

# 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.

### 1960s—

#### Age of popularization of Condominiums

##### 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—

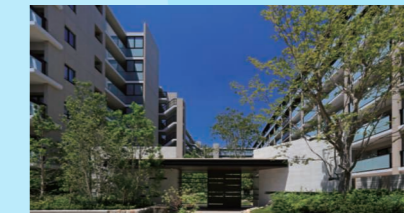
#### Age of Sustainability

##### 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.

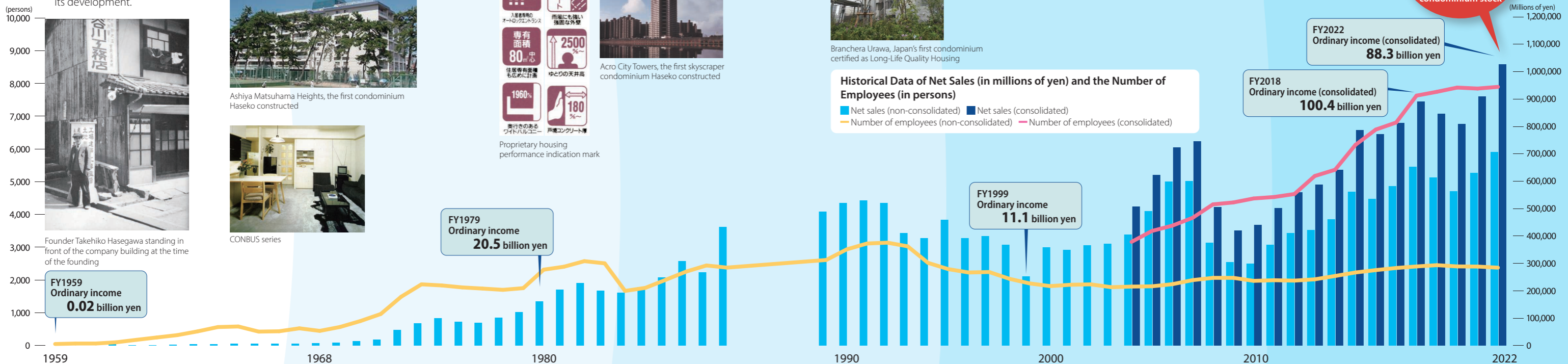
##### Haseko's response

- 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 providing condominiums designed to cater to the new normal life in response to the COVID-19 pandemic.
- We are ensuring that all condominiums developed primarily by the Group (projects with design initiated in fiscal year 2022 and later) meet the net-zero energy housing (ZEH) standard.
- We are proactively promoting the ICT-based IoT condominium business.



Renai Yokohama Totsuka, condominium for the new normal

2022  
 Exceeded 690,000 units  
 Approx. 10% of Japan's for-sale condominium stock



\*1 Data are reported as of the end of each period: March 31 for FY1987 and later, and May 31 before FY1987.

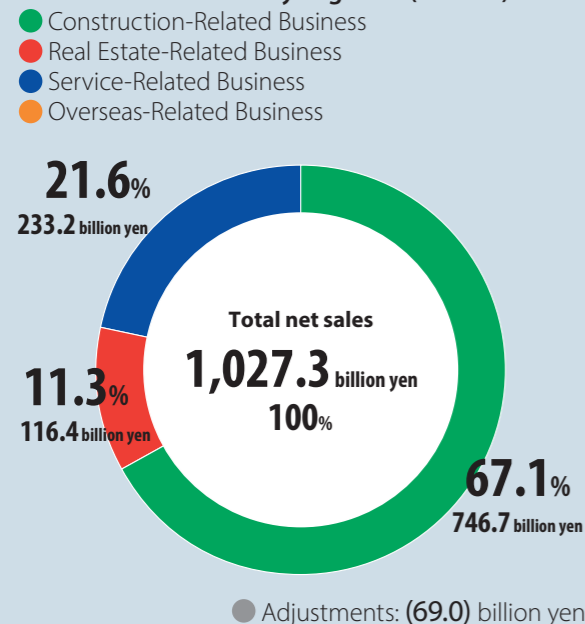
\*2 The number of employees at the end of fiscal year 1983 declined on a non-consolidated basis due to the spin-off of the sales and brokerage divisions as a separate affiliate company (no consolidated data disclosed).

\*3 The number of employees at the end of fiscal year 1994 declined on a non-consolidated basis due to substantial transfers to affiliate companies and other factors (no consolidated data disclosed).

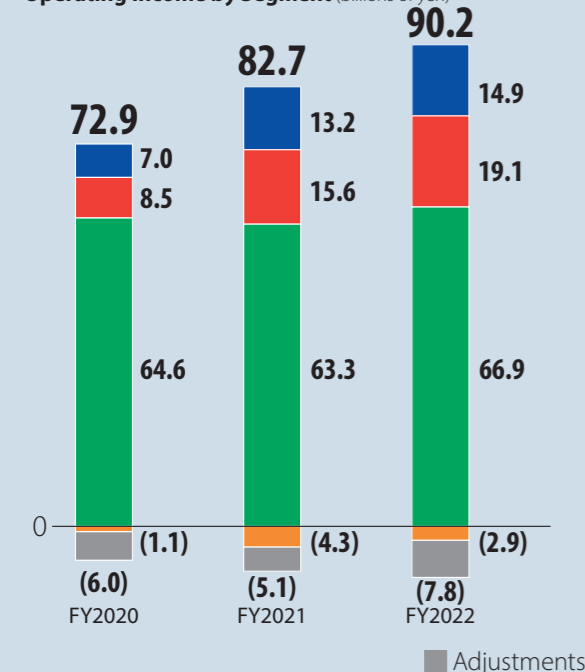
Source: Haseko Group's 80-Year History (available only in Japanese) and Financial Reports

# Business Overview of the Haseko Group

## Net Sales Breakdown by Segment (FY2022)



## Operating Income by Segment (billions of yen)



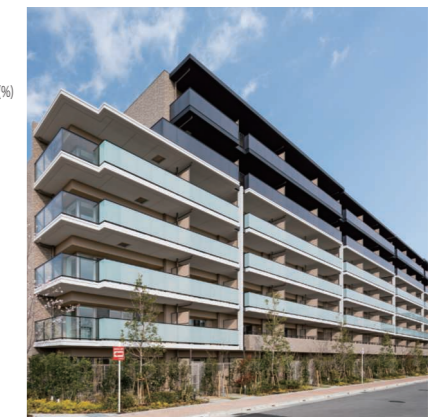
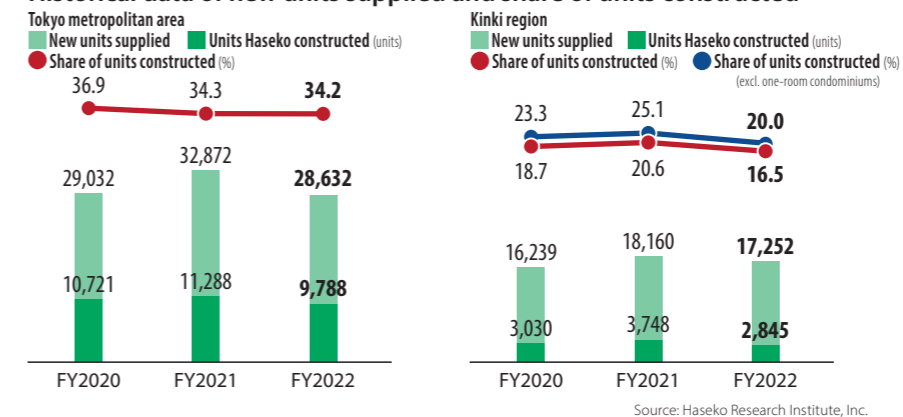
## Key Consolidated Data for FY2022

Net sales	<b>1,027.3 billion yen</b>
Operating income	<b>90.2 billion yen</b>
Ordinary income	<b>88.3 billion yen</b>
Net income	<b>59.3 billion yen</b>

## 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

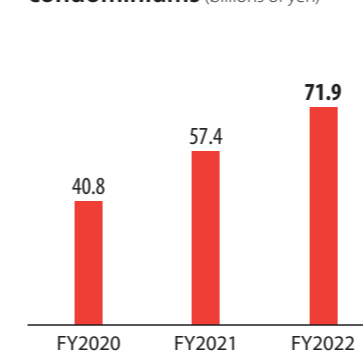


Renai Nishinomiya Koshien

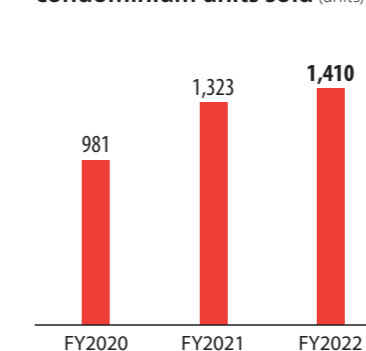
## Real Estate-Related Business

Haseko Real Estate Development Holdings Inc., a subsidiary of the Company, supervises 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, is engaged in the sales of detached houses.

## Net sales of for-sale condominiums (billions of yen)



## Number of for-sale condominium units sold (units)

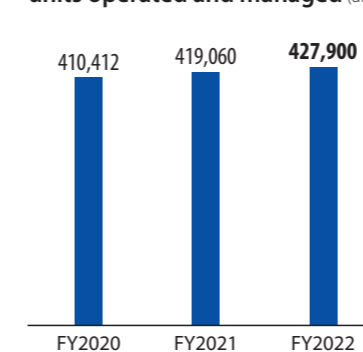


Branchera Takamatsu Nishinomaru Tower The Residence

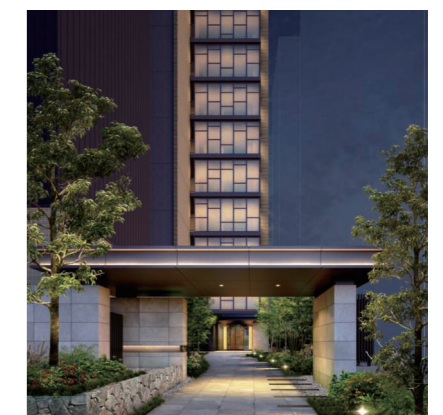
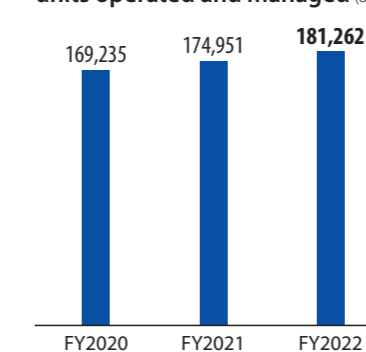
## Service-Related Business

Haseko Reform Inc., a subsidiary of the Company, engages in extensive refurbishment 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 Intec Inc., a subsidiary of the Company, is engaged in the sale of furniture. Haseko Systems Inc., a subsidiary of the Company, etc. provide printing and other related services. 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)



Branchera Okayama

## Overseas-Related Business

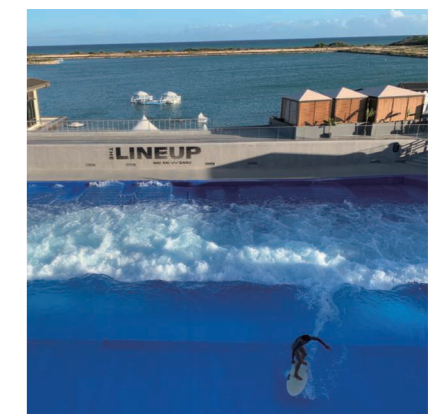
Haseko America, Inc., a subsidiary of the Company, etc. are engaged in the development and sales of real estate in the United States.



Panoramic view of Ewa district, Hawaii



Ewa district, Hawaii



The Wai Kai WAVE, Hawaii

# Consolidated Financial and Non-Financial Highlights



Please access additional non-financial information by scanning the QR code.

## Key Financial Data (Consolidated)

Item		FY2012	FY2013	FY2014	FY2015
		96th term	97th term	98th term	99th term
Orders	(millions of yen)	349,402	442,751	539,642	551,445
Net sales	(millions of yen)	558,919	587,571	642,167	787,354
Operating income	(millions of yen)	24,329	28,838	42,698	68,762
Ordinary income	(millions of yen)	19,976	25,405	41,889	67,327
Net income attributable to owners of parent	(millions of yen)	13,064	24,830	28,542	51,226
Comprehensive income	(millions of yen)	17,346	31,207	38,440	44,259
Net assets	(millions of yen)	113,805	119,472	144,089	185,374
Total assets	(millions of yen)	460,864	457,408	476,914	589,993
Net assets per share	(yen)	259.89	346.17	478.45	615.21
Basic net income per share	(yen)	41.72	81.36	94.64	170.41
Diluted net income per share	(yen)	32.52	67.98	92.90	—
Equity ratio	(%)	24.7	26.1	30.2	31.3
Return on equity	(%)	12.1	21.3	21.7	31.2
Net cash provided by (used in) operating activities	(millions of yen)	38,231	55,267	39,984	65,590
Net cash provided by (used in) investing activities	(millions of yen)	14,843	29,395	△4,067	△30,801
Net cash provided by (used in) financing activities	(millions of yen)	△24,115	△65,425	△40,235	△16,286
Cash and cash equivalents at end of the year	(millions of yen)	118,239	137,689	133,563	152,115
Interest-bearing debt	(millions of yen)	182,430	147,861	128,245	174,721

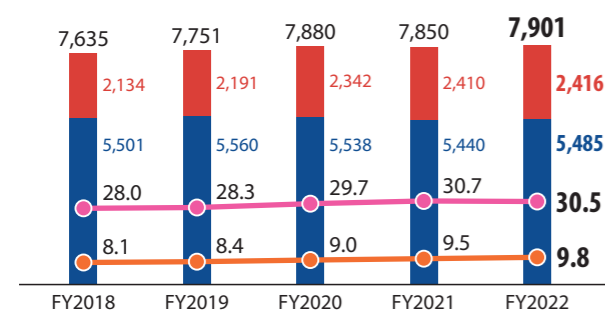
FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
100th term	101st term	102nd term	103rd term	104th term	105th term	106th term
577,811	558,405	568,931	518,847	483,158	546,537	<b>563,474</b>
772,328	813,276	890,981	846,029	809,438	909,708	<b>1,027,277</b>
89,032	100,805	98,430	85,925	72,909	82,702	<b>90,162</b>
88,827	100,497	100,369	85,253	71,832	81,871	<b>88,265</b>
58,762	72,289	87,391	59,851	48,258	54,490	<b>59,326</b>
58,116	74,798	86,214	53,040	53,273	57,958	<b>63,316</b>
238,467	296,835	368,051	387,682	394,365	417,667	<b>454,088</b>
630,937	687,706	773,219	799,319	953,659	1,081,907	<b>1,198,105</b>
791.24	995.44	1,234.13	1,323.51	1,425.93	1,520.73	<b>1,666.30</b>
195.48	214.98	293.87	201.36	168.62	198.32	<b>216.10</b>
—	—	—	—	—	—	—
37.7	43.0	47.5	48.5	41.4	38.6	<b>37.9</b>
27.8	27.1	26.4	15.9	12.3	13.4	<b>13.6</b>
109,536	56,516	33,064	△15,263	31,876	65,448	△ <b>51,909</b>
△19,824	△16,351	△14,473	△37,222	△35,772	△31,601	△ <b>55,446</b>
△40,213	△34,742	△12,379	△8,356	66,799	15,728	<b>50,785</b>
201,456	206,866	212,980	151,754	214,299	264,864	<b>208,333</b>
141,850	125,441	120,404	152,262	267,951	311,841	<b>391,500</b>

## Key Non-Financial Data

### Number of Group employees/

- Male (blue bar)
- Female (red bar) (persons)
- Female employees (%) (pink circle)
- Female managers (%) (orange circle)

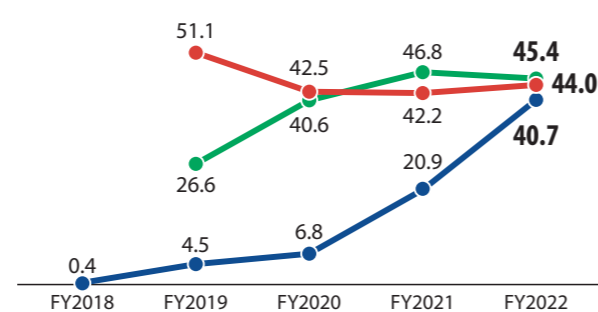
Group: including non-consolidated subsidiaries



The Haseko Group has been proactively appointing female employees to senior roles from an early stage, ahead of the industry. We will continue our active recruitment of women, with a focus on fostering and retaining core and key personnel, while promoting the development of female employees and their proactive appointment to manager positions in line with our human resources development policy.

- Childcare leave taken by male employees (%) (blue circle)
- Spouse maternity leave taken (%) (red circle)
- Children leave taken (%) (green circle)

The figures are non-consolidated data of Haseko Corporation.



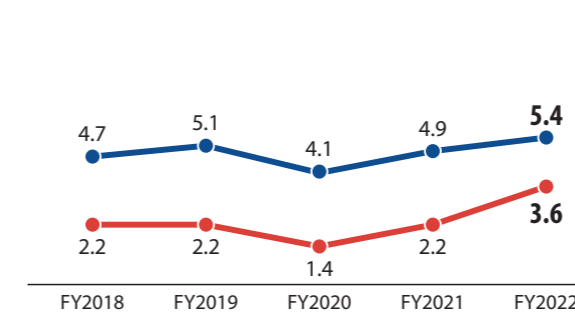
We are working to increase the percentage of male employees taking childcare leave, guided by the *Iku-Boss* Declaration (a statement of commitment by management members in charge of business units to supporting employees in balancing work and family). We further promote this effort by featuring those who have taken such leave in the company newsletter, and other means. Furthermore, in fiscal year 2019, we introduced new paid leaves as our own systems: spouse maternity leave and children leave, which allows employees to attend nursery school events and more.

In April 2023, we extended the applicable period for spouse maternity leave, allowing employees to take one-day paid leave within 15 days from the day before the expected delivery date. The adjustments, including this one, aim to create a more accommodating environment for employees to take leave.

### Annual turnover rate of full-time (%)

- Haseko Group (blue circle)
- Haseko Corporation (red circle)

Group: including non-consolidated subsidiaries



The turnover rate among the younger generation is on the rise due to increased mobility in the labor market. We regard retaining young and mid-level employees, who will lead the Group in the future, as a top priority. In addition to our workplace Brother-Sister mentoring system, experienced employees outside the workplace (commonly referred to as "Nexter"), together with the Personnel Department, provide support and coaching to ensure personnel retention through a three-pronged approach.

### Gender wage disparities within the labor force (%)

\*Gender wage disparities = (Average annual salary of female workers ÷ Average annual salary of male workers) × 100%

	All workers	Full-time workers	Part-time and fixed-term workers
Haseko Corporation and consolidated subsidiaries in Japan	63.3	59.4	95.5
Haseko Corporation	61.3	61.1	71.7

The gender wage disparities in the Company can be attributed to the average years of service among career-track employees (male: 17.5 years; female: 9.8 years) and the percentage of female managers (4.3%). With the ongoing active recruitment efforts and the expected increase in the percentage of female employees, we believe that the gender wage disparities will diminish. This will be facilitated particularly through creating pleasant workplaces and proactively appointing female managers.

# 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.

Resolving social issues through our business operations

**Inputs**

**Human capital**

- Number of employees (consolidated): **7,511** persons
- Number of qualified employees: **7,781** persons (total)
- Registered real-estate brokers, first-class architects, construction management engineers, building managers

**Intellectual capital**

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

**Social and relationship capital**

- Haseko Group's "Quaternity" supply chain system
- Real estate information network
- Premium After-sales Service: **112,616** units (accumulated)\*

**Natural capital**

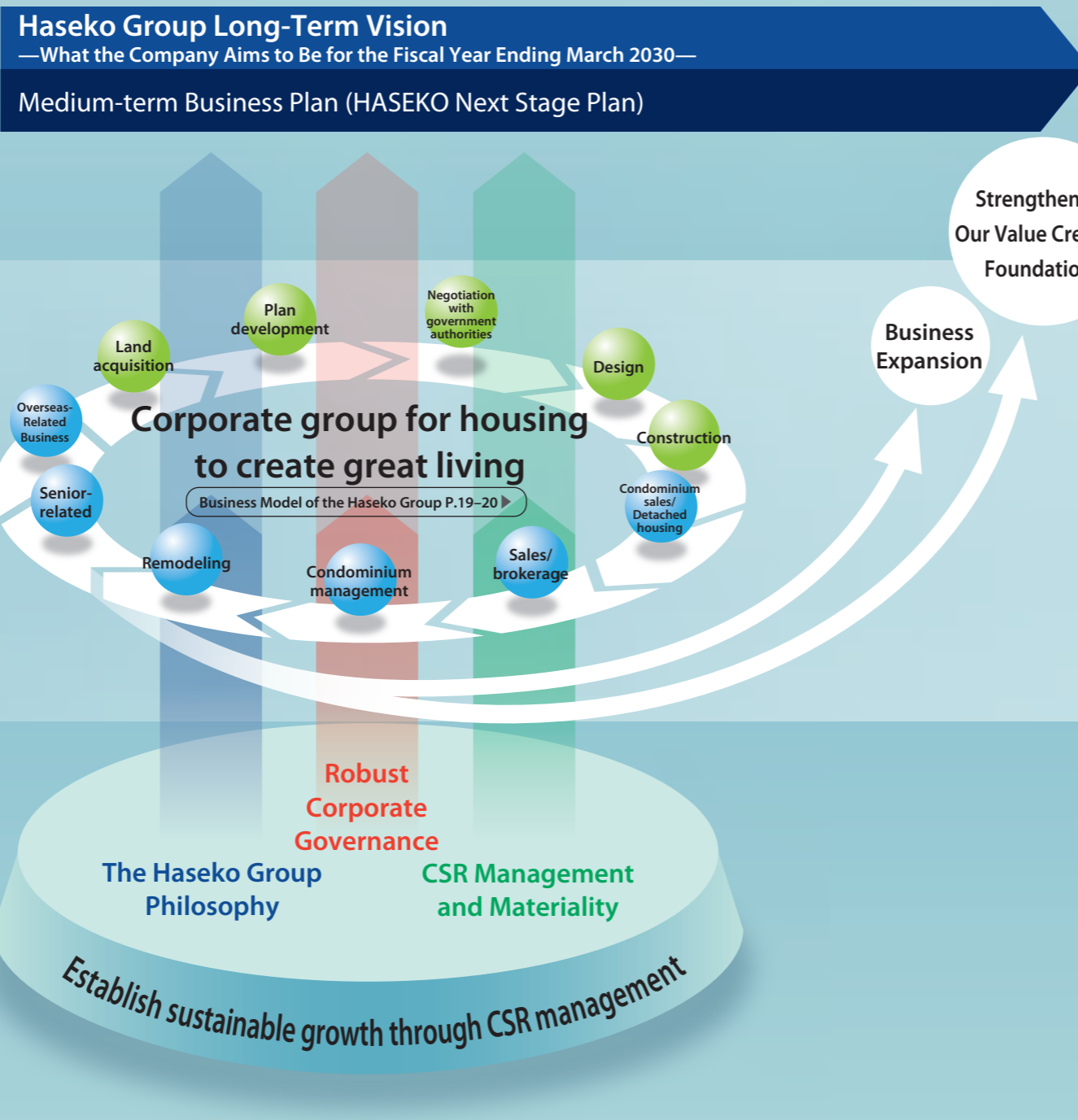
- Energy usage
- Electric power ..... 19,298 thousand kwh
- Light oil ..... 11,759 kl
- Kerosene and heavy oil ..... 76 kl
- Water ..... 685 thousand m<sup>3</sup>

**Financial capital**

- Total assets ..... ¥1,198.1 billion
- Equity ..... ¥454.1 billion
- Interest-bearing debt ..... ¥391.5 billion

(Figures for FY2022)  
\*As of March 31, 2023

Value Creation Process P.18 ▶



Strengthening Our Value Creation Foundations

Business Expansion

**Outputs**

**Construction-Related Business**

- Annual number of units constructed: **12,633** units (Cumulative total: 695,800 units\*)

Business Strategy P30-31 ▶

**Real Estate-Related Business**

- Number of units sold: **1,410** units

Business Strategy P32-33 ▶

**Service-Related Business**

- Number of for-sale condominium units managed: **427,900** units\*
- Number of rental condominium units managed: **181,262** units\*
- Orders received for large-scale repair and interior remodeling: **¥46.8** billion
- Number of for-sale condominium units sold on consignment: **8,026** units
- Number of real estate brokerage transactions: **2,160** units
- Number of paid facilities for the elderly operated: **2,759** units

Business Strategy P34-35 ▶

**Overseas-Related Business**

Business Strategy P36-37 ▶

(Figures for FY2022)  
\*As of March 31, 2023

**Outcomes**

**Human capital**

- Percentage of women among new graduates hired ..... 35.8%
- Percentage of female managers ..... 9.8%
- Percentage of childcare leave taken by males ..... 40.7%
- Recognized as a "White 500" company
- Promotion of foreign national personnel utilization
- Education plans (Business College, DX Academy)

**Intellectual capital**

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

**Social and relationship capital**

- ZEH condominiums and houses
- Proposal of Hazard-resistant Condominium
- Three-piece set disaster prevention equipment Adoption of Smart Water Tank
- Creation of new value by means of condominium renewals (rebuilding, redevelopment, renovation)
- Owl 24 Center Number of alarms received (responded) ..... 49,438 cases

**Natural capital**

- Number of wooden buildings Constructed ..... 436 buildings (incl. 15 non-detached housing buildings)
- Number of condominiums accredited with ABINC Certification ..... 1 buildings

**Financial capital (consolidated)**

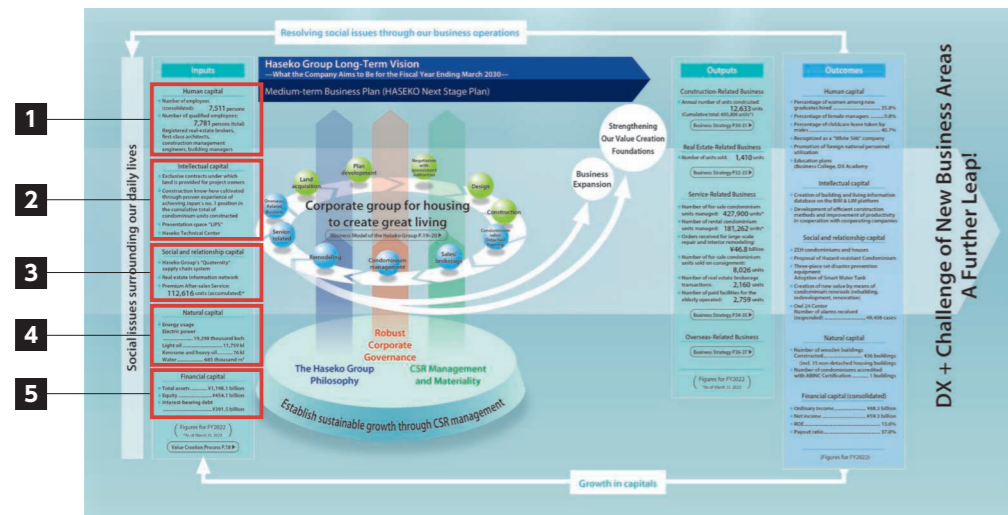
- Ordinary income ..... ¥88.3 billion
- Net income ..... ¥59.3 billion
- ROE ..... 13.6%
- Payout ratio ..... 37.0%

(Figures for FY2022)

Social issues surrounding our daily lives

DX + Challenge of New Business Areas  
A Further Leap!

Growth in capitals



**1 Human capital**

<b>Number of Group employees (consolidated)</b>	<b>7,511</b>
<b>Number of qualified employees</b>	<b>7,781</b>
First-class architects	932
First-class building construction management engineers	1,384
Second-class building construction management engineers	848
Licensed representatives of condominium management companies	1,114
Real estate transaction agents	3,503

Based on our philosophy of further enhancing corporate value through investment in and utilization of human assets, we are striving to foster autonomous human resources and organizations that will propel the Group into uncharted fields, while also aiming to evolve our distinctive workstyle reforms and promote diversity.

**2 Intellectual capital**

- Unique-to-Haseko exclusive contracts, under which land is provided for project owners, set a clear distinction from standard contracts used by general contractors, thereby establishing an advantageous business model.
- We have a long history of constructing condominiums that serve as the foundation of people's lives for a long time, with over 690,000 units completed to date. Construction know-how, cultivated through proven experience of achieving the number one position in Japan for the total number of condominium units constructed, guarantees superior quality in our construction.
- LIPS—which stands for Living, Image, Presentation, Space—is a presentation room that enables project owners to select products and materials promptly and securely by seeing and touching actual offerings as samples. The room regularly exhibits products of approximately 70 manufacturers, including exterior finishing materials, builders' hardware, steel fittings, interior finishing materials, and housing equipment. The Company effectively utilizes LIPS as the base for making specific proposals on planning, design and specifications as well as demonstrating new technologies and new products, etc.
- As one of the projects commemorating the Haseko Group's 80th anniversary since its founding, Haseko Technical Center was completed in March 2018. We have consolidated our technology-related functions, which encompass Haseko

Technical Research Institute, Haseko Group Technical Training Center, and Haseko Community Owl 24 Center, into Haseko Technical Center, while also integrating Haseko Condominium Museum into this consolidation. Haseko Technical Center not only conducts research and technological development aimed at safe, secure and comfortable housing from residents' point of view, but also disseminates information on new technologies, new products, and technology verification targeted broadly at condominium owners, administrative agencies, condominium management associations, and other customers.

**3 Social and relationship capital**

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 approximately 300 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.

**4 Natural capital**

In the pursuit of business activities that contribute to the preservation of natural capital, we successfully completed the 100% conversion of the electricity used at our construction sites to renewable energy at the end of May 2023.

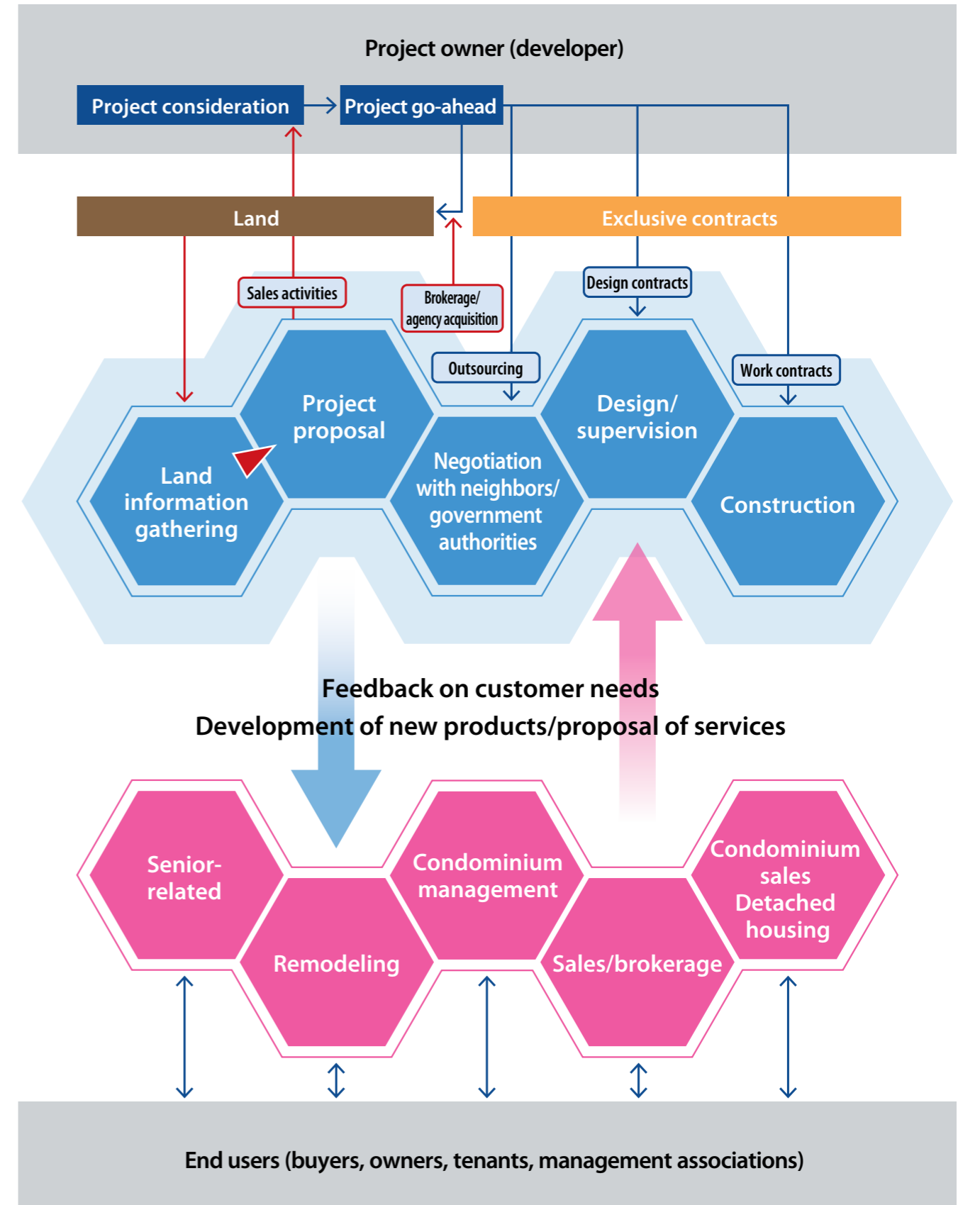
**5 Financial capital**

**Total assets** 1,198.1 billion yen  
**Equity** 454.1 billion yen

We will make growth strategy investment to strengthen the competitiveness of our core businesses, to expand investment in the Real Estate-Related Business, and to pursue initiatives for future growth, which are some of the focused strategies in HASEKO Next Stage Plan (Plan NS). Additionally, we are committed to advancing our progress as a sustainable corporate group by maintaining a strong financial base that enables enhanced shareholder returns, and implementing management with a keen awareness of capital efficiency.

Business Model of the Haseko Group

With a focus on for-sale condominiums, we are engaged in various businesses including land information collection, project planning, neighborhood negotiations, permit acquisition, design, and construction. The Group companies provide services in ancillary fields, with the aim of creating optimal environments through the utilization of the collective capabilities of the Haseko Group.



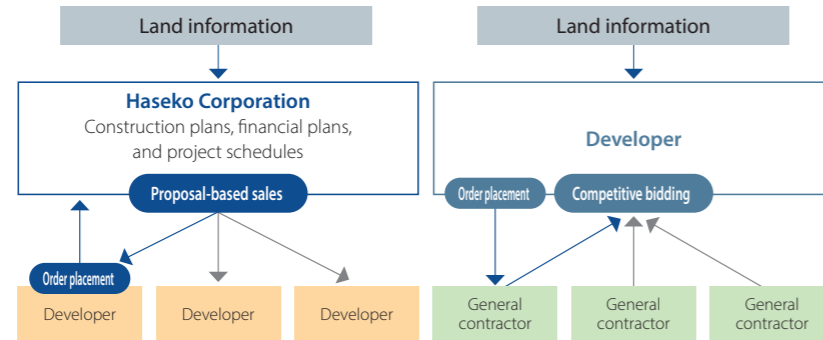
## Core Competence

### 1 Exclusive contracts under which land is provided for project owners

One of the defining features that establish Haseko Corporation as a leading company in the condominium industry is its method of receiving orders known as “exclusive contracts.”

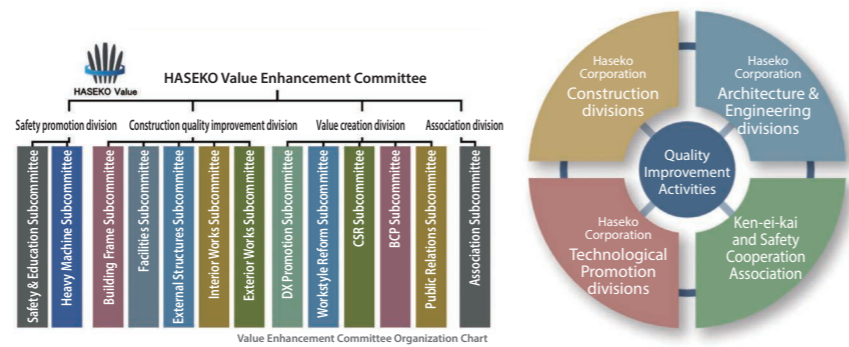
This represents Haseko’s unique business model, in which we provide project owners with land information we have procured and execute proposal-based sales that incorporate our planning. Based on the capabilities in gathering land information and enhanced functions, we develop highly accurate construction plans, financial plans, and project schedules within a brief timeframe, and proceed with proposal-based sales. Furthermore, we accommodate all requirements, including negotiations with neighbors and government authorities.

This business approach, which involves proposing business plans that include land provision rather than just undertaking construction from project owners, has proven to be highly profitable.



### 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 approximately 300 or more 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. 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.



Quality Activities Driven by Cooperation among Four Bodies (Quaternity)

## 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
- Climate change risk

## 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

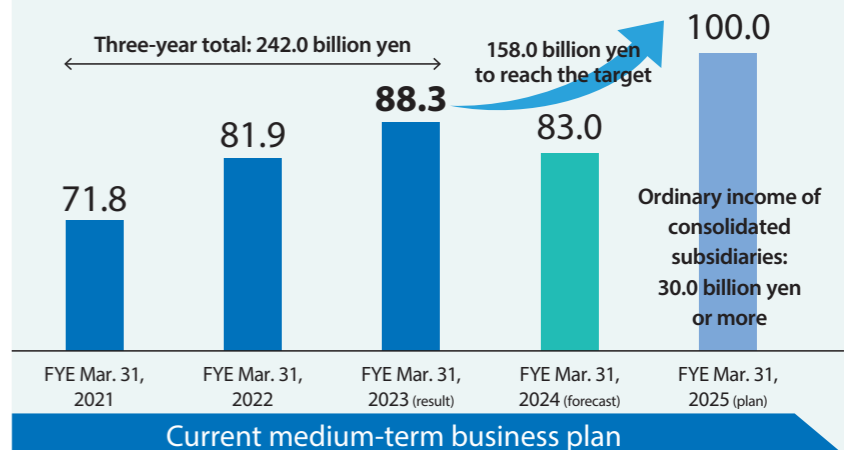
Fiscal year ending March 31, 2021–2025

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



# 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.

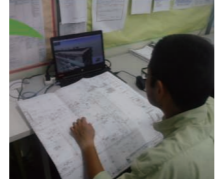
**Reduction of time required for drawing reference drawings**

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.



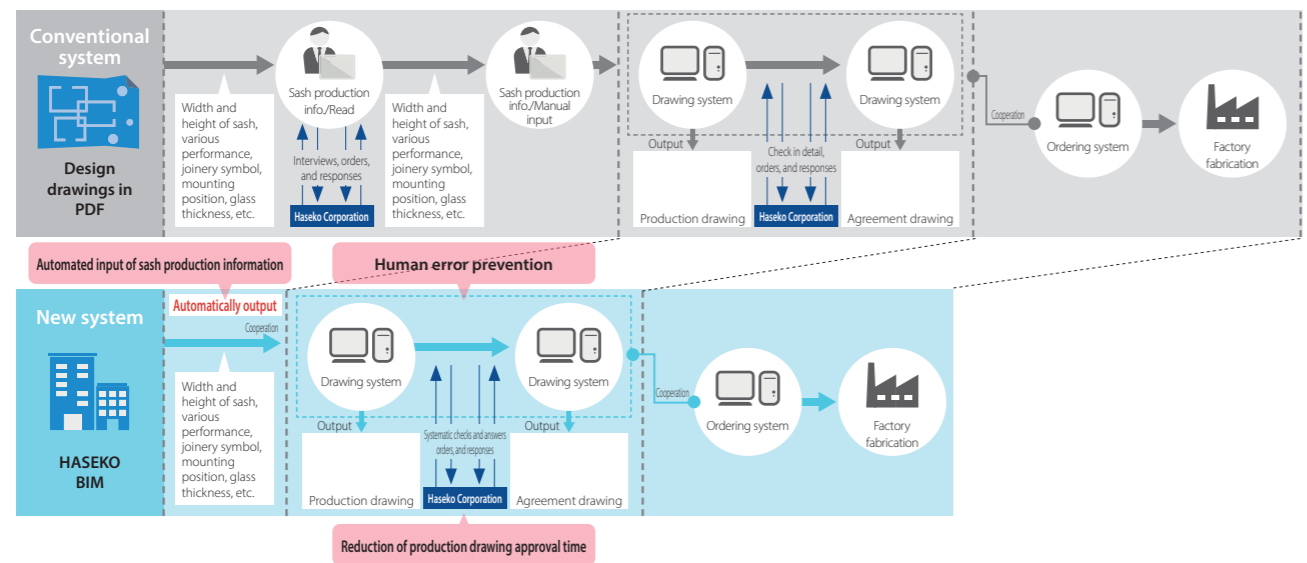
**Utilization at cooperating companies**

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



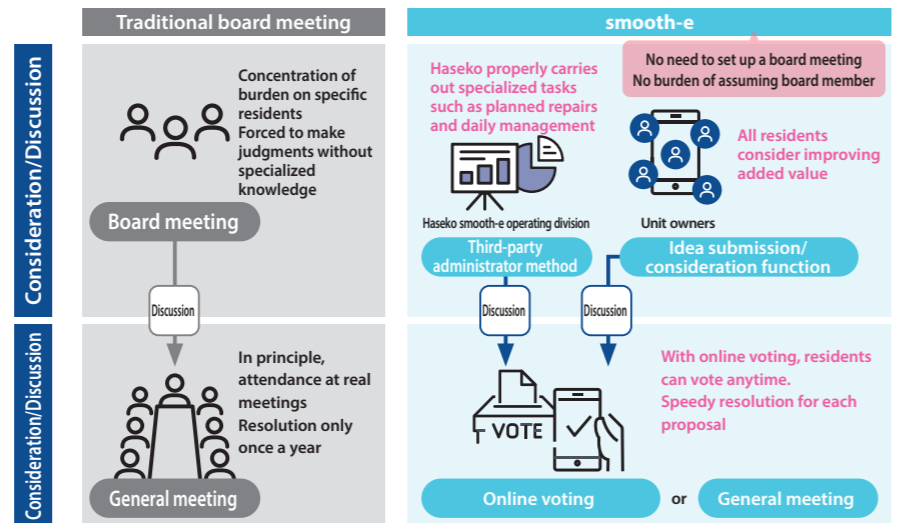
### Promotion of DX at construction sites: Information production using BIM data

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

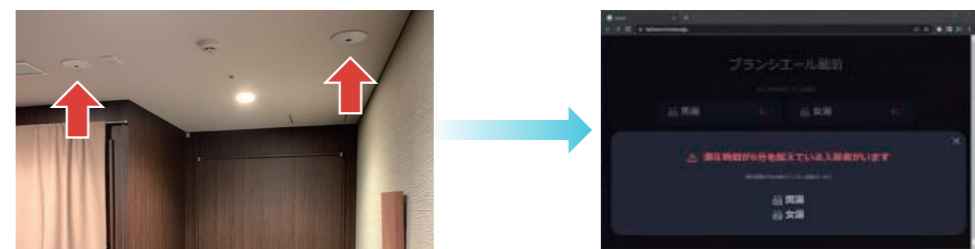
##### Facial recognition entry/exit system

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.

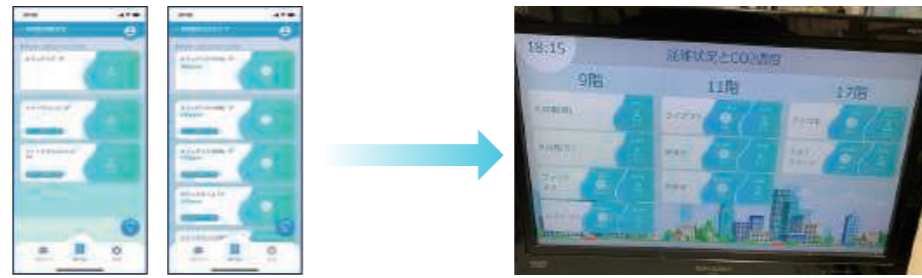


A notification of any abnormality appears on the staff room's PC screen and is heard over intercom (by voice).

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

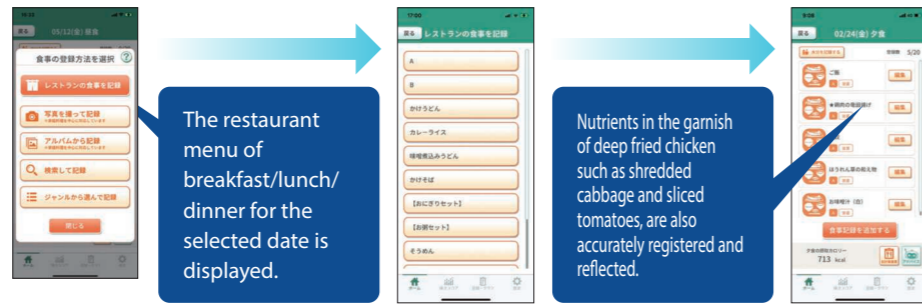
**Checking crowded conditions of shared facilities**

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.



Bransieta Urayasu

Bransieta Otorii

**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
Bransieta 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



Message from the Officer in Charge of Finance

We will maintain financial soundness while the financial divisions work together with operating divisions to proactively improve profits and expand business.

Shoji Naraoka  
Director, Executive Vice President  
In Charge of Finance, Accounting and IR



Review of fiscal 2022 business results

In fiscal 2022, although there was a decline in the new supply of condominium units in both the Tokyo metropolitan area and Kinki region, unit prices surpassed the record amounts achieved in fiscal 2021 to reach record high results for a second consecutive year. On the other hand, the construction industry faced many issues, including soaring costs for construction materials and labor, a shrinking number of skilled construction workers, adaptation to workstyle reforms, and decarbonization initiatives. Under these circumstances, in our business results for fiscal 2022, the third year of our medium-term business plan HASEKO Next Stage Plan ("Plan NS"), we achieved sales exceeding one trillion

yen for the first time, mainly due to considerable growth in real estate sales, and profits also increased.

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 third 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 two years of Plan NS, we will strengthen DX investment aimed at reforming operations in the Service-Related Business.

Investment plan and financial strategy

In Plan NS, we have allocated 240.0 billion yen over five years for investment. This is being used to steadily advance strategic investments that will be monetized going forward, 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. We are also practicing management that is conscious of ROE and ROA in the final year's consolidated financial statements, including factoring capital cost into acquisition criteria, particularly for real estate investments.

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. We remain constantly aware of the risk inherent in real estate and we will avoid being overly conservative by setting and managing appropriate capital allocations and leverage in accordance with the different risks for each type of asset. In this way, 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.

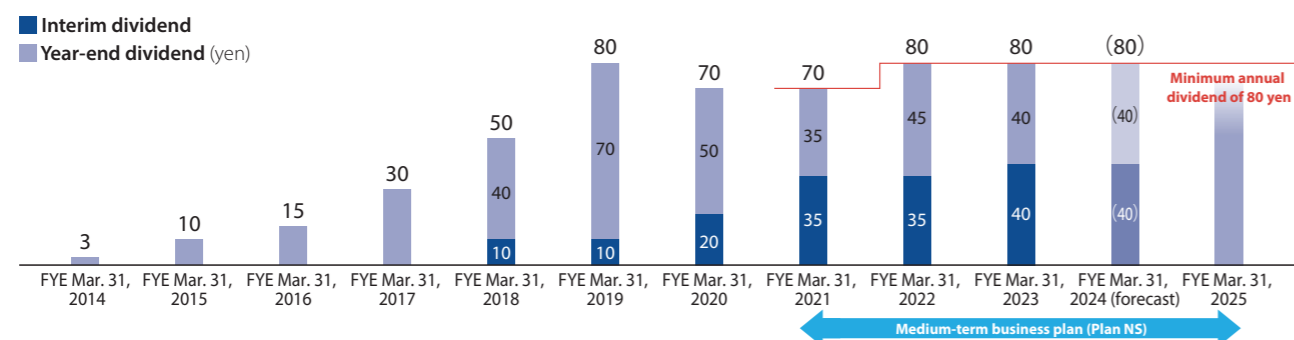
Financial strategy and shareholder returns in the medium-term business plan

- (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

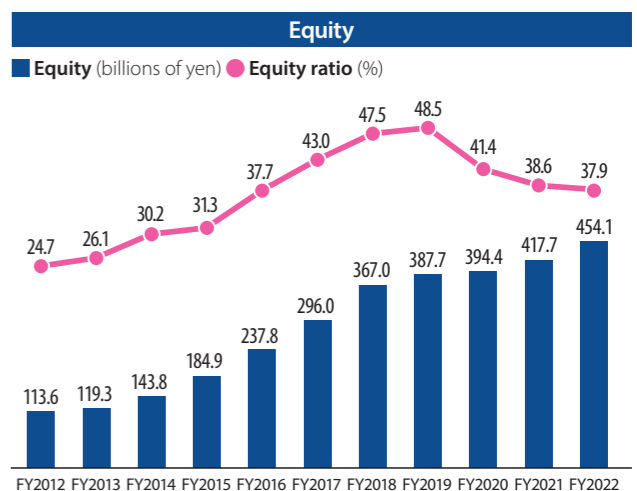
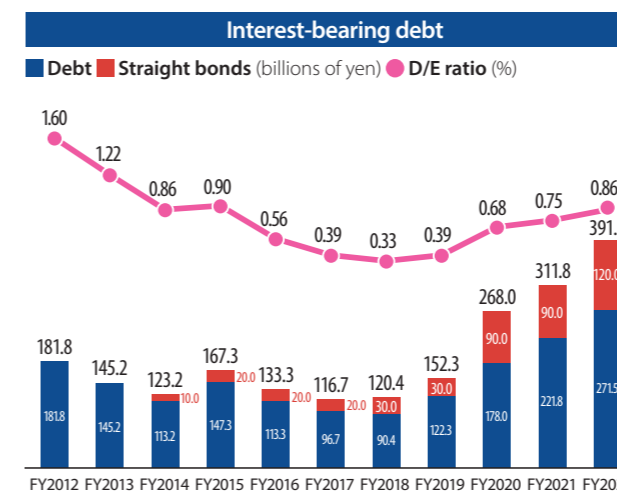
Shareholder return policy in the medium-term business plan

- (1) Set the minimum annual dividend per share at 70 yen → **Changed 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



Interest-bearing debt and equity



Message from the Officer in Charge of Sustainability Promotion

**We will be sincerely engaged in our initiatives for sustainability, regarding it as “a compass that will guide us to where we should be.”**

Naoko Yoshimura

Responsible for Sustainability Promotion in the Corporate Management Division and in Charge of the Group Senior Living Business



**Thoughts on becoming the Officer in Charge of Sustainability Promotion**

**Providing high-quality products and services through sustainable designs for housing and lifestyles**

I have long been involved primarily in research related to housing for the elderly and consulting in healthcare-related fields. Throughout my career, I have always believed that solving issues related to the rapidly aging society and decreasing population will be one of the important social roles that the Haseko Group will be required to play. With these issues in mind, we have always desired to explore sustainable designs for housing and lifestyles in this era in which more people are living to be 100 years old and beyond, in order to provide even better products and services. Going forward, I will fulfill my duties using the knowledge and experience I have accumulated thus far so that we can conduct corporate activities that live up to society’s needs and sophisticate management that is mindful of contributing to a recycling-oriented society.

While I am the Operating Officer in charge of Sustainability Promotion, I also serve concurrently as the Director. Using this position, I aim to build systems that will enable the Board of Directors to thoroughly carry out sustainability management. I would like to participate directly in discussions at the Board of Directors meetings and horizontally disseminate these discussions to all Haseko Group companies and divisions so that we will be able to promptly and flexibly implement initiatives for promoting sustainability.

As Haseko Corporation’s first female director from within the Company, I would also like to focus especially on the

promotion of diversity and inclusion (D&I). Respecting diversity and drawing on the experience and wisdom of people with different ways of thinking is essential in uncertain times such as the present. I would like to steadily promote D&I while making the most of my position as a female director and operating officer.

**Haseko Group’s CSR activities’ strengths and areas for improvement**

**A proactive perspective is essential to gain further stakeholder endorsement**

When capturing an overview of the Haseko Group’s CSR activities as a whole, I feel that the Haseko Group CSR Action Plan is effective in that it sets out initiative items and KPIs for each theme. On the other hand, there is still room for improvement in terms of clearly demonstrating the connection between our CSR activities and the achievement of the “HASEKO Next Stage Plan” (“Plan NS”), our medium-term business plan, as well as the long-term enhancement of corporate value. By addressing these shortcomings, we can further increase stakeholders’ understanding and endorsement of our sustainability management.

In our CSR activities to date, our predominant approach has been to think and act from a reactive perspective, asking questions like, “What must we do to help society?” However, in the future, it will be essential to take a proactive stance and ask, “What do we want to do, or what do we want to change in society?”

**Regarding material issues**

**The cornerstone of all business activities**

Material issues are the risks or opportunities in our business strategy when viewed from a medium- to long-term perspective, and are the cornerstone of all our business activities. We view these factors as critical issues in the medium- to long-term, and all our executives and employees are working together to address them.

In response to changes in social conditions and the business environment, we conducted a second review of material issues in 2023. We have redefined material issues from the perspective of two axes of business and society, and have identified four material issues as the most important issues\* that will have a significant impact on both the Company and its stakeholders: (1) human capital (D&I and human resources development), (2) response to climate change, (3) respect of human rights, and (4) supply chain management. Furthermore, we have established and disclosed various policies and guidelines for these four material issues to take an appropriate approach regarding each issue while also taking into account the risks and opportunities arising from social issues.

What the Company aims to be for 2030 is a company that “provides safe, secure and comfortable housing,” “provides services to support lives of residents,” and “establishes sustainable growth through CSR management.” In conjunction with the four most critical material issues, we will continue to engage in business activities to realize “sustainable living and sustainable cities,” “product safety (service safety),” “disaster countermeasures and

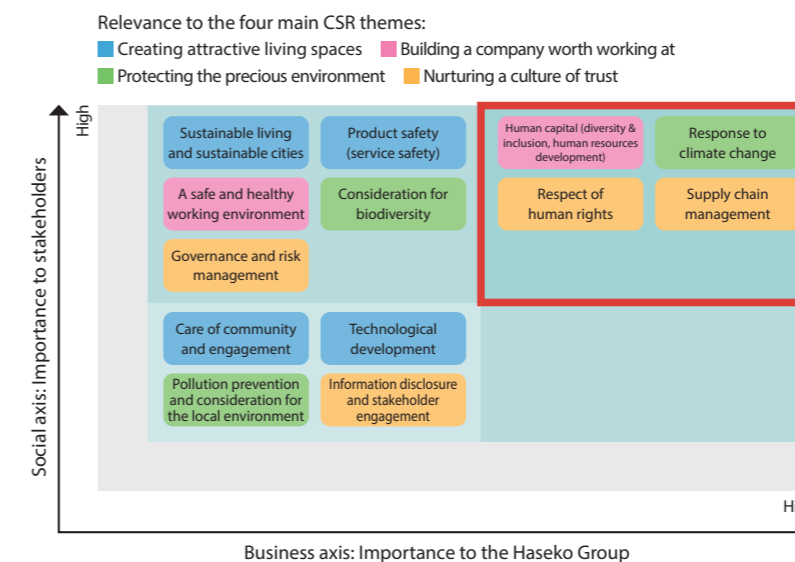
strengthening residential infrastructure,” and “care of community and engagement.”

**Message to our stakeholders**

**Our sustainability initiatives will serve as a compass that will guide us to where we should be**

In the event of a social crisis, such as an unknown infectious disease or a large-scale natural disaster, housing, which is the foundation of life and society, plays an extremely significant role in protecting people’s lives, bodies, and property. It is important for us to constantly keep in mind these bare minimum functions that homes must provide in times of unprecedented crises. In order for all Haseko Group executives and employees to fulfill their duties while remaining aware of these basic functions, I believe that our sustainability initiatives will serve as a compass that will guide us to where we should be.

With this mindset, in order to make our sustainability initiatives more fruitful and realize greater long-term value, we need to correctly understand the expectations of our stakeholders and to develop and implement management strategies, business models, and business operations in a manner that is in line with the times. Promoting sustainability is a complex and multifaceted journey of transformation, including addressing ESG challenges. The Haseko Group will work diligently on these issues while deepening its engagement with stakeholders.



**Identification of material issues**

To enhance the effectiveness of sustainability initiatives, it is important to proceed with clearly defined priorities. From a comprehensive list of social and environmental issues, the Haseko Group reviewed its material issues in light of social conditions and the business environment and newly identified 13 items in May 2023.

\*The most critical material issues (human capital, response to climate change, respect of human rights, and supply chain management) are issues for which society has extremely high expectations and which the Haseko Group has recognized as requiring further action in terms of business as well.