We then categorized the impact into high, medium, and low.

In anticipation of a variety of risks, Haseko Corporation endeavors to collect risk-related information and prepares preventive measures and appropriate countermeasures in advance against risks according to their magnitude and the possibility of them arising. The Risk Management Department has played a central role in implementing measures for systematically coping with risks and minimizing potential losses.

Specifically, Haseko Corporation has set up a system in which respective sections of the Corporate Management Division coordinate with each other and check the status of business operations in accordance with the roles they are assigned, while the Internal Auditing Department conducts further checking. For the corporate approval system that serves as a record of decision-making for executing operations, the Company has introduced

an electronic system that enables auditors and the Corporate Management Division to view and check the content whenever necessary.

Furthermore, of the issues forwarded to the Board of Directors, the Management Council and the two operation councils (the Business Operation Council and Technology Operation Council), those involving many departments or requiring specialized knowledge are subject to meticulous verification in advance by the advisory meetings and committees we have established. Periodical results reporting is also mandatory for issues that require monitoring.

On top of these, the Company has established the Risk Management Committee under the chairmanship of the President with the aim of strengthening the risk management system of Haseko Corporation and all its Group companies, and conducts cross-sectional gathering of information, analysis, assessment, and handling of risks in accordance with the internal rules on risk management.

Going forward, we will continue to strengthen the risk management system, with the aim of further enhancing our risk management.

Concrete Initiatives in Response to Climate Change

For details of concrete initiatives in response to climate change, please visit the related information links below.

After the establishment of the Haseko Group’s Climate Change Response Policy, Haseko Corporation joined the Japan Climate Initiative and the TCFD Consortium. Through these bodies, we will work on climate change countermeasures and information disclosure in collaboration with other companies, municipalities, and organizations.

• For more information about concrete measures for addressing climate change, please visit the following URL:

<https://www.haseko.co.jp/hc/english/csr/product/consideration.html>

<https://www.haseko.co.jp/hc/english/csr/environment/energy.html>

Energy & CO₂

We are working on reduction of CO₂ emissions in an effort to create a low-carbon society.

Initiatives to reduce CO₂ emissions at construction sites

The Haseko Group is promoting the following initiatives at certain sites to reduce CO₂ emissions at construction sites. Going forward, we will continue to increase the number of cases of adoption and promotion of these initiatives, while taking the scale and location of project into consideration.

Initiatives for reduction of Scope 1 emissions (CO ₂ emissions from fuel consumption of construction vehicles, etc.)	
Reduction of the number of dump trucks transporting soil away from the site through effective on-site use of soil generated from construction	Use of GTL fuel for off-road heavy machinery (on-site)
Adoption of natural gas pressure welding (Ecospeed Method)	Adoption of electric forklifts
Adoption of Precast concrete technology	Adoption of ALC hardware non-welding method
Initiatives for reduction of Scope 2 emissions (CO ₂ emissions from power consumption at sites)	
Adoption of solar power generation using prefabricated house roofs	Use of LED for temporary lighting at sites
Adoption of biomass electric power	
Initiatives for reduction of Scope 3 emissions (CO ₂ emissions associated with manufacture and transport of construction materials and transport, processing, etc. of waste)	
Reduction and thorough separation of waste	Reduction of the number of transport vehicles by reducing volume of waste



Use of GTL fuel (a GTL sticker)



Adoption of electric forklifts



Adoption of natural gas pressure welding (Ecospeed Method)

For more information about measures for reducing CO₂ emissions at construction sites, please visit: <https://www.haseko.co.jp/hc/english/csr/environment/energy.html>

Promotion of wood use in construction of housing complexes

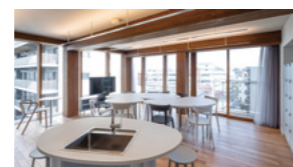
In recent years, the effective use of domestic forest resources has been drawing attention as part of efforts to build a sustainable social environment. Moreover, the mental relaxation effect of the warmth of wood we have long been familiar with has been re-evaluated.

We have established the Wood Use Promotion Committee and are promoting wood utilization for communal buildings in housing complexes as the first step in an effort to use more wood for the main structure of housing complexes as appropriate.

In order to meet the diversifying needs including from the projects of the Haseko Group, we created the Handbook for Planning and Design of Wooden Communal Buildings to accumulate design and construction know-how on wooden buildings and to add to the menus for proposals for planning and design. This handbook summarizes important points in planning a wooden communal building in the form of a "Planning and Design Flow Chart." By advancing planning in accordance with

the flow chart, we are able to plan rationally wooden communal buildings.

In addition, we constructed common living spaces featuring wooden materials on the second to fifth floors of the student dormitory at ComRezi Akabane. Going forward, we will work on developing various elemental technologies with the goal of providing a specific format for multi-level wood-construction housing complexes.



ComRezi Akabane: Conceptual CG of the common living space of the student dormitory



Renai Yokohama Totsuka: Conceptual CG of the communal building

Development of Technology That Reduces Environmental Burdens

Development of "H-BA concrete" an environment-conscious concrete

Produced by blending ordinary Portland cement and blast furnace cement type-B, H-BA concrete is so versatile that it can replace conventional concrete. It is eco-conscious concrete that reduces CO₂ emissions derived from concrete materials by approximately 20%.

This product had been adopted in several projects, including parts of the common-use area of Renai Yokohama Totsuka (Totsuka-ku, Yokohama-shi, Kanagawa; total 439 units) and the entirety of the Gakuen Higashimachi Project, a rental condominium building targeting students (Nishi-ku, Kobe-shi, Hyogo; total 120 units). In August 2022, H-BA concrete obtained the "Special Evaluation Method Certification*2," which is recognized as an alternative evaluation method to methods that comply with the "Evaluation Method Standard*1," from the Ministry of Land, Infrastructure, Transport and Tourism. This certification allows it to be used in for-sale condominiums that use dwelling performance indications. We used approximately 1

million cubic meters of concrete in 2021. If H-BA concrete were to be used for that entire volume, we would be able to reduce CO₂ emissions by approximately 50,000 tonnes (equivalent to the quantity absorbed by approximately 3.6 million Japanese cedar trees in a year).

In 2021, we established the Haseko Group's Climate Change Response Policy: "HASEKO ZERO-Emission", and we are working to popularize "H-BA concrete" to reduce greenhouse gas (CO₂) emissions. Following on from the Kamiikedai Project in the Tokyo area, plans have already been made for its first adoption by a Group enterprise in the Kansai area. H-BA concrete will continue to be adopted in other projects of the Haseko Group business. In addition to Group business projects, we will work to popularize H-BA concrete in the projects of other companies to promote the reduction of greenhouse gas (CO₂) emissions across the entire supply chain.

*1 Evaluation Method Standard: Standard for methods of evaluating housing performance to be indicated in accordance with the Japan Housing Performance Indication Standards stipulated in the Housing Quality Assurance Act.
*2 Special evaluation method certification: Certification method approved on an individual basis by the Minister of Land, Infrastructure, Transport and Tourism for new materials and construction methods (e.g., structural safety, reduced deterioration, thermal environment, sound environment) that cannot be evaluated in accordance with evaluation method criteria stipulated in the Housing Quality Assurance Act.

Buildings where H-BA concrete has been adopted and their greenhouse gas (CO₂) emission reduction effects (as of October 31, 2022)

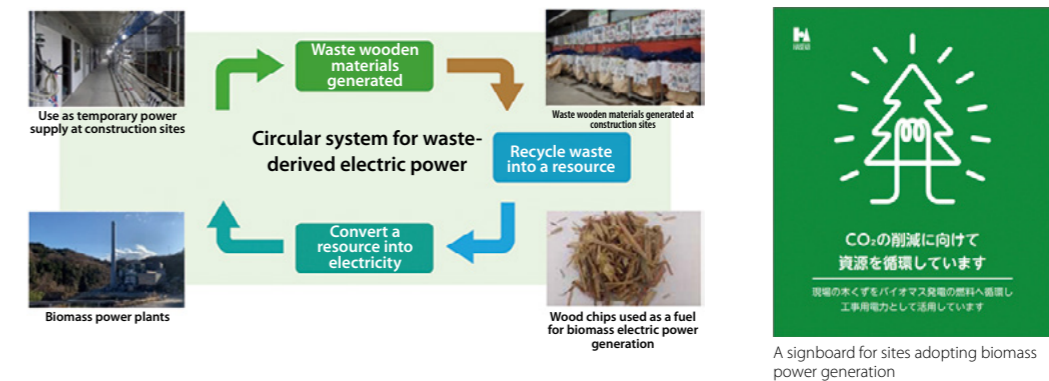
Name	Section of use	Location	Volume used (m ³)	Reduction of CO ₂ (t-CO ₂)
Haseko Technical Center	External deck	Tama-shi, Tokyo	125	5.7
Renai Yokohama Totsuka	Corridor floor	Yokohama-shi, Kanagawa	25	1.2
Gakuen Higashimachi Project	Foundations/above-ground framework	Kobe-shi, Hyogo	2,462	144.7
Urayasu Todaijima Project	Parts of above-ground framework	Urayasu-shi, Chiba	252	13.7
Acoustic Experiment Building, Haseko Technical Center	Foundations	Tama-shi, Tokyo	218	10.1
Kamiikedai Project	Above-ground framework	Ota City, Tokyo	Approx. 2,300	Approx. 117

Use of Biomass Electric Power

In cooperation with an outside power generation company, we have introduced a resource recycling initiative to utilize renewable energy from biomass power generation, which uses waste wooden materials generated at construction sites as part of its fuel as a temporary power supply at construction sites. In addition, we are gradually adopting renewable energy sources in accordance with

our internal policy to switch 100% of electricity used at construction sites to renewable energy sources by May 2023.

This initiative will reduce CO₂ emissions from power generation, as compared with the case of using electricity supplied from conventional thermal power plants, contributing to the mitigation of global warming.



A signboard for sites adopting biomass power generation

Environmental Accounting

We introduced environmental accounting in fiscal 2004 to get a grasp of environmental conservation activities in quantitative terms and promote such activities in an efficient manner.

For Haseko Corporation's environmental accounting, please visit: https://www.haseko.co.jp/hc/english/csr/environment/environmental_accounting.html

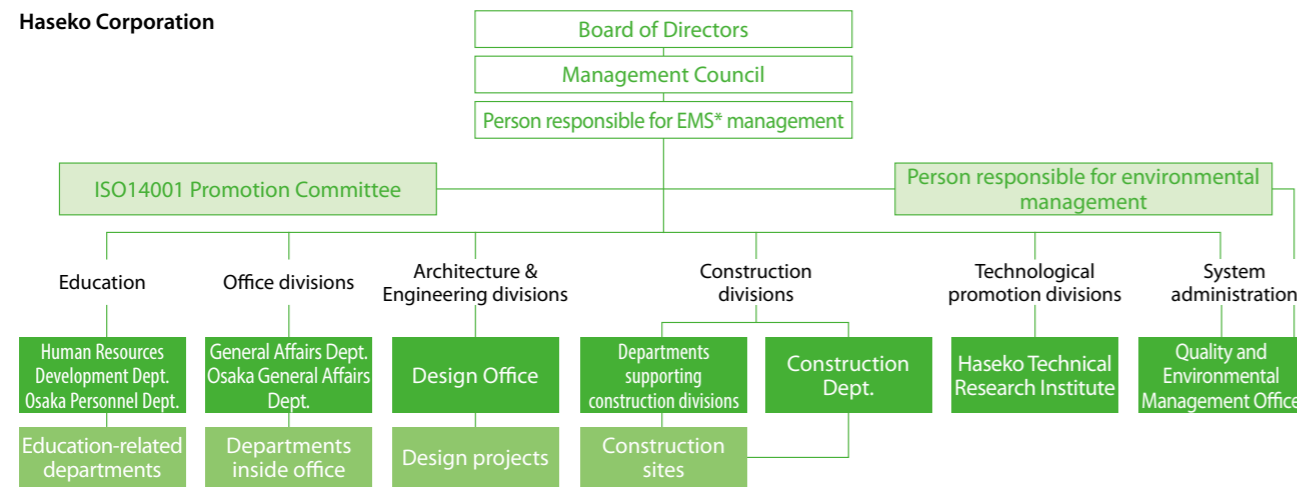
Environmental Management System

To promote and develop environmental activities, each division has set environmental goals and numerical targets and is making steady efforts.

Haseko Group's Environmental Policy/Code of Conduct on Biodiversity

For more information about the Haseko Group's Environmental Policy and Code of Conduct on Biodiversity, please visit the following URL:
https://www.haseko.co.jp/hc/english/csr/environment/environmental_management.html#anc_1

Organizational framework for promoting environmental management system



*Environmental management system

As of April 1, 2022

Status of Environmental Management System

Haseko Corporation, Haseko Reform Inc., and Fujikensetsu Co., Ltd. have obtained ISO14001 environmental management system certification and they are continually managing and improving their environmental activities.

Background to obtaining ISO14001 certification

Haseko Corporation obtained ISO14001 environmental management system certification in Kansai and Tokyo regions in July 2001 and October 2001, respectively. In October 2013, we integrated the environmental management systems in Tokyo and Kansai regions and have since been operating the integrated system. As of April 2021, approximately 96% of Haseko Corporation's offices have obtained the ISO14001 certification.

Haseko Reform Inc. obtained the ISO14001 environmental management system certification in March 2014 (at Tokyo and

Kansai branch offices). In April 2018, the system was updated to the 2015 version and integrated with the ISO9001 quality management system, and the integrated system has since been in operation.

In addition, Fujikensetsu Co., Ltd. also obtained ISO14001 environmental management system certification in December 2020 for its Kansai Branch and in February 2021 for its Tokyo Branch.

Going forward, we will continue to engage in environmental management activities.

Initiatives and ongoing improvement

Upon conducting environmental preservation activities, we formulate the Environmental Policy, in response to which each division sets environmental goals and numerical targets and carries out the activities accordingly.

The environmental management system is checked by internal audit and external examination as to whether or not it complies with Haseko's arrangements including specification requirements, and whether or not it is implemented and maintained properly. Based on the results, the environmental management system is reviewed and improved on an ongoing basis.

The days on which external examination was conducted and the number of matters pointed out in fiscal 2021 were as follows.

	Registration date Last updated	External examination date	Number of matters pointed out in external examination
Haseko Corporation	Oct. 1, 2001 Oct. 1, 2019	Jul. 27–28, 2021	None
Haseko Reform Inc.	Mar. 13, 2014 Apr. 19, 2021	Mar. 2–11, 2022	None
Fujikensetsu Co., Ltd. (Tokyo Branch)	Feb. 22, 2021	Nov. 24–25, 2021	None
Fujikensetsu Co., Ltd. (Kansai Branch)	Dec. 21, 2020	Oct. 27, 2021	None

Compliance with environmental regulations

In fiscal 2021, there was no violation of environmental-related laws in our construction works.

Consideration for Biodiversity

Through corporate activities that take biodiversity into consideration, we aim to create a more comfortable and sustainable global environment.

Acquisition of ABINC Business Site Certification

The Association for Business Innovation in harmony with Nature and Community (ABINC) evaluates and certifies the biodiversity-conscious development, management, use, etc. of green areas in companies' facilities (e.g., factories, office buildings, commercial facilities, housing complexes) under its ABINC Business Site Certification (ABINC Certification), with the aim of promoting harmony between nature and people in corporate activities.

In fiscal year 2021, three of the properties designed and constructed by Haseko Corporation obtained the ABINC Certification.

Amid the growing social interest in biodiversity consideration, we will contribute toward the improvement of the natural environment in cities by making proposals that take biodiversity into consideration.



Renai Tomio (property owner: Sohgo Real Estate; design & construction: Haseko Corporation) *Acquired ABINC Certification in fiscal year 2021.

We created a new green area in front of the train station, which connect to the greenery of the Yata Hill Promenade. The entire site has been designed to attract wildlife by planting trees that are preferred by birds and installing birdhouses and birdbaths.



Exterior view of the southwestern side



Courtyard and entrance hall



For more information about the construction of condominiums that take biodiversity into account, please visit the following URL (available only in Japanese):
<https://www.haseko.co.jp/hc/csr/biodiversity/>

Biodiversity Conservation Activities

The Haseko Group has continued volunteer activities by its employees to foster and conserve biodiversity in accordance with the Haseko Group Code of Conduct on Biodiversity.

"Haseko no Mori" project

The "Haseko no Mori" project is one of the projects commemorating the Group's 80th anniversary. The Group has been conducting forest conservation and afforestation activities at two locations, i.e., Chino City, Nagano Prefecture, and Tanabe City, Wakayama Prefecture, based on the themes of social contribution, future-oriented, and collaboration with the local community. We will proactively make Group-wide efforts in this project together with the local communities.

Three roles of Haseko no Mori

1. Afforest and reforest
2. Restore forests into places that attract people again and again
3. Contribute to core businesses and society through ongoing activities



Footpath leading to an open field within Haseko no Mori (Chino City, Nagano Prefecture)



Planting of cherry blossoms (Tanabe City, Wakayama Prefecture)

For more information about biodiversity conservation activities, please visit the following URL:
https://www.haseko.co.jp/hc/english/csr/environment/energy.html#anc_5

Analysis of Operating Results

1. Operating results

The Japanese economy picked up due to the effect of various policies and the improvement of overseas economies, while the severe situation caused by COVID-19 has been relieved. However, there is uncertainty due to the situation in Ukraine, etc. and it is necessary to pay close attention to the downside risk due to rising raw material prices and fluctuations in the financial and capital markets.

New supply of condominium units from January through December 2021 stood at 32,872 units (up 13.2% year on year) in the Tokyo metropolitan area and 18,160 units (up 11.8% year on year) in the Kinki area. The number of units exceeded 30,000 for the first time in three years in the Tokyo metropolitan area, and it exceeded the previous fiscal year for the first time in three years in the Kinki area. The upward trend of the unit price and the average market price continues both in the Tokyo metropolitan area and in the Kinki area. The unit price increased to 953 thousand yen/m² (up 5.2% year on year) and the average market price increased to 63.60 million yen (up 6.1% year on year) in the Tokyo metropolitan area, surpassing the amount recorded for the fiscal year 1990 (949 thousand yen/m² and 62.14 million yen) and reaching a record high. The unit price increased to 759 thousand yen/m² (up 8.7% year on year) and the average market price increased to 46.51 million yen (up 11.8% year on year) in the Kinki area. The unit price achieved a record high and the average market price reached the highest level since the fiscal year 1991 (54.64 million yen).

Under such circumstances, for the fiscal year 2021, which represents the second year of the "HASEKO Next Stage Plan" ("Plan NS"), the Company's medium-term business plan, net sales were 909.7 billion yen because real estate sales increased significantly. Ordinary income exceeded the initial forecast of 75.0 billion yen and reached 81.9 billion yen because sales of new for-sale condominiums by consolidated subsidiaries in the Real Estate-Related Business progressed smoothly and each subsidiary of the Service-Related Business steadily accumulated profits.

For the fiscal year 2021, net sales were up 12.4% at 909.7 billion yen because real estate sales increased due to an increase in a transaction volume of real estate for the purpose of receiving construction orders by the Company and an increase in a transaction volume of real estate by consolidated subsidiaries despite a decrease in the sales of completed construction contracts posted by the Company. Mainly due to an increase in the gross profit of real estate sales, operating income was up 13.4% at 82.7 billion yen, ordinary income was up 14.0% at 81.9 billion yen, and net income attributable to owners of parent was up 12.9% at 54.5 billion yen, all on a year-on-year basis. The operating income ratio was 9.1% (up by 0.1 percentage points year on year) and ordinary income ratio came to 9.0% (up by 0.1 percentage points year on year).

Construction-Related Business

For construction works, project owners have had high regard for the Company's ability in gathering land information as well as product planning, its attitude toward construction quality and maintaining construction schedules, its efficient production systems, and such. The gross profit margin of completed construction contracts improved partly due to cost reduction efforts implemented for the properties under construction.

In terms of orders for new construction of for-sale condominiums, the Company won orders for 91 projects in total throughout Japan consisting of 64 in the Tokyo metropolitan area including 15 large projects of at least 200 units, and 27 in the Kinki and Tokai areas including eight large projects of at least 200 units. In addition, aside from construction of for-sale condominiums, the Company received construction orders for 15 projects for rental housing, etc.

As for construction completion, the Company completed construction of 104 projects, including 9 projects for rental housing, etc.

The segment posted sales of 646.5 billion yen, a year-on-year increase of 5.6%, due to an increase in the transaction volume of land for the purpose of receiving construction orders by the Company despite the decrease in the sales of completed construction contracts. Operating income was 63.3 billion yen, a year-on-year decrease of 2.1%, with a decrease in profit on construction associated with lower sales of completed construction contracts, despite an improvement in gross profit margin of completed construction contracts.

Real Estate-Related Business

As deliveries of new for-sale condominiums and sales of finished inventory by consolidated subsidiaries progressed smoothly, the segment posted sales of 108.1 billion yen, a year-on-year increase of 45.6%, and operating income of 15.6 billion yen, a year-on-year increase of 83.5%.

Service-Related Business

Sales and profits for large-scale repair work and interior remodeling increased year on year due to the increased volume of repair work in large-scale repair work and interior remodeling. There was a rebound from the previous fiscal year when self-restraint in business activities was conducted due to COVID-19.

In the management of rental condominiums and corporate housing management agency services, the number of units the Company operates reached a combined total of 174,951 units, an increase of 3.4% from the end of the previous fiscal year, due to a steady increase in new consignment of these services and continuation of ongoing consignment.

In the consignment sales of newly built condominiums, the number of delivered units increased partly due to sales in the Tokyo metropolitan area being strong.

In real estate brokerage operations, the number of brokered units and the number of sold units in the renovation business both increased year on year.

In for-sale condominium management operations, the number of units the Haseko Group is consigned to manage reached 419,060 units (up 2.1% year on year) with new consignment remaining strong.

In the senior services business, the number of paid facilities for the elderly and housing for elderly in operation totaled 2,297 units (up 0.7% year on year) mainly as a result of progress seen in move-ins to paid facilities for the elderly and housing for elderly.

The segment posted sales of 211.1 billion yen, a year-on-year increase of 13.7%, and operating income of 13.2 billion yen, a year-on-year increase of 90.0%.

Overseas-Related Business

Real estate sales decreased in Oahu, Hawaii. Construction and sales of new for-sale detached houses and development of a commercial facility are still progressing. The segment posted sales of 0.0 billion yen, a year-on-year decrease of 98.5%, and operating loss of 4.3 billion yen (in contrast to operating loss of 1.1 billion yen in the previous fiscal year) due to the impact of a one-time recording of some assets as an expense because of the review of asset usability.

2. Financial position

Total assets at the end of the fiscal year ended March 31, 2022 increased by 128.2 billion yen from the end of the previous fiscal year to 1,081.9 billion yen. This is attributable to an increase in costs and advances for real estate operations resulting from the investment of funds in land for the purpose of receiving construction orders and the new for-sale condominium business.

Total liabilities were 664.2 billion yen, an increase of 104.9 billion yen from the end of the previous fiscal year. This is attributable to borrowing of debt and an increase in advances received for real estate sales.

Consolidated net assets were 417.7 billion yen, an increase of 23.3 billion yen from the end of the previous fiscal year stemming from such factors as increase in retained earnings due to the recording of net income attributable to owners of parent despite the balance of retained earnings at the beginning of the fiscal year decreasing by 11.9 billion yen due to the impact of the application of the "Accounting Standard for Revenue Recognition," in addition to the payment of cash dividends and purchase of treasury stock.

As a result, the equity ratio was 38.6% compared with 41.4% at the end of the previous fiscal year.

The real estate owned by the Haseko Group increased due to such factors as acquisition of real estate on a short-term basis for the purpose of construction orders and the purchase of for-sale real estate. In this regard, the Company conducts appropriate risk management in implementing its business operations.

Construction-Related Business

Assets of the Construction-Related Business amounted to 353.8 billion yen as of the end of the fiscal year ended March 31, 2022, up 29.7 billion yen from the end of the previous fiscal year due to such factors as increases in real estate for sale and costs and advances for real estate operations associated with lands for the purpose of receiving construction orders.

Real Estate-Related Business

Assets of the Real Estate-Related Business amounted to 331.7 billion yen as of the end of the fiscal year ended March 31, 2022, up 26.9 billion yen from the end of the previous fiscal year, as new for-sale condominiums were delivered and notes and accounts receivable for sale of finished inventory were collected, while costs and advances for real estate operations increased in accordance with steady progress in the purchase of for-sale condominiums, among other factors.

Service-Related Business

Assets of the Service-Related Business totaled 203.0 billion yen as of the end of the fiscal year ended March 31, 2022, up 16.3 billion yen from the end of the previous fiscal year, mainly because cash and bank deposits increased in accordance with an increase in deposits.

Overseas-Related Business

Assets of the Overseas-Related Business increased by 18.9 billion yen from the end of the previous fiscal year to 67.9 billion yen as of the end of the fiscal year ended March 31, 2022 due to an increase in construction in progress in accordance with the development of retail facilities as well as equity investment in affiliates, among other factors.

3. Cash Flows

Net cash provided by operating activities in the fiscal year 2021 was 65.4 billion yen, an increase of 33.6 billion yen compared with the net cash provided by operating activities totaling 31.9 billion yen in the previous fiscal year. Major factors included a decrease of 40.0 billion yen in cash in accordance with an increase in inventories (compared with a decrease of 53.2 billion yen in cash for the previous fiscal year).

Net cash used in investing activities was 31.6 billion yen, a decrease of 4.2 billion yen compared with the net cash used in investing activities totaling 35.8 billion yen in the previous fiscal year. Major factors included a decrease of 26.8 billion yen in cash in accordance with purchase of property, equipment and intangible assets (compared with a decrease of 29.8 billion yen in cash for the previous fiscal year).

Net cash provided by financing activities was 15.7 billion yen, a decrease of 51.1 billion yen compared with the net cash provided by financing activities totaling 66.8 billion yen in the previous fiscal year. Major factors included an increase of 40.1 billion yen in cash as a result of new long-term debt and newly issuing corporate bonds offset by repayments of long-term debt and redemption of corporate bonds (compared with an increase of 115.7 billion yen in cash for the previous fiscal year).

As a result of the above, the balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2022 totaled 264.9 billion yen, an increase of 50.6 billion yen from 214.3 billion yen at the end of the previous fiscal year.

The balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2022 increased significantly from the end of the previous fiscal year. The increase is mainly due to an increase in cash flows from operating activities as a result of an increase in income before income taxes as well as an increase in cash flows from financing activities as a result of new long-term debt and newly issuing corporate bonds.

Consolidated Balance Sheet

	(Millions of yen)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
ASSETS		
Current assets		
Cash and bank deposits	216,107	266,891
Notes and accounts receivable, trade	132,346	147,945
Marketable securities	516	576
Costs on uncompleted construction contracts	10,774	11,379
Real estate for sale	166,708	165,818
Costs and advances for real estate operations	113,272	176,887
Real estate for development projects	25,723	26,027
Other	24,175	14,642
Allowance for doubtful accounts	(94)	(84)
Total current assets	689,527	810,079
Fixed assets		
Property and equipment		
Buildings and structures	82,382	83,854
Machinery, vehicles, equipment and furniture	9,707	10,239
Land	100,156	96,325
Leased assets	1,274	1,203
Construction in progress	9,105	13,956
Accumulated depreciation	(29,615)	(31,396)
Total property and equipment	173,010	174,182
Intangible assets		
Land leasehold rights	1,876	1,895
Goodwill	2,590	2,387
Other	5,392	5,810
Total intangible assets	9,858	10,092
Investments and other assets		
Investment securities	40,880	43,125
Long-term loans receivable	3,077	2,333
Net defined benefit asset	18,458	20,416
Deferred tax assets	5,803	8,918
Other	13,839	13,548
Allowance for doubtful accounts	(793)	(787)
Total investments and other assets	81,264	87,554
Total fixed assets	264,132	271,828
Total assets	953,659	1,081,907

	(Millions of yen)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
LIABILITIES		
Current liabilities		
Notes and accounts payable	87,095	86,480
Electronically recorded obligations	54,899	55,562
Current portion of long-term debt	5,971	31,841
Income taxes payable	15,397	16,495
Advances received on uncompleted construction contracts	17,636	25,472
Advances received for real estate sales	22,349	38,095
Warranty	4,303	5,487
Allowance for losses on construction contracts	151	384
Accrued bonuses for employees	4,797	5,322
Accrued bonuses for director	127	157
Other	59,238	85,249
Total current liabilities	271,963	350,543
Long-term liabilities		
Straight bonds	90,000	90,000
Long-term debt	171,981	190,000
Provision for loss on litigation	2,245	2,484
Provision for employee stock ownership plan	2,787	3,446
Provision for board benefit trust	347	421
Liability for retirement benefit	1,361	1,446
Deferred tax liabilities	22	18
Other	18,589	25,883
Total long-term liabilities	287,331	313,697
Total liabilities	559,294	664,240
NET ASSETS		
Shareholders' equity		
Capital stock	57,500	57,500
Capital surplus	7,373	7,373
Retained earnings	369,335	392,149
Treasury stock	(31,353)	(34,333)
Total shareholders' equity	402,855	422,689
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	4,254	2,358
Translation adjustment	(7,320)	(2,180)
Retirement benefits liability adjustments	(5,429)	(5,205)
Total accumulated other comprehensive income (loss)	(8,495)	(5,027)
Non-controlling interests	5	5
Total net assets	394,365	417,667
Total liabilities and net assets	953,659	1,081,907

Consolidated Statement of Income

	(Millions of yen)	
	FY 2020	FY 2021
Net sales		
Construction contracts	479,244	482,866
Design and supervision	9,933	11,262
Leasing and management	86,335	85,416
Real estate sale	217,070	312,576
Others	16,857	17,588
Total net sales	809,438	909,708
Cost of sales		
Construction contracts	397,824	399,910
Design and supervision	5,475	5,719
Leasing and management	66,989	66,160
Real estate sale	188,045	274,439
Others	14,874	15,171
Total cost of sales	673,207	761,399
Gross profit		
Construction contracts	81,420	82,956
Design and supervision	4,458	5,543
Leasing and management	19,346	19,255
Real estate sale	29,025	38,137
Others	1,983	2,417
Total gross profit	136,231	148,309
Selling, general and administrative expenses	63,322	65,607
Operating income	72,909	82,702
Non-operating income		
Interest income	104	84
Dividend income	386	1,142
Share of profit of entities accounted for using equity method	0	—
Other	1,919	1,179
Total non-operating income	2,410	2,405
Non-operating expenses		
Interest expenses	1,353	1,675
Share of loss of entities accounted for using equity method	—	2
Bond issuance costs	377	—
Incidental expenses for loan	1,484	1,465
Other	272	96
Total non-operating expenses	3,486	3,237
Ordinary income	71,832	81,871
Special income		
Gain on sale of property and equipment	7	3
Gain on sale of investment securities	1	218
Other	—	3
Total special income	7	224
Special losses		
Loss on disposal of property and equipment	54	66
Impairment loss on fixed assets	156	166
Impairment loss on investment securities	764	36
Other	—	3
Total special losses	973	270
Income before income taxes	70,866	81,825
Income taxes – current	22,994	25,478
Income taxes – deferred	(386)	1,857
Total income taxes	22,608	27,335
Net income	48,258	54,490
Net income (loss) attributable to non-controlling Interests	(0)	(0)
Net income attributable to owners of parent	48,258	54,490

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY 2020	FY 2021
Net income	48,258	54,490
Other comprehensive income		
Net unrealized gain (loss) on other securities	4,781	(1,897)
Translation adjustments	(1,989)	5,140
Retirement benefits liability adjustments	2,223	225
Total other comprehensive income	5,015	3,468
Comprehensive income	53,273	57,958
Comprehensive Income Attributable to:		
Comprehensive income attributable to owners of parent	53,273	57,958
Comprehensive income attributable to non-controlling interests	(0)	(0)

Consolidated Statement of Changes in Net Assets

(Millions of yen)

FY 2020	Shareholders' equity				Accumulated other comprehensive income				Non-controlling interests	Total net assets	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain (loss) on other securities	Translation adjustments	Retirement benefits liability adjustments			Total accumulated other comprehensive income (loss)
Balance at beginning of period	57,500	7,623	346,039	(9,975)	401,187	(526)	(5,331)	(7,653)	(13,510)	6	387,682
Cumulative effects of changes in accounting policies					—						—
Restated balance	57,500	7,623	346,039	(9,975)	401,187	(526)	(5,331)	(7,653)	(13,510)	6	387,682
Changes during period											
Cash dividend			(24,962)		(24,962)						(24,962)
Net income attributable to owners of parent			48,258		48,258						48,258
Purchase of treasury stock				(21,524)	(21,524)						(21,524)
Disposal of treasury stock		0		146	146						146
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(250)			(250)						(250)
Change in scope of consolidation					—						—
Net changes in items other than those in shareholders' equity					—	4,781	(1,989)	2,223	5,015	(0)	5,015
Total changes during period	—	(250)	23,296	(21,378)	1,668	4,781	(1,989)	2,223	5,015	(0)	6,683
Balance at March 31, 2021	57,500	7,373	369,335	(31,353)	402,855	4,254	(7,320)	(5,429)	(8,495)	5	394,365

(Millions of yen)

FY 2021	Shareholders' Equity				Accumulated other comprehensive income				Non-controlling interests	Total net assets	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain (loss) on other securities	Translation adjustments	Retirement benefits liability adjustments			Total accumulated other comprehensive income (loss)
Balance at beginning of period	57,500	7,373	369,335	(31,353)	402,855	4,254	(7,320)	(5,429)	(8,495)	5	394,365
Cumulative effects of changes in accounting policies			(11,881)		(11,881)						(11,881)
Restated balance	57,500	7,373	357,454	(31,353)	390,973	4,254	(7,320)	(5,429)	(8,495)	5	382,483
Changes during period											
Cash dividend			(19,503)		(19,503)						(19,503)
Net income attributable to owners of parent			54,490		54,490						54,490
Purchase of treasury stock				(3,087)	(3,087)						(3,087)
Disposal of treasury stock		0		108	108						108
Change in treasury shares of parent arising from transactions with non-controlling shareholders					—						—
Change in scope of consolidation			(292)		(292)						(292)
Net changes in items other than those in shareholders' equity					—	(1,897)	5,140	225	3,468	(0)	3,468
Total changes during period	—	0	34,695	(2,979)	31,716	(1,897)	5,140	225	3,468	(0)	35,183
Balance at end of period	57,500	7,373	392,149	(34,333)	422,689	2,358	(2,180)	(5,205)	(5,027)	5	417,667

Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2020	FY 2021
Cash Flows from Operating Activities		
Income before income taxes	70,866	81,825
Depreciation	5,266	5,895
Impairment loss on fixed assets	156	166
Amortization of goodwill	203	203
Provision (reversal) of allowance for doubtful accounts	(4)	(16)
Increase (decrease) in provision for loss on litigation	(111)	(26)
Interest and dividend income	(490)	(1,226)
Interest expenses	1,353	1,675
Share of loss (profit) of entities accounted for using equity method	(0)	2
Loss (gain) on sale of investment securities	(1)	(218)
Impairment loss on investment securities	764	36
Loss (gain) on disposal of property and equipment	47	63
Valuation loss on inventories	713	5,034
Decrease (increase) in notes and accounts receivable	9,174	(15,390)
Decrease (increase) in costs on uncompleted construction contracts	272	(605)
Decrease (increase) in inventories	(53,151)	(40,023)
Increase (decrease) in notes, accounts payable and accrued expenses	3,832	(7)
Increase (decrease) in amounts received for uncompleted construction contracts	(1,089)	4,187
Increase (decrease) in deposits	11,395	11,294
Other, net	(5,906)	37,582
Subtotal	43,288	90,450
Interest and dividends received	516	1,229
Interest paid	(1,306)	(1,617)
Income taxes paid	(10,622)	(24,614)
Net cash provided by (used in) operating activities	31,876	65,448
Cash flows from investing activities		
Payment for purchase of securities	—	(576)
Proceeds from redemption of securities	2,064	576
Purchase of property, equipment and intangible assets	(29,818)	(26,806)
Proceeds from sale of property, equipment and intangible assets	8	12
Payment for purchase of investment securities	(8,254)	(6,379)
Proceeds from sale of investment securities	16	1,031
Loan advances	(4,691)	(11,665)
Proceeds from collection of loans receivable	4,605	12,076
Payments of leasehold and guarantee deposits	(802)	(904)
Proceeds from refund of leasehold and guarantee deposits	720	960
Other	381	74
Net cash provided by (used in) investing activities	(35,772)	(31,601)
Cash flows from financing activities		
Increase in long-term debt	60,000	50,000
Repayments of long-term debt	(4,311)	(9,882)
Bonds issuance	70,000	—
Redemption of bonds	(10,000)	—
Purchase of treasury stock	(21,524)	(3,087)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(286)	—
Bond issuance cost	(377)	—
Incidental expenses for loan	(1,485)	(1,461)
Cash dividends paid	(24,962)	(19,503)
Other	(256)	(339)
Net cash provided by (used in) financing activities	66,799	15,728
Effect of exchange rate changes on cash and cash equivalents	(359)	982
Net increase (decrease) in cash and cash equivalents	62,545	50,558
Cash and cash equivalents at beginning of period	151,754	214,299
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	7
Cash and cash equivalents at end of period	214,299	264,864

Corporate Overview (as of June 30, 2022)

Corporate overview

Company name	Haseko Corporation	License and permit registration number	Building Lots and Buildings Transaction Business: Granted by the Minister of Land, Infrastructure, Transport and Tourism (16) No.68
Head Office	32-1 Shiba 2-chome, Minato-ku, Tokyo 105-8507, Japan Tel: 813-3456-5451		Special Construction Business License: Issued by the Minister of Land, Infrastructure, Transport and Tourism (Special 2) No.3792
Founded:	February 11, 1937		First-class Registered Architects Office: Registered with the Governor of Tokyo, No. 27765. Registered with the Governor of Osaka (G) No.12327.
Incorporated:	August 22, 1946		Specified Joint Real Estate Ventures Permission: Granted by the Commissioner of the Financial Services Agency, the Minister of Land, Infrastructure, Transport and Tourism No.8
Capital stock:	57.5 billion yen		Type II Financial Instruments Business: Registered with the Director-General of the Kanto Local Finance Bureau (Kinsho) No.1447
Number of employees:	2,510		
Business activities	Construction, real estate, engineering	Major member associations	KEIDANREN (Japan Business Federation) Japan Federation of Construction Contractors The Real Estate Companies Association of Japan The Association of Real Estate Agents of Japan Association of New Urban Housing Technology The Remodeling Promotion Committee for Condominium Type II Financial Instruments Firms Association

Offices

- Haseko Corporation
Kansai Office
- Haseko Corporation
Urban development division
- Haseko Corporation
Yokohama Branch
- Haseko Corporation
Nagoya Branch
- Haseko Corporation
Kyoto Branch
- Haseko Corporation
Kyushu and Okinawa Operations Division
- Haseko Corporation
Chugoku and Shikoku regions Business Promotion Department
- Haseko Corporation
Technical Research Institute
- Haseko Corporation
Hanoi Representative Office

Group companies

- Fujikensetsu Co., Ltd.
- Hasec Inc.
- Foris Corporation
- Hosoda Corporation
- HC Katsushimacho Jutaku Co., Ltd.
- Haseko Real Estate Development Holdings Inc.
- Haseko Real Estate Development, Inc.
- Sohgoh Real Estate Co., Ltd.
- Haseko Home, Co.,Ltd.
- Haseko Anesis Corporation
- Haseko Reform Inc.
- Haseko Livenet, Inc.
- Haseko Business Proxy, Inc.
- Haseko Urbest Inc.
- Haseko Real Estate, Inc.
- Haseko Intech Inc.
- Haseko Systems Inc.
- Haseko Property Management Holdings Inc.
- Haseko Community, Inc.
- Haseko Community Kyushu Inc.
- Haseko Community Nishinoh Inco.
- Haseko Community Okinawa Inc.
- Joint Property Co., Ltd.
- Haseko Senior Well Design Co., Ltd.
- Haseko Job Create Co. Ltd.
- Haseko Research Institute Inc.
- Haseko America, Inc., and more

Stock Information (as of September 30, 2022)

Stock information

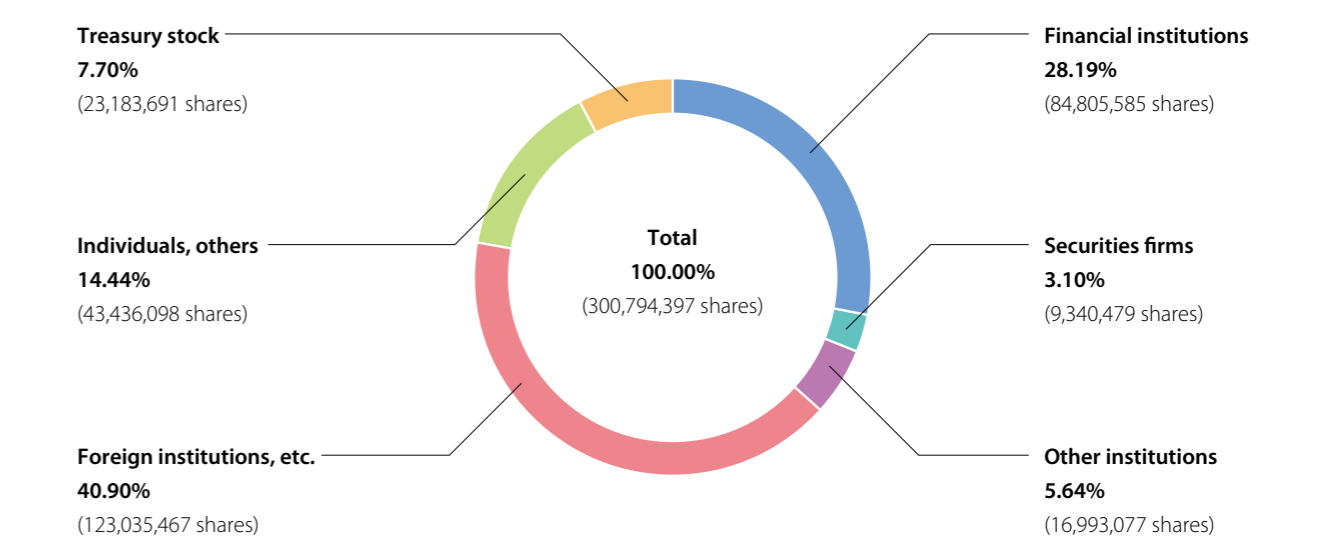
Securities code	1808	Shareholder register administrator (and special account management institution)	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-0005
Stock exchange listing	Tokyo Stock Exchange Prime Market	Handling office	Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-0005
Date of listing	October 1961		
Number of shares constituting one unit	100		
Total number of shares authorized to be issued	420,000,000		
Total number of shares issued	300,794,397		
Number of shareholders	50,277		
End of period	March 31		

Major shareholders

Major shareholder	Number of shares held (shares)	Shareholding ratio (%)
Ichigo Trust Pte. Ltd.	53,185,600	19.15%
The Master Trust Bank of Japan, Ltd. (Trust account)	39,345,200	14.17%
Custody Bank of Japan, Ltd (Trust account)	23,442,600	8.44%
Resona Bank, Limited	12,609,992	4.54%
Sumitomo Realty & Development Co., Ltd.	9,916,200	3.57%

*Excluding 23,183,411 shares of treasury stock. The shareholder ratio is calculated based on the total number of shares issued, net of 23,183,411 shares of treasury stock.

Ownership and share distribution



A Corporate Group for Housing
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