

# 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.
	2	Deepen coordination among the Group companies and realize a corporate entity that proves to be worthy of the trust received from urban dwellers
	3	Provide safe, secure and comfortable housing and urban environment
	4	Establish a stable profit base through growth strategy investment
	5	Maintain a strong financial base and enhance shareholder returns
	6	Challenge for new endeavors from a medium- to long-term perspective
	7	Focus on establishing CSR management
Focused strategies	1	Strengthen competitiveness of core businesses <ul style="list-style-type: none"> <li>Expansion of domain of the Construction-Related Business</li> <li>Expansion of redevelopment and reconstruction business/response to compact cities</li> <li>Continuation and strengthening of the Service-Related Business</li> </ul>
	2	Expansion of investment in Real Estate-Related Business <ul style="list-style-type: none"> <li>Expansion of business areas for condominium sales business</li> <li>Rental properties holding and development business</li> </ul>
	3	Initiatives for future growth <ul style="list-style-type: none"> <li>Investment for realizing digital transformation (DX)</li> <li>Investment for introducing advanced technologies by the value, technology and innovation division</li> <li>Investment in overseas business</li> <li>New investment</li> <li>Investment in human assets</li> </ul>
	4	Investment plan
	5	Financial strategy and shareholder returns
	6	Action for CSR management

### 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

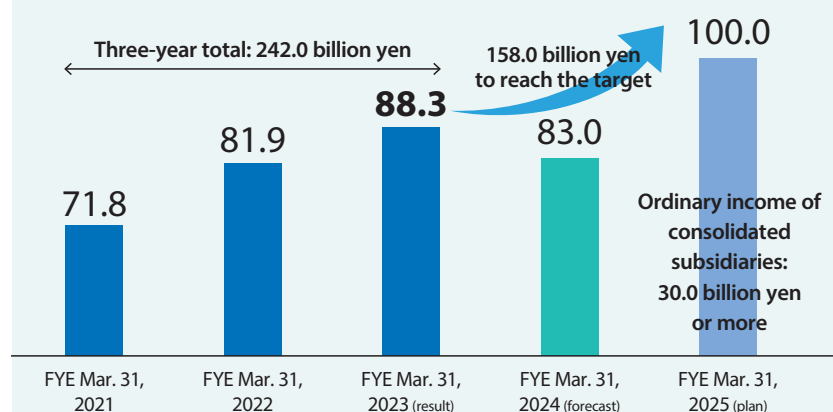
Five-year total consolidated ordinary income

**400.0** billion yen

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

Fiscal year ended March 31, 2021 to ending March 31, 2025

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



Current medium-term business plan

# Execution status of focused strategies

## 1 Strengthen competitiveness of core businesses

### Promotion of DX at construction sites: Utilization of 3D data at construction sites

We visualize design information in 3D to contribute to improving productivity through improved understanding and close communication.

#### Reduction of time required for drawing reference drawings

Workers can check the parts that cannot be displayed in 2D.



#### Construction drawing check

Workers can check the finished shape while checking it with a simple viewer.



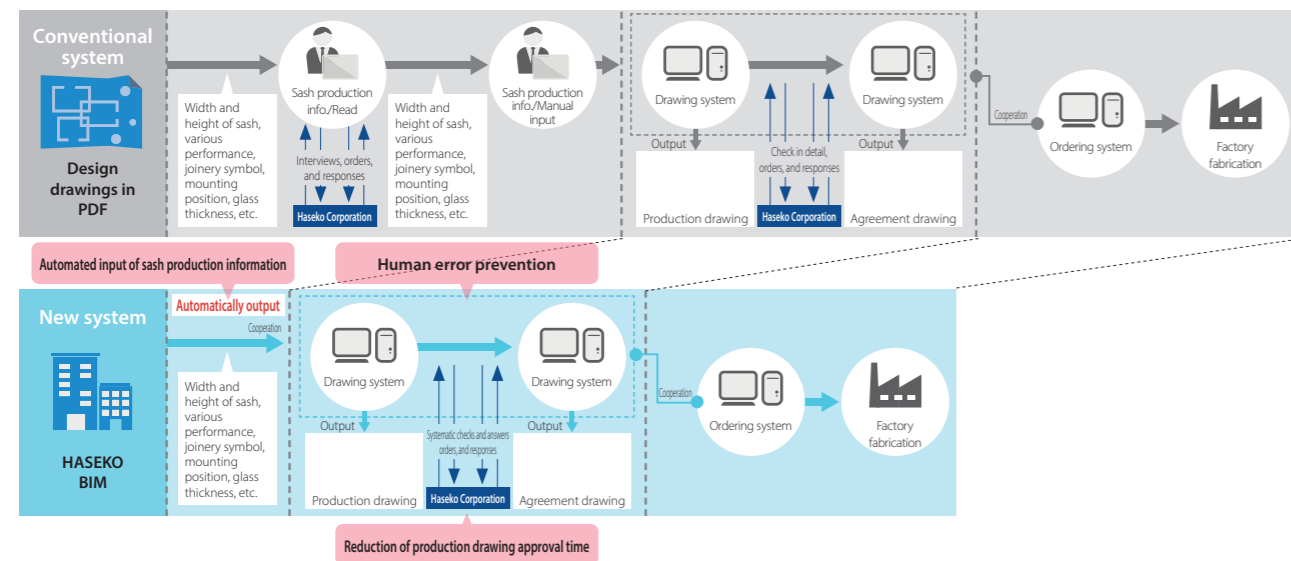
#### Utilization at cooperating companies

Workers can check the construction status of the site on their smartphone or tablet.



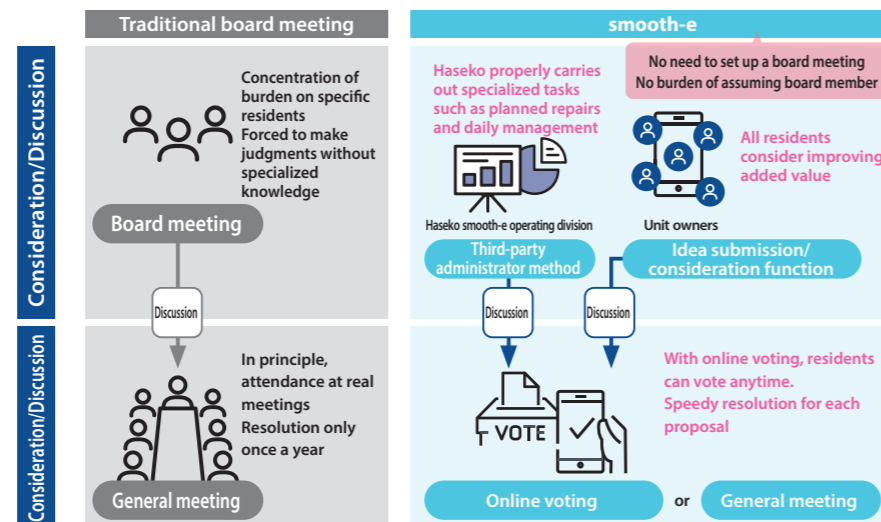
### Promotion of DX at construction sites: Information production using BIM data

We constructed an aluminum sash production system for condominiums with the cooperation of sash manufacturers and linked HASEKO BIM with the production systems of sash manufacturers. It shortens input/drawing time, prevents human error, and improves productivity.



### Promotion of DX in the Service-Related Business: Services for condominium management associations "smooth-e"

We adopted a third-party administrator method, which does not set up a board meeting. While reducing the burden of managing the management association, this method allows all unit owners to discuss and make decisions to improve the added value of the condominium.



### Specific examples of DX promotion

#### ● DX promotion in rental condominiums: Renai Flats Tanimachi 4-chome

Advanced technological equipment creates a smart and new lifestyle.

##### ■ Facial recognition system to unlock the common entrance with no contact



Common entrance



Conceptual diagram of the facial recognition system

##### ■ Equipment to enhance living comfort in private spaces

###### ● IoT intercom

A resident can talk to a visitor on the go with their smartphone.



IoT intercom

###### ● Multifunction light

A built-in Bluetooth speaker allows a resident to fully enjoy the powerful sound from the ceiling.



Multifunction light

###### ● IoT gas detector SUMAPIKO

If a gas leak or CO is detected, an alarm goes off to alert people. It also provides weather forecasts and other useful information for daily life.



IoT gas detector SUMAPIKO

###### ● IoT air conditioner

Remote operation ensures year-round comfort. Air purification function "Plasmacluster" is installed.



IoT air conditioner

#### ● DX promotion in paid care facilities for the elderly: Brancheile Kuramae

##### ■ Facial recognition entry/exit system

A facial recognition device with a temperature measurement function simplifies temperature and entry/exit recording.



##### ■ Bathroom presence

detection (in the middle of demonstration)

If a resident stays longer than a certain amount of time in the bathroom, the system notifies the staff to prepare for any eventuality while the resident is bathing.



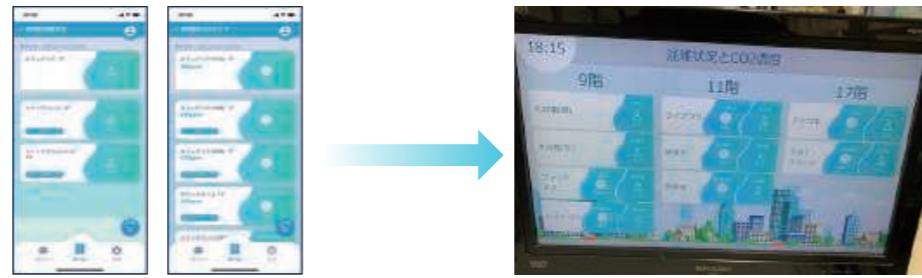
Cameras in front of the main bathroom count the comings and goings.



A notification of any abnormality appears on the staff room's PC screen and is heard over intercom (by voice).

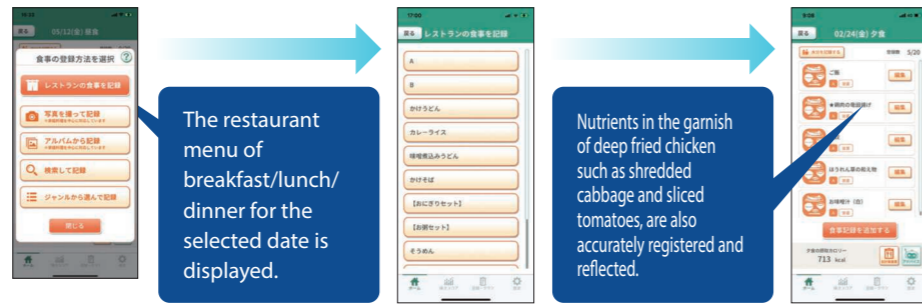
**Checking crowded conditions of shared facilities**

Residents can monitor crowding levels in shared areas, such as a restaurant, from their rooms.



**Health promotion services**

Restaurant meals are recorded.

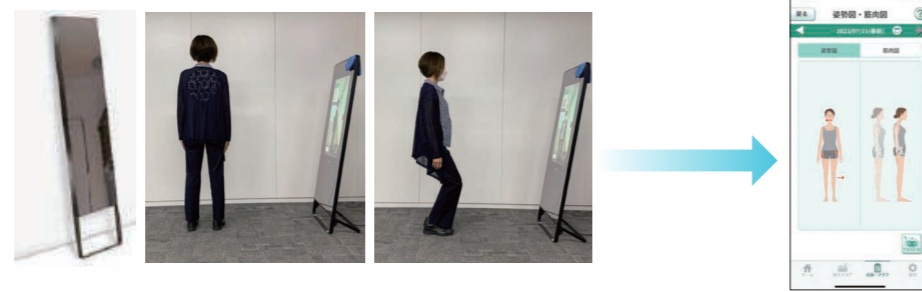


The restaurant menu of breakfast/lunch/dinner for the selected date is displayed.

Nutrients in the garnish of deep fried chicken such as shredded cabbage and sliced tomatoes, are also accurately registered and reflected.

**Easy posture determination by oneself**

Accurate posture determination is possible without camera shake or misalignment caused by smartphone photography.



**Raising employee awareness of DX promotion: DX Academy**

We delivered a message from the president to inform all employees that we have opened the DX Academy to deepen their understanding and develop their mindset toward DX.



DX Academy initiatives to date



- First initiative: Implementation of the "DX Changing the Mindset Program" for all officers and employees
- Second initiative: "Innovation Leader Development Program" for selected mid-level and young employees to acquire DX knowledge
- Third initiative: "DX Literacy Course" to improve the literacy of the management level that leads the organization

**2 Expansion of investment in the Real Estate-Related Business**

**Project for creating residence of the future: Sustaina Branche Hongyotoku**

This project combines net zero CO<sub>2</sub> emissions by full-scale renovation of existing housing with the establishment of experimental residential housing aimed at creating residence of the future utilizing advanced technologies.

**Aiming to achieve net zero CO<sub>2</sub> emissions by improving energy-saving performance of housing and using renewable energy**

**Experimental housing for creating residence of the future with a smart home system**

- Conduct renovation that achieves functions similar to a new condominium using the existing building
- Improve internal and external heat insulation performance, upgrade glass to Low-E multilayered glass, and upgrade lighting to LED
- Renovate the existing infrastructure to use electricity only
- Install solar power panels on the roof, exterior walls, and balcony railings
- Adopt hydrogen fuel cells
- Introduce the Kenes Green Supply® environmental value plan of Kanden Energy Solution Co., Inc.
- Enhance crime prevention measures using image analysis by AI
- Contribute to increasing logistics efficiency (reducing redeliveries) by combining a parcel drop box to each unit and a smart lock to unlock the front door
- Verify sleep quality and fatigue recovery effects by lighting, temperature and humidity, and images using IoT devices

**Progress of private placement REIT**

In FY2021, Haseko started the private placement REIT of approx. 20.0 billion yen. In FY2022, Haseko did not sell properties to the private placement REIT and worked to enhance its pipeline. In FY2023, Haseko sold properties of approx. 10.0 billion yen to the private placement REIT in May 2023.



**Further promotion of the H-BA concrete to realize a decarbonized society**

In August 2022, the H-BA concrete obtained the Special Evaluation Method Certification 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, thereby promoting reductions in CO<sub>2</sub> emissions throughout the entire supply chain.

Property name	Section of use	Volume used (m3)	Reduction of CO <sub>2</sub> (t-CO <sub>2</sub> )
Haseko Technical Center	External deck	125	5.7
Renai Yokohama Totsuka	Corridor floor	25	1.2
Gakuen Higashimachi Project	Foundations/above-ground framework	2,462	144.7
Bransiasta Urayasu	Parts of above-ground framework	252	13.7
Acoustic Experiment Building, Haseko Technical Center	Foundations	218	10.1
Kamiikedai Project	Above-ground framework	Approx. 2,300	Approx. 117

**3 Initiatives for future growth**

**Overseas business initiatives**

The complex facility Wai Kai of a development project on the island of Oahu, Hawaii, USA opened in March 2023. Aiming to establish a new earnings base in the future, investment in housing development projects in the mainland United States is also steadily expanding.



Complex facility Wai Kai

Participating housing business in the mainland United States