

A Corporate Group for Housing
to Create Great Living



Haseko Group

2024

INTEGRATED
REPORT



Noriaki Tsuji

Haseko Corporation
Chairman and Director

To our stakeholders

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 been supported by our customers and other stakeholders as a corporate group for housing to create great living. Toward a “further leap forward as a corporate group for housing to create great living,” which is what the Company aims to be for the fiscal year ending March 31, 2030, our goal is to provide safe, secure, and comfortable housing. We hope to serve society and our stakeholders by striving to promote initiatives that align with Japan’s circumstances in the future, such as those for providing environmentally-friendly housing and housing for the elderly with a focus on for-sale condominiums; and for carrying out redevelopment, reconstruction, and other projects.

While we continue to work toward resolving social issues, we will step up initiatives for future growth by strengthening the competitiveness of core businesses, expanding investment in the Real Estate-Related Business, and investing in DX and human assets, all of which are focused strategies set out in Plan NS, which has entered its final fiscal year. Additionally, we are committed to advancing our progress as a sustainable corporate group by implementing management with a keen awareness of capital efficiency through accelerated growth strategy investment and enhanced shareholder returns, while maintaining a strong financial base, as well as proactively working toward sustainability by further enhancing cooperation between Group companies and demonstrating our comprehensive abilities.

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

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Editorial policy

The Haseko Group Integrated Report 2024 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

FY2023 (April 1, 2023–March 31, 2024)

Note, however, that some information from outside this period is also included.

Organizations covered

Haseko Corporation, 84 subsidiaries, and Ten affiliate companies.

Issued in: November 2024

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 2024 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.



We aim to create a sustainable society and improve corporate value by delivering richness in housing and living.



Kazuo Ikegami

Haseko Corporation
President and Representative Director

Our company was founded in 1937 as Hasegawa Komuten, and since completing our first condominium in 1969, we have been involved in the design and construction of for-sale condominiums, mainly in the Tokyo metropolitan area and Kinki region. In 2023, the cumulative number of condominiums we have built surpassed 700,000. In getting to this point, we have worked to provide safe, secure and comfortable homes while responding to the changing needs of society. I would like to express our deepest gratitude to all our stakeholders for their tremendous support of our growth to date.

My entire career since I joined the Company has been spent on the design side, and I have never ceased thinking about what constitutes “the richness in housing.” Now that I am the president, I feel an even stronger sense of mission to bring this philosophy to life throughout the Haseko Group.

In order to deliver this “richness in housing,” it is not enough to simply provide a physical space. Instead, it is important to create places that nurture happiness, in tune with people’s lives. We believe that homes deepen family bonds, support the growth of individuals, and provide the foundation for creating connections with society.

As the social environment and lifestyles have undergone rapid change in recent years, the expected roles of housing have also diversified. With the widespread growth of remote working following the COVID-19 pandemic, people’s homes have come to be expected to function as places of work. In addition, the way homes ought to be is also coming under scrutiny from the perspective of sustainability, in terms of factors such as care for the environment and disaster preparedness.

As the company responsible for building the most condominiums in Japan, we bear a great social

responsibility. In order to fulfill this responsibility, we are focusing not only on pursuing quality and safety, but also on care for the environment, promoting workstyle reforms, and strengthening governance.

Motivated by our Corporate Philosophy “to contribute to society by creating an optimal environment for cities and people,” we hope to contribute to the realization of a sustainable society by continuing to respond to the changing needs of society, creating new value, and enriching the homes of Japan.

Taking on challenges in times of social change —Looking back on four years of Plan NS—

Having completed four years, the five-year medium-term business plan “HASEKO Next Stage Plan (Plan NS)” that launched in April 2020 has now entered its final fiscal year.

These past four years have been a time of great change in social environment. We faced a difficult situation at the beginning, with COVID-19 spreading around the world, the declaration of a state of emergency, and other factors. However, as the adoption of remote work and other measures led to people spending more time at home,



stimulating a greater interest in housing, and also supported by low interest rates, we were able to recover our business performance in FY2021, the second year of the plan.

Although the COVID-19 pandemic has now subsided, fuel and material prices have increased, due to factors such as the situation in Ukraine and the rivalry between the US and China, and the exchange rate of the yen has fluctuated significantly. Furthermore, with domestic construction demand rising due to projects to build semiconductor factories and large-scale redevelopment projects, labor shortages in the construction industry are becoming more acute. In addition, beginning April 2024, regulatory upper limits on overtime work have been imposed, with penalties for violations.

In this context, our company has long been promoting industrialized construction method and digital transformation (DX) through the integrated operation of four bodies (the Quaternity) consisting of our construction, architecture & engineering, and technological promotion divisions, as well as the Ken-ei-kai (an excellent organization consisting of our cooperating companies). In particular with regard to DX, we have been leading the industry in proactively bringing DX to the construction site, with our moves including our introduction 14 years ago of Building Information Modeling (BIM), a system that performs design tasks in 3D on a computer. At present, we are also working on automated design using artificial intelligence (AI) and streamlining the supply chain in collaboration with manufacturers of building materials.

Through these efforts, we have already managed to increase productivity at construction sites by 10%, but we are taking on a variety of challenges with the aim of increasing it by 20% by the fiscal year ending March 31,



Instructions given at on-site morning meetings during the president's safety patrol

2025, the final year of the Plan NS. We believe that further raising productivity levels will also help to solve the social issue of ensuring quality and safety while addressing the labor shortage at construction sites.

Regarding the Japanese economy, we also view the end of the long period of deflation and the onset of inflation as a major change. We increased employee wages again in 2024, just as we did in 2023. The most important thing is to reward our employees for their hard work in the face of the harsh situation of recent global price hikes, but at the same time, in order for Haseko Corporation to develop and grow in the future, it is essential to secure and retain the human resources who will carry us forward. By accepting diverse personalities and values and creating an environment where all employees can work in a way that is meaningful and true to themselves, we believe that we can create a virtuous cycle of rising performance and improving working conditions.

Taking on the challenge of creating new value for condominiums

The Haseko Group is constantly challenging itself to bring new added value to condominiums.

A prime example is the Haseko Premium After-sales Service, which offers after-sales service for up to 15 years. More than simply constructing buildings, we also listen directly to the customers who live in them so that we can check the condition of the buildings and make adjustments and repairs when necessary to ensure that residents can live in safety and comfort. As a leading developer of condominiums that has constructed a total of 700,000 units and provided people with high-quality living environments, we always strive to ensure quality and take our responsibilities seriously, with the hope that people will continue to live comfortably in their homes long after we finished building them.

In addition, in spring 2024, we developed "Be-Fit (see P. 66)," our new room layout for for-sale condominiums, which allows for the flexible use of space by consolidating the storage spaces allocated to the living room and other areas. While areas of dwelling units for condominiums are on a downward trend, needs are diversifying in terms of how we live and how we work, and there is a growing need for versatile living spaces that can be used in a variety of ways. It was against this backdrop that we developed the Be-Fit

concept. We will continue to actively take on the challenge of planning and developing products that follow in the footsteps of Be-Fit by responding to the various needs of consumers and housing providers.

Striking a balance between environmental consciousness and improved livability

In recent years, natural disasters have increased in frequency and intensity due to climate change, threatening the safety and security of our dwellings and lives. It is extremely important for companies to take action to protect the global environment as they carry out their business activities in a sustainable manner.

In 2021, Haseko Corporation formulated the climate change response policy "HASEKO ZERO-Emission" at the same time as expressing our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In accordance with this policy, we have defined targets for reducing our total greenhouse gas (CO₂) emissions, and in June 2022, we received certification from the Science Based Targets (SBT) initiative for our benchmark 2030 reduction target as being grounded in scientific evidence.

One of the key technologies aimed at achieving this goal is the environmentally conscious H-BA concrete, which we have developed independently. One of the principal features of H-BA concrete is that it can be used in any part of a building, while maintaining the same quality as ordinary concrete. In anticipation of rising demand for further reductions in environmental impact, we believe it is important to promote the widespread use of our versatile H-BA concrete, as well as to continue developing technologies that will further reduce CO₂ emissions.

In addition, aiming for carbon neutrality by 2050 is not just about building new zero-energy condominiums, but also about reducing the CO₂ emissions from existing condominiums. In 2023, our own rental condominium property Sustaina Branche Hongyotoku became the first renovated property in Japan to achieve net-zero CO₂ emissions when the building is in use. For many years, Japan remained in a "scrap-and-build" era, with buildings being constructed, torn down, and then rebuilt. However, now



that both corporations and consumers are demanded to act for reducing environmental impact, we expect a shift to an era of "stock and renovate," with buildings remaining in use for a long time as housing performance is maintained, allowing the continued use of existing stock. We see CO₂ reduction renovations for existing condominiums as an area of increasing demand in the future.

The Haseko Group is also concentrating its efforts on promoting the use of wood and wooden materials as an important measure for simultaneously reducing environmental impact and improving the quality of living spaces. We believe that this initiative will not only bring environmental benefits in terms of CO₂ reduction, but will also contribute greatly to the happiness and health—both physical and mental—of residents.

The use of wood directly contributes to reducing CO₂ emissions during construction. In addition, because wood itself is a material that sequesters CO₂, it also leads to long-term carbon storage. Furthermore, another advantage of using wood is that the amount of CO₂ emitted during its manufacture, processing and transportation is significantly lower than that of steel and concrete.

Our efforts on the use of wooden structure and wooden interior decoration are not just about environmental measures. The unique texture, aroma and warmth of wood appeals to the five senses, providing a sense of comfort and



reassurance. In particular, granting condominium residents in cities the opportunity to come into contact with natural materials has the potential to greatly improve their quality of life. At present, we are actively promoting the use of wood in the common areas of condominiums. By integrating wood into common spaces such as entrance halls and lounges, we are able to create a warm and luxurious atmosphere throughout entire condominium buildings, contributing to greater satisfaction among residents.

In some projects, we are also taking on the challenge of building the structures themselves out of wood. Going forward, we hope to expand our efforts on wooden structure and wooden interior decoration and implement them in more projects. We are also devoting our efforts to research and development of hybrid structures of wooden construction and wooden interior decoration for mid-rise apartments, working to overcome technical challenges.

Building the “HASEKO BIM & LIM Cloud” and achieving the “optimization of living”

The Haseko Group is promoting various initiatives aimed at improving productivity in the design and construction of condominiums and enhancing the quality of life for residents. One of these is the “Living Information Modeling” initiative (LIM), a system that measures and centralizes all the tangible and intangible information amassed in condominiums. These include the state of the building and the usage status of facilities after residents have started living there, as well as the living patterns of residents. By building the “HASEKO BIM & LIM Cloud” information platform for housing and living, we aim to go beyond simply providing living spaces and achieve true “optimization of living.”

Working on LIM presents us with many challenges to overcome, such as developing new technologies and considering the privacy of consumers. Some aspects of the process take time to produce more reliable and valuable results. However, the potential of LIM is immeasurable. For example, the demonstration experiment conducted at Sustaina Branche Hongyotoku involved a wide range of tests, including the use of AI and IoT to improve sleep quality, quantifying the relaxing effects of the natural environment, and upgrading the disaster response system. These initiatives have the potential to bring about major changes in people's future living conditions.

Furthermore, the strength of the Haseko Group lies in our comprehensive capabilities that cover the entire life cycle of condominiums. We are certain that we can produce unprecedented added value by making integrated use of the data accumulated at every stage, from design and construction to sales, management and repairs.

At present, the Haseko Group is working to digitalize the big data we possess and build a system that will allow us to share and utilize it across the entire group. We are aiming for full implementation by 2030, and we plan to apply the knowledge and technology gained in the process to our services as we develop them. For example, we can expect the development of innovative services such as advanced preventive maintenance based on projections of how buildings will age over time, personalized energy management tailored to the living patterns of residents, and the use of AI to support community building.

The LIM initiatives have the potential to contribute not only to the increased competitiveness of the Haseko Group, but also to the qualitative improvement of housing life in Japan as a whole. We believe that it can also make a significant contribution to solving social issues, such as dealing with an aging society, reducing environmental impacts, and increasing disaster resilience.

As we tackle these challenging initiatives, we will take steady steps forward based on our corporate philosophy “To contribute to society by creating an optimal environment for cities and people.” Looking ahead, I would like to continue to take a long-term perspective and make steady progress, one step at a time.

Diversity as a source of inspiration

One of the distinguishing strengths of the Haseko Group is that, despite being a construction company, we have been involved in service-related businesses for many years. Having developed our business in both the construction and service sectors, we were quick to recognize the need for a diverse workforce, and we have especially focused on promoting the active participation of women. This historical background serves as the foundation for our current human capital management.

In the late 1980s, we established the “Housing Style Proposal Project Office” within the Architecture & Engineering Division. This office was mainly staffed by female employees. Under this project, female employees

actually lived in condominiums and applied the insights they gained from their daily lives to product development. This initiative is also an example of how Haseko Corporation has been emphasizing the importance of diverse perspectives, particularly those of women, even before the concept of diversity and inclusion (D&I) became widespread. With respect to promoting the advancement of women, we will redouble our efforts to establish our position as a leading company in the construction industry. In addition to accelerating the development of the next generation of female managers, we would like to promote diversity in all aspects, including encouraging male employees to participate in childcare and harnessing the skills of foreign and senior employees.

The “Haseko Group Diversity & Inclusion Promotion Policy” formulated in May 2023 has the key theme of “getting the most out of their qualities.” “Getting the most out of their qualities” is not just about recognizing diversity, but also actively utilizing each person's unique talents and perspectives to create new value. As the company's president, I have decided to take the lead in working to “get the most out of their qualities.”

In our modern society characterized by the increasing diversity of people's homes and lifestyles, it is essential to bring together the perspectives of a diverse range of people in order to continue to create new value. Through this theme of “getting the most out of their qualities,” we will create an environment where each and every employee can

demonstrate their abilities and skills to the fullest, and achieve innovation and sustainable growth.

Aiming to strike a balance between achieving a sustainable society and increasing corporate value

As social situation and environmental issues change from one moment to the next, it is becoming increasingly important for companies to engage in sustainability management. As a “corporate group for housing to create great living,” the Haseko Group is sincerely confronting this issue and will contribute to the development of a sustainable society through diverse business activities that effectively combine tangible and intangible means.

Based on our recognition that providing quality housing is the foundation for people's dignified lives and essential for the sustainable development of society, we are committed to the promotion of sustainability. More specifically, we are promoting the planning and development of environmentally conscious housing, the creation of communities respectful of diversity, and the development of living environments that are respectful toward all people, including the elderly and people with disabilities.

We believe that these initiatives will not only contribute to solving social issues, but will also bolster the competitiveness of the Haseko Group and create new business opportunities. For example, housing with high environmental performance can reduce energy cost (i.e. utility cost) and maintenance cost (i.e. repair cost) for residents, while also contributing to improved comfort and maintaining long-term asset value. In addition, creating housing that meets diverse needs will open up new customer segments and expand business areas.

Furthermore, we believe that promoting sustainability management will increase employee engagement and help us to secure a diverse and talented workforce, which will contribute to revitalizing the organization and improving productivity. We are certain that these synergies will help to increase the long-term corporate value of the Haseko Group.

Going forward, we will continue to emphasize dialogue with all of our stakeholders as we boldly meet the challenges of driving innovation and solving social issues. We will continue to contribute to the creation of a sustainable society by delivering richness in housing and living as we aim to improve our corporate value. We therefore ask for your continued support.



On-site inspections

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

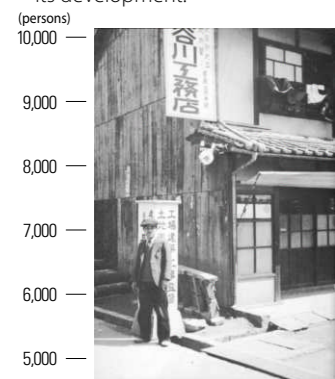
1937 Founding of Hasegawa Komuten in Amagasaki, Hyogo

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— 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.



*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).

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.

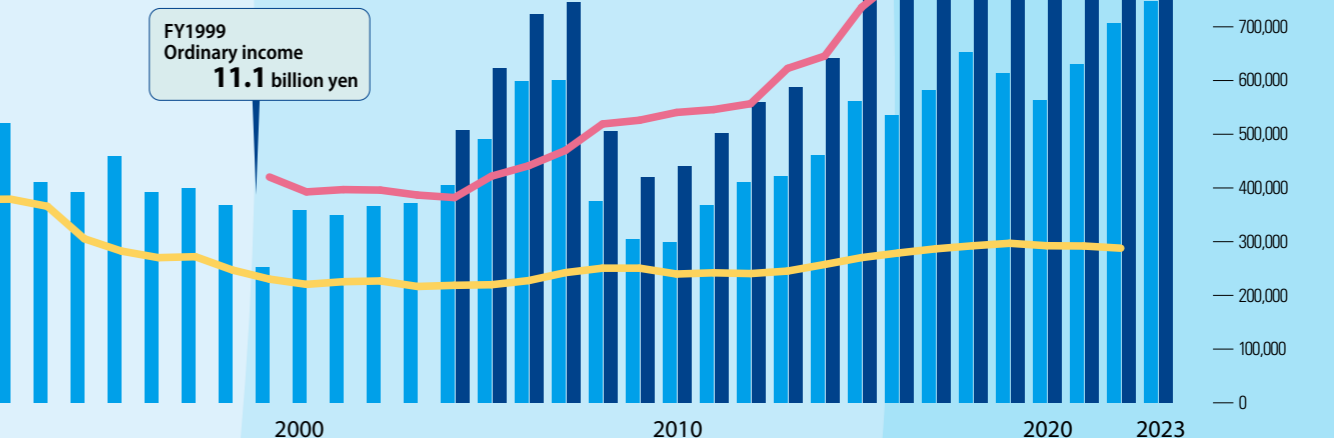
Haseko's response

- 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

Historical Data of Net Sales (in millions of yen) and the Number of Employees (in persons)



*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

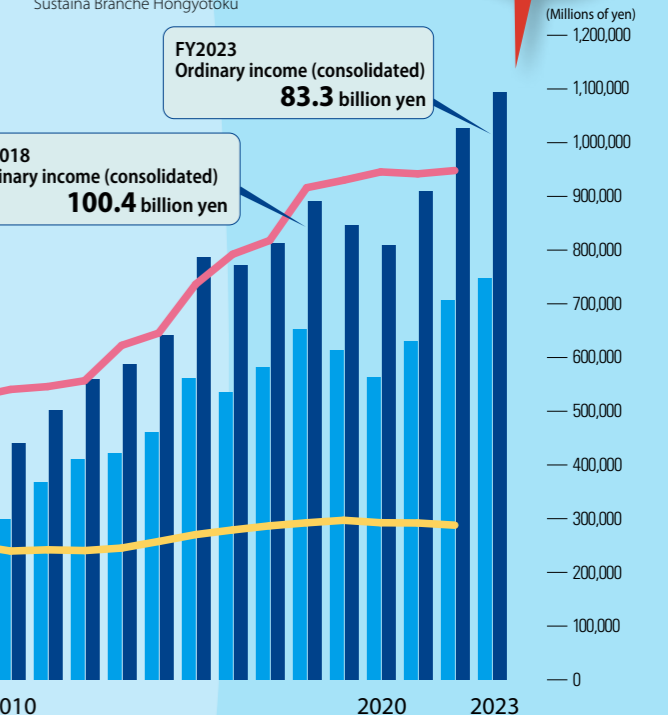
2020s— Age of Sustainability

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.

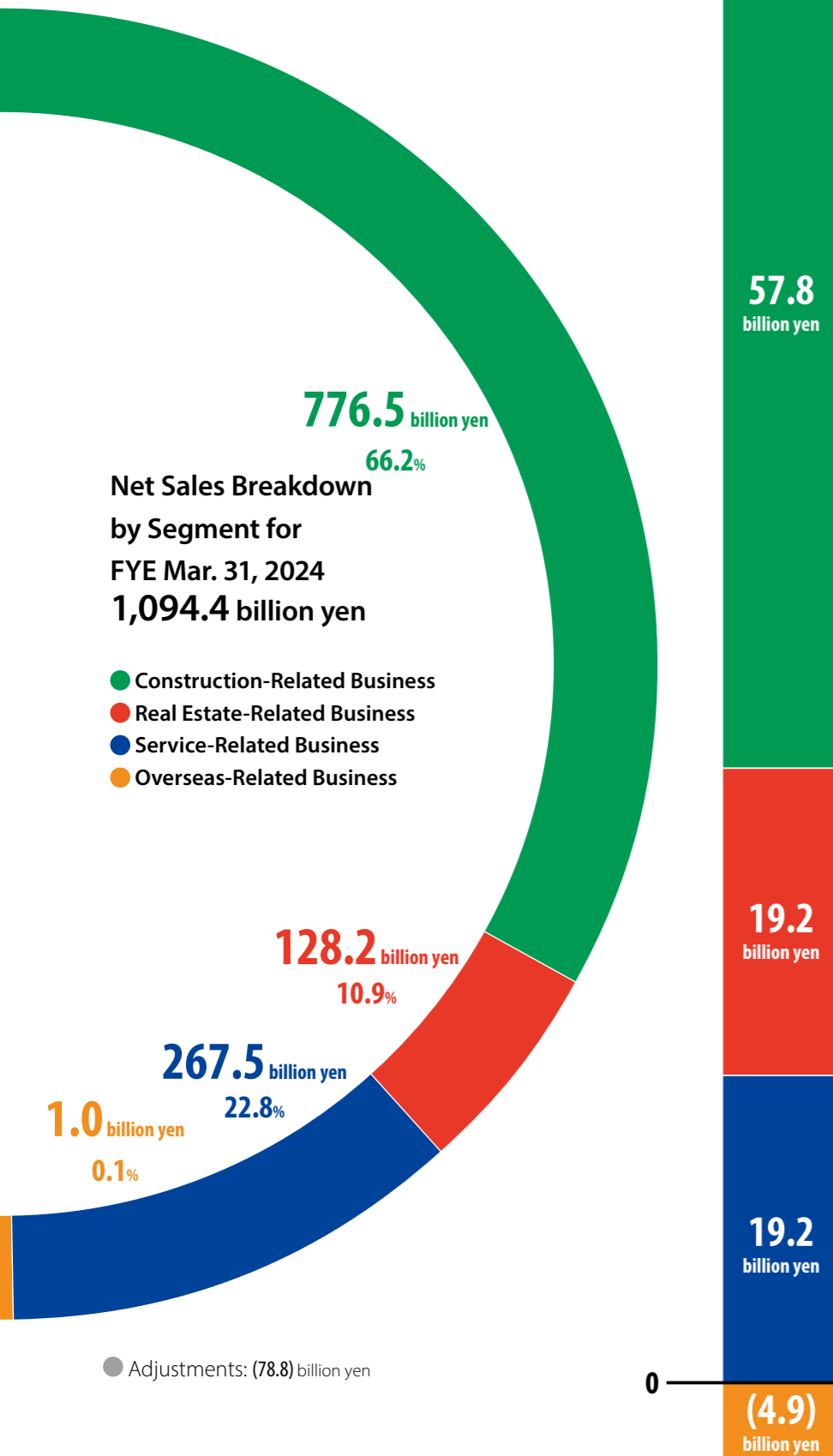
Haseko's response

- 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.
- Construction on Sustaina Branche Hongyotoku (Japan's first rental condominium project to achieve net zero CO2 emissions when the building is in use) completed [September 2023]



Business Overview of the Haseko Group

Operating Income by Segment in FYE Mar. 31, 2024



Construction-Related Business

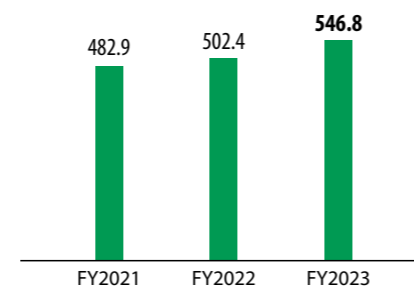
Haseko Corporation (or the "Company") is engaged in comprehensive construction services for condominiums and apartments, from planning and design to construction, primarily around Japan's three major metropolitan areas. Orders received totaled 536.9 billion yen on a non-consolidated basis, and the Company boasts the largest share of new housing supply in both the Tokyo metropolitan area and the Kinki region. In addition, Hosoda Corporation is engaged in the construction of detached houses.

Segment net sales	776.5 billion yen
Segment income	57.8 billion yen
Segment assets	383.3 billion yen
Group companies	Fujikensetsu Co., Ltd., Hasec Inc., Haseko Furnishing Co., Ltd., Hosoda Corporation, etc.
Number of employees engaged	2,984 persons

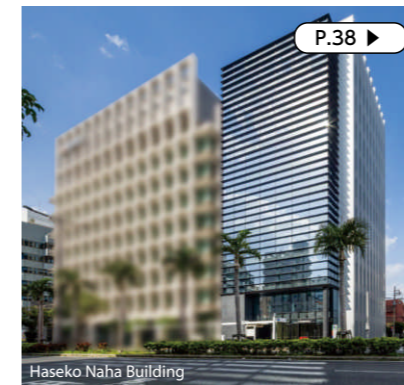
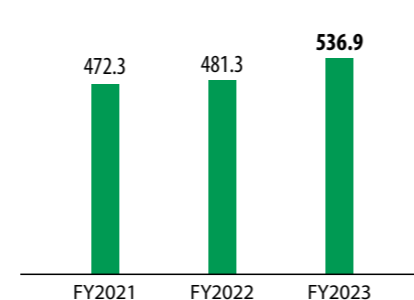
Focused strategies under the medium-term business plan

- Expansion of domain of the Construction-Related Business
- Expansion of redevelopment and reconstruction business/ response to compact cities

Construction contracts (billion yen)



Order Received (Non-consolidated) (billion yen)



Real Estate-Related Business

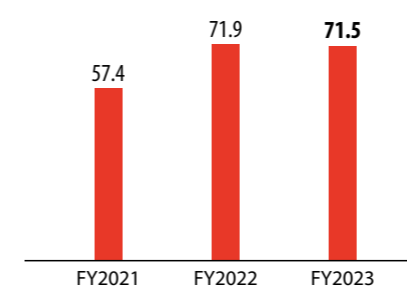
We are engaged in the business of for-sale condominiums throughout Japan, including its three major metropolitan areas. We offer richness in housing and living spaces by incorporating the data and know-how we have accumulated through our experience as a general contractor that has built a total of 700,000 homes. In addition, Haseko Home, Co., Ltd, a subsidiary of the Company, is engaged in the sales of detached houses.

Segment net sales	128.2 billion yen
Segment income	19.2 billion yen
Segment assets	484.5 billion yen
Group companies	Haseko Real Estate Development Holdings Inc., Haseko Real Estate Development, Inc., Sohgo Real Estate Co., Ltd., Haseko Home, Co., Ltd., etc.
Number of employees engaged	229 persons

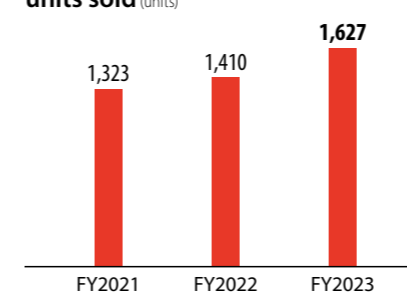
Focused strategies under the medium-term business plan

- Expansion of business areas for condominium sales business
- Rental properties holding and development business

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



Number of for-sale condominium units sold (units)



Service-Related Business

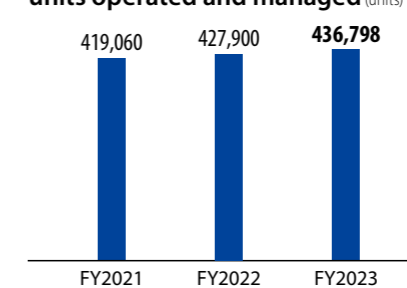
In addition to sales, management, sales of furniture, brokerage, renovations, and extensive refurbishment associated with for-sale condominiums, we also operate businesses that are closer to consumers, such as management and development of rental properties, corporate housing management agency services, and the management of paid care facilities for the elderly, providing services that are intimately linked to the lives of each and every customer.

Segment net sales	267.5 billion yen
Segment income	19.2 billion yen
Segment assets	273.8 billion yen
Group companies	Haseko Reform Inc., Haseko Livenet, Inc., Haseko Business Proxy, Inc., Haseko Urbest Inc., Haseko Real Estate, Inc., Haseko Intech Inc., Haseko Systems Inc., Haseko Community, Inc., Haseko Senior Well Design Co., Ltd., etc.
Number of employees engaged	4,540 persons

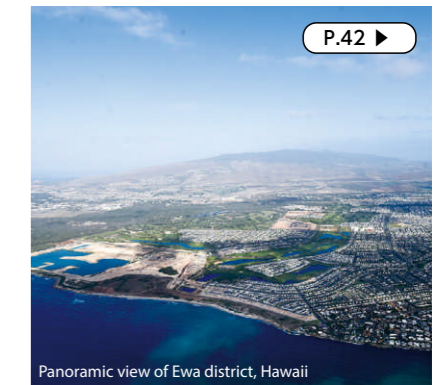
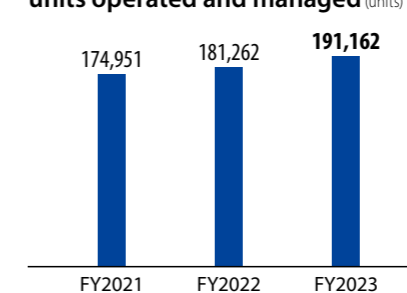
Focused strategies under the medium-term business plan

- Continuation and strengthening of the Service-Related Business
- Expanding our business areas from major metropolitan areas to major regional cities
- Rebuilding business model by introducing advanced technologies
- Fundamental innovation of existing business productivity

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



Number of rental condominium units operated and managed (units)



Overseas-Related Business

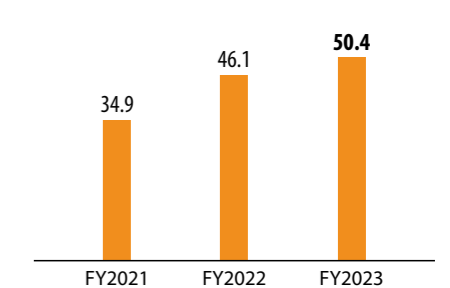
Haseko America, Inc., a subsidiary of the Company, and others are engaged in the sales of detached houses and the development of commercial facilities in Hawaii, U.S.A., and the development of rental and senior residences in the continental United States. In addition, in Vietnam we are engaged in the construction and operation of serviced apartments.

Segment net sales	1.0 billion yen
Segment income	(4.9) billion yen
Segment assets	118.0 billion yen
Group companies	Haseko America, Inc., and others
Number of employees engaged	76 persons

Focused strategies under the medium-term business plan

- Investment in overseas business
- Reestablishing a revenue base in the United States (Hawaii)
- Establishment of design, construction and production systems in Southeast Asia
- Participation in real estate development projects

Real estate holdings (Hawaii only) (billion yen)



Consolidated Financial and Non-Financial Highlights

Key Financial Data (Consolidated)

Please access additional non-financial information

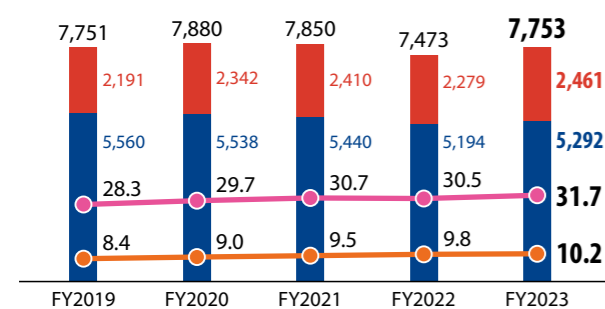
Item		FY2013	FY2014	FY2015	FY2016
		97th term	98th term	99th term	100th term
Orders	(millions of yen)	442,751	539,642	551,445	577,811
Net sales	(millions of yen)	587,571	642,167	787,354	772,328
Operating income	(millions of yen)	28,838	42,698	68,762	89,032
Ordinary income	(millions of yen)	25,405	41,889	67,327	88,827
Net income attributable to owners of parent	(millions of yen)	24,830	28,542	51,226	58,762
Comprehensive income	(millions of yen)	31,207	38,440	44,259	58,116
Net assets	(millions of yen)	119,472	144,089	185,374	238,467
Total assets	(millions of yen)	457,408	476,914	589,993	630,937
Net assets per share	(yen)	346.17	478.45	615.21	791.24
Basic net income per share	(yen)	81.36	94.64	170.41	195.48
Diluted net income per share	(yen)	67.98	92.90	—	—
Equity ratio	(%)	26.1	30.2	31.3	37.7
Return on equity	(%)	21.3	21.7	31.1	27.7
Net cash provided by (used in) operating activities	(millions of yen)	55,267	39,984	65,590	109,536
Net cash provided by (used in) investing activities	(millions of yen)	29,395	△4,067	△30,801	△19,824
Net cash provided by (used in) financing activities	(millions of yen)	△65,425	△40,235	△16,286	△40,213
Cash and cash equivalents at end of the year	(millions of yen)	137,689	133,563	152,115	201,456
Interest-bearing debt	(millions of yen)	147,861	128,245	174,721	141,850

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
101th term	102th term	103th term	104th term	105th term	106th term	107th term
558,405	568,931	518,847	483,158	546,537	563,474	600,909
813,276	890,981	846,029	809,438	909,708	1,027,277	1,094,421
100,805	98,430	85,925	72,909	82,702	90,162	85,747
100,497	100,369	85,253	71,832	81,871	88,265	83,334
72,289	87,391	59,851	48,258	54,490	59,326	56,038
74,798	86,214	53,040	53,273	57,958	63,316	78,975
296,835	368,051	387,682	394,365	417,667	454,088	511,246
687,706	773,219	799,319	953,659	1,081,907	1,198,105	1,351,231
995.44	1,234.13	1,323.51	1,425.93	1,520.73	1,666.30	1,874.17
241.98	293.87	201.36	168.62	198.32	216.10	205.45
—	—	—	—	—	—	—
43.0	47.5	48.5	41.4	38.6	37.9	37.8
27.0	26.3	15.8	12.3	13.4	13.6	11.6
56,516	33,064	△15,263	31,876	65,448	△51,909	115,023
△16,351	△14,473	△37,222	△35,772	△31,601	△55,446	△39,846
△34,742	△12,379	△8,356	66,799	15,728	50,785	△753
206,866	212,980	151,754	214,299	264,864	208,333	283,493
125,441	120,404	152,262	267,951	311,841	391,500	415,000

Key Non-Financial Data

Number of Group employees/

■ Male ■ Female (persons)
● Female employees (%) ● Female managers (%)
Group: including non-consolidated subsidiaries

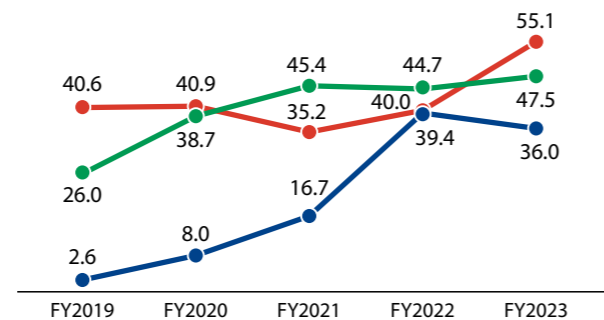


The Haseko Group has been proactively appointing female employees to senior roles from an early stage, ahead of the industry. We will continue our active recruitment of women, with a focus on fostering and retaining core and key personnel, while promoting the development of female employees and their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

*The scope of aggregation is as follows
FY2019–FY2021: Haseko Corporation and all Group companies in Japan
FY2022 and later: Haseko Corporation and consolidated subsidiaries in Japan

Percentage of men taking advantage of parenting-related programs (%)

● Childcare leave ● Spouse maternity leave taken ● Children leave taken



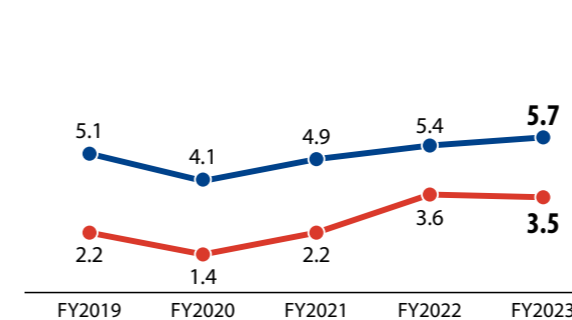
We are working to increase the percentage of male employees taking childcare leave, guided by the Iku-Boss Declaration (a statement of commitment by management members in charge of business units to supporting employees in balancing work and family). We further promote this effort by featuring those 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.

*The scope of aggregation is as follows
FY2019–FY2021: Haseko Corporation and all Group companies in Japan
FY2022 and later: Haseko Corporation and consolidated subsidiaries in Japan

Annual turnover rate of full-time (%)

● Haseko Group ● Haseko Corporation

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	64.3	57.6	97.4
Haseko Corporation	61.7	61.5	68.6

Gender wage disparities do exist at Haseko Corporation and consolidated subsidiaries in Japan, particularly among full-time workers, but this is influenced by the difference in average years of service between men and women (women: 10.1 years; men: 14.6 years) and the percentage of managers between men and women (10.2% of managers are women). 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

Haseko Group Long-Term Vision
—What the Company Aims to Be for the Fiscal Year Ending March 2030—
Medium-term Business Plan [HASEKO Next Stage Plan]

Social issues surrounding our daily lives

Improvement of corporate value

Delivering richness in housing and living

Inputs

Human capital

- Number of employees (consolidated) •• 7,829 persons
- Number of qualified employees •• 6,149 persons
- First-class architects •••••••••• 749 persons
- First-class building construction management engineers •••••••••• 1,259 persons
- Real estate transaction agents •• 3,132 persons
- Licensed representatives of condominium management companies •• 1,009 persons
- PET screening participation rate •• 80.0 %

Intellectual capital

- Investments in R&D •••••••••• 3.82 billion yen
- Number of patents held •••••••••• 265 (202 patents, 58 designs, 5 utility models)
- Cumulative number of housing units that adopted Haseko's Premium After-sales Service •••••••••• approx. 120,000

Manufacturing capital

- Presentation space LIPS
- Haseko Technical Center
- Key locations in Japan •••••••••• 43
- Number of Group companies •••••••••• 84 companies

Social and relationship capital

- Haseko Group supply chain "Quaternity"
- Real estate information network
- Haseko's Premium After-sales Service

Natural capital

- Energy usage
- Electric power •••••••••• 24,171 thousand kwh
- Light oil •••••••••••••• 17,114 kl
- Kerosene and heavy oil •••••••••• 398 kl
- Water •••••••••••••••••• 756,000 m³

Financial capital

- Total assets •••••••••••••• ¥1,351.2 billion
- Equity •••••••••••••••••• ¥511.2 billion
- Interest-bearing debt •••••••••• ¥415.0 billion

(Figures for FY2023)
*As of March 31, 2024

Management Resources of the Haseko Group P.18 ▶



Outputs

Construction-Related Business

- Annual number of units constructed: •••••••••••••• 11,664 units (Cumulative total: 708,000 units*)

Business Strategy P36-37 ▶

Real Estate-Related Business

- Number of for-sale condominium units sold •••••••••••••• 1,627 units

Business Strategy P38-39 ▶

Service-Related Business

- Number of for-sale condominium units managed: •••••••••• 436,798* units
- Number of rental condominium units managed: •••••••••• 191,162* units
- Orders received for large-scale repair and interior remodeling: •••••••••••••• 42.2 billion
- Number of for-sale condominium units sold on consignment: •••••••••••••• 7,670 units
- Number of real estate brokerage transactions: •••••••••••••• 2,327 units
- Number of paid facilities for the elderly operated: •••••••••• 2,549 units

Business Strategy P40-41 ▶

Overseas-Related Business

Business Strategy P42-43 ▶

(Figures for FY2023)
*As of March 31, 2024

Outcomes

Human capital

- Percentage of women among new graduates hired •••••••••••••• 37.1%
- Percentage of female managers •••••••••• 10.2%
- Percentage of childcare leave taken by males •••••••••••••••••••• 36.0%
- White 500 certification acquired
- 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

Manufacturing capital

- A comfortable construction site, in addition to high safety and productivity

Social and relationship capital

- 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) •••••••••••••• 44,119 cases

Natural capital

- Number of wooden buildings Constructed: •••••••••••••• 442 buildings (incl. 26 non-detached housing buildings)
- Number of condominiums accredited with ABINC Certification •• 5 buildings
- ZEH condominiums and houses

Financial capital (consolidated)

- Ordinary income •••••••••••••• 83.3 billion
- Net income •••••••••••••••••• 56.0 billion
- ROE •••••••••••••••••••••••• 11.6%
- Payout ratio •••••••••••••••••• 41.4%

(Figures for FY2023)
*As of March 31, 2024

Improvement of corporate value



Management Resources 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. We will aim to improve our corporate value by enhancing our six types of capital.



Human capital

- 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.

- Number of Group employees (consolidated) ... 7,829
- Number of qualified employees ... 6,149
 - First-class architects ... 749
 - First-class building construction management engineers ... 1,259
 - Real estate transaction agents ... 3,132
 - Licensed representatives of condominium management companies ... 1,009
- PET-CT screening (cancer screening) participation rate ... 80.0% (2,039 people participated out of an eligible 2,550 people. The target ages were 45 and 50–64)
Costs were fully born by the company



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 700,000 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.

- Research and development costs in FY2023 ... 3.82 billion yen
- Number of patents held ... 265 (202 patents, 58 designs, 5 utility models)



Manufacturing capital

- LIPS (Koto City, Tokyo and Chuo Ward, Osaka)—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 primarily utilizes LIPS for project owners 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 (Tama City) 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.

- Key locations in Japan ... 43
- Group companies ... 84
- Overseas locations ... 3
- Precast manufacturing location (under construction)



Haseko Condominium Museum



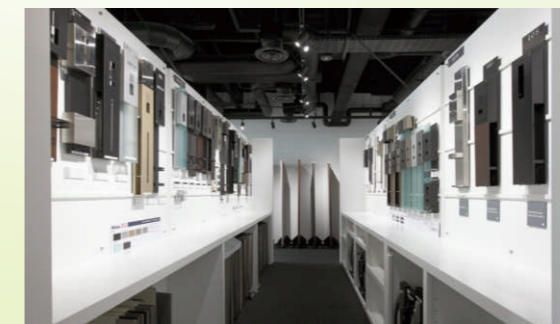
Social and relationship capital

- 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.

- Convert all condominiums developed by Haseko Corporation to ZEH-M Oriented from fiscal year 2022 onwards
 - Number of condominiums constructed ... 708,000 (cumulative total)
 - Ken-ei-kai comprising cooperating companies around ... Approx. 300 companies
 - Number of housing units that adopted Haseko's Premium After-sales Service ... cumulative Approx. 120,000 units



Haseko Condominium Museum



Interior of the presentation room LIPS



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.



Financial capital

- We are making growth strategy investments 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 the HASEKO Next Stage Plan (Plan NS).

- We will endeavor to increase profits and expand our business while placing greater emphasis on capital efficiency and being conscious of the share price. In order to improve capital efficiency, we are implementing business management that specifically increases the turnover rate of real estate-related businesses.

- Total assets ... 1,351.2 billion yen
- Equity ... 511.2 billion yen



Haseko Technical Research Institute Structural experiment area



Business Model of the Haseko Group

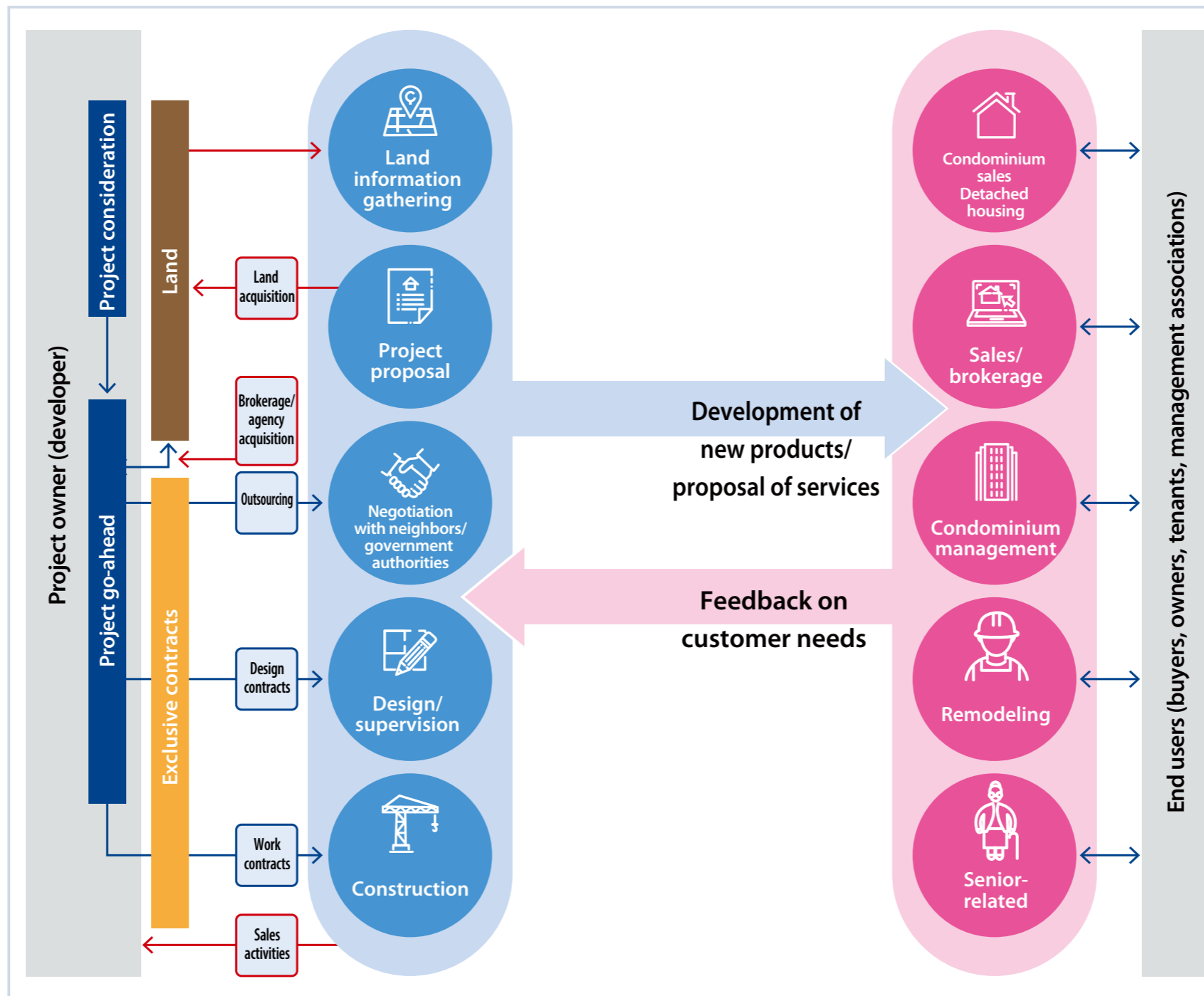
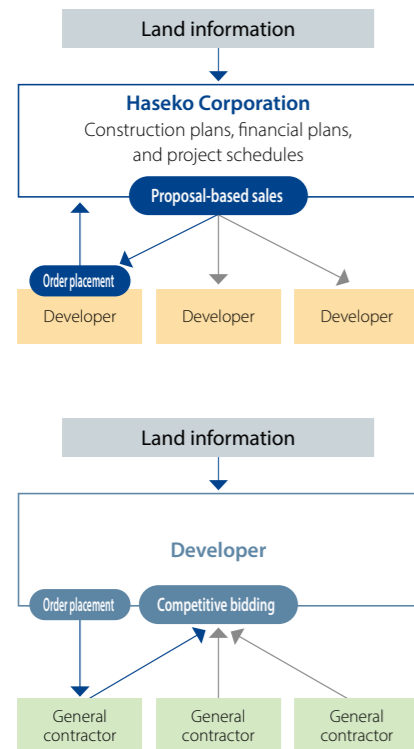
With a focus on for-sale condominiums, we are engaged in various businesses including land information collection, project planning, neighborhood negotiations, permit acquisition, design, and construction. The Group companies provide services in ancillary fields, with the aim of creating optimal environments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

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."

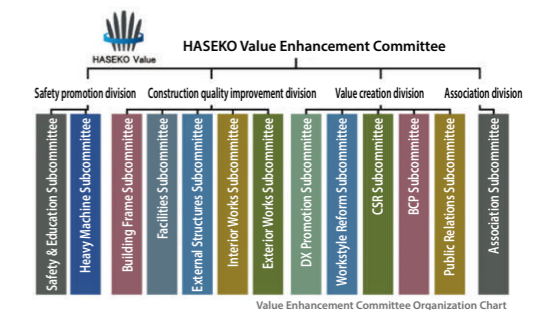
This represents Haseko's unique business model, in which we provide project owners with land information we have procured and execute proposal-based sales that incorporate our planning. Based on the capabilities in gathering land information and enhanced functions, we develop highly accurate construction 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



Message from the Officer in Charge of Finance

We will endeavor to improve profits and expand our business while placing greater emphasis on capital efficiency and being conscious of the share price.

Shoji Naraoka

Director, Executive Vice President
in Charge of Finance, Accounting and
IR, Corporate Management Division



Review of business results for the fiscal year ended March 31, 2024

For the second year in a row, the new supply of condominium units in FY2023 declined compared to the previous fiscal year in both the Tokyo metropolitan area and the Kinki region. On the other hand, the unit price of for-sale condominiums has been at a record high for three consecutive years, and the average price has also continued to rise, and sales are progressing smoothly due to factors such as improvements in the employment and income environment.

Under these circumstances, the fiscal year ended March 31, 2024, which was the fourth year of the medium-term management plan "HASEKO Next Stage Plan (i.e., Plan NS)" that covers the five years through the fiscal year ending March 31, 2025, saw a sharp rise in material and labor costs, resulting in the decline in the gross profit margin of completed construction contracts. However, consolidated ordinary income came to 83.3 billion yen, exceeding the initial forecast of 83.0 billion yen, as a result of steady profit accumulation by each company in the service-related business.

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

Progress of the profit plan in the medium-term management plan

Plan NS has set numerical targets for the fiscal year ending March 31, 2025 of 100.0 billion yen in consolidated ordinary income, 30.0 billion yen or more in ordinary income of consolidated subsidiaries, and a five-year total consolidated ordinary income of 400.0 billion yen. As of the end of the fourth year of Plan NS, we have achieved a total consolidated ordinary profit of 325.3 billion yen.

For the fiscal year ending March 31, 2025, the final year of the plan, we expect to see further expansion of the real estate business. However, due to factors such as a further decline in the gross profit margin of completed construction

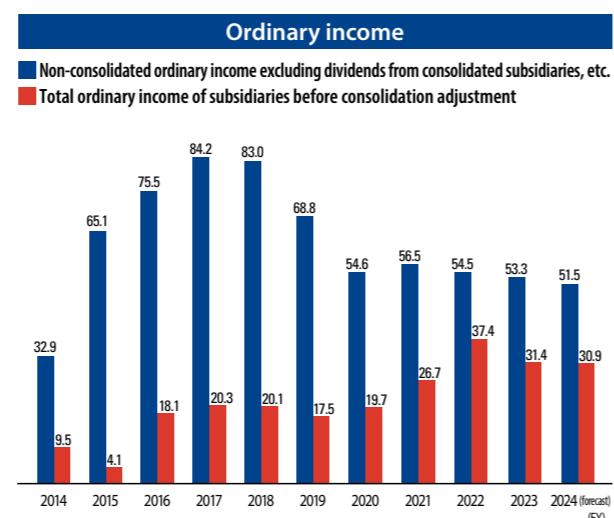
contracts and an increase in general administrative expenses, we are forecasting consolidated ordinary income of 80.0 billion yen, which is lower than the target of 100.0 billion yen for the final fiscal year, due to increases in commodity prices and labor costs, which were not initially assumed in the plan. Nevertheless, we believe that the target of 400.0 billion yen in consolidated ordinary income over the five-year period is achievable.

In addition, the target of 30.0 billion yen or more in ordinary income of consolidated subsidiaries is expected to be achieved from the fiscal year ended March 31, 2023 to the final year, and the fruits of investments in the condominium sales business and rental real estate development business by subsidiaries are beginning to emerge.

Progress of the investment plan in the medium-term management plan

Plan NS has set out the following focused strategies: "expansion of business areas for condominium sales

Total ordinary income: non-consolidated basis plus consolidated subsidiaries (unit: billions of yen)



business," "rental properties holding and development business," and "investment in overseas business." In order to increase profits within the timeframe of the plan, it is necessary to make focused investments at an early stage.

Plan NS called for investments of 240.0 billion yen, and by actively utilizing loans to satisfy the strong demand for funding, all investments except for those in new businesses, M&A, etc. were completed in the fiscal year ended March 31, 2024, such that investments have already begun for the fiscal year ending March 31, 2030. The new investment plan aims to expand business in areas and markets with growth potential by acquiring land for business use to expand the area of the domestic real estate sales business to include regional cities, holding and developing rental real estate for investors, including private REITs and private funds, and participating in overseas real estate projects.

At Haseko Corporation, we calculate the weighted average cost of capital (WACC), which includes the cost of shareholders' equity and the cost of debt, and use it for internal investment decisions, mainly for real estate

investment. We also regularly monitor the progress and expected results of the projects we have acquired. Drawing on the lessons learned from our experience of significantly damaging the Company's creditworthiness through excessive risk-taking, we actively conduct business investment while maintaining financial soundness without compromising business opportunities, by setting and managing appropriate capital allocations for the risks that differ by each type of asset.

In addition, the business environment has changed significantly, with factors that could not have been foreseen at the start of the plan, such as increases in construction prices and interest rates. However, we are responding flexibly and quickly to these changes, and are working to secure optimal profits without being constrained by the original business plan. Going forward, we will take into account the evaluations of the stock market as we strive to enhance the corporate value of the Group by giving greater consideration to capital efficiency in our operations.

Cumulative cash flow for the period of plan (unit: billions of yen)

	FYE Mar. 31, 2021 to FYE Mar. 31, 2024 Cumulative	FYE Mar. 31, 2025 Forecast	Total
Cash flows from operating activities (excluding inventory investments)	323.1	27.0	350.1
Fund procurement	259.0	35.0	294.0
Total	582.1	62.0	644.1
Inventory investments	(231.9)	(55.0)	(286.9)
Fixed asset investments	(116.0)	(34.0)	(150.0)
Other, net	(58.2)	(2.0)	(60.2)
Total investments	(406.1)	(91.0)	(497.1)
Dividends	(90.3)	(23.6)	(113.9)
Purchases of treasury stock under the previous plan (NBJ)	(24.6)		(24.6)
Shareholder returns	(114.9)	(23.6)	(138.5)
Increase in cash and deposits, etc.	61.1	(52.6)	8.5

Status of shareholder returns (unit: billions of yen)

	Plan NBS			Plan NBJ			Plan NS				
	FYE Mar. 31, 2015	FYE Mar. 31, 2016	FYE Mar. 31, 2017	FYE Mar. 31, 2018	FYE Mar. 31, 2019	FYE Mar. 31, 2020	FYE Mar. 31, 2021	FYE Mar. 31, 2022	FYE Mar. 31, 2023	FYE Mar. 31, 2024	FYE Mar. 31, 2025 (forecast)
Interim dividend				10	10	20	35	35	40	40	40
Year-end dividend	10	15	30	40	70	50	35	45	40	45	45
Annual dividend (yen/share)	10	15	30	50	80	70	70	80	80	85	85
Earnings per share (EPS, yen)	94.64	170.41	195.48	241.98	293.87	201.36	168.62	198.32	216.10	205.45	194.29
Net income attributable to owners of parent	28.5	51.2	58.8	72.3	87.4	59.9	48.3	54.5	59.3	56.0	53.0
Total dividends	3.0	4.5	9.0	15.0	24.0	20.8	19.9	22.2	22.2	23.6	23.6
Payout ratio* (%)	10.53	8.80	15.35	20.79	27.52	34.78	41.33	40.76	37.44	42.11	44.52
Total income for the period of plan				138.5			219.5			271.1	
Total dividends for the period of plan				16.5			59.9			111.6	
Purchases of treasury stock during the period of plan				30.0							
Total returns during the period of plan				16.5			89.9			111.6	
Total rate of returns during the period of plan (%)				11.93			40.97			41.15	

*Total dividends ÷ net income attributable to owners of parent

Recognition of the current situation

In terms of its investments, Haseko Corporation practices management that is conscious of ROE and ROA in the final consolidated financial statements, including factoring capital cost into acquisition criteria. The method for calculating the cost of shareholders' equity is not necessarily consistent, but we estimate that it is between 6% and 9% when calculated using the capital asset pricing model (CAPM), which is considered to be the most common method.

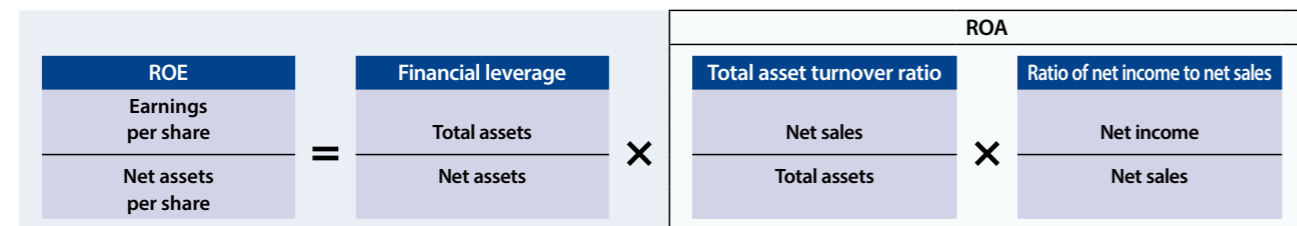
ended March 31, 2016. This decline in ROE is due to a number of factors as follows: a drop in the gross profit margin of completed construction contracts due to rising material and labor costs; an increase in the costs and general administrative expenses due to better working conditions for employees; the fact that our real estate business, which aims to increase profits under the current plan, is investing ahead of schedule, thereby reducing the rate of turnover of total assets; and the fact that ROA has more than halved

Yield on safe assets Yield on Japanese government bonds 0.7-1.6%	+	Expected additional yield on shares 6.00%	×	Risks specific to Haseko Corporation Stock beta value 0.92-1.33	=	Expected additional yield on the Company's shares Cost of shareholders' equity 6-9%
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For the past 10 years, our ROE has been above 10%, having at least exceeded the cost of shareholders' equity calculated by means of CAPM. On the other hand, our ROE has been declining since peaking at 31.1% in the fiscal year

from 9.60% in the fiscal year ended March 31, 2016 to 4.40% in the fiscal year ended March 31, 2024 due to the abovementioned factors.

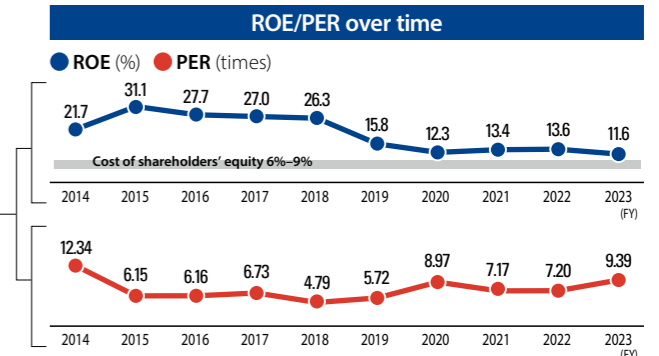
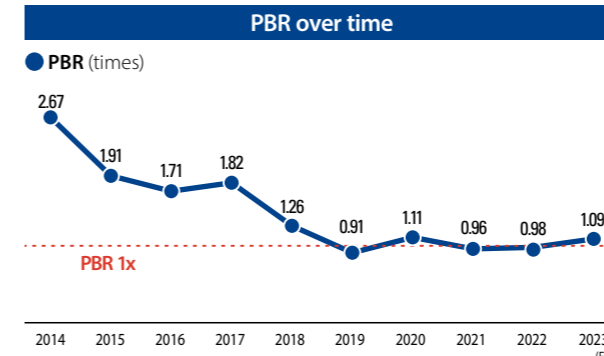
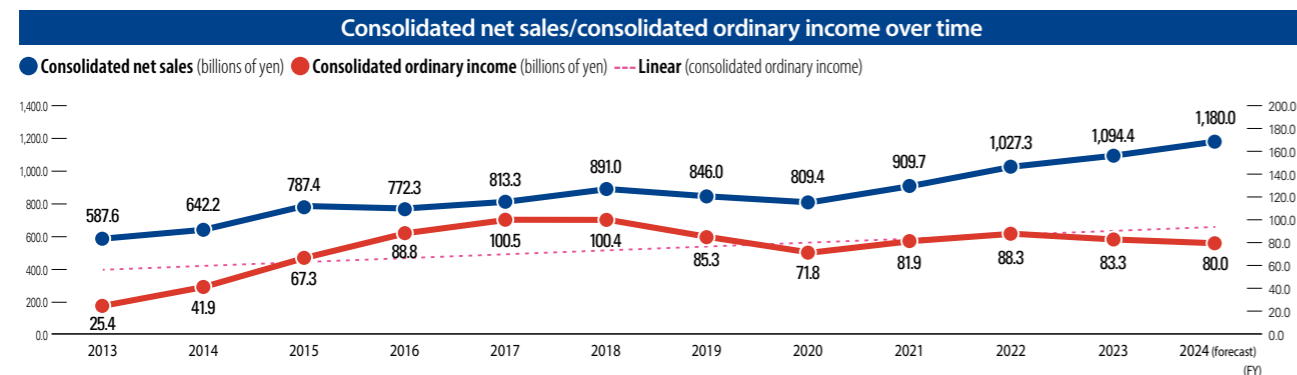
ROA		=	Total asset turnover ratio		×	Ratio of net income to net sales	
FYE Mar. 31, 2016	FYE Mar. 31, 2024		FYE Mar. 31, 2016	FYE Mar. 31, 2024		FYE Mar. 31, 2016	FYE Mar. 31, 2024
9.60%	4.40%		1.48	0.86		6.51%	5.12%
ROE		=	Financial leverage		×	ROA	
FYE Mar. 31, 2016	FYE Mar. 31, 2024		FYE Mar. 31, 2016	FYE Mar. 31, 2024		FYE Mar. 31, 2016	FYE Mar. 31, 2024
31.10%	11.61%		3.24	2.64		9.60%	4.40%



Furthermore, even though the ROE exceeds the cost of capital calculated according to CAPM, the PBR remains at around 1x because the PER has remained low for a long time at less than 10x, which is thought to be due to low expectations for the Company's growth in the stock market.

fiscal year ended March 31, 2014 to 80.0 billion yen in the fiscal year ending March 31, 2025. The highest ordinary income recorded in the past 11 fiscal years was 100.5 billion yen in the fiscal year ended March 31, 2018, so although the most recent five fiscal years of Plan NS have shown a negative growth in ordinary income, the 11 fiscal years have resulted in an average annual growth rate of 10.99%.

On the other hand, the Haseko Group's consolidated net sales are expected to increase from 587.6 billion yen in the fiscal year ended March 31, 2014, one year before Plan NBS, to 1,180.0 billion yen in the fiscal year ending March 31, 2025, the final year of Plan NS, for an average annual growth rate of 6.54%. In addition, the Group's consolidated ordinary income is expected to increase from 25.4 billion yen in the



PBR and PER are calculated using the closing price at the end of each fiscal year. The calculation of EPS and BPS, which form the basis for PBR and PER, is based on the number of shares eligible for dividends at the end of each fiscal year, excluding treasury shares (not including ESOP and BBT). PBR and ROE are calculated using the average net assets at the beginning and end of the fiscal year.

Initiatives to improve PBR

PBR	=	ROE	×	PER
Share price		Earnings per share		Share price
Net assets per share		Net assets per share		Earnings per share

To improve PBR, it is essential to improve ROE and PER. We were unable to absorb the effects of rising prices and labor costs in our mainstay construction-related business, leading to a decline in the gross profit margin of completed construction contracts. We recognize that a key issue will be to improve the gross profit margin of completed construction contracts by promoting digital transformation (DX) and industrialization, while gaining the understanding of project owners to allow us to pass on the increased costs to the construction price.

capital, and our measures for ensuring shareholder returns. In doing so, we will deepen understanding from stakeholders through conversations with them and work to improve our standing in the stock market.

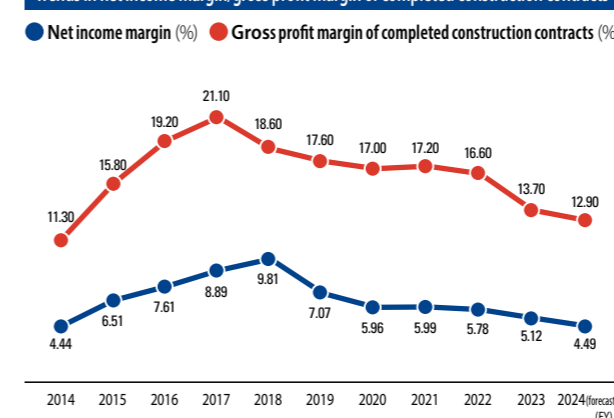
In addition, the total asset turnover ratio has decreased due to the expansion of investment in the real estate-related businesses, which is one of the focused strategies of Plan NS, especially with respect to the expansion of the real estate holding and development business. However, another important issue is to improve the turnover ratio of real estate businesses by contributing to private REITs and private funds managed by our subsidiary Haseko Real Estate Investment Management, Inc. and by actively utilizing other real estate liquidation methods.

Our basic policy on shareholder returns is to "set the minimum annual dividend per share at 80 yen (70 yen in the first year of the plan)" and "set the total shareholder return ratio calculated from the sum of net income attributable to owners of parent for the five years of Plan NS at about 40%." This policy was formulated by taking into account a comprehensive range of factors, including accelerating investment in growth strategies to expand and enhance future earnings, as well as providing stable shareholder returns over the medium to long term.

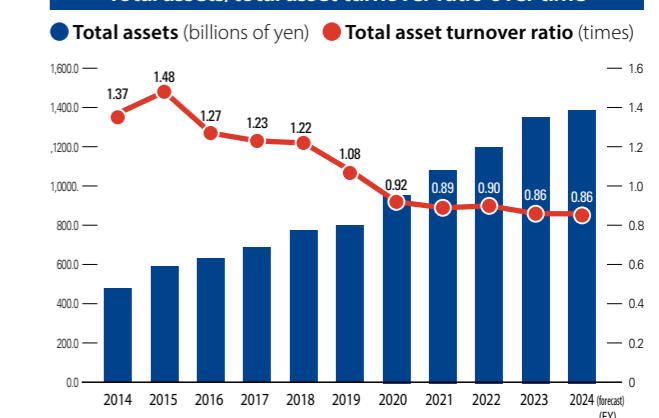
We will leverage the investments we made ahead of schedule during the period of Plan NS to generate revenue in the next plan, thereby improving the capital efficiency that had declined temporarily due to the expansion of our real estate business. We will also expand the disclosure of information on the growth strategies of each of the Haseko Group's businesses, our initiatives on environmental issues and technological development, our approaches to human

On the other hand, the business environment has changed significantly since the formulation of Plan NS, and as the nature of corporate value evaluations and market demands change, we will not only continue to implement our existing capital measures, such as "maintaining a strong financial base" and "ensuring stable shareholder returns," but also further deepen our awareness of "improving capital efficiency" to meet market expectations. Furthermore, we will work to improve ROE and EPS without excluding the option of acquiring treasury stock. We are in the process of continuing to invest in order to expand our real estate- and overseas-related businesses, and although our ROE currently stands at around 10%, we are not satisfied with this situation and are aiming for further improvement.

Trends in net income margin/gross profit margin of completed construction contracts



Total assets/total asset turnover ratio over time





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

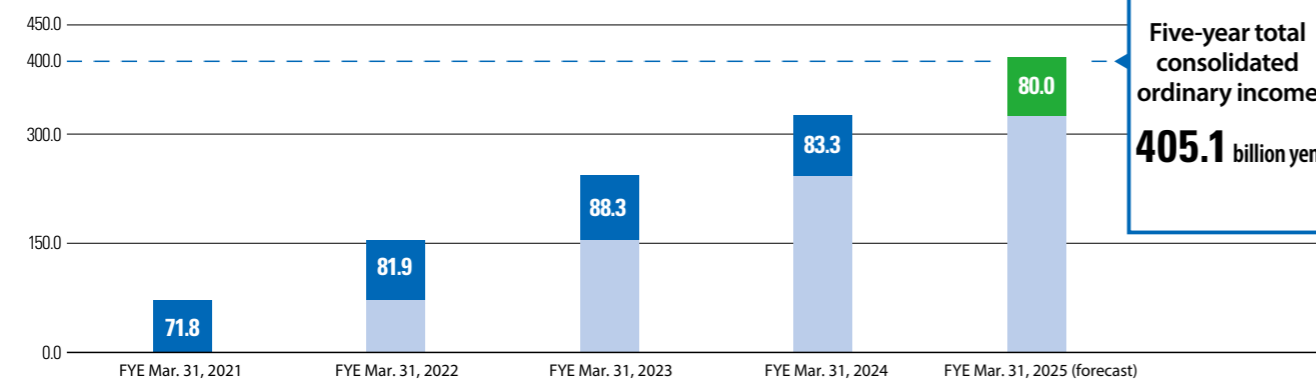
In 2020, the Haseko Group formulated the Haseko Group Long-Term Vision—What the Company Aims to Be for the Fiscal Year Ending March 2030. Toward achieving the Long-Term Vision, we have embarked on a five-year medium-term business plan, HASEKO Next Stage Plan (“Plan NS”), and are executing growth strategies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

Four years have passed under the current plan, leading us to its final fiscal year. Despite the unprecedented changes in the business environment caused by the COVID-19 pandemic, which occurred soon after the plan was launched, we have steadily progressed with the initiatives set out in Plan NS. The growth of the Group’s companies has been particularly remarkable, and the goal of achieving consolidated ordinary income of 400 billion yen or more over five years is now within sight. In addition, the annual dividend was increased to 85 yen for the fiscal year ended March 31, 2024. We plan to sustain 85 yen for the fiscal year ending March 31, 2025. Some of the specific initiatives in this plan are described below.

[For more information, please visit](#)

HASEKO Next Stage Plan								
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.	Focused strategies	1	Strengthen competitiveness of core businesses <ul style="list-style-type: none"> 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 	Financial strategy Shareholder returns	1	Maintain a strong financial base while accelerating growth strategy investment and enhancing 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		2	Expansion of investment in Real Estate-Related Business <ul style="list-style-type: none"> Expansion of business areas for condominium sales business Rental properties holding and development business 		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
	3	Provide safe, secure and comfortable housing and urban environment		3	Initiatives for future growth <ul style="list-style-type: none"> 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 	<Shareholder return policy> 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%		
	4	Establish a stable profit base through growth strategy investment		4	Investment plan	Investment plan Total investment amount over five year 240.0 billion yen		
	5	Maintain a strong financial base and enhance shareholder returns		5	Financial strategy and shareholder returns			
	6	Challenge for new endeavors from a medium- to long-term perspective		6	Action for CSR management			
	7	Focus on establishing 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 Five-year total consolidated ordinary income: 405.1 billion yen		1 For-sale condominium business 50.0 billion yen 2 Rental properties holding and development business .. 70.0 billion yen 3 Overseas business 60.0 billion yen 4 Investment in advanced technologies 20.0 billion yen 5 New businesses, M&A, etc. 40.0 billion yen		

Cumulative consolidated ordinary income (unit: billions of yen)



Response to Climate Change

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>Address climate change as an important management issue</p>	<p>Achieve carbon neutrality by 2050</p> <p>Obtained SBT certification (June 2022) Adopt renewable energy at all construction sites (by December 2025) Promote low carbon construction</p>	<p>Expand/create business opportunities</p> <p>Analysis of risks and opportunities Transition to net-zero energy housing (ZEH) for for-sale condominiums developed in-house and rental condominiums owned (in 2022 onwards)</p>	<p>Bring together all capabilities of the Haseko Group Promote dialogue/cooperation with stakeh olders</p> <p>Disclosures based on the TCFD recommendations, and response to Carbon Disclosure Project (CDP)</p>
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Initiatives to reduce CO2 emissions at construction sites

We are 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.



Promotion of wood use in construction of condominiums

We have worked on research and development of wooden construction since 2014. A project featuring fire-resistant wooden structure on the top four floors, “(provisional name) Meguro-ku Chucho 1-chome Plan” is scheduled to be completed in March 2025. We will continue our efforts to challenge the adoption of wooden construction in high-rise buildings and expand its application to include for-sale condominium development. Bransieta Urayasu was our first completed condominium featuring wooden construction in private-use areas, with the top floor residential units (14 in total) being constructed from wood.

Overseas business initiatives

In order to establish a new revenue base for the future, we have also expanded our investments in housing development projects in the continental United States, with 13 projects currently underway.

Projects currently underway (partial list)

Las Brisas	Vida	Vistas of Annandale
Esperanza Solana	Zia	Vintage Farms
Nashville	Peachtree	Crescent



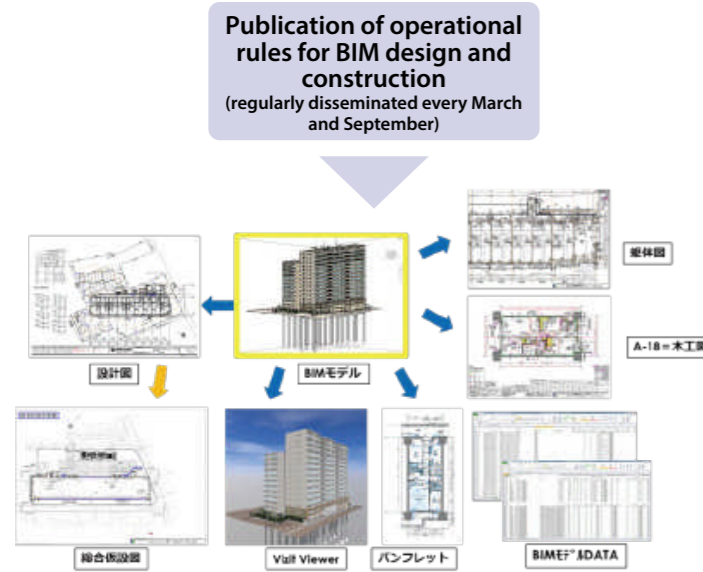
Execution status of focused strategies

1 Promotion of DX at construction sites: Utilization of BIM at construction sites

We are aiming to achieve a 20% increase in productivity by the end of the fiscal year ending March 31, 2025. We will transform construction sites into smarter, more worker-friendly places through a revolution in production made possible by the further utilization of DX.

BIM design and construction: Communication of operational rules

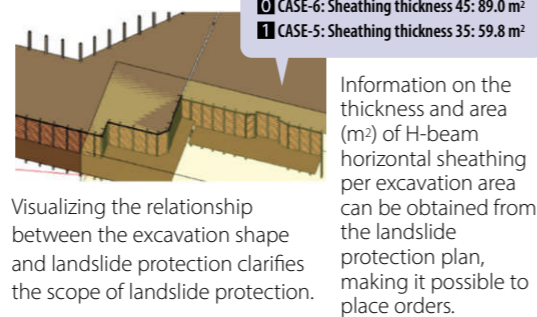
By disseminating a unified set of BIM design and construction operation rules that bring together the different approaches taken for each project, we aim to create a shared understanding between the design and construction departments and improve the accuracy of BIM models.



The content sent out with the operational rules for BIM design and construction will be addressed from the design stage, which will lead to the improved accuracy of BIM models. This will also lead to improvements in the accuracy of design drawings, structural drawings, and woodworking drawings that are produced from BIM models.

Picking up the amount of H-beam horizontal sheathing required for landslide protection

Landslide protection construction companies use BIM to model and visualize landslide protection plans. Haseko overlays the excavation models to ascertain the quantity of H-beam horizontal sheathing from the landslide protection data.



Automatic creation of excavation diagrams

Excavation diagrams are automatically generated based on construction drawing models, and the data is passed on to worksites.



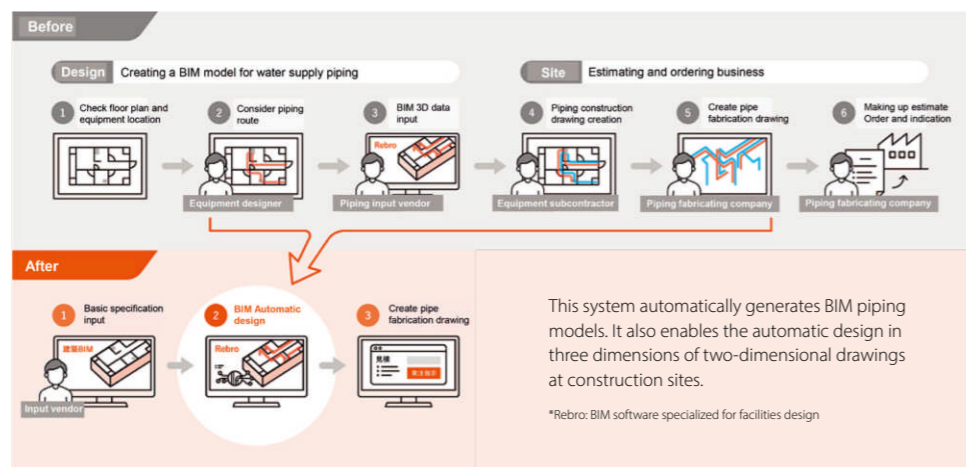
Excavation diagram
No need to make them from scratch!

Excavation shape 3D viewer
Enables visual checking of excavation shapes

2 Promotion of DX in design: Automation of designs using BIM data

We have made use of the features of the BIM database to develop a tool that automatically designs plumbing routes for water pipes based on the floor plans of housing units. In the past, the plumbing routes for the hot and cold water supply were configured manually from the floor plans of the condominium units before a 3D BIM model was constructed. This system, on the other hand, automatically extract necessary information from the BIM data, routes the plumbing for hot and cold water and generates the BIM model.

The BIM database is well-suited to retrieving the information needed for automated design and incorporating the results of automated design as models, making it possible to deploy DX using automated design in a variety of fields.



3 Promoting the spread of ICT (information and communications technology) condominiums

We are promoting the creation of high-value-added condominiums by leveraging ICT. At present, we are mainly introducing and verifying them among rental condominiums. We are collecting and analyzing digital data with the aim of using it to create new value such as improved convenience for residents and extended lifetimes for buildings.

Case study: Implementing ICT services on an experimental basis during large-scale repair work.

First introduction of ICT services to an existing for-sale condominium complex in "SOUTH ALL CITY" (Sakai City, Osaka Prefecture)

Scheme of the demonstration



LIM (Living Information Modeling)

At Haseko we use the term "Living Information Modeling (LIM)" to describe a concept of optimizing lifestyles by utilizing the lifelogs of residents obtained through recognition equipment and various sensors installed in "ICT condominiums," as well as building and equipment maintenance data recorded in the "condominium maintenance records." The Haseko Group is pursuing initiatives aimed at improving productivity in the design and construction of condominiums and in the quality of life of residents through LIM.



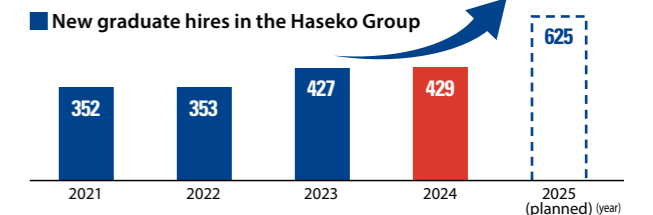
4 Progress of the management of private placement REIT

We launched a private REIT with a scale of approximately 20 billion yen in the fiscal year ended March 31, 2022, and added approximately 14 billion yen in the fiscal year ended March 31, 2024. We are considering adding a certain amount to the REIT in the fiscal year ending March 31, 2025.



5 Investment in human assets

Despite the challenges facing the construction industry as a whole, such as a shortage of manpower and rising costs, we are focusing our efforts on recruiting the human resources we need to secure orders and production systems for the construction of high-quality condominiums and expand the business of the entire group, as well as developing talent that can create new businesses for the future.



Revisions to starting salaries at Haseko Corporation

	2023	2024	Raised amounts
Graduates of graduate schools	275,000 yen	320,000 yen	+45,000 yen
University graduates	255,000 yen	300,000 yen	

We deem these raises as an advance investment, which will contribute to the improvement of our competitiveness in recruitment and the future development of the Haseko Group. We will continue to invest in human resources, while also working to secure and retain the human resources who will lead us into the future. We will also work to bolster our efforts in hiring mid-career professionals.



Message from the Officer in Charge of Sustainability Promotion

We will further deepen our commitment to sustainability to deliver richness in living and create a sustainable society.

Naoko Yoshimura

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



Going into my second year as the officer in charge of sustainability promotion, I am acutely aware that the speed of social change is accelerating, as the environment around us changes rapidly from one moment to the next, including the transition to a decarbonized society, respect for diversity, and innovations in AI technology. These changes are presenting new opportunities and challenges for the business of the Haseko Group, and the importance of sustainability management is greater than ever. As someone tasked with achieving a balance between the sustainable growth of our Company and the resolution of social issues, I am keenly aware of the importance of this mission.

Promoting sustainability based on the most important material issues

In addition to developing a wide range of businesses compositely both in tangible and intangible manner, while making the most of an integrated system that covers everything from the design and construction of homes, centered on condominiums, to after-sales service, management and renovation, the Haseko Group is also promoting various initiatives in the area of sustainability.

In 2023, we reviewed our material issues and identified the following four as having the greatest impact on both our company and our stakeholders: (1) response to climate change, (2) supply chain management, (3) respect of human rights, and (4) human capital (diversity & inclusion (D&I), human resources development).

(1) Response to climate change (see P. 62–65 and P. 84–89)

In December 2021, Haseko Corporation formulated the climate change response policy “HASEKO ZERO-Emission”

and began making disclosures based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition, with regard to the TCFD's additional requirement of “plan for the transition to a low-carbon economy,” we disclosed “The Haseko Group’s CO2 Emissions Reduction Plan (Transition Plan)” in July 2024.

Concerning the reduction of CO2 emissions in our business activities, we are systematically working to reduce CO2 emissions at construction sites, improve the efficiency of energy use in our offices, and switch to next-generation vehicles for our sales fleet, with the goal of reducing Scope 1 and 2 emissions by 42% by FY2030 compared to FY2020.

In addition to focusing on delivering housing with high energy-saving performance, we are placing an emphasis on preparing for the risk of natural disasters associated with climate change, and are working to create homes and communities that are conscious of disaster prevention and mitigation, in order to ensure the safety and security of everyone.

(2) Supply chain management (see P. 59)

In housing-related businesses, it is essential to establish connections with many business partners and to build a supply chain through fair, just, and appropriate transactions. We will continue to offer better products and services by sharing our approach to sustainability with our business partners, and strengthening our partnerships with them.

With regard to the Haseko Group’s cooperating companies, we have obtained written agreements to comply with the “Haseko Group CSR Procurement Guidelines” formulated in October 2021, and we also require that they meet certain standards in terms of compliance, human rights, labor, the environment and safety. Through

these initiatives, we will work to mitigate risks and enhance sustainability in our supply chain, and we will continue to promote fair and responsible procurement.

(3) Respect of human rights (see P. 58–59)

Respect of human rights is a fundamental value of the Haseko Group, and we seek to ensure that we address human rights issues properly through the practice of human rights due diligence (human rights DD).

The Haseko Group formulated the Haseko Group’s Human Rights Policy in January 2022, clearly stating our commitment to fulfilling our responsibility to respect human rights in all of our business activities. We began the process of human rights DD based on this policy, and in October of the same year, we identified the human rights risks that could arise in relation to our business activities and determined priorities for addressing human rights issues. Every year since FY2022, we have been conducting questionnaires among our cooperating companies to understand the current situation regarding human rights issues mainly related to the supply chain, such as the state of timber procurement and the employment of foreign technical intern trainees and other foreign human resources.

We will also further bolster our employee education and awareness-raising activities as we endeavor to ensure that our business activities do not infringe on basic human rights.

(4) Human capital

(D&I, human resources development) (see P. 68–79)

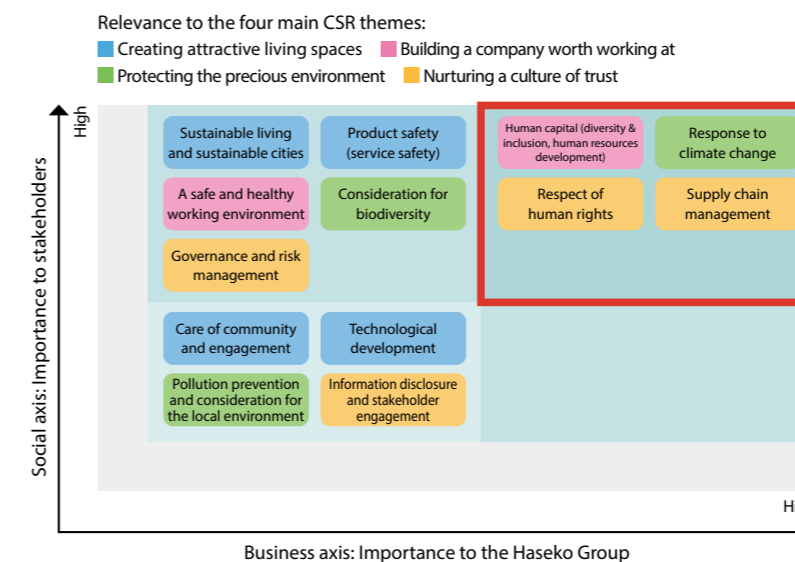
I believe that human resources are the Haseko Group’s greatest asset. It is absolutely critical to create an environment where each and every employee can maximize their abilities and experience fulfillment.

Respecting diversity and drawing on the experience and wisdom of people with different ways of thinking according to the concept of “getting the most out of their qualities” is essential in uncertain times such as the present. By further enhancing the promotion of D&I and investment in human resources, and by accelerating the provision of growth opportunities and workstyle reforms, we hope to motivate our employees to make the most of their abilities and become drivers of value creation.

Working to improve long-term corporate value centered on our corporate philosophy

Society is continuing to change dramatically, with the effects of climate change becoming more apparent, digital technology advancing rapidly, and people’s values diversifying. In times like these, homes are more than just places to live; they play an important role in protecting people’s happiness and peace of mind. Based on the Haseko Group Corporate Philosophy “To contribute to society by creating an optimal environment for cities and people,” we are working toward the creation of a sustainable society, with a view to providing not only safe, secure and comfortable housing, but also to delivering richness in living beyond that.

Dialogue and cooperation with all stakeholders are essential for the promotion of sustainability management. Looking ahead, we will continue to deepen our dialogue with all of our stakeholders, including shareholders and investors, customers, business partners, employees, and local communities, doing our utmost to meet their expectations and enhance our corporate value over the long term.



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 (response to climate change, supply chain management respect of human rights, and human capital) 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.



Special Feature:

The Digital Transformation Strategy of the Haseko Group

Digitalization progressing across the entire Group. Promoting bold reforms to achieve genuine transformation

Three key figures who oversee the digital transformation (DX) across Haseko Corporation's design and construction divisions and service-related business have come together to discuss the issues. Looking back on four years of pursuing the goals set out in Plan NS, they freely discuss what kind of DX the Haseko Group ought to pursue in the future.



After joining the Company, Kurematsu worked at construction sites for three years before embarking for the United States to study construction engineering. Upon his return to Japan, he moved into corporate planning at Haseko Corporation. He is responsible for the Service-related Business as a General Manager of the Haseko Anesis Corporation. He was involved in the Value Creation Division since its establishment as the head of the division's operations. He serves as Vice Chair of the DX Promotion Committee launched in 2021.

Yukio Kurematsu,
Director and Executive Operating Officer
(Haseko Anesis 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.

Norio Horii, Operating Officer
(Engineering Division, 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 his current position.

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

The fruits of the four years of DX work undertaken under Plan NS

Kurematsu: Thinking back to the first year of Plan NS, I remember how difficult it was to immediately move forward with DX, because many of the operations, such as reporting and record-keeping, were still done in an analog way in each Group company. So, we had to start by digitalizing these operations first. I think all of the companies made serious efforts at digitalization during these four years.

Within the Haseko Group, the three companies that manage rental condominiums, for-sale condominiums, and the senior business have begun to fundamentally review their business processes, including their management approaches. We are currently at the stage of developing a new core system, and we should be able to see the benefits of this in another year or two. In addition, the Haseko Group is aiming to build and operate a group information coordination platform that enables the mutual use of data across the entire Group.

Furthermore, the two companies that sell newly built for-sale condominiums and that act as real estate brokers are also working on projects to renew their core systems or fundamentally digitalize and make better use of data. In that sense, I think we have entered a phase where we are progressing from basic digitalization to full-scale DX.

Horii: Our architecture & engineering divisions were working on using BIM for design documents already before the term DX became popular. Now we design all of our projects using BIM.

The majority of our construction projects concern condominiums, and of these, over 90% are undertaken as single contracts covering

both design and construction. Unlike typical design firms, we prepare the construction drawings required at construction sites in our own architecture & engineering divisions, and we have also put in place a system that incorporates the knowledge gained at the construction site into all of our design drawings. This is called "front loading," and although it adds a slight burden on the architecture & engineering divisions in the current stage, it also makes the construction site more efficient, so the productivity of the company as a whole has improved significantly. Over the past four years, we have been able to experience the benefits of switching to BIM first-hand.

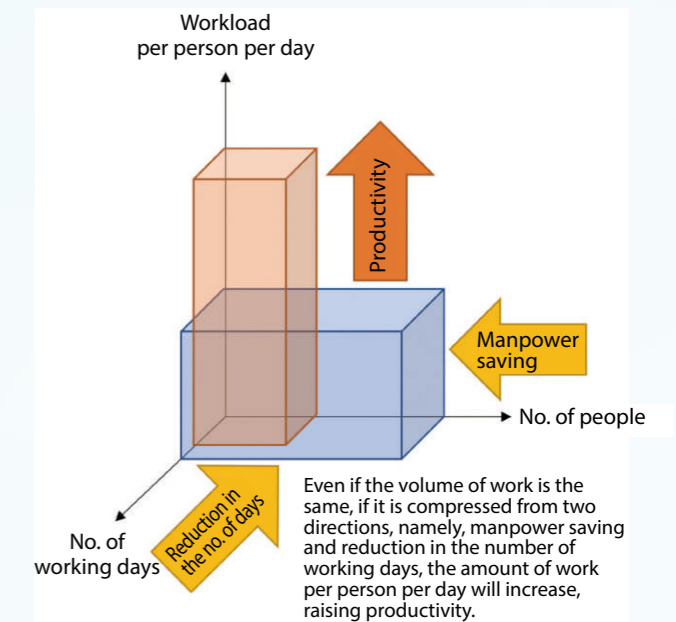


Hara: Restrictions on overtime work have been implemented in the construction industry since April 2024 in accordance with the "Work Style Reform Act." In our construction divisions, we have digitalized the information related to employee working hours. Collecting and analyzing the data on various conditions at worksites and processes has enabled us to identify the characteristics of work that tends to involve a lot of overtime, and what kind of work tends to take time at any particular timing. Based on this information, we are taking more effective, personalized measures rather than applying one-size-fits-all solutions. Going forward, we believe that we will be able to use our data-driven approach to provide the optimal combination of personnel and an environment that enables our staff to achieve their highest performance.

Business reform as the essence of DX

Kurematsu: Although we have made progress in digitalizing the basic aspects of our operations through our efforts thus far, this alone does not constitute DX in its true sense. If you want to improve productivity through digitalization, you first need to identify specific areas in the current workflows where you can improve efficiency. Unless you make major changes to existing workflows, you probably shouldn't expect significant productivity improvements through digitalization alone. Therefore, when promoting DX, we believe that simply completing new core and business systems is not enough. It is also necessary to change the way we do things. These things go hand-in-hand. This kind of business reform comprises the essence of the DX that we are aiming for.

Hara: At construction sites, the digitalization of production information has progressed, with the introduction of BIM for design drawings. For example, one such result of this is the "aluminum sash production system" for condominiums that we developed in collaboration with four sash producers in 2023. Until then, we had provided design drawings with information such as the width and height of the sash and the mounting position, and each producer had manually entered the information required for production into their own systems. However, by linking data with the HASEKO-version BIM, it is now possible for sash producers to directly import the information required for production into their own systems, which has not only reduced the time required for inputting and drawing, but also prevented human errors such as mistakes made when inputting or transmitting data, thereby greatly improving productivity.



As mentioned earlier when discussing system construction, Haseko alone cannot achieve effective DX. In addition to its integrated design and construction system, Haseko has continued to manufacture products centered on condominiums in collaboration with various cooperating companies in its supply chain. We have been promoting the standardization of specifications in such a context, so we are good at sharing and utilizing various types of information. Haseko has been working closely with its design, construction and cooperation companies since the days of analog technology. I think that it is because of this close collaboration that we have been able to communicate information



Special Feature: The Digital Transformation Strategy of the Haseko Group

more smoothly than before with the adoption of BIM. I therefore think it would be difficult for other companies to imitate initiatives like the HASEKO-version BIM.

Horii: Haseko has been evolving since the analog days by constantly applying customer requests and construction improvements to the design stage. It's been doing this so-called "analog transformation" this whole time. The Company continuously implements the PDCA cycle with cooperating companies, making improvements every day. That is how it has grown. By replacing this process with digital technology, I think we can continue to transform at a speed that other companies cannot keep up with.

Developing DX human resources through various challenges

Kurematsu: In service-related businesses, the most important thing by far is to satisfy customers. By increasing efficiencies through the use of DX, we will use the surplus time and budget to offer housing, renovation and management services that will bring even greater satisfaction to our customers, and make them feel that they made the right choice in buying their condominium. It is important to create value that contributes to customer satisfaction.

It is extremely important to make use of digital tools for these reasons, and the Haseko Group has been holding the DX Academy for three years now to continue developing DX human resources. With the education slogan of "continuously produce autonomous human resources and nurture a diverse workforce that will shape the future of Haseko," we have pressed forward with a variety of educational plans. In the first phase, we ran the "DX Mindset Changing Program" for all officers and employees—approximately 8,000 people. In the second phase, we had the "Innovation Leader Development Program" for mid-level and young employees. As a third phase, we then held the "DX Literacy Course" for management-level employees.

Recent technological progress has been remarkable, and while early generative AI was text-only, today it can create images, videos, and even music. In light of these rapid changes, we launched the next phase this fiscal year, holding the fourth DX Academy for all officers and employees of the Group. The aim was for participants to



At the same time as developing DX, we must nurture the parts that only humans can do. It is important to do both.

acquire and improve on their DX literacy and knowledge, including the latest information.

Furthermore, in order to utilize and develop generative AI and metaverse in the Group, we have launched the DX Challenge Project within the Value, Technology and Innovation Division of Haseko Anesis, and are working diligently on it. We also held a contest with the theme of "beautiful living rooms in the future" so that more employees could experience generative AI. Evaluations were based not only on the final image, but also on the prompts (instructions/orders) that generated them. The winner used a unique prompt, incorporating the name of a famous Western sculptor to have the AI generate an image of a living room designed in the style of that sculptor. Sharing such ideas is important for the effective use of AI. In addition, regarding the "metaverse," we are taking on the challenge of creating and operating metaverse spaces that can be used in place of model rooms. We hope to provide our customers with experiences that they have never had before.

Horii: When people hear about DX human resources, they may imagine someone who is good with computers, but we are not looking for people who can build programs. Generative AI can build programs, but what is more important are the transformations that AI cannot produce. In light of the fact that digitalization is changing our lives and society, we can say that there is a need for people with a perspective that can bring about change.

Hara: I think that digital is a means to an end, and that the key to transformation is how much people can change. We are currently working to carefully nurture people with new ideas and creative thinking, as well as those who are not satisfied with the status quo and are proactively pursuing change.

The future that emerges when you combine information about housing and living

Kurematsu: Combining and analyzing the different types of data gathered by each company in the Group to create valuable data. That is a significant asset that can be obtained through DX.

At present, the Haseko Group manages around 470,000 condominiums. Some of these were built by Haseko Corporations, while others were built by other companies. There are also some condominiums that underwent large-scale repairs at the hands of the Group, after some time had passed since the delivery of property. By recognizing the information related to these diverse condominiums as data and linking it to the lifestyle information of our customers, we believe we will be able to provide new services that are different from those we have offered in the past.

In addition, the Haseko Group is also piloting the introduction of ICT technology in 12 properties, including rental condominiums and facilities for seniors. For example, we are constantly analyzing data collected through sensing, such as verifying security systems that use facial recognition systems and AI, and drainage systems that incorporate countermeasures for sudden heavy rains. In the future, we are considering integrating the data related to day-to-day living



Digitalization will make it possible to use construction-related information, which has been used as production information, to envision the lifestyle that customers desire. This is going to be a useful source of information.

that is collected on properties where the Haseko Group is involved, so that we can provide a living environment that is comfortable for our customers.

Hara: The amount of information gathered in the construction divisions is enormous, and it cannot be handled in its analog form. However, digitalization makes it possible to analyze it even in a short amount of time. Besides design drawings, other information required for the construction of a for-sale condominium includes the customer's chosen floor plan, the color of the wallpaper, heights of the kitchen and washbasins, and more. Constructing divisions gather this kind of valuable data.

The for-sale condominiums we build occupy a share of roughly 30% in the Tokyo metropolitan area. From a statistical perspective, they offer insights into the "trends for the entire Tokyo metropolitan area." For example, if we have information on what colors and floor plans tend to be chosen within a certain area and which options are in demand, then we can make assumptions on what kind of lifestyle the customers want. This allows us to offer attractive condominiums with features that set them apart from those of other companies, such as the type of housing, storage capacity, and standard items installed.

In this day and age, family structures are changing due to the declining birthrate and aging population, and lifestyles themselves are becoming extremely diverse. If you have 100 condominiums, there will be 100 different ways of living, and you will need to respond to 100 different types of needs. Until now, time and cost issues have limited us to providing a uniform service for all customers, but in the future, DX will allow us to provide personalized services that meet the specific needs of our customers. As society's needs change from high volumes to small volumes and large variety, we believe this is important for the Haseko Group to survive.

Leveraging AI to provide housing and living; the outlook for DX and the Haseko Group

Horii: The architecture & engineering divisions are taking on the challenge of automated design using AI. To start with, they trained an AI on the data of the floor plans of condominiums designed by the Company over the past five years to create an AI that automatically generates floor plans. It is nowhere near the level

where AI alone can complete the job from start to finish, but it is at the stage where it can help designers make their considerations. Increasing the accuracy of the machine learning in the future could make it possible to implement various checks and automatic design using AI.

My research into AI thus far has made me aware of how important it is to provide the AI with an environment in which it can learn effectively. We are currently working on constructing an environment where AI can effectively learn the data of the HASEKO-version BIM. Training an AI is surprisingly difficult. You need to translate the meaning of the data into language that the AI can understand and create a database. If this process of verbalization could also be automated, then we could have AI learn 24 hours a day, 365 days a year. The HASEKO-version BIM is a collection of insights (knowledge) that we have gained through our work to date. After training on this material, the AI can provide suggestions for new property designs. Such is the system we are aiming to create.

In the condominium-related business, design and construction are B-to-B, while services are B-to-C activities. Up to this point, each company has been working to digitalize and digitally transform their operations separately, but in the end, it is necessary to merge them, and I believe that this will further enhance the Haseko Group's competitive advantage.

To make both sets of data mutually usable, we are moving forward with the concept of a "housing and living information platform (HASEKO BIM&LIM Cloud)." This is quite a large system, so it will take some time to build, but I'm confident that it will become a highly unique platform in the future.



The on-site experience we have gained from our many years of analog transformation is also being put to use in DX.

Kurematsu: We will continue to carry out a variety of activities in the future, but what will remain fundamentally unchanged is that we are a member of the "corporate group for housing to create great living" and that we will continue to work toward the future achievement of our corporate philosophy: "to contribute to society by creating an optimal environment for cities and people."

We will continue to improve and refine our services, always bearing in mind how to better serve our customers in line with the times. For this purpose, at the same time as promoting DX, we will be cognizant of the importance of the areas where only humans can contribute, and we will nurture them. To keep both of these wheels turning is essential for future corporate activities.

Construction-Related Business

In the construction industry, there are a need to respond to the aging and shortage of skilled construction workers, as well as demand for workstyle reform. To address these problems, we will improve quality and productivity by promoting digital transformation (DX) and industrialization in all aspects of the Construction-Related Business.

Kuniyori Mimori, Director and Executive Operating Officer



Business overview

— Business development centered on private-sector condominiums —

In fiscal year 2023, Haseko Corporation completed the construction of 59 for-sale condominiums with 10,448 units in the Tokyo metropolitan area and 20 with 4,302 units in the Kansai and Tokai areas, totaling 79 with 14,750 units. In addition, under the policy of expanding the Construction-Related Business domain in line with Plan NS, we completed the construction of four high-rise condominiums, 14 rental condominiums, student dormitories and corporate housing, as well as logistics warehouses and other non-residential buildings.

Business environment

— Challenging environment in the construction industry —

The construction industry faces the following challenges. The first point is to address the labor shortage resulting from the decline in the working-age population. While the average age of construction workers is increasing, the inflow of new workers is limited. In addition to reducing manpower by adopting industrialized construction methods, it is essential to secure human resources by creating an environment where workers can work comfortably. In the meantime, the construction industry has to cope with the new regulation with penalties to limit overtime work, which was introduced in April 2024. In collaboration with the Japan Federation of Construction Contractors and other organizations, we are promoting initiatives of eight days off per four weeks, shorter overtime hours, and better compensation to improve the working environment. As part of these efforts, we are working to improve productivity and operational efficiency by enhancing collaborations with companies cooperating on the HASEKO-version BIM, expanding the usage of the HASEKO-version BIM, and promoting the adoption of off-the-shelf software (such as ViziViewer and Matterport).

The second point is to address the rising prices of construction materials. The Construction Material Price Index has increased by about 30% on average for the entire construction industry compared with January 2021. Construction material prices may continue to remain high due to the uncertainty of raw material price trend resulting from situations overseas and foreign exchange rate fluctuations, as well as rising distribution costs and concerns over production efficiencies coming from restrictions on overtime work and labor shortages at factories. To minimize the impact of price fluctuations, we are taking steps to procure materials at an appropriate timing, keeping an eye on future order trends.

Business topics

Initiatives for hybrid wood construction

In terms of construction projects that incorporate wood, our track record so far includes the use of wood in communal buildings in condominiums as well as Bransiasta Urayasu. Going forward, we will continue to deepen our efforts and work towards the development of our own unique hybrid wooden construction that makes the most of the advantages of both reinforced concrete and wooden construction. As part of these efforts, we are currently promoting the Meguro-ku Chuocho 1-chome Plan (provisional name), which involves constructing the upper four stories of the building with wood.



Perspective drawing of the Meguro-ku Chuocho 1-chome Plan (provisional name)

Priority issues

— Promotion of DX and sustainability across all business activities —

We are skilled at constructing for-sale condominiums and are proud of our construction system, which can provide high-quality products at competitive prices. To further strengthen this construction system going forward, solving labor shortages by reforming workstyles and reducing labor through the promotion of industrialized construction methods will be important issues. Together with our cooperating companies, we will work on DX promotion, such as the introduction of BIM and the use of IoT technology, and strive to realize further improvement of quality and productivity, shortening of construction periods, and cost reduction, which will lead to employees taking more days off, improved compensation, and securing of the workforce.

In addition, we understand that promoting sustainability throughout the Haseko Group requires the establishment of a management system and the operation of construction sites that can address the relevant issues.

One of these issues is the environmental considerations at construction sites, which we promote based on our HASEKO ZERO-Emission. We are going to adopt construction methods and new initiatives contributing to decarbonization and verify the effects of reducing CO₂ emissions at all sites. In addition, we have established our own procurement guidelines as part of our supply chain management, and we are encouraging partner companies to undergo voluntary inspections.



Risks and Opportunities

Risks

- Soaring and persistently high prices of construction materials
- Labor shortages and distribution problems due to working hour regulations
- Deteriorating material procurement environment due to geopolitical uncertainty
- Foreign exchange fluctuations, etc.

Opportunities

- Elimination of labor shortages and avoidance of construction schedule delays through increased productivity enabled by the promotion of industrialization and DX
- The creation of new opportunities (and avoidance of opportunity loss), etc., accompanying responses to climate change

Major progress of Plan NS

— Expansion of the scope of orders received, innovation of production technology capabilities, and environmental considerations —

Our focused strategies for the Construction-Related Business set out in Plan NS includes expansion of the scope of orders received and production technology innovation. We also focus on environmental considerations in accordance with HASEKO ZERO-Emission.

Regarding the expansion of the scope of orders received for general construction other than for-sale condominiums, we completed four logistics warehouses, a data center, a hotel, and an office building since the start of Plan NS. The department that promote projects of high-rise condominium and non-residential building, set up jointly by the architecture & engineering and construction divisions at the start of Plan NS, consistently provides follow-up from support for winning contracts to construction completion.

Regarding the production technology innovation, we have used the HASEKO-version BIM data to construct systems that, in addition to automatic calculation of the amount of concrete already being used, automatically calculates the amount of excavated soil and materials needed for earthworks, creates

construction drawings, calculates the materials needed for frame construction, and conducts inspection for each construction. In addition to reducing the amount of time spent for estimations and drawing up plans at construction sites, this has also made inspection work and on-site reviews more efficient.

Regarding environmental considerations, we have completed the full renovation of Sustaina Branche Hongyotoku, a property that we constructed in the past and that had been used as corporate housing by another company. We managed to make it a green renovation that aims to achieve net zero CO₂ emissions through improved energy efficiency and the adoption of renewable energy. In addition, having built Bransiasta Urayasu with a hybrid structure of reinforced concrete and wood on the top floor, we are considering using wood for the main bodies of buildings, enabling them to sequester CO₂ and reduce emissions. Within Tokyo, we are currently promoting the Meguro-ku Chuocho 1-chome Plan (provisional name), which involves constructing the upper four stories of the building with wood.

Future business outlook

— Further reinforcement of competitive advantages and brand strength —

Our construction system is designed to construct high-quality products with overwhelming price competitiveness. Our system is supported by a quaternary cooperation system consisting of our construction, architecture & engineering, and technological promotion divisions and the Ken-ei-kai, an organization of cooperating companies responsible for construction. This integrated cooperation is our unique advantage and source of our brand equity unrivaled by our peers.

The HASEKO Value Enhancement Committee, established to improve safety and quality, involves the construction quality

improvement, safety promotion, and value creation divisions working together. We are working to promote DX through the use of cutting-edge technologies and to improve productivity by gathering real voices from construction sites. In the Construction-Related Business, we will strengthen the quaternary system, innovate our design and construction technologies, and reform our workstyles to cope with future increases in construction volume. In addition, we will strive to earn the trust of our stakeholders by generating solid profits.

Business topics

Initiatives aimed at expanding industrialized construction methods (next-generation production systems)

As our business is expected to expand even further in the future, the issue of saving labor in various types of construction is gaining importance. With the aim of improving on-site work efficiency and reducing construction time, we will be introducing the “composite precast concrete cantilever slab” method, which combines “precast concrete floors” and “precast concrete eaves” in the framework construction. For interior and exterior construction, we will carry out mid-process verification of the “interior panel construction method” and “exterior wall siding construction method”, which involve creating panels in the factory from boards with finishing materials attached and assembling them on-site. In addition, as a measure to address distribution issues, we will consider a transportation system that utilizes pallets and dollies to reduce the need for reloading work between the factory and the construction site, as well as consider base warehouses, and promote modal shifts to rail and sea transport.



Composite precast concrete cantilever slab

Exterior wall with siding

Real Estate-Related Business

We are engaged in a wide variety of businesses, including the condominium sales and the development and operation of rental condominiums in major metropolitan areas and core regional cities.

(Left) Satoshi Kumano, Representative Director and Executive Operating Officer

(Right) Toru Yamaguchi, Director and Executive Operating Officer



Business overview

— Steady sales of condominiums —

Due to intensifying competition for land acquisition and rising costs of construction as passing on of material and labor costs to sales price becoming more common, the price of condominiums continues to rise. Although the economy is currently at a standstill, it is on a gradual recovery trend. Housing sales have been steady due to the favorable conditions for the housing acquisition environment, such as the increase in dual-income households, the improvement in the employment and income environment due to the spread of the social momentum for raising wages resulting from serious labor shortages, and the expectation of rising interest rates.

As a result, the Real Estate-Related Business, which comprises Haseko Real Estate Development, Inc., Sohgo Real Estate Co., Ltd., and Haseko Home, Co., Ltd., has steadily increased profits. Land acquisition in construction-related and service-related businesses has also been proceeding smoothly. Our business areas are steadily expanding beyond the metropolitan areas to a variety of regions.

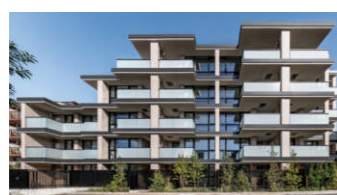
Business environment

— The intensifying competitive environment in land acquisition —

The diversification of housing and working styles since the COVID-19 pandemic has greatly expanded the options for selecting land and real estate. Based on our track record of constructing 700,000 homes, we have a significant advantage in being able to meet diversifying needs from the perspectives of construction, design and software by proposing and reflecting a variety of equipment, products and services incorporating advanced technology.

On the other hand, with regard to land acquisition, there seems to be a lull in the competition with other industries such as hotels and logistics. However, in addition to the amount of land for sale decreasing, the competitive environment is becoming more severe. Properties for rental are also increasing, on top of those for sale, not only in central Tokyo and central areas, but also in the suburbs, where our Group excels, and in particular in areas with many train stations with a large number of passengers.

With land prices remaining high due to the increasingly competitive environment for acquiring land, strict risk management is necessary to ensure the sustainability of the business. Residential land prices are especially on a rising trend. Haseko Corporation experienced a management crisis owing huge amount of debts after the collapse of the bubble economy, and we have set a certain limit on real estate investment. We always consider the balance with our own capital and financial position, managing and replacing properties so that we do not exceed the limit as we conduct our business.



The Kensington Residence Kamiikedai

Priority issues

— We cater to a wide range of housing needs across many regions —

At present, we obtain information on more than 1,500 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 Sapporo, Tohoku, Hokuriku, Chugoku, Shikoku, Kyushu, Okinawa, and other regions, following the three major metropolitan areas. We opened Branchera Sapporo Maruyama, Branchera Utsunomiya, Branchera Okayama, Branchera Wakayama, and Branchera Takamatsu Nishinomaru Tower The Residence as our first condominium projects in each prefecture and received positive feedback from our customers.

Our activities rooted in local communities are also deepening at each office, which has led to acquiring 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, logistics facilities, freezer warehouses and refrigerated warehouses to more effectively utilize land for non-residential use, as well as development of an office building at Kencho-mae in Naha, Okinawa in 2022. Furthermore, Hosoda Corporation and Haseko Home, Co., Ltd., which joined the Group in 2020, are engaged in the sale of detached houses. The Group will actively gather information on land to develop detached housing in order to respond to a wide range of housing needs.



Growing Square Chofu Tsutsujigaoka Grande



Risks and Opportunities



- Decreased supply of new condominium units
- Intensified competition for land acquisition, soaring land prices
- Rising prices, declining real wages
- Fluctuations in financial and capital markets, rising interest rates



- Improvements in the employment and income environment
- Changes in the 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

Major progress of Plan NS

—Expansion of business areas, expansion of redevelopment and rebuilding projects —

Under Plan NS, we have set out three focused strategies for our Real Estate-Related Business. (1) With regard to expanding the business areas of the condominium sales business, we are developing business in 21 prefectures, and in the fiscal year ended March 31, 2024, sales in the three major metropolitan areas and local areas have grown to almost equal ratios. (2) We also consider redevelopment and rebuilding projects to be important new sources of revenue. Haseko Corporation has a track record of 48 reconstruction projects and 34 redevelopment projects

nationwide. In both the rebuilding and redevelopment of aging apartment complexes in metropolitan areas, it takes time to reach consensus with the landowners and numerous other local stakeholders, but we will continue to reinforce our efforts across the entire Haseko Group to raise the value of real estate and solve social issues. This fiscal year, we are showcasing two redevelopment projects in which we reached consensus and made proposals at an early stage on multiple occasions, and which we were able to bring to fruition.

Future business outlook

— Aiming for high profitability and capital efficiency —

We have been developing our business in Japan by acquiring land for the development of for-sale condominiums, the development and ownership of rental condominiums, and for winning orders for construction projects, as well as acquiring land for redevelopment projects. In addition, we have also been

involved in new initiatives such as the use of private REITs, which we began operating in February 2023 as part of Plan NS, and fee-based businesses at Haseko Real Estate Investment Management, Inc. We will continue to aim for high returns by speeding up our capital turnover.

Business topics

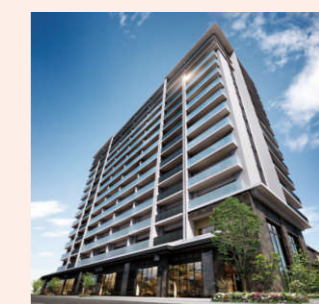
Type 1 Urban Redevelopment Project for Atsugi Station South District First Link Residence, handed over in June 2023



Ebina City's first redevelopment project, the Type 1 Urban Redevelopment Project for Atsugi Station South District, was completed in 2023. Haseko participated in the project as a business collaborator with Marimo in 2015. Selected as a specified business agent in 2018, Haseko was entrusted with the design, supervision and construction (joint venture with Mabuchi Construction) of the First Link Residence, a facility building that includes 14-story and 11-story condominiums with a total of 201 units, as well as secretariat duties.

Prior to this, the area was home to dilapidated buildings and vacant lots, with narrow roads and an undeveloped station square. In this redevelopment project, in which Haseko Corporation participated, we worked to renew the urban functions around the station by developing the station square, redeveloping and newly constructing roads in the surrounding area, and concentrating commercial and residential functions, etc., to create a town befitting a station area. Haseko Community, Inc. manages First Link Residence.

Type 1 Urban Redevelopment Project for Ise-shi Ekimae District C Construction of Branchera Ise-shi Ekimae began in January 2024



A new condominium building (14 floors above ground, 102 residential units, 5 retail units) will be completed in 2026 (tentative) at the south exit of Ise-shi Station, the gateway to Ise Shrine. It will be the first new condominium building to be built in the Ise-shi area in 14 years.

Plans were drawn up to redevelop this area over 20 years ago, including the proposal of bringing in a hospital, but these plans never came to fruition, and the property owners were left with long-term worries and concerns about the future. Haseko Corporation held a series of study sessions with the property owners from 2017 and was selected as a business collaborator in 2019. The plan, which takes into account the opinions of the property owners and aims to revitalize the adjacent shopping district, is expected to create a bustling atmosphere.

We are a special sponsor of the Japan Collegiate Ekiden Championships, which has Ise Shrine's Inner Shrine as its goal line, and we are working to interact with the local community. We will continue to contribute to the development of local communities through our redevelopment projects.

Service-Related Business

Each company in the Service-Related Business engaged in supporting customers' "living" is expanding its sales capabilities by leveraging the value chain within the Group.

Satoshi Kumano, Representative Director and Executive Operating Officer



Business overview

— Toward an age where the Group companies hone 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, extensive refurbishment and remodeling, and even the senior business. Through our close involvement in "living," we feedback 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 Plan NS, we aim to achieve robust management focusing on both businesses.

In the first year of Plan NS, we struggled as a result of the COVID-19 pandemic. However, we recovered steadily from the second year, resulting in three consecutive years of increased sales and profits. In the fiscal year ended March 31, 2024, the steady profit growth of companies in the Service-Related Business helped to offset the drop in profits in the Construction-Related Business, thereby contributing significantly to us meeting our profit targets. Major operational benchmarks increased steadily. These benchmarks include the number of for-sale condominium units managed, the number of rental condominium units operated and managed, and the number of real estate brokerage transactions.

Priority issues

— Honing 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.

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.

Extensive refurbishment and interior remodeling

- Haseko Reform Inc.

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



Risks and Opportunities



- Growing labor shortage and soaring personnel costs
- A crowded and intense competitive environment
- Deterioration of consumer sentiment due to inflation



- Expansion of business opportunities due to increased stock of condominiums in Japan
- Fundamental productivity reform through the use of LIM data, advanced technologies, as well as digital transformation (DX)
- Acquisition of business opportunities by strengthening the Group's value chain and expanding business areas

Major progress of Plan NS

— Promoting regional expansion and productivity reform —

One of the priority strategies in 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, the management of for-sale condominiums and sales entrustment of condominiums have increased in conjunction with the expansion of the developer business to regional areas. We are steadily promoting sales to areas other than the three major metropolitan areas as part of our regional strategy focusing on the Service-Related Business. The aim is not only to

secure stable earnings from the for-sale condominium management business, but also to use this as a springboard to win contracts for large-scale repair and renovation work in the future and expand into the real estate brokerage business.

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

— Overcoming labor shortages by improving productivity through DX —

The Service-Related Business is expected to continue growing in the future, but the worsening labor shortage and soaring labor costs are becoming pressing issues. In addition, in order to keep surviving in this fiercely competitive environment, we must create new businesses that are unique to Haseko.

In the Service-Related Business, we are working to improve productivity and expand new services by introducing and leveraging advanced technologies in a broad range of business fields. We will continue to meet the challenge of delivering "richness in living" to our customers.

— 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.

Business topics

Creation of New Values by Means of Condominium Renewals

For many years, Japan remained in a "scrap-and-build" era, with buildings being constructed, torn down, and then rebuilt. However, with society maturing and the reduction of environmental impact now a goal, we are moving into an era of "stock and renovation," with buildings remaining in use for a long time and the existing stock being utilized.

Sustaina Branche Hongyotoku is the first renovated property in Japan to achieve net-zero CO₂ emissions when the building is in use. It is a rental condominium project that aims to further promote research and technological development towards creating new housing value.

In the large-scale repair and remodeling aspects of this project, we are exploring new ways to use existing condominiums and undertaking various renovations.

We will continue to contribute to the build-up of high-quality housing stock by leveraging the expertise and skills we have gained through our top-class track record in repair projects in Japan.



Before renovation



Overseas-Related Business

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

Hirohito Tamura, Senior Operating Officer



Risks and Opportunities



- 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
- Foreign exchange risk, etc.



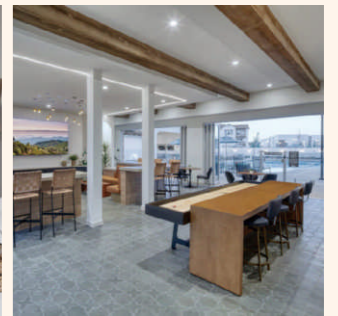
- Strengthening businesses in the mainland U.S.
- Increasing value added of residential areas, etc., through the opening of the complex recreational facility "Wai Kai"
- Participation in the fast-growing Vietnamese market

Business topics

Leasing properties in the continental United States

— Vida (Morgan Hill) —

We are developing a rental condominium complex with 389 units, consisting of two- and three-story wooden buildings, on a site of approximately 849,420 sq ft (approximately 78,914 m²) in Morgan Hill, Santa Clara County, California. Scheduled for completion in November 2024, with leasing to begin in phases from April 2024, starting with the completed buildings.



— Zia (Anaheim) —

We are developing a rental condominium complex with 315 units, consisting of four-story wooden buildings on a site of approximately 228,690 sq ft (approximately 21,246 m²) in Anaheim, Orange County, California. Scheduled for completion in November 2024, with leasing to begin in phases from August 2024, starting with completed floors.



Complex facility Wai Kai in Hawaii

Wai Kai, a complex facility, has won numerous awards since it opened in spring 2023 and is attracting attention as a new landmark in Hawaii.

Visitors can enjoy a variety of aquatic activities, including Hawaii's first wave pool. The new attraction AquaVenture was added in March 2024, further enriching the facility.



AquaVenture

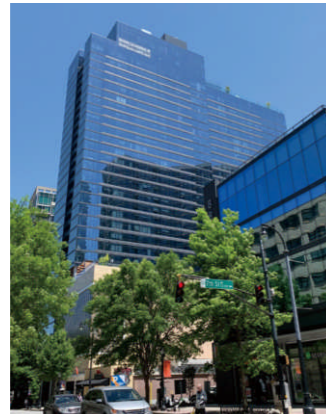


Children playing at AquaVenture

Business environment

— Steady investment in a future profit base —

The progress of Japan's low birthrate and super-aging society makes us concerned 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 in overseas businesses to create a profit base for the future by deploying human resources and carefully assessing the market environment, starting from the present time when we still have growth potential. Under 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.



Atlanta, U.S.A.

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, and an 18-hole golf course and a 21-hectare (51-acre) lagoon have already been completed. We also opened the complex recreational facility "Wai Kai" in March 2023. By improving the attractiveness of this area, we aim to sell detached houses and resort condominiums, and develop hotels.



Panoramic view of Ewa district, Hawaii

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 dispatched employees to our representative office in Hanoi, Vietnam. The Authentic, an 18-story serviced apartment with 110 units constructed in 2017, is used 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 capital alliance with a local general contractor, Ecoba Vietnam Joint Stock Company, in 2020 to start a new collaboration.

Future business outlook

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

With the aim of expanding our business in the mainland U.S., we resumed investment in 2018, opened a California branch in April 2022, which became incorporated in April 2023, and began hiring local staff. In cooperation with both Japanese trading companies

and local developers, we invest in development projects mainly for senior housing and rental housing in California and other states, aiming to contribute to profit during the post-Plan NS period.

Messages from the Outside Directors

Ensuring the diversity and effective supervisory functions of our outside directors

In addition to Board of Directors meetings, we take an agile approach to holding separate discussion sessions with Board of Directors members when it comes to important issues. By dedicating sufficient time to these discussions, we proactively encourage the role of outside directors in overseeing and advising on management execution.



Shinsuke Fujii
Outside Director

Mami Nagasaki
Outside Director

Kazuhiko Ichimura
Outside Director

Toshikatsu Ogura
Outside Director

Toru Izawa
Outside Director



HASEKO: Continuously evolving in our quest to contribute to society and achieve sustainability

Kazuhiko Ichimura
Outside Director



Since our founding, we have contributed to society by making high-quality yet affordable housing widely available. In recent years, we have also been implementing various social activities based on the concept of “corporate social responsibility” in relation to the construction and supply of housing and other related businesses, with the aim of becoming a trusted company. In our current medium-term business plan, in particular, we have set “CSR management” as one of our management policies and formulated a CSR Action Plan based on our four main CSR themes (creating attractive living spaces, building a company worth working at, protecting the precious environment, and nurturing a culture of trust) as we proactively address various environmental and social issues so that we can achieve a sustainable society.

Going forward, we will leverage the achievements and experience we have cultivated to date, introducing new technologies such as IT and AI, and focusing on technological innovation that utilizes DX. We will thereby strategically work to solve issues in the development of our business on both the hardware and software fronts, from improving the productivity of design and construction to improving the convenience of people’s lives, as we contribute further to society.

By creating “shared value” with society and stakeholders, and by improving social and environmental value while also raising economic value through corporate growth and performance improvement, we aim to turn the HASEKO brand into something steadfast and unwavering, while the Company continues to be a trustworthy entity in society.

Charting the future: from management oversight to growth strategies

Mami Nagasaki
Outside Director



One of the roles of an outside director is to provide oversight of the company’s management in order to protect the interests of the general shareholders. I draw on my experience as an attorney, operating officer of an investment corporation, and outside auditor of a company listed on the stock exchange, to make objective assessments and express my opinions from a position that is independent of the Company’s management team.

The construction industry faces a number of challenges, including rising labor and personnel costs, restrictions on overtime work, and a decline in the number of skilled construction workers. The condominium construction business is also expected to see difficult times in terms of growth, due to factors such as the declining population and the decreasing amount of land available for construction. It is precisely because of these difficult times that I think it is necessary for our Company to continue to use its strengths in acquiring and providing

information on sites for condominiums, proposing attractive plans, and using reliable construction techniques to provide safe and secure condominiums and contribute to society. As an outside director, I would like to provide as much support as possible toward these efforts.

With this fiscal year being the final year of our medium-term business plan (Plan NS), we plan to hold more discussions on the next business plan. In order for Haseko Corporation to respond to changes in society and achieve sustainable growth, it is also important to grow in our Real Estate-Related Business, Service-Related Business and Overseas-Related Business. I believe that in order for our investors to understand our strengths, growth potential, and approach to capital efficiency in each business area, we need to provide them with detailed information. I would like to actively participate in discussions from the perspective of a shareholder.

Two origins and a new future: weaponizing our past experience and unique business model

Toshikatsu Ogura
Outside Director



When interacting with executives and employees as an outside director, I feel that this company possesses two unique strengths rarely seen elsewhere.

The first strength is the company's unique business model, whereby condominiums are built on land acquired through dealings with landowners in good faith and then handed over to developers. Even if they don't know the company name "Haseko Corporation," almost everyone is familiar with the commercial jingle in Japanese with a meaning in English of "For all things condominiums, it's Haseko."

The second strength is the experience of having been through a crisis that threatened the company's existence over twenty years ago. Based on this experience, a system has been established whereby Board of Directors meetings and other checks are carried out at all key points during business expansion.

On the other hand, considering the market environment and other factors going forward, further company growth is unlikely without taking on challenges in new fields. Furthermore, the speed of societal change is only increasing.

In such a context, relying too much on these two strengths could result in significant missed opportunities. Nonetheless, it is crucial to always bear in mind that these two strengths are the cornerstone of our business operations.

Fortunately, our executives and employees are fully aware of this and are conducting operations accordingly. However, as an outside director responsible for providing advice and oversight on key matters of corporate management, I will continue to strive to ensure that the Company can sustainably grow based on these two strengths, thereby further enhancing its corporate value.

The evolution of the board of directors: revitalized discussions and the growing desire for the growth of the management team

Shinsuke Fujii
Outside Director



Every year, our Company holds a questionnaire survey for all directors and corporate auditors to analyze and evaluate the effectiveness of the Board of Directors. This year's survey also revealed a variety of opinions on issues related to the institutional design of the Board of Directors and the adequacy of deliberations, but what surprised me the most and left the strongest impression was the large number of opinions submitted in the free-response section. It was several times higher than in previous surveys. This shows that the sense of ownership among directors and corporate auditors has greatly increased, and that the atmosphere at the Board of Directors meetings has become more open, encouraging free and lively debate. I was very happy

to find a comment that the opinions and questions from outside directors led to a wide-ranging exchange of opinions. I believe that the current management team has the humility to address issues that they hadn't realized as problems and to sincerely work on new demands from society and the market.

Through a positive spiral of the aforementioned humility of the management team and management that makes the most of the positive energy of our employees to achieve numerical targets, which has always been our strength, we will continue to support the Company in its efforts to become an even more trusted company.

Responding appropriately to risks and challenges, ensuring the sustainable growth of the condominium business

Toru Izawa
Outside Director



The condominium business includes everything from design and construction to property handover, spanning a long period of time. Changes in the market environment during this period pose risks. Additionally, there are risks associated with acquired land, such as fluctuations in market value and low liquidity. Furthermore, when it comes to condominium construction, careful consideration and response to the concerns of the surrounding community is indispensable.

We established, at an early stage, a unique business model of building condominiums under exclusive contracts under which land is provided for project owners. Through years of innovation and experience, we've addressed these risks and challenges, becoming the leading company in Japan as far as achievements in condominium construction are concerned.

However, the circumstances surrounding us are changing year by year, and it is essential to continually check and review our measures for addressing these risks and challenges.

In addition, in recent years there has been a significant increase in the cost of materials and labor, as well as an intensification of the competitive environment. Furthermore,

natural disasters such as floods, landslides, and earthquakes have been occurring frequently in many areas. Moreover, a declining birth rate, an aging population, and a decrease in total population is increasingly having a significant impact on the sustainability of local communities and the ease of securing talent across various industries.

The Company is taking a variety of measures to appropriately address these diverse challenges. However, as outside directors, we feel it's necessary to contribute our expertise in monitoring operations, as well as provide relevant advice.

We also believe that by appropriately disseminating and explaining the outcomes of discussions and considerations in Board of Directors meetings and such, we can enhance understanding and evaluation of stakeholders and the market, leading to sustainable growth for the Company.

The condominium business lies at the core of the Haseko Group, and we will continue to make efforts like this in the future to enhance the group's comprehensive strength and meet the expectations of our shareholders and other stakeholders.

Skills matrix for outside directors

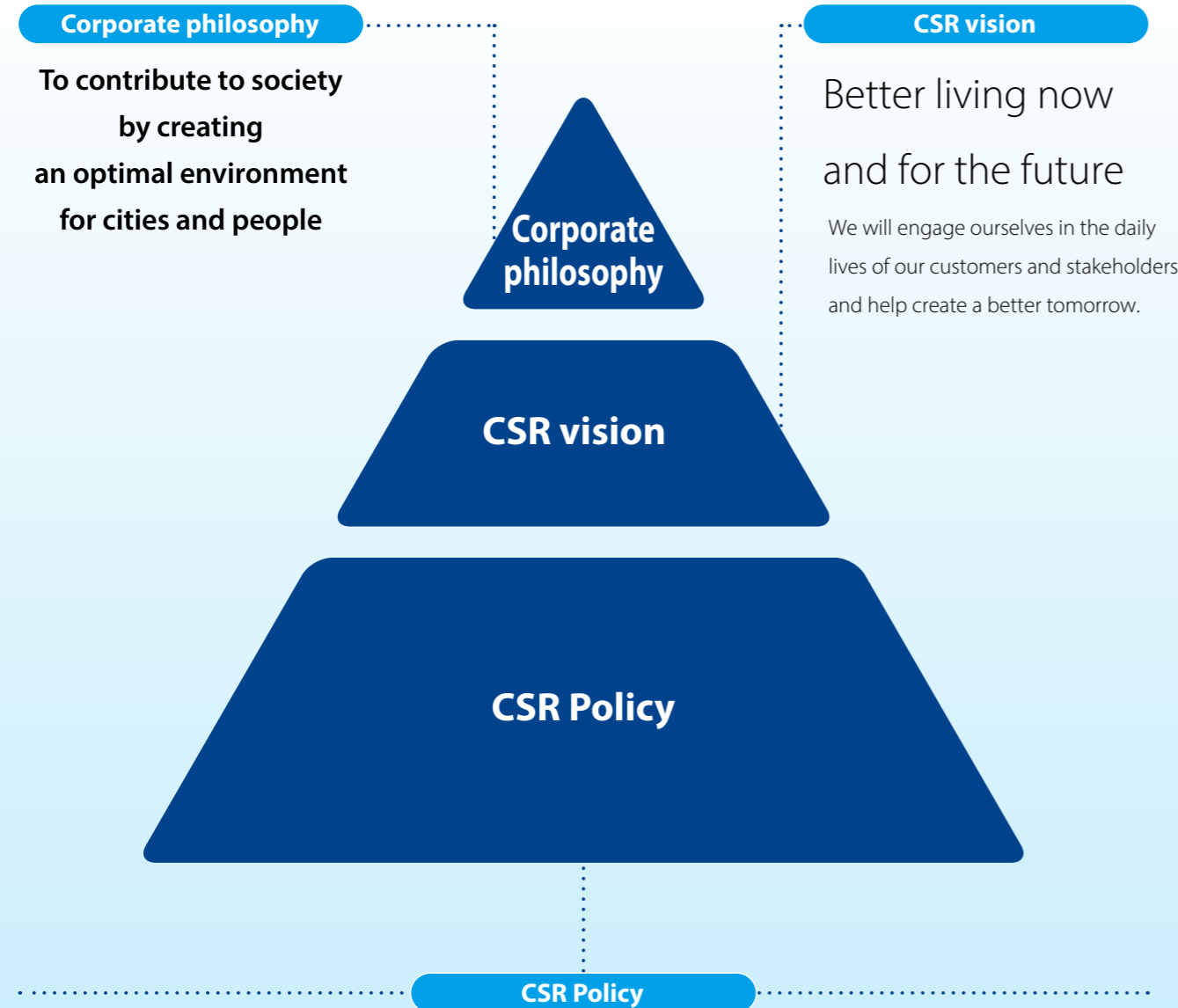
Name	Company management Management strategy	Finance/ Accounting	Legal affairs Risk management	Overseas business	Construction/ Architecture	Sales/ Real estate	Urban development	Technology/DX	ESG/ Sustainability
Kazuhiko Ichimura	●	●	●				●		●
Mami Nagasaki		●	●						●
Toshikatsu Ogura	●	●	●					●	●
Shinsuke Fujii	●	●	●	●					●
Toru Izawa	●		●		●	●	●		

Haseko Group's Sustainability Management

We at the Haseko Group aim to achieve sustainability by adopting a long-term perspective and addressing the social issues surrounding our daily lives through business operations.

We are committed to CSR management as a means to achieve sustainability within the focused strategies of the medium-term business plan (Plan NS) that entered its final year in 2024.

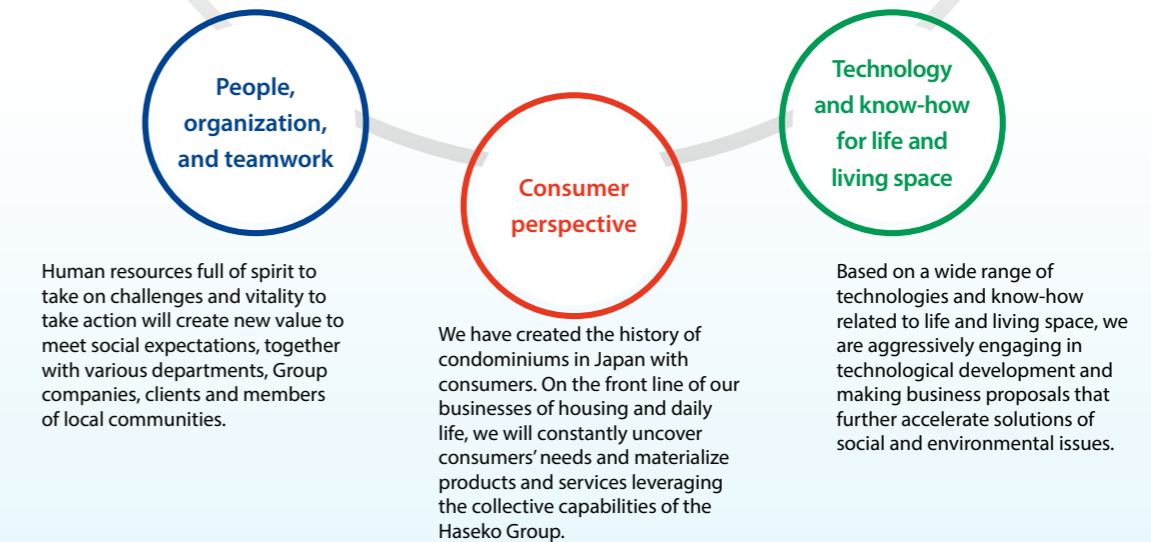
As a corporate group for housing to create great living, we will continue promoting CSR initiatives based on our CSR vision to fulfill our corporate philosophy and contribute to a sustainable society.



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.

We cherish **the collective capabilities of the Haseko Group**, and they serve as the primary driving force of our CSR initiatives.



Human resources full of spirit to take on challenges and vitality to take action will create new value to meet social expectations, together with various departments, Group companies, clients and members of local communities.

We have created the history of condominiums in Japan with consumers. On the front line of our businesses of housing and daily life, we will constantly uncover consumers' needs and materialize products and services leveraging the collective capabilities of the Haseko Group.

Based on a wide range of technologies and know-how related to life and living space, we are aggressively engaging in technological development and making business proposals that further accelerate solutions of social and environmental issues.

SDGs (Global Goals) Closely Related to Our Business Operations

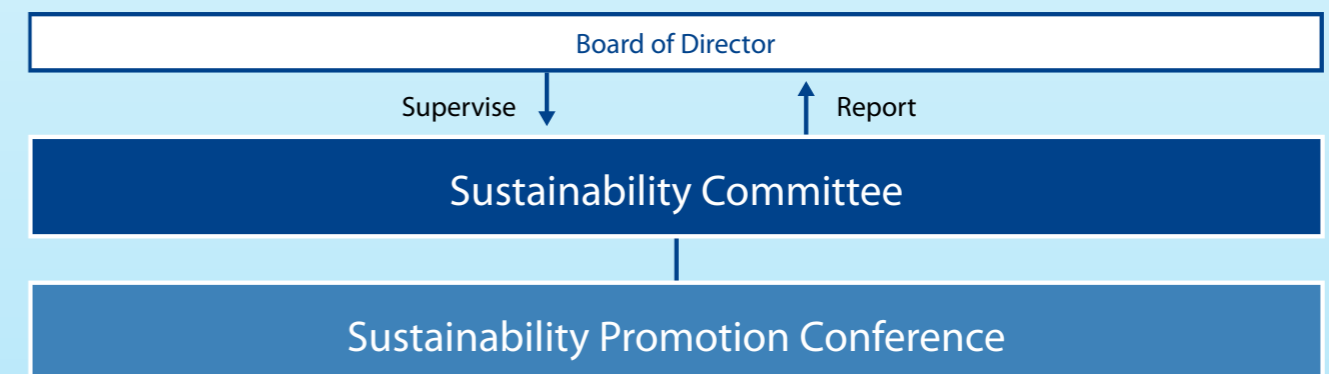
We have identified 10 out of the 17 Global Goals (SDGs) promoted by United Nations with a particular connection to our business. We recognize that the business and operations of the Haseko Group are closely linked to social and environmental challenges, and through solution-oriented business actions,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



*Each of the Group companies also participates in the Sustainability Committee and Sustainability Promotion Conference.



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

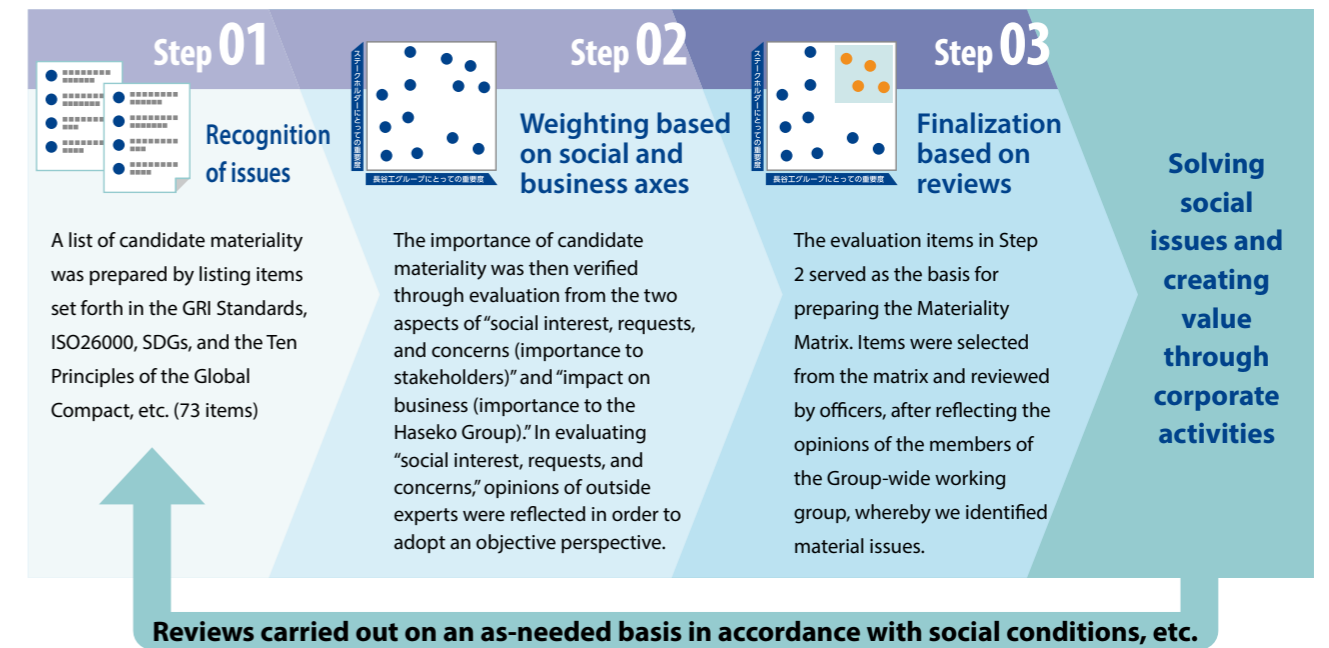
We are promoting initiatives toward realization of the four main CSR themes, which is the goal of the Haseko Group’s CSR.

Our Four Main CSR Themes	Materiality (material issues)	Nurturing a culture of trust*	ESG
Creating attractive living spaces	<ul style="list-style-type: none"> Sustainable living and sustainable cities Product safety (service safety) Technological development Care of community and engagement 		E/S
Building a company worth working at	<ul style="list-style-type: none"> Human capital (diversity & inclusion, human resources development) A safe and healthy working environment 		S
Protecting the precious environment	<ul style="list-style-type: none"> Response to climate change Consideration for biodiversity Pollution prevention and consideration for the local environment 		E
Nurturing a culture of trust	<ul style="list-style-type: none"> Respect for human rights Supply chain management Governance and risk management Information disclosure and stakeholder engagement 		G

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 has identified priority issues to be addressed as materiality (material issues) from the perspective of business and social axes, and has incorporated these issues into our guidelines for promoting CSR. After having first identified the details of material issues in 2017, we subsequently revised these details in April, 2020 and again in May, 2023. We will conduct periodic reviews as necessary from a perspective of consistency with the management policy and social conditions.

Materiality Identification Process

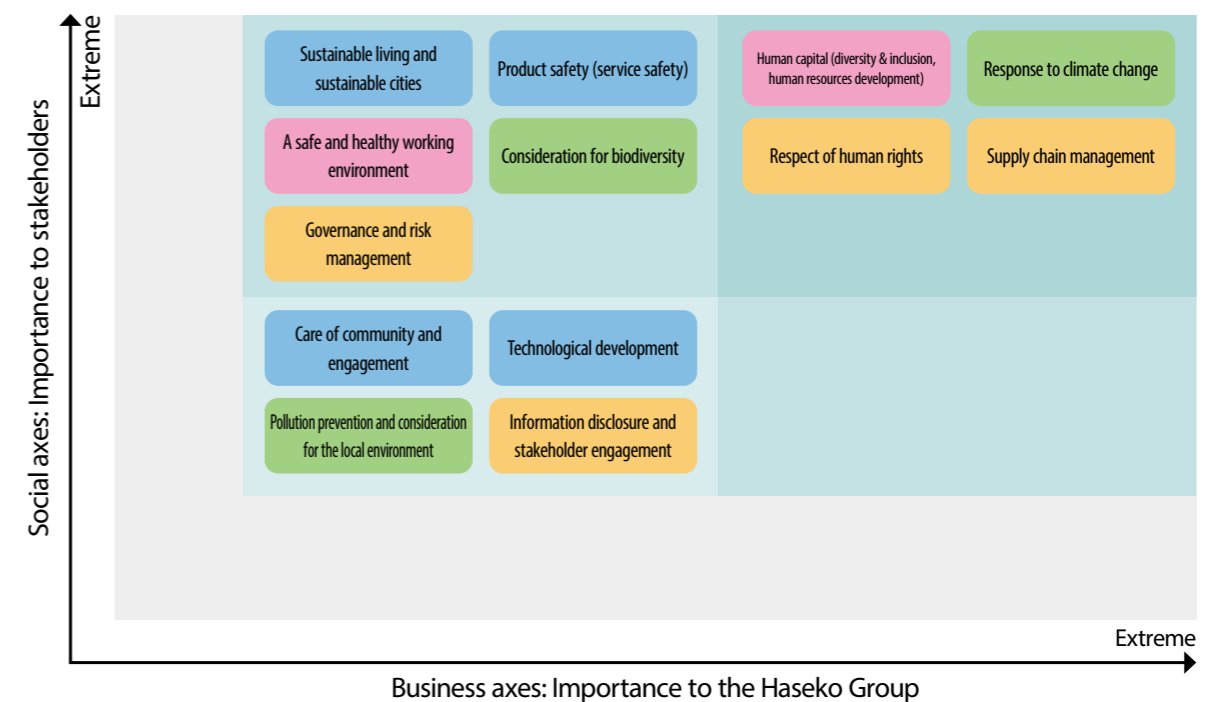


Haseko Group’s Materiality

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

Relationship with the four main CSR themes:

■ Creating attractive living spaces ■ Building a company worth working at ■ Protecting the precious environment ■ Nurturing a culture of trust



Haseko Group CSR Action Plan for FY2023

Four main CSR themes	Materiality (material issues)	Vision for 2037 (100th anniversary)	FY2020-2024 Haseko Group initiative items	KPIs/Targets	Results
Creating attractive living spaces We will create living spaces where people can feel safe, grow, and actively pursue diverse lifestyles. While promoting businesses that enhance the quality of child nursing, education, care, and welfare, we will aim to make safe, secure and environmentally considerate living the new standard.	Enabling diverse lifestyles	Contributing to creating disaster-resilient lifestyles and communities Contributing to creating communities with easy access to various services related to people's daily lives, such as childcare, education, nursing care, and welfare services Promoting the revitalization of local communities Presenting our approach to solve social issues to wider society	(1) Promotion of disaster countermeasures for condominiums from the hardware and software perspectives	• 100% adoption of (newly built) "Renai" with the specification for the proposal of hazard-resistant condominium	100%
			(1) Promotion of complex development with housing at the core	• Number of initiatives taken	4 in progress (new and ongoing)
			(1) Promotion of business development in local communities	• Number of local areas where we operate our business	7 areas
			(1) Contributions to regional revitalization	• Number of projects worked on	6 projects
			(1) Provision of buildings and services that respond to diverse lifestyles (2) Development and provision of facilities, housing, and nursing care services for elderly to respond to a super-aging society (3) Promotion of condominium renewals (4) Promotion of the redevelopment business	• Number of projects developed • Number of elderly facilities, housing, and services commercialized • Number of reconstruction projects (cumulative) • Number of redevelopment projects collaborated on (cumulative)	6 projects in progress (new and ongoing) 2 projects 42 projects (completed projects) 17 projects (completed projects)
	Safety, security and comfort Thoroughly pursuing the supply of safe, secure and conformable buildings and services and providing longer-life housing	Providing the new value of homes and lifestyles to support the diverse lifestyles of people, from children to senior citizens	(1) Quality maintenance and improvement	• Number of matters pointed out in the external ISO 9001 examination: none • Number of housing units that adopted Haseko's Premium After-sales Service	None
			(2) Introduction of ICT-based security and monitoring systems	• Continuation of the verification process to establish the BIM & LLM Cloud, a housing and living information platform	Continued the verification
			(1) Initiatives to realize DX	• Number of initiatives taken	44 initiatives
			(1) Development and adoption of technologies that minimize environmental burden stemming from condominiums (2) Development of disaster countermeasure technologies	• Number of environmental burden reduction technologies developed • Number of local environment-conscious technologies developed (Haseko Corporation) ISO 14001 target • Adoption rate of environment-conscious designs • Number of disaster countermeasure technologies developed (for earthquakes [seismic isolation, vibration control, anti-seismic], typhoons, etc.)	3 projects completed; 8 ongoing projects 1 completed Tokyo: 98.0%; Kansai: 99.3% 2 projects completed; 3 ongoing projects
			(1) Setting up of the environment to form a community through interaction among residents in the same local community or condominium. (1) Maintenance of facilities that will lead to restoration support	• Holding of events at properties managed by Haseko Community, Inc. (held once a year at properties with 300 or more units for which Haseko Community, Inc. provides comprehensive management services) • Number of three-piece set disaster prevention equipment adopted —WELL UP (emergency potable water generation system) —Benches that convert into cooking stoves —Emergency manhole toilets	229 events 43 systems 88 benches 137 toilets
Building a company worth working at We will nurture a workplace where a diversity of employees can flourish, and where safety and productivity are high. Employees with advanced technological skill and know-how in the field of housing and living will work in passionate teamwork, and in collaboration with our cooperating companies, to create communities today and in the future.	Human capital (diversity & inclusion, human resources development)	Having put in place an environment where all employees can play an active role by fully demonstrating their capabilities and skills with a rewarding sense of satisfaction while accepting each other's diverse individuality and values.	(1) Promotion of workstyle reform	• Promotion of MOST Activities* *Activities aimed at improving the working environment across the Group • Promotion of telework (work-from-home, etc.) • Promotion of the appointment of female managers (more than the previous year)	Implemented as planned. Continued the initiative.
			(2) Promotion of the appointment of and the active participation of women in various workplaces	• Eruboshi certification • Percentage of female employees: 30% or higher (Haseko Corporation) • Percentage of women among new graduates hired: 30% • Annual turnover ratio of female employees of 3% or less • Kurumin certification (Haseko Corporation)	Percentage of female managers: 10.2% Not yet certified. 31.7%
			(3) Reinforcement and promotion of childcare and nursing care support systems	• Percentage of spouse maternity leave taken: 80% • Percentage of childcare leave taken (male): 50% • Percentage of children leave taken (male): 50%	21.6% 5.3% Not yet certified.
			(4) Realization of a workplace where persons with or without disabilities work together	• Percentage of disabled persons employed: 2.3%	2.38%
			(5) Support for active participation of senior personnel	• Number of participants in Training Workshops for 60-year-old employees • Number of re-employed retirees	139 persons 327 persons (as of March 31, 2024)
			(6) Development and promotion of a working environment and infrastructure where foreign national employees can play an active role	• Development of relevant systems	Continued the promotion initiative
			(1) Development of human resources and organizations that continue to grow, evolve, and take on challenges autonomously Systematic development of candidates for senior management positions Nurturing human resources to implement the new strategies	• Number of employees who participated in self-learning support programs provided by the Haseko Business College • Number of career training course participants • Number of Executive Leader Development Program participants • Number of DX Academy participants • Number of English language education program participants • Construction career advancement system registration rate • Haseko Group technical training course participants	2,243 persons 153 persons 120 persons 708 persons 44 persons Tokyo: 79%; Kansai: 72% 227 persons
			(2) Technology and skill succession	• Number of visitors to the Haseko Condominium Museum • Number of events held; number of participants	4,157 persons 1 event; 757 persons
			(1) Strengthening of external communications (2) Enlightenment through events, etc.	• Meetings of the Safety and Health Central Committee (once a year) (Haseko Corporation) • Zero fatal and serious accidents/disasters • Frequency of occupational accidents: 0.60% or less • Severity of occupational accidents: 0.01% or less	Held once a year. 2 incidents 0.14 0.51
			(1) Implementation of health management	• Meeting of the Haseko Group Health Management Promotion Committee (once a year) • Certification under the Health & Productivity Management Outstanding Organizations Recognition Program	Held once a year. Certified under the program.
	(2) Promotion of physical and mental health among employees	• Percentage of employees undergoing health checks: 100% • Implementation rate of the specific health guidance: 50% • Percentage of employees taking stress checks: 100%	100% 44.1% 98.2%		
	A safe and healthy working environment	Providing a variety of education programs to develop personnel involved in businesses related to future housing and living Providing places and opportunities for learning about life and living to a wide range of people from children to adults Having realized a safe and healthy working environment at all workplaces Providing support for better physical and mental health to each and every employee Having realized a safe and productive workplace in cooperation with cooperating companies Leading the utilization of advanced technologies that improve operational efficiency and productivity	(1) Strengthening and continuation of promotion of cooperation with cooperating companies (continuation of value enhancement activities)	• Debriefing Session on Value Enhancement Activities/general meetings of respective organizations of cooperating companies (once a year)	Held once a year.
			(2) Promotion of DX and development of construction automation technologies in cooperation with cooperating companies (3) Risk management measures taken by cooperating companies	• Number of development themes • Implementation of an awareness-building activity at a general meeting (once a year)	2 themes Held once a year.
			(1) Labor productivity improvement through the promotion of DX	• Number of measures taken to improve business operations	3 measures

Four main CSR themes	Materiality (material issues)	Vision for 2037 (100th anniversary)	FY2020-2024 Haseko Group initiative items	KPIs/Targets	Results
Protecting the precious environment We will promote environmental consideration throughout the process of providing living spaces and services related to daily life. We are considerate about our impact on the ecosystem, and will pursue further improvements of resource and energy efficiency working with cooperating companies to realize construction sites and workspaces that help protect the natural environment.	Response to climate change	Realizing high energy efficiency and high utilization of renewable energy sources in all of our business activities	(1) Continuous management and improvement of the environmental management system	• Number of matters pointed out in the external ISO 14001 examination: none	None
			(2) Reduction initiatives aimed at achieving SBT targets	• SBT targets (base fiscal year: FY2020) Scope 1 + Scope 2 FY2030: -42%, FY2050: -100% Scope 3 FY2030: -13%, FY2050: -37%	Promoted the reduction initiatives.
			(3) Reduction of CO ₂ emissions in the design and construction stages	(Haseko Corporation) Reduction based on the ISO 14001 environmental targets • CO ₂ reduction rate: 10% or higher (design)	Tokyo 25.2%; Kansai 20.2% (design)
			(4) Promotion of energy and power saving at construction sites, offices, etc.	• Reduction of CO ₂ emissions intensity to 8.5 t-CO ₂ /¥100 mil. or below (construction activities)	Tokyo 8.0 t-CO ₂ /¥100 mil.; Kansai 6.6 t-CO ₂ /¥100 mil. (construction activities)
			(5) Active utilization of renewable energy sources in our business activities	(Haseko Corporation [ISO 14001 locations]) Reduction based on the ISO 14001 environmental targets • Reduction of electricity consumption to a level below the actual consumption in FY2022	-7.2%
			(6) Promotion of ZEH business	• 100% adoption rate in workites *Including purchases of Non-Fossil Certificates	100% *Haseko Corporation only
			(1) Wood use in construction of housing complexes	• Number of collective ZEH projects	Condominiums: 50; Detached houses: 3 (properties on which construction was begun during the current fiscal year) 100%
			(1) Wood use in construction of housing complexes	• 100% of properties developed by Haseko Corporation to meet ZEH standards	None (construction started on 1 project)
			(1) Promotion of the reduction of construction waste	• Number of external awards received (Haseko Corporation) Reduction based on the ISO 14001 environmental targets • Mixed waste: 5 kg/m ² or less • Recycling of mixed waste: 83% or more	None Tokyo 2.2 kg/m ² ; Kansai 2.2 kg/m ² Tokyo 93.4%; Kansai 90.2%
			(2) Enhancement of the 3Rs at offices and construction sites	(Haseko Corporation [ISO 14001 location]) Reduction based on the ISO 14001 environmental targets • Reduction of copy paper consumption (number of sheets consumed) to a level below the actual consumption in FY2022	-6.9%
Nurturing a culture of trust In order to remain a corporate group co-creating value with stakeholders based on strong trust from them, we will implement the required organizational measures rigorously. We will strengthen management that harnesses our collective capabilities as a group, and while staying alert to new social and environmental issues in housing and living, we will constantly expand our ability to contribute to society through our business.	Respect for human rights Supply chain management Governance and risk management Information disclosure and stakeholder engagement	Giving thorough consideration for the local environment in all of our business activities	(1) Biodiversity conservation activities (Haseko no Mori)	• 4 or more events; 250 or more total participants	4 events; 200 persons
			(2) Contributions to biodiversity	• Number of external awards received (incl. ABINC Certification)	13 awards
			(1) Compliance with environmental regulations, etc.	• Zero violations of laws and regulations concerning soil, water, dust, etc.	1 violation (measures to prevent recurrence already implemented)
			(2) Consideration for residents living near the construction site	• Awareness-building through the value enhancement activities	Implemented.
			(1) Implementation of human rights due diligence	• 100% implementation rate for the foreign technical intern trainee questionnaire survey (organizations of cooperating companies of the Construction work-related group companies) • 100% participation in the e-learning course	100% 99.6%
			(2) Enhancement of education and mechanisms for eliminating harassment	• Harassment training course participation rate: 100%	100%
			(1) Complete dissemination of the CSR Procurement Policy to the supply chain	• Questionnaire survey implementation rate: 100% (organizations of cooperating companies of the Construction work-related group companies)	100%
			(1) Strengthening of the governance structure	• Outside directors comprising at least one third of the total number of directors • Evaluation of the effectiveness of the Board of Directors	35.7% (5 out of 14 directors) Implemented.
			(2) Thorough compliance	• Compliance lecture participation rate • Meeting of the Compliance Committee • 100% participation in the e-learning course	100% Held 16 times per year 100%
			(3) Reinforcement of risk management including environmental and social risk management	• Meeting of the Risk Management Committee (4 times per year) • Continued operation of the BCP (incl. disaster response and prevention measures for infectious diseases) • Implementation rate of drills for checking disaster damage to properties and facilities managed by the Group: 100% • Percentage of internal audit coverage: 100%	Held 4 times per year Continued the operation. 100% 100%
(1) Implementation of internal dissemination measures by systematically providing CSR education, and surveys on employees' understanding	• CSR lectures held (once a year) • 100% participation in the e-learning course	Not held. 99.6%			
(1) Stakeholder engagement	• Communication activities with institutional investors, analysts, media, end users, etc.	Interviews held with a total of 213 companies			
(1) Promotion of information disclosure to meet the expectations of stakeholders and their needs for information relevant to their identified issues	• Timely update of our corporate website • Publication of the integrated report • Improvement of the results of an external ESG disclosure evaluation	Timely updated. Published. No change			

10 SDGs closely related to Haseko Group CSR initiatives



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 ▶

ESG Date ▶

Material Issues of Nurturing a Culture of Trust

Governance and risk management

In addition to efforts to ensure transparency in our management systems, we also properly manage various internal and external business risks associated with our operations and continue to maintain and enhance corporate value.

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.

Supply chain management

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

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.

Governance and Risk Management

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.

Company institutions

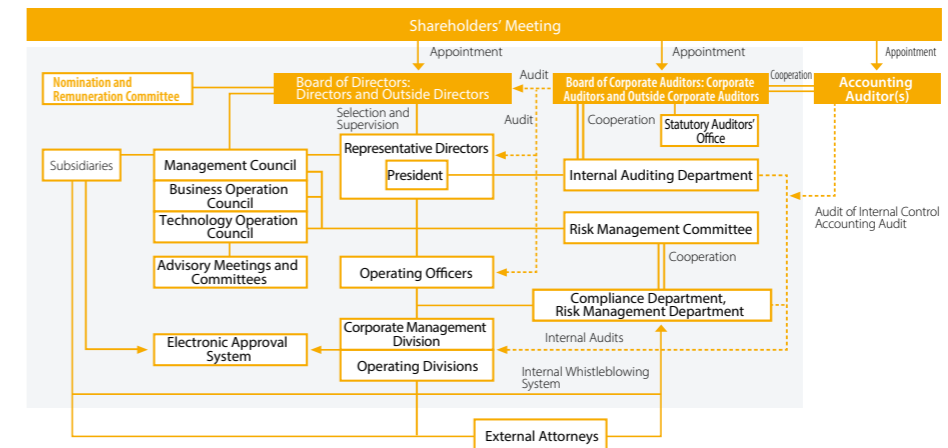
For more information, please visit ▶

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. Two female directors have been appointed, one among the inside directors and another among the outside directors. 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.



Diagram of the relationships between the Company's organizations and internal controls



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 2023 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 2023, 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 2024 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

Evaluation results and actions to be taken

Through a questionnaire on the effectiveness of the Board of Directors in FY2023 and deliberations at Board of Directors meetings, the following points regarding the effectiveness of the Board of Directors were confirmed.

(1) Evaluation results

Given that it was the fourth year of the medium-term business plan, the Board of Directors held lively discussions on how to respond to the various environmental changes in society, in addition to addressing concrete business issues, with a view to achieving the goals of the business plan.

Regarding high-risk projects, the Board carried out active deliberations, such as deciding on policies over the course of multiple discussions.

When discussing important matters, separate meetings were held in advance apart from Board of Directors meetings to facilitate a multifaceted discussion.

There were also regular reports on future-oriented DX initiatives, and meaningful exchanges of opinion were held.

In response to changes in the environment surrounding society, the Board actively discussed how to reach a higher level in terms of its policy on CSR initiatives, climate change response, human rights policy, harassment, etc.

The above analysis and evaluation have confirmed that the Board of Directors is sufficiently effective.

(2) Future measures

In order to further improve the effectiveness of the Board of Directors, we will strive to revitalize discussions about the focused strategies laid out in the medium-term business plan from a medium- to long-term perspective.

Status of audits

For more information, please visit ▶

For more information, please visit:

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 10 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 and independence criteria for outside officers

For a list of Directors and Corporate Auditors, please see About HASEKO > Management Team website. [For more information, please visit ▶](#)
 For the independence criteria for outside officers, please see the PDF file attached to the Corporate Governance website. [For more information, please visit ▶](#)

Skills matrix for Directors

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	●		●		●			●	●
Shoji Naraoka	Director, Executive Vice President	●	●		●				●	
Kuniyori Mimori	Director, Executive Operating Officer	●				●			●	
Satoshi Kumano	Representative Director, Executive Operating Officer	●		●			●	●		●
Toru Yamaguchi	Director, Executive Operating Officer	●					●	●		
Naoko Yoshimura	Director, Operating Officer	●								●
Kazuhiko Ichimura	Outside Director	●	●	●				●		●
Mami Nagasaki	Outside Director		●	●						●
Toshikatsu Ogura	Outside Director	●	●	●					●	●
Shinsuke Fujii	Outside Director	●	●	●	●					●
Toru Izawa	Outside Director	●		●		●	●	●		

Executive remuneration [For more information, please visit ▶](#)

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 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 four meetings in fiscal year 2023, and all the members of two inside directors and five outside directors attended the meeting.

Compliance

Basic approach and policy for compliance [For more information, please visit ▶](#)

With the recognition that strict compliance is indispensable for the continuity of a corporation, the Company formulated 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.

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.

* For the risk management and compliance system, please refer to the diagram of the Risk management and compliance system below.

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 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.

Risk Management

Basic approach to and policy for risk management [For more information, please visit ▶](#)

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.

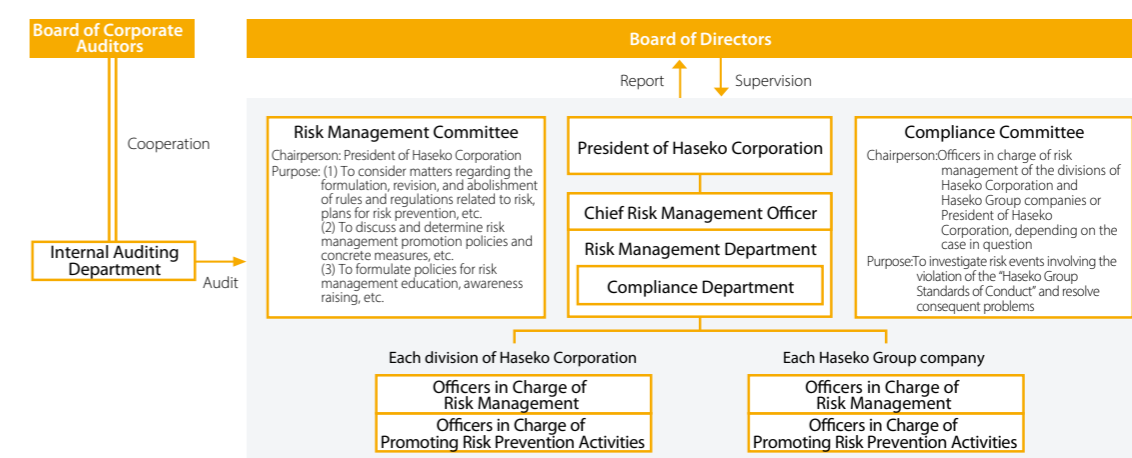
Risk management system [For more information, please visit ▶](#)

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.

Risk management and compliance system





Business Continuity Plan (BCP)

For more information, please visit ▶

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.

Respect of Human Rights

Basic approach to human rights

For more information, please visit ▶

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 instill the Standards and Policy throughout the Group so that each and every employee can 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.

Status of human rights due diligence initiatives

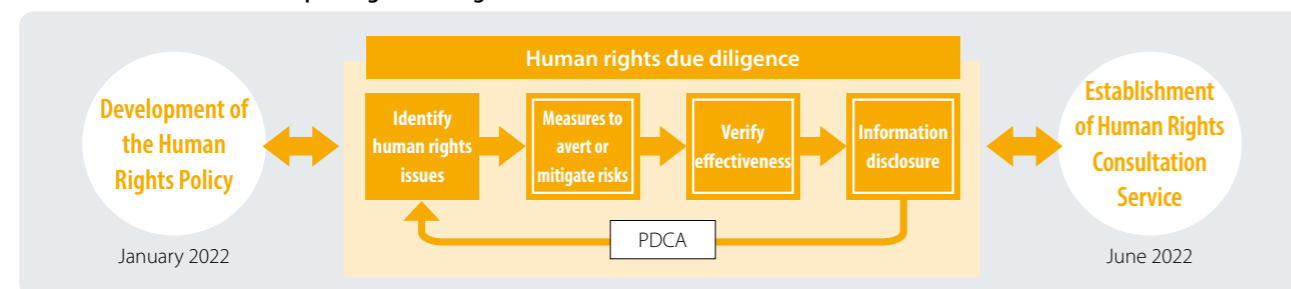
Coinciding with the development of the Haseko Group's Human Rights Policy, we are currently promoting human rights due diligence (HRDD) initiatives. Specifically, the corporate management division and the construction division, which serves as a contact point with cooperating companies, have formed the Human Rights Working Group and identified potential human rights violation risks related to the business activities of the Haseko Group. The Working Group then assessed those risks in terms of their degree of severity and likelihood of occurring and verified the status of actions taken by relevant divisions and Group companies. Those efforts identified human rights issues that require action. In addition, in February 2024, having considered the measures to

avert and mitigate risks that were implemented after the human rights issues had been identified, as well as changes to the nature and environmental conditions of the Group's business, the working group determined that no review of human rights issues is necessary. The status of actions taken to address identified issues is reported to the Board of Directors. We report the status of HRDD, which is planned for continuous future implementation, to the Sustainability Committee for its review (Matters deliberated by and reported to the Sustainability Committee are reported to and supervised by the Board of Directors, and significant matters are referred to the Board of Directors for deliberation and decisionmaking.).

Human rights issues identified

Human rights issue	Major risk
Human rights issues in the upstream supply chain	• Labor problems and impact on the living environment of local communities in the upstream process of the production of construction materials, including logging sites
Forced labor and child labor	• Labor problems related to foreign technical intern trainees and young workers of cooperating companies at construction sites and service provision sites
Occupational health and safety	• Accidents related to the life and health of employees (of the Company and cooperating companies) at construction sites and other sites where the Company provides services
Employment and working conditions	• Long working hours • Cooperating companies' employment and working conditions
Harassment and discrimination	• Harassment at the Company or between the Company and cooperating companies • Cases where employees harass customers or customers harass employees at service provision sites
Impact on local communities	• Impact on the living environment of local communities in the vicinity of construction sites
Customer safety and security	• Accidents when the Company provides services at nursing care sites and in customers' living spaces • Customers' personal information and privacy

Overview of initiatives for respecting human rights



Proclamation of Haseko Corporation's "My Declaration of Human Rights"

Haseko Corporation endorses the aims of the Ministry of Justice's "My Declaration of Human Rights" initiative. By proclaiming its own "My Declaration of Human Rights," the Company has declared that it will carry out business activities that respect human rights, with the aim of creating a society in which everyone respects human rights. The Company's declaration has also been publicized on the "My Declaration of Human Rights" page of the website of the Human Rights Library Japan.



Consideration and implementation of measures to avert or mitigate risks

Many of the human rights issues identified had already been recognized as "company-wide risks" or "department-specific risks" and has been addressed as part of our existing "risk prevention activities." For this reason, in our "risk prevention activities" for FY2023, we worked on raising awareness of the human rights issues that had been identified, along with identifying human rights risks among the risks that had been recognized by each department. In this way, each department could check for any human rights issues that might exist within their own

department. From now on, we plan to review the need for additional measures based on the results of the checks.

At the same time, some of the human rights issues identified had not sufficiently been recognized as issues for the Group in the past, and the actual situation was not fully understood. To address these human rights issues, we started by conducting the following survey of partner companies from July to August 2023 to ascertain the situation.

Overview of the questionnaire for cooperating companies

	Questionnaire regarding timber procurement	Questionnaire regarding foreign technical intern trainees
Target respondents*	Companies involved with timber procurement from among the members of the Ken-ei-kai, Kenshokai, Shinwakai and Juyukai	All member companies of the Ken-ei-kai, Kenshokai, Shinwakai, Juyukai and Koshokai
Objectives and content	In order to understand the current situation, we checked the status among respondent companies of their awareness of issues related to the sustainability of timber procurement, the status of the traceability of timber, the handling of certified wood and domestic wood, and more	To check for the existence of problems, we checked the employment, working and living conditions of foreign technical intern trainees at the responding companies and their cooperating companies (and also made them aware of the relevant legal considerations)
Results and measures	We achieved our objective of understanding the current situation. Based on these results, we will proceed with further investigations into the details and consider appropriate responses.	We confirmed that the cooperating companies were generally taking appropriate measures. We will continue to monitor the situation.

*Each of the associations is an organization of the Group companies' cooperating companies given below.
◆ Ken-ei-kai: Haseko Corporation ◆ Kenshokai: Fujikensetsu Co., Ltd. ◆ Shinwakai: Hosoda Corporation ◆ Juyukai: Haseko Reform Inc. ◆ Koshokai: Haseko Community, Inc.

Acceptance and handling of consultations related to human rights

Human Rights Consultation Service

Haseko Corporation has established a Human Rights Consultation Service on its website. The service receives consultations related to concerns about human rights violations associated with the corporate activities of the Group. Members of the general public can also use the service, and any inquiries received are treated confidentially and anonymously.

Internal whistleblowing system

In accordance with the Whistleblower Protection Act and related laws and regulations, the Haseko Group has established the "Haseko Group Whistleblower Protection Rules" and has implemented an internal whistleblowing system for all officers

and employees, as well as all providers of labor at all business sites. We have established an internal contact desk in the Compliance Department in the Risk Management Department, as well as an external contact point at a law firm, and we accept consultations not only about legal and regulatory violations, but also about violations of internal rules, harassment, and general compliance issues. The Company has put in place a system for protecting whistleblowers and preserving their anonymity, creating 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

Supply Chain Management

Haseko Group CSR Procurement Guidelines

For more information, please visit ▶

The Haseko Group has formulated 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.

Additionally, we are currently incorporating compliance clauses, in line with these guidelines, into contracts for transactions with all business partners, including those mentioned above, to ensure the clear communication of our requirements.

To verify the status of our business partners' compliance with the "Haseko Group CSR Procurement Guidelines," we conducted a questionnaire, using a self-checklist, and verified that, overall, appropriate action is being taken.



Information Disclosure and Stakeholder Engagement

Constructive conversations with shareholders, institutional investors, and analysts

Aiming for sustainable growth and the medium- to long-term enhancement of corporate value, the Company proactively converses with its shareholders, institutional investors, and analysts and holds a variety of explanatory meetings, such as a financial results briefing in which the President himself participates.

In addition, it discloses information in a timely and fair manner by posting information such as financial results, integrated reports, and other timely disclosure materials (including English versions) on its website.

Major IR activities in fiscal 2023

Item	Number of times conducted	Details
Financial results briefing	2	The Company held the financial results briefings in which top management participates, twice a year (in May and November).
Online conference after the announcement of financial statements	4	The Company held on the same day as the announcement of quarterly financial statements, four times a year (in May, August, November and February).
Meeting with institutional investors	213	The Company had meetings with a cumulative total of 213 domestic and foreign institutional investors and sell-side analysts through individual interviews, phone interviews, small meetings, etc.
Condominium market explanatory meeting	2	The Company held twice a year (in September and March).

Communication at Haseko Condominium Museum

Haseko Condominium Museum opened in Tama City, Tokyo in 2018 as part of the Haseko Group's 80th anniversary projects. It is the first condominium museum in Japan in which visitors can see, touch, feel, and learn various things about condominiums, including the history of condominiums and transition of floor plans as well as design, construction, repair, and rebuilding of condominiums.

The museum has had a wide array of visitors, including residents from the community, business partners, and persons engaged in domestic and foreign housing industry. Additionally, more and more third parties visit the museum for training purposes, in addition to visits by our new employees and staff of

Group companies for training purposes, resulting in a total of 4,157 visitors in fiscal 2023 and a cumulative total of 19,674 visitors.



"History of condominiums" zone: A presentation on the transition of condominiums in Japan and the rest of the world



Special exhibition: Condominium Disaster Prevention Exhibition

[For more information, please visit](#)

Social Contribution Activities

Supporting the "Future of Life" pavilion as a Platinum Partner of the 2025 Japan World Expo

The Haseko Group is supporting, as a Platinum Partner, the "Future of Life" Pavilion created by producer Hiroshi Ishiguro in the Signature Pavilion, which is a thematic project of the 2025 Japan World Exposition (Osaka/Kansai Expo). In addition, Haseko Corporation will deliver the physical building itself, having cooperated in its design and construction. Under the thematic project name of "Amplification of Lives," this pavilion will create and exhibit what life will be like in 50 or 1000 years' time, and deliver an unforgettable experience of life. In concert with other sponsors, we will co-create a new way of being, namely "Future of Life," for humans and society based on the cutting-edge IT and robotics technologies that Producer Ishiguro is working on. Through the "Future of Life" Signature Pavilion, we will show the world a vision of the living environment and homes of future societies where humans and robots coexist, which we should aim for.

The design will be developed by Ishimoto Architectural & Engineering Firm, Inc. with a cooperation of Haseko Corporation, while the construction will be a joint effort with Fujikensetsu of the Haseko Group (apart from demolition and some other work).



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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 2023, 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) safety measures project.



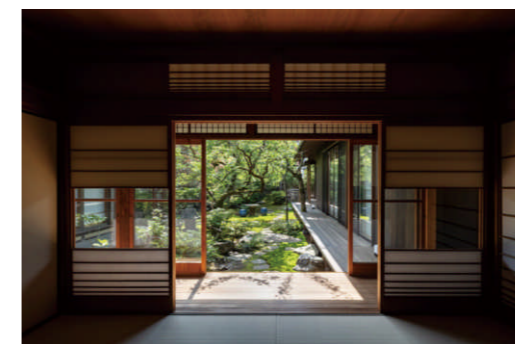
Asuka Half Marathon 2024

Donation of the former residence of Hideki Yukawa to Kyoto University

Japan's first Nobel laureate in physics Dr. Hideki Yukawa spent his final years at his residence near Kyoto's Shimogamo Shrine. Kyoto University (President: Nagahiro Minato) sought to pass on the achievements and footprints of Dr. Yukawa to future generations by making effective use of his former residence as a facility to develop Japan's science, technology and arts, as well as human resources. Haseko Corporation agreed with the university's plans, and as an act of corporate social responsibility, acquired and then donated the former residence to Kyoto University in August 2021.

Work began on the maintenance and reconstruction of the building in 2023, with Tadao Ando Architect & Associates leading the reconstruction design (and donating the design to Kyoto

University) and the Haseko Group's Hosoda Corporation handling the construction in collaboration with Yasuimoku Koumuten Co., Ltd., which specializes in the handling of traditional Japanese construction in Kyoto. Construction was completed in March 2024, and the building was transferred to Kyoto University. An effort was made during the construction work to both contribute to the scenery of the town and preserve elements that evoked a connection with Dr. Yukawa. Dubbed the Kyoto University Shimogamo Kyueiso, the house will be used to welcome guests to the university, as well as for the training of its faculty and staff, research and conferences.



A view of the garden from the main building ©Shigeo Ogawa



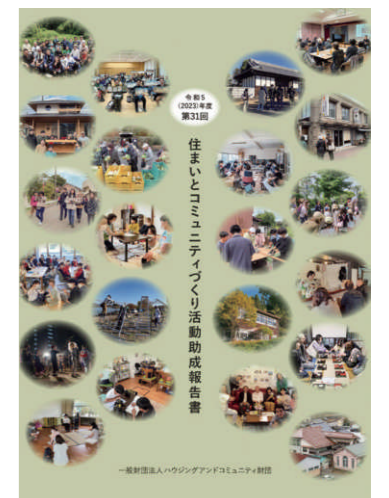
The lounge ©Shigeo Ogawa

The Housing and Community Foundation, which identifies housing-related social issues and contributes to their improvement. [For more information, please visit](#)

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.

In concrete terms, we are involved in grant programs that support NPOs and citizen action groups that promote the creation of diverse housing and communities throughout Japan, as well as network-building projects that connect action groups with their supporting organizations and related groups to promote mutual exchange and collaboration, and research projects on the themes of housing and community.

The issues surrounding housing and communities in the context of a society undergoing a genuine demographic decline, with low birthrates and an aging population, are not limited to regional cities, but also affect large cities and their suburbs. Building on its past activities and achievements, the foundation will strive to contribute to the creation of rich living environments and communities, and the fostering of vibrant communities, by encouraging collaboration and awareness of connections between diverse entities, including the enhancement of grant programs.



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.

For more information, please visit ▶

ESG Date ▶



Material Issues of Creating Attractive Living Spaces

Sustainable living and sustainable cities

Through our condominium projects, which are our core business, we will proactively promote the introduction of new technologies and services that can help us meet the diverse needs of our stakeholders while also contributing to the realization of a sustainable society.

Product safety (service safety)

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 thorough and ongoing efforts to prevent crime and disasters, including preparation against earthquakes.

Technological development

We will promote digital transformation (DX) and the development of technologies and services that can serve as a foundation for supporting efforts toward environmental considerations and the addressing of social issues.

Care of community and engagement

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.

Sustainable living and sustainable cities

Product safety (service safety) Technological development

Promotion of 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. In FY2023, 50 commenced construction projects met or exceeded the ZEH-M Oriented standard.

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

For more information, please visit ▶

The Haseko Group, will strive to increase the ratio of ZEH-M among the new condominiums primarily developed by the Group, including Haseko Real Estate Development, Inc. and Sohgo Real Estate Co., Ltd., companies engaged in the condominium development business. 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 Sohgo 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 published by the Ministry of Economy, Trade and Industry (METI)

*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 published by the METI.



Environment-friendly initiatives

Initiatives at BRANSIESTA Urayasu (Urayasu-shi, Chiba)

At "Bransiesta Urayasu," an urban rental condominium completed in February 2023, we have proactively introduced initiatives conducive to "environmental consideration in daily life," such as the use of wooden structures and environmentally friendly concrete.

Installation of wooden housing units on the top floor

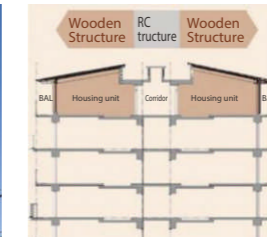
Hybrid structures that combine reinforced concrete with wooden construction are adopted on the top floor. The housing unit is fitted with a sloped roof loft, and wood is used to construct the ceiling and loft lattice. Wood produces less CO₂ emissions than other construction materials when manufactured and used for

construction and has the added benefit of fixing CO₂.

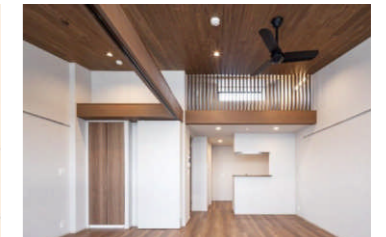
Adoption of the eco-friendly "H-BA Concrete"

The reinforced concrete structures on the top floor utilize Haseko's unique H-BA Concrete, an environment-friendly concrete that can reduce CO₂ emissions derived from concrete materials while retaining the same performance as ordinary concrete.

In addition to building wooden housing units on the top floor and raising the value of the upper floors, the building was also recognized as a new form of urban housing complex for the city, and it received the Wood Design Award 2023.



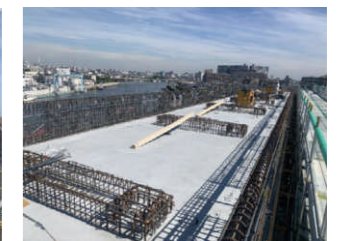
Structural diagram of top floor



Photograph of top floor unit interior



Pouring of H-BA Concrete



Awarded the DBJ Green Building Certification*

Haseko Real Estate Development is a series of hybrid condominiums with "Work" and "Live," fully equipped with shared working spaces (open space and private room available) that the residents can utilize 24 hours a day and each facility needed for focused or relaxed work. We were particular about designing each shared spaces, including the working space, aiming to "switch between being focused and relaxed" and remove a "feeling of isolation," which are big issues in working from home. WORVE was awarded the DBJ Green Building 5 Star Certification for properties, as the building with the "excellent environmental and social consideration," the highest level in Japan, as a result of the appreciation of advanced initiatives to support residents' wellness and lifestyles.

*A certification program to support properties which give proper care to environment and society



WORVE



Working space (WORVE Osaka Honmachi)



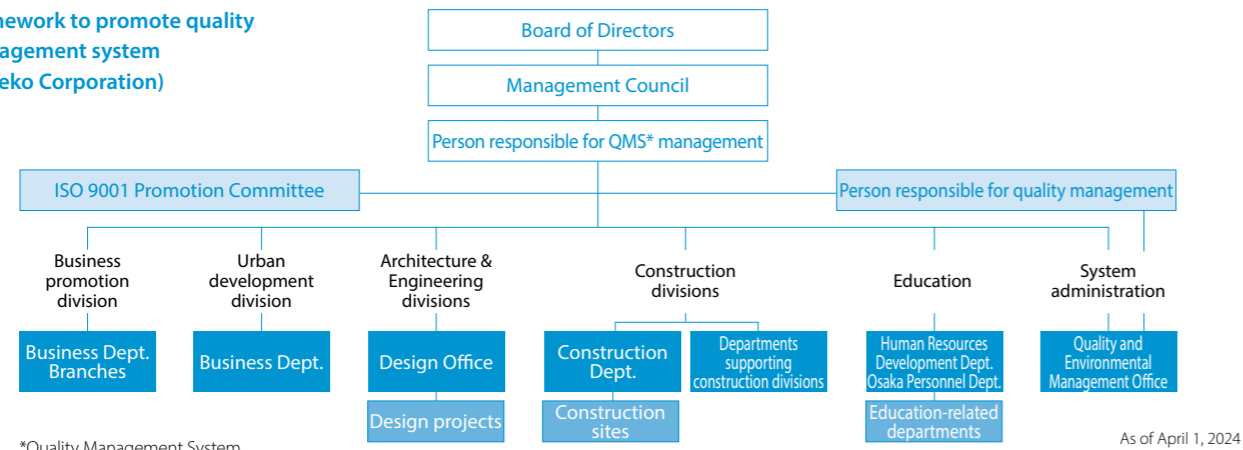
Initiatives for Quality Improvement

Quality management system

[For more information, please visit ▶](#)

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.

Framework to promote quality management system (Haseko Corporation)



*Quality Management System

As of April 1, 2024

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

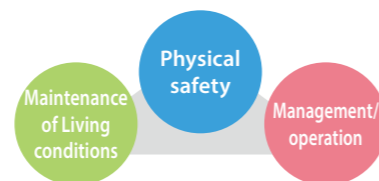
As Japan continues to be hit by large-scale natural disasters and earthquakes, the call is growing for disaster-resilient housing. In order to provide more safe, secure, and comfortable housing, we will work hard to promote the construction of disaster-resilient condominiums that can recover from disaster 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

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

"Three-piece set disaster prevention equipment" to secure post-disaster living necessities

The Haseko Group has long believed that it is important to not only ensure the basic performance of condominiums per se, but also develop the framework to secure the basic necessities of life for residents after a disaster has occurred. From such perspective, we became the first in Japan to adopt an emergency potable water generation system in a for-sale condominium in 2003, and have since been putting efforts into adopting and proposing the "three-piece set disaster prevention equipment"—which consists of an emergency potable water generation system, emergency manhole toilets and benches that convert into cooking stoves as disaster prevention facilities to secure post-disaster living necessities, i.e., water, toilets and fire—in for-sale condominiums designed and

constructed by us.

In addition, Hosoda Corporation is promoting the use of a "five-piece disaster prevention equipment set" for customers who are building new detached houses or renovating existing ones to secure their lifelines in the event of an emergency.



Three-piece set disaster prevention equipment

Creation of New Values by Means of Condominium Renewals

Renovation example: *Sustaina Branche Hongyotoku* (Ichikawa City, Chiba Prefecture)

The Haseko Group is working on Japan's first condominium project to achieve virtually zero CO₂ emissions during building operations by completely renovating an existing corporate housing apartment to further operate research and technological development for realizing a decarbonized society. As part of the project, the Group is conducting renovation work on "*Sustaina Branche Hongyotoku*."

Of the 36 units in this condominium, 13 have been set up as RESIDENCE LABO experimental residential housing for shaping the future, with different verification experiments being carried out in each unit. Through the maximum exploitation of IoT devices and AI technology, as well as technologies for extending the life of buildings, energy-saving technology, and wellness housing technology, we will utilize the various data obtained from actual

living environments in research and technological development aimed at creating new housing value, as we work to achieve the "optimization of living" through LIM*.

This project was selected for the "Next Generation Housing Project 2022" which contributes to public awareness of leading technologies, as a "residential-type experimental home for creating future housing with smart home systems," in the "Leading Businesses of Sustainable Buildings etc. (Next-Generation Housing) program in FY2022 2nd" conducted by the Ministry of Land, Infrastructure, Transport and Tourism.

For more on the RESIDENCE LABO's main initiatives, see the project page.

*LIM: The concept of utilizing information related to living accumulated by condominium buildings, such as the condition of the building, the use of facilities, and residents' movements since people started living there.



Before renovation



After renovation

RESIDENCE LABO

[For more information, please visit ▶](#)

居住型実験住宅で未来をつくります。



The digital transformation (DX) of the Haseko Group

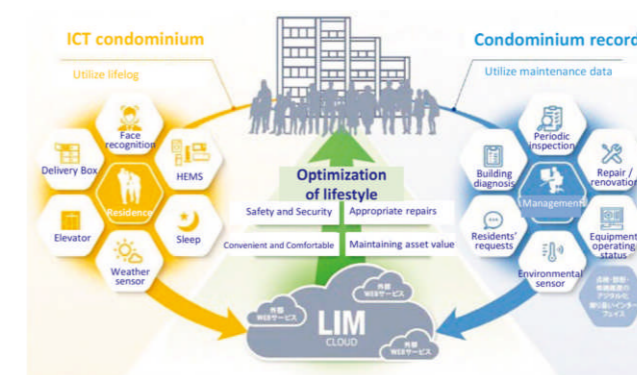
The Haseko Group is undertaking digital transformation (DX) with the aim of making further progress as a "corporate group for housing to create great living." We are working to improve productivity in the design and construction of housing complexes that utilize the latest technology, raise the quality of life for their residents, and create safer, more secure, and more comfortable living environments. We will leverage the comprehensive strengths of our Group to create new value in housing and living.

ICT condominiums

By harnessing the power of ICT (information and communications technology), including sensor networks, AI and cloud service applications, we are promoting the creation of high-value-added condominiums. We have implemented a variety of cutting-edge technologies to make everyday life more convenient and comfortable, such as facial recognition auto-locks for common and private entrances, smart locks for entrances of residential units, parcel delivery boxes, and an app for residents that is linked to the weather and earthquake sensors installed in the building.

The different types of digital data acquired from the ICT condominiums are collected and analyzed as "living information" on the BIM & LIM Cloud information platform, and then combined with BIM data to create new value, such as improving the convenience of residents and extending the lifespan of the building. Most recently, a demonstration experiment is planned for an "all-facial recognition condominium" at WORVE Naha Izumizaki.

Conceptual diagram of LIM (Living Information Modeling)





Enabling diverse lifestyles

“Be-Fit,” a new living space that can be changed freely to suit life stages and lifestyles

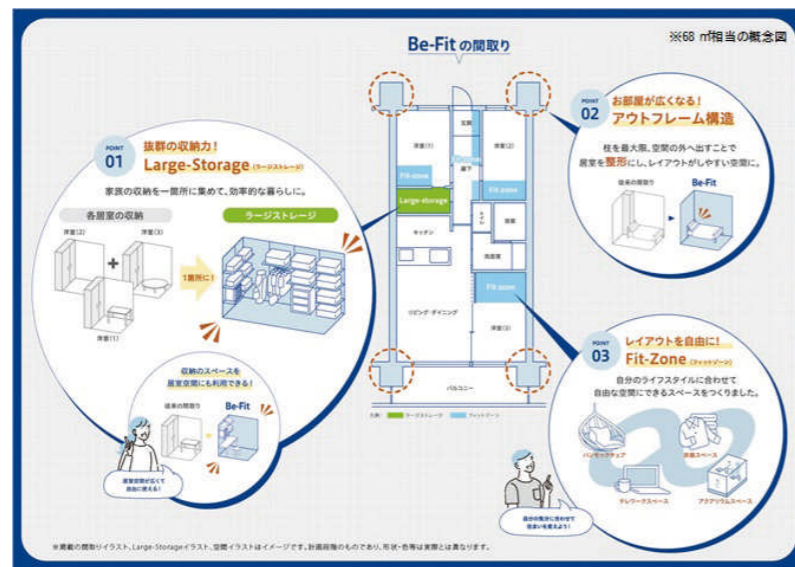
While residential floor areas in for-sale condominiums continue to shrink, the needs associated with living and work styles are diversifying, leading to a growing demand for living spaces that can be used in multiple, unlimited ways.

“Be-Fit”* allows residents the freedom to use their space as they wish by aggregating each housing unit’s storage spaces and moving the pillars to the exterior to create a streamlined living area. Utilizing shelving, boxes, and other height-adjustable and movable wall furniture, it becomes easy to adapt to changes in life stages, such as their children’s growth, their hobbies, etc.

Be-Fit is a floor plan that can be adapted to suit people’s lifestyles and ever-changing living conditions, and it has now been adopted for the first time in two properties: Renai Matsudo Minori-dai (Matsudo City, Chiba Prefecture) and Branchera Kawasaki Oshima (Kawasaki City, Kanagawa Prefecture). We will continue to promote its adoption, proposing its use not only in building projects owned by Haseko Corporation, but also in properties owned by other companies.

*Be-Fit: Be = Ensuring all **Basic** & **Essential** features are in place, creating a living space that **Fits**

Be-Fit



*The floor plan, Large-Storage, and spaces shown above are intended for illustrative purposes.

“Brancheile Meguro,” senior living residences suitable for the new age (Shimomeguro, Meguro-ku)

Haseko Senior Well Design, a Haseko Group company that is active in the senior business, operates the Brancheile series of housing for the elderly. The Brancheile brand is based on the philosophy of “providing lively and enjoyable housing for living more freely as yourself” in an era in which more people are living to be 100 years old.

In May 2023, we opened “Brancheile Kuramae,” and in December of the same year, “Brancheile Meguro,” a paid facility for the elderly with nursing care services, was launched in Tokyo’s Meguro-ku. Brancheile Meguro is a residence for seniors that adopts biophilic design to express the connection between humans and nature through its exterior appearance, and has a supermarket on the ground floor. By combining housing units for independent living with nursing care accommodation, residents living independently may later switch to care accommodation that has nursing care staff on duty 24 hours a day, should they require nursing care in future. In this way, we provide secure arrangements for residents to continue living in an environment they have become accustomed to.

The facility is also equipped with services such as IoT-powered facial recognition for unlocking automatic doors, sending delivery notifications, and simplified entry and exit procedures for family members. In addition, Haseko’s original

health support services for improving exercise and eating habits, wine seminars, art and design, and a variety of other experiential programs also contribute to a healthy and exciting living environment.



Biophilic design of building’s exterior

Care of community and engagement

We will contribute toward improving the value of the region as a whole by supporting regional revitalization and the building of a prosperous community that includes local residents.

Regional revitalization (area management) initiatives

In 2020, Haseko Corporation signed a project contract on the “Municipal Sakura-no-Miya Housing Complex Reconstruction (Phase 2)” as a representative corporation, and in the wake of this, it has engaged in activities for local revitalization and area management around Kobe City’s *Kita Suzurandai* district.

We participate in and assume the responsibility of secretariat for the “*Kitasuzumarumaruru*,” an area platform which consists of local resident group and activity group, local university, railway operator, regional commercial business, residential property company, botanical garden, and hospital.

We mainly implement to formulate the “*Kita Suzu Tsuzuku Vision*” outlining the direction for the district’s community development, to create multi-

generational interaction opportunities and a lively atmosphere by utilizing local parks, to publish the “*Kita Suzu Tsuzuku Newsletter*” to disseminate the information of local shops, attractiveness and activity, and to study management system of public space by local community.



Initiatives in Asuka Village, Nara Prefecture

Business to bring old traditional homes back to life as accommodation

While Asuka Village has many historical sites of the Asuka era including palaces and the entire village is required to be preserved as a historical landscape area, it has issues including declining population, a shortage in accommodation facilities and an increasing number of vacant homes. Haseko Corporation launched the Asuka Village Project Promotion Office to promote a business to help solve these issues.

In December 2020, we established HASEKO VILLAGE LIFE Inc., a new company engaging in the regional revitalization and accommodation operation businesses at Asuka Village, to promote the accommodation business mainly using renovated old traditional houses. In March 2022, we opened our first hotel, BRANCHERA VILLA ASUKA, an old traditional house hotel.

Moreover, in recognition of its efforts to value local wisdom and ways of thinking, BRANCHERA VILLA ASUKA received the Executive Committee Special Award for Environmental Regional Branding at the Japanese Ministry of the Environment’s 11th Good Life Awards. Also in December 2020,

Asuka Village, Nara Women’s University and the Haseko Group concluded a framework agreement on industry-government-academia cooperation for the purposes of regional revitalization, historical preservation activities, and creation and development of a vibrant regional society in Asuka Village to address its regional issues by drawing on “historical resources” (Asuka Village), “knowledge” (Nara Women’s University) and “vitality” (the Haseko Group). The three parties are jointly promoting a project for making use of a 400-year-old home with a thatched roof.



Signing ceremony for the industry-government-academia comprehensive coordination agreement



Accommodation facility in a restored old traditional house, “BRANCHERA VILLA ASUKA”

Received an Award at the Mécénat Awards 2023

“Historical and landscape conservation activities, and regional revitalization efforts in Asuka Village, Nara Prefecture” received an Award for Excellence at the Mécénat Awards 2023 sponsored by the Association for Corporate Support of the Arts.

The Mécénat Awards recognize particularly outstanding certified activities in “This is MECENAT 2022”. In this fiscal year, six prizes were awarded in total, comprising one Grand Mécénat Award and five Awards for Excellence.



Mécénat Awards 2023 presentation ceremony

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 ▶

ESG Date ▶

Related SDGs



Material Issues of Building a Company Worth Working At

Human capital (diversity & inclusion, human resources development)

Under the key theme of “getting the most out of their qualities”, we will promote the creation of 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, thereby creating new value.

A safe and healthy working environment

We are endeavoring to enhance the health of all persons involved in our business by giving consideration to safety and health at the workplace so that they can play an active role by demonstrating their capabilities.



Masaru Naoe
Haseko Corporation
Operating Officer
Corporate Management Div.
Responsible for Personnel,
Public Relations and Haseko
Condominium Museum
Management

Message from the officer in charge of personnel

The collective capabilities of the Haseko Group rest on the individual abilities of employees of the Group and those of cooperating companies. The expertise and experience of our employees, as well as their ingenuity and vitality in creating new value, are our assets and the source of the Group's growth. By creating an environment where all employees can play an active role, we will encourage each and every employee to proactively take on new opportunities for growth and help them to reach their full potential. We will continue to work on developing people and organizations so that the growth of individuals leads to the growth of the Group.

Policy for human resources development and corporate environment improvement

The Group has formulated the Personnel Plan linked to the medium-term business plan, based on the HR basic philosophy of further enhancing corporate value through investment in and utilization of human assets. We seek to build an optimal portfolio of human resources in order to enhance the effectiveness of our business strategy and achieve sustainable growth. As a business serving a broad range of consumers, the Group formulate personnel recruitment plans that reflect the management plan and its progress, future changes in the business environment and personnel composition, in order to build a portfolio of diverse talent combining new graduates and mid-career hires.

In the Plan NS launched in the fiscal year ended March 2021, the Group has expanded its investment in human resources development and corporate environment improvement based on the focused strategies set forth in the Personnel Plan. In FY2024, we implemented a significant increase in starting salaries and overall pay levels in order to secure and retain the human resources who will lead us into the future. Going forward, we are committed to continue investing in diverse human resources to remain a company that is worth working for for its employees and attractive to all stakeholders.

The Haseko Group Personnel Plan

HR basic philosophy
To further enhance corporate value through investment in and utilization of human assets

Group HR planning

- Seeking to create autonomous human resources and build organizations capable of opening up new boundaries for the Group
- Evolving the Haseko-version of workstyle reform and diversity in its own unique way

- Priority themes**
- Further strengthening the Group's management foundation
—Reinforcing the competitiveness of each company and deepening the intra-group cooperation
 - Promoting workstyle reforms and improving the workplace environment
—Increasing operational efficiency, and maintaining and enhancing organizational vitality
 - Developing human resources and organizations that continue to grow, evolve, and take on challenges autonomously
 - Promoting diversity to fully leverage human assets
—Promoting the active participation of all employees, starting with women and senior employees
 - Business performance and working conditions under the Plan NS
 - Promoting health management and improving the quality of employee welfare programs



Governance

The Group has formulated the Personnel Plan linked to the medium-term business plan, and its progress and results, as well as issues and countermeasures, are reported annually by the officer in charge of human resources for discussion at the Board of Directors' meetings. The Group has also stipulated authorization rules for rules and systems related to personnel affairs with a view mainly to their impact on the management. Matters of high importance are submitted to the Board of Directors for deliberation after preliminary discussion at the Management Council.

The information on rules and systems for officers and employees is posted on the internal portal site or sent to those concerned, to ensure that the systems are well communicated and carefully implemented. Information on personnel affairs of

officers and employees is also managed and updated on a timely basis through the Group's centralized system.

Aiming to enhance the effectiveness of the organizational structure of personnel affairs, the Company has set up Personnel Divisions in Tokyo and Osaka, which respectively oversee offices in eastern and western Japan, and also allows each division to have its own personnel function. The Group's policy for personnel affairs is to improve the personnel base as a group by implementing common measures, while also pursuing the unique characteristics of each affiliate company. In addition, efforts are underway to reinforce collaboration and functions of the Group's personnel affairs through personnel rotations and regular information sharing between the Personnel Divisions of the Company and those of each division and affiliate companies.

Risk management

We believe it is essential to consistently hire and retain a diverse human resources in order to achieve continued business growth. Given the increased mobility of human resources in the labor market, we view as risks the possibilities that the Company may not be able to recruit sufficient number of diverse talent as planned, and that organizational strength may decline as a result of employee turnover. To reduce the turnover of female employees, we target a turnover rate of 3% or below, and are working under the D&I Promotion Office to strengthen measures to promote women's active participation and to develop a pleasant working environment. We also identify risks such as employees' absenteeism (absence from work due to injury or illness), or

presenteeism (poor work performance due to health problems) stemming mainly from working hours and the work environment.

We strive to reduce the risks by developing an environment where employees can positively play an active role, through appropriate working hour management based on the above governance system and job system, the understanding of the workplace environment and individual employees through self-reporting and interviews, the realization of job satisfaction through work, the utilization and appointment of employees based on their career aspirations, and the realization of employment conditions through appropriate appraisal system operation.

Metrics & targets

The Group uses the following metrics for its policy on human resources development, including ensuring the diversity of human

resources, and its policy on the improvement of the corporate environment. Targets and results for these metrics are as follows.

Working toward even greater participation of women

Metrics	Targets	Results (FY2023)
Percentage of female employees	30% or more	31.7%
Percentage of women among new graduates hired*	30%	Haseko Corporation: 21.6% Consolidated: 37.1%
Percentage of female managers	Above the previous year's result (9.8% in the previous year)	10.2%
Percentage of childcare leave taken by male workers*	3% or less	Haseko Corporation: 5.3% Consolidated: 8.2%

Supporting dual-income, co-parenting households

Percentage of childcare leave taken by male workers	50%	36.0%
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Active participation of diverse employees

Percentage of disabled persons employed	2.3%	2.38%
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*Targets of the Haseko Corporation

Working style reform and health and safety at construction sites

Metrics	Targets	Results (FY2023)
Implementation rate* of system with 8 days off every 4 weeks (104 days off annually)	100%	81%
Fatal and serious accidents/disasters*	None	2
Frequency rate of occupational accidents*	0.60 or less	0.14
Severity rate of occupational accidents*	0.01 or less	0.51

Promoting health management

Percentage of employees undergoing health checks	100%	100%
Percentage of employees taking stress checks	100%	98.2%
Implementation rate of the specific health guidance	50%	44.1%

Certification under the Health & Productivity Management Outstanding Organizations Recognition Program
Achievements: Haseko Corporation and associated companies certified as "White 500" companies

*Targets of the Haseko Corporation



The human resources portfolio of the Haseko Group

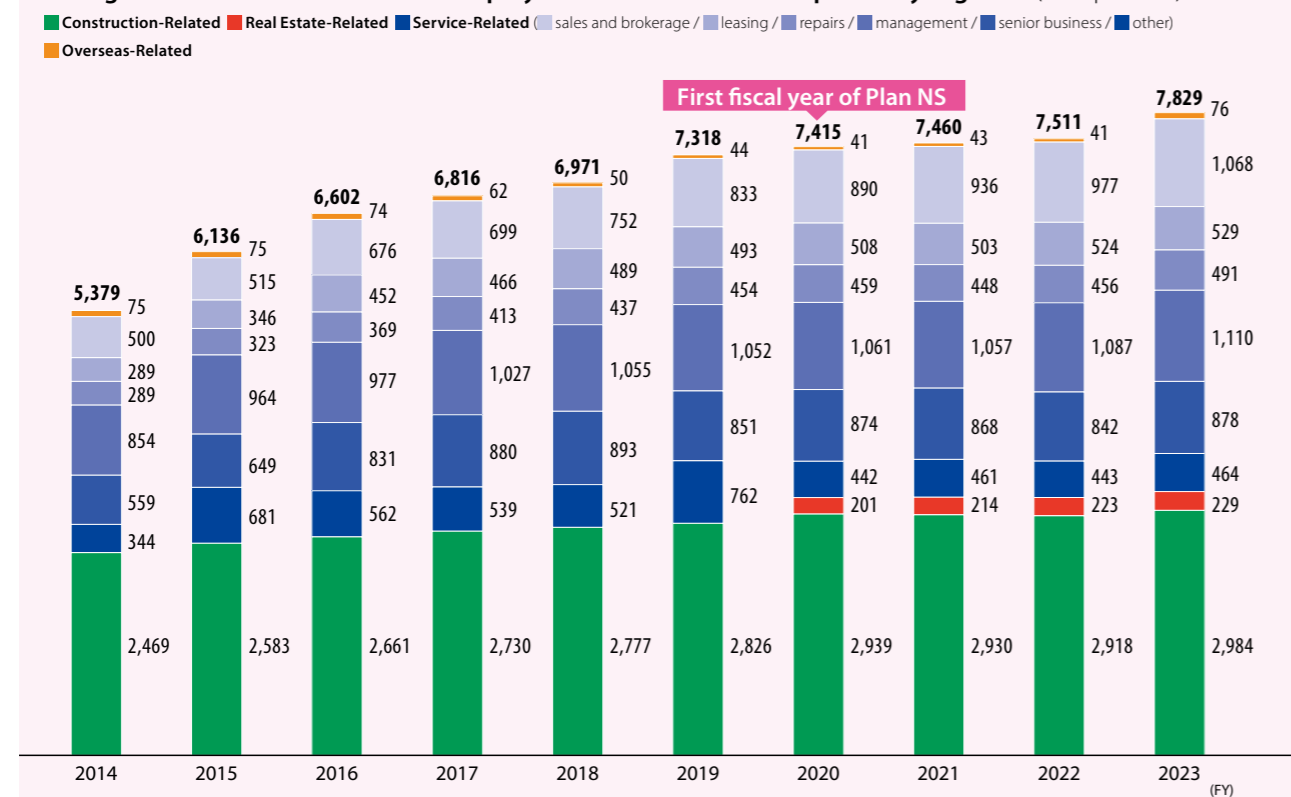
The Haseko Group is a "corporate group for housing to create great living" that is involved in a wide range of businesses, including the construction of condominiums, its principal business, and the sale, management, repair and rebuilding of for-sale condominiums, as well as the operation of rental condominiums, detached houses and facilities for the elderly.

Under our medium-term business plan (Plan NS) that launched in FY2020, in order to respond better to the rapidly changing times, we have been working to strengthen the earnings base in our core businesses, including our service-related businesses. Our aim is to restructure our business model

that centers on the construction-related and real estate-related businesses that have hitherto served as the source of the Haseko Group's profits.

Despite the challenges facing the construction industry as a whole, such as a shortage of manpower and rising costs, we are focusing our efforts on recruiting the human resources we need to secure orders and production systems for the construction of high-quality condominiums and expand the business of the entire Group, as well as developing talent that can create new businesses for the future.

Changes in the number of full-time employees of consolidated companies by segment (unit: persons)

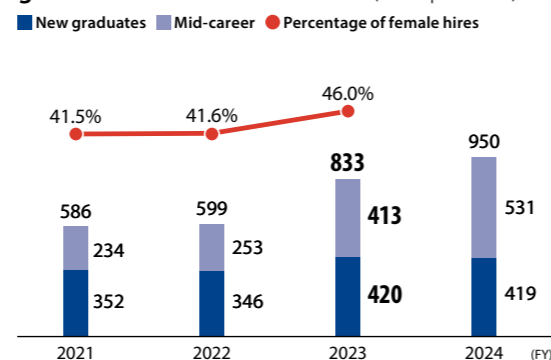


*Prior to FY2020, the Service-Related segment included the Real Estate-Related Business segment and part of the Construction-Related Business segment.

Building a human resources portfolio rich in diversity

With the aim of leaping farther forward as a "corporate group for housing to create great living" from both a hardware and software perspective, we are working to build a diverse human resources portfolio that will form the foundation for business growth. To this end, we will be actively recruiting mid-career professionals with specialized skills and knowledge, in addition to strengthening our personnel structure that has thus far been based on the recruitment of new graduates. The collaboration between our robust human resources system and the diverse talent within it is a driving force behind achieving one of the Plan NS goals of reaching 30 billion yen in ordinary income for consolidated subsidiaries ahead of schedule.

Consolidated companies in Japan: Trends in new graduate and mid-career hires (unit: persons)



*The number of mid-career hires for FY2024 is a planned value

Aiming for the further improvement of products and services

With the aim of providing high-quality products and services in each business area, we are working to develop highly specialized human resources.

On the basis of knowledge backed up by qualifications, we have honed our practical skills through dialogue with our customers. We share the feedback we receive from our customers within the Group, using it to create new added value that meets a wide range of needs. In addition, we are working to obtain Associate Hospitality Coordinator certification so that we can enhance the hospitality that is unique to the Haseko Group.

Furthermore, as part of our efforts to prepare for emergencies, we are encouraging employees to obtain the qualification of "Emergency Risk Discriminator," who assess the danger level of buildings in disaster areas after an earthquake.

The Haseko DNA (our corporate culture)

We conduct an annual questionnaire survey of employees to ask about their careers and the workplace culture, and report the results to the top management of each company to identify issues and work on improvements. The workplace culture survey asks respondents to evaluate 15 items related to workplace culture that Haseko Corporation considers important along a five-point scale. The top three items in the FY2023 survey were as shown below. We believe that these elements comprise the core of our corporate culture and form the basis of the strong identity that we have carefully passed down since the Company's founding.

At the same time, the figures for "a spirit to take on new challenges" had decreased compared to the previous year. We will create a workplace environment that contributes to the creation of new value, such as by actively hiring external talent and providing opportunities for innovative training.

Number of employees with specialist qualifications

First-class architect	First-class building construction management engineer	Real estate transaction agent
749 persons	1,259 persons	3,132 persons
Licensed representatives of condominium management companies	Legal licensed condominium manager	Property manager
1,009 persons	232 persons	469 persons
Emergency risk discriminator	Certified care worker	Associate hospitality coordinator
605 persons	401 persons	443 persons

Pass rates of major licensing examinations in fiscal year 2023

	Real estate transaction agent	First-class architect	First-class building construction management engineer
Haseko Corporation	90.9%	47.6%	87.5%
The entire Haseko Group	79.8%	44.8%	78.4%

Workplace culture survey: Top 10 items



Human resources development

The present and future direction of the Haseko Group

As is

Under the slogan of “continuously produce autonomous human resources and nurture a diverse workforce that will shape the future of Haseko,” we are implementing a broad range of initiatives such as fostering autonomous human resources and career development; developing the next generation of managers, executives and operational leaders with an eye to sustainable growth; developing innovative human resources and global human resources from the perspective of nurturing human resources to realize new strategies; and DX education.

To be

In order to build a diverse and robust human resources portfolio, we will work to foster a culture of independent learning and mutual learning, as well as reskilling, including DX. In addition, we believe that expanding programs to support management-level employees, whose expected roles and level of difficulty continue to increase, will have a direct impact on the success of a diverse range of human resources, and will also lead to the development of management personnel who will play a key role in the future.

Enhancement of job-specific practical education

We are working to develop the young employees who hold the keys to sustainable growth to make them work-ready at an early stage through company- and department-specific curricula that are tailored to the practical work.

Our administrative career-track employees experience on-the-job sales training at the Group's sales companies to better understand the customers' voices and needs and apply them to business planning. First-year employees in design positions receive construction on-the-job training to acquire design capabilities based on the actual conditions of construction sites. We are working to improve the knowledge and collaboration of construction management staff through training in practical work in related other occupations, such as training in construction drawings.

Linking the autonomous human resources development program with career development

We hold training programs by job level for all job types in order to develop autonomous human resources who can think and act on their own and create their own future in the first 10 years after joining the Company.

For employees in their 10th and 20th year of employment, career plans are formulated based on dialogues with supervisors. Progress is monitored at fixed points every three years (CAP 10 System).

Believing that retaining young employees is a top priority, we promote the Be3 system (Be-Cube; a system where younger workers are given support and coaching from their seniors inside and outside the workplace during the first three years of employment).

Manager training

We provide management training for newly appointed section managers with the aim of developing their subordinates and creating a workplace conducive to the development of autonomous human resources, as well as guidance for new evaluators who can set and evaluate appropriate goals. In addition, we will establish D&I training from the fiscal year ending March 2025, and we will support the managers who are working to create a workplace and culture where each employee can find fulfillment in their work.

Systematically producing candidates for management executives, and formulating plans for the development and appointment of the next management team (succession plan)

In order to develop management executive talent, we hold selection-based Executive Leader Development Program for employees at each level. In recent years, particular efforts have been made to nurture female executives. Approximately 70 female executives (including 20 female officers) are actively serving in the Group.

In addition, newly appointed operating officers are provided with training that systematically teaches them the knowledge required of corporate managers, while newly appointed senior operating officers are provided with training to facilitate their awareness and behavioral change as managers through dialogues with lecturers.

For the purpose of selecting the next management of the Company and its affiliates, we have prepared a Group-wide list of candidates, and formulated a succession plan through discussions with the officers of our Company and its affiliates. The candidates for the Company's officers are selected based on the discussions at the Nomination and Remuneration Committee, which is comprised of five outside directors and representative directors, etc.

Haseko Business College (self-learning support programs)

Starting in June 2020, we launched the Haseko Business College based on the concept of lifelong learning. Offering 202 correspondence courses available for selection, the program aims to encourage each employee to develop their career by voluntarily learning what they want to learn.



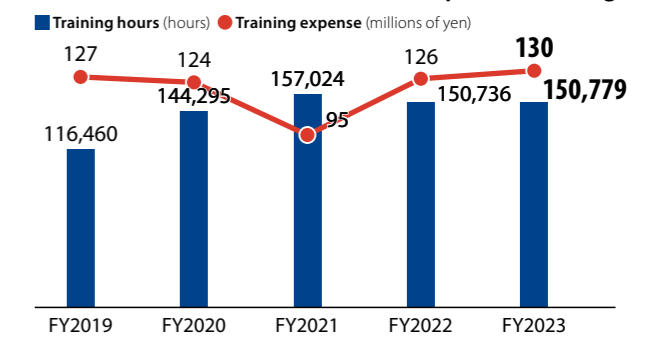
Nurturing and allocating human resources to implement the new strategies

To develop human resources capable of enhancing productivity through operational reforms and creating new businesses, we have started the DX Academy with effect from fiscal year ended March 2022 in collaboration with Dean and Professor Ken Sakamura of Toyo University's Faculty of Information Networking for Innovation And Design (INIAD) under the leadership of the Company's President. In the first round of the course, DX training through e-learning to all Group employees (8,000 participants took the course) was delivered, and in the second round, 80 DX promotion leaders were selected from all Group companies. In the third round, which was implemented in the fiscal year ending March 2024, "DX literacy course" for all general managers in the Group was delivered.

Anticipating the future expansion of the overseas business, we have openly solicited applications for English language education programs in collaboration with external institutions since the fiscal year ended March 2017. More than 100 employees have taken the courses thus far.

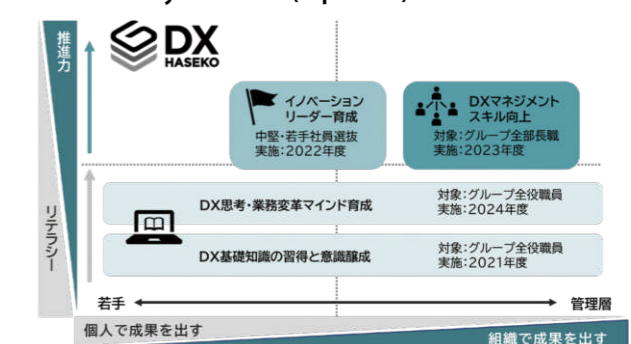
Furthermore, to realize the long-term vision for 2030 and the Plan NS, we conduct joint training with leaders from different industries and innovation education through cross-boundary learning.

Education on human resources development (Training)



The figures are non-consolidated data of Haseko Corporation. *Training expense in fiscal year 2021 decreased from the previous year, mainly because the training was switched from on-site to online amid the COVID-19 pandemic.

DX Academy overview (Japanese)



Haseko Corporation's education system in the fiscal year ending March 31, 2025

<Education slogan> Continuously produce autonomous human resources and nurture a diverse workforce that will shape the future of Haseko. Bringing together individual learning and challenges, we will move to a new stage through organizational collaboration

	Executive Leader Development Program	Manager training	Career Development	DX human resources; innovative and global human resources	
Officers	New Managing Executive Officer Training Course New Officer Training Course	Management training D&I training for managers	Training Workshops for 60-year-old Employees	DX human promotion resources Selection program	
Executive General Manager	School of New Corporate Management	Mental health line care course	C A P・10	Innovative human resources ALIVE	
General Manager	Corporate Management Course	Guidance for new evaluators	20th Year Career Planning	OutSight	
Senior manager/Manager	School of Junior Corporate Management		Progress verification every 3 years	Global human resources English training	
Mid-level engineer employees	Practical education		10th Year Career Training	Be ³ system (Be-Cube)	
	Sales/Staff	Construction management			Education for young/mid-level employees
	Design/Technology	Professional engineer			Training Workshop for 10th Year Employees
Young Employees	Seminar on the real estate/condominiums market	Practical training	Awareness raising seminar	Follow-up Training	
	Practical training	Construction drawing training	Training Workshop for 7th Year Employees	Interval Training	
	Technical education for Group Sales rep.	First-class building construction management engineer	Training Workshop for 4th Year Employees	Introduction Training	
All Employees	Haseko Business College (self-learning support programs)	DX Academy	4th Year Career Planning	Training in risk, compliance, human rights, D&I, hospitality, etc.	



Improvement of the corporate environment

The present and future direction of the Haseko Group

As is

We have taken measures and worked to raise awareness of officers and employees in order to create pleasant workplaces where diverse human resources can thrive while demonstrating their individual characteristics. Viewing the engagement of officers and employees as well as the maintenance of their physical and mental well-being as critical elements that form the foundation of human capital, we strive to create pleasant workplaces and promote safety and health of employees and health management across the Group.

To be

In order to create a corporate culture that promotes employees "getting the most out of their qualities," we will implement D&I training for managers and disseminate information through internal portals and other channels. We will also implement initiatives to confirm the results of these efforts through surveys and other means, and then use the results to create a PDCA cycle that will lead to further improvements, with the aim of creating a workplace that is both comfortable and fulfilling to work at.

Promotion of diversity & inclusion

For more information, please visit ▶

Promotion of diversity & inclusion

In April 2023, D&I Promotion Office was established to further pursue the ongoing initiatives including promotion of women's active participation in the workplace and to create an environment where many employees can work with enthusiasm and satisfaction under the key theme of "getting the most out of their qualities."

Initiatives for promoting active participation of women

The Group has been proactively appointing female employees to senior roles from an early stage, ahead of the industry. To meet the needs of female customers, who tend to play a leading role in home-buying decisions, our female employees are involved in all phases of the business, from acquisition of land information to business planning, design and construction, sales, management, and refurbishments, while sharing and giving shape to their aspirations for housing and living. This has been the driving force behind our sustained competitiveness, and in turn led to the increased corporate value. We continued to proactively hire women even after the enactment of the Act on Promotion of Women's Participation and Advancement in the Workplace in

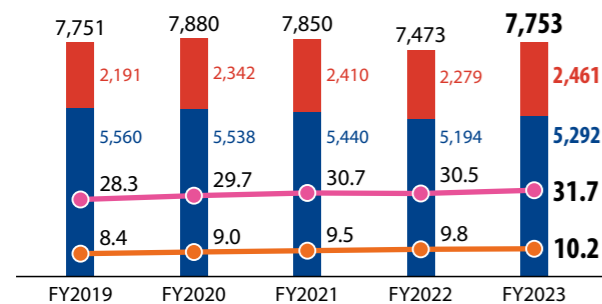
2015, focusing on fostering and retaining core and key personnel.

The percentage of female employees has increased to exceed 30% since fiscal year 2021. While it will take a little more time for those we actively recruited to be promoted to managerial positions, the percentage of female managers has been steadily increasing, reaching 10.2% in fiscal year 2023.

The number of female executives in the Group (General Managers and higher position) has steadily risen to approximately 70, including 20 female officers. In June 2023, the Company was able to produce its first female director, while the Group company Haseko Intech produced its first female president. We will continue our active recruitment of women, aiming to further raising the current ratio of female managers, while promoting the development of female employees and their proactive appointment to managerial positions in line with our aforementioned human resources development policy. Other initiatives to support women's active participation include hosting gatherings of female employees, holding training sessions on health issues peculiar to women, and providing them with follow-up and other programs before and after they give birth and then return to work.

Number of Group employees/ Male Female (persons)

Female employees (%) Female managers (%)



*The scope of aggregation is as follows
 FY2019–FY2021: Haseko Corporation and all Group companies in Japan
 FY2022 and later: Haseko Corporation and consolidated subsidiaries in Japan



(Left) Haseko Corporation Director and Operating Officer Naoko Yoshimura (the first female inside director of the Company)
 (Center) Haseko Corporation President and Representative Director Kazuo Ikegami
 (Right) Haseko Intech Inc. President and Representative Director Misako Kaneko (the first female president in the Haseko Group)

Active participation of diverse employees

As part of our investment in overseas business, mainly in the United States and Vietnam, we are promoting the appointment of foreign nationals. In the United States (Hawaii), most of the officers and core managers are locally hired foreigners who manage the organization. Also in Vietnam, locally hired foreigners are playing a key role in driving the business forward. Foreign personnel are also active in the fields such as the senior and human resource placement businesses of the Group.



Active participation of foreign human resources
 (Left) Human resource placement business (Right) Senior business

We have been continuously recruiting mid-career workers in preparation for the focused strategies of Plan NS: expansion of domain of the Construction-Related Business, expansion of redevelopment and reconstruction business, and expansion of investment in the Real Estate-Related Business. Currently, approximately 40% of our mid-career hires are in managerial positions, and many of them serve as officers and other core personnel in their respective fields.

We were one of the first to work on the active participation of experienced senior personnel, having raised the mandatory retirement age from 60 to 65 in 2005. Currently, 321 employees are actively working even after mandatory retirement (including those reached the mandatory retirement as of March 31, 2024).

On the front lines of construction sites, they are active as site managers, drawing on their many years of experience. In the condominium management business, many senior employees with a wealth of life experience are working as Life Managers, managing condominiums and providing livelihood support to the residents in these condominiums.

For employees who have reached the age of 60, we offer training workshop for writing a professional memoir to help them look back at their careers and think about how to pass on the skills and careers they have accumulated to their successors during the remaining five-year period until mandatory retirement. 141 employees participated in the training in fiscal year 2023.



Active participation of senior personnel
 (Left) Construction site manager (Right) Life manager

We have been hiring and promoting the active participation of persons with disabilities across the Group, and as part of the efforts, established a special subsidiary in 1991. As of March 2024, the employment rate of persons with disabilities was 2.38%. In response to the gradual increase in the statutory employment rate, we will step up our recruitment efforts while expanding the scope of outsourced work within the Group at our satellite office business.



Active participation of people with disabilities Farm business

Developing a 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, an open recruitment 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; as well as a framework for fair and equitable personnel assessment by multiple evaluators based on clear criteria.

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, expansion of the nursing care system beyond the statutory requirements, such as the number of days off and leave periods, 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. The percentage of childcare leave taken by male employees increased from 2.6% in fiscal year 2019 to 36.0% in fiscal year 2023. The increase reflects our ongoing efforts to thoroughly communicate the system and introduce actual cases in the company newsletter, as well as the Iku-Boss Declaration (a statement of commitment by management members in charge of business units to supporting employees in balancing work and family) by officers of the Group companies on the internal portal site.

In addition to communicating the commitment by top management, the above initiatives are reported at meetings of the Sustainability Committee and the Board of Directors, and measures are being implemented, such as the Training Workshop for Management, Corporate Management Course, and other training programs for managers. In August 2023, we provided an e-learning program for approximately 10,000 Group officers and employees to help them better understand D&I initiatives, thereby continuing our efforts to further raise awareness of all officers and employees.



D&I Roundtable A place you want to work where each person's diverse abilities

In April 2023, the Haseko Group established its D&I Promotion Office. While the Company has always been committed to promoting the active participation of women, what kind of developments are currently being seen in D&I? To answer this question, we spoke to employees who are leading D&I in the Haseko Group.



Kakehashi: The Haseko Group has always been supported by a diverse group of people in a multitude of different job types, so in that sense, we could say that the foundations for promoting D&I are already in place. The creation of a better working environment progresses year by year, including through the reform of systems. Today, we will be asking you to tell us how you are all doing in your respective workplaces and to share your feelings about your work and your ambitions for the future.

Promoting the active participation of women

— Ms. Higuchi serves as Deputy General Manager of the Urban Development Business Department. She has played a leading role in promoting the active participation of women



in sales positions since 2018 from within the Project for Promotion of Active Participation of Women (for Executives). In the past, there were not many women occupying positions in sales. What kind of thoughts have you had as you have been working in this field?

Higuchi: It's not that I wanted to go into sales when I first joined the Company. I just happened to be placed there. It's true that there were fewer women than men in sales at the time, but I never felt any gender differences, and thanks to the thoughtful guidance of the older employees, I was able to enjoy my work even as a new employee.

I have continued to take on challenges with all my might at my job, with the sole aim of making the customers I am responsible for happy. After that, I got married, started a family, and experienced child-rearing. Things have calmed down a bit

now, but I think I've always been able to do things in a natural way without having to go out and act tough.

— Were you able to balance work and family life?

Higuchi: I was determined to meet my numerical targets, despite constraints on my time, and to do so I made it a rule to set priorities and improve my efficiency. I also needed to spend time with my family, so I had less time to sleep and less free time, but I tried to make up for it by eating tasty food and going to karaoke with my colleagues to unwind.

I work hard, both at home and at work, but I am careful not to try to be too perfect. Working and raising children is like running a marathon, so I think it's important to admit that you do not need to be perfect.

— After taking childcare leave and returning to the office, did anything change within yourself?

Higuchi: I took a year of childcare leave, but when I got back to work, I got back into the swing of things immediately. I came to realize that balancing work and family life broadened my horizons. There are many talented women among the mothers I meet at lectures, seminars, and nursery schools, and their presence is a source of great inspiration for me. I also discovered the particular perspective that people with children take when looking for a condominium.

In the past, customers may have had the tendency to trust men more (than women), but that is no longer the case. There is no difference between men and women when it comes to gaining trust in the workplace. The important thing for me is to get the customer to be glad to have me as their account manager. I consider it my professional responsibility to make them feel that way.

are brought out under the key theme of "getting the most out of their qualities"

— Ms. Segawa, you work in the same Urban Development Business Department as Ms. Higuchi. Having seen how Ms. Higuchi works from up close, what do you think?

Segawa: The Urban Development Business Department often has to deal with work that is different from the norm. It takes time to coordinate internally, but Deputy General Manager HIGUCHI quickly formulates a scenario for how to address the problem and moves the people in the Company in the right direction. She has an amazing ability to move things forward.



Another thing is that, when communicating with customers, she places great importance on responding quickly and with a delicate attention to detail. Perhaps it's the feminine touch. I want to learn from her the communication skills that will win the trust of our customers.

— I heard that you came to your current department through a transfer from a position of different job type. What's it like to work in sales?

Segawa: I had been doing clerical work as a non-career track employee, but I switched to a career-track position and was transferred to my current department. I started by learning the terminology, but last year, when we worked on a competition project for a condominium, all of my colleagues pulled together to overcome many difficulties. We won the order, and I felt a great sense of accomplishment. I had a feeling that the town was changing as a result of this competition, and I felt a sense of accomplishment in winning the order, as well as how worthwhile sales work can be.

— The number of female employees in sales roles is likely to increase in the future, but are there any challenges?

Higuchi: I think that there are certain things that only women worry about, or are unsure or anxious about, so we hold social gatherings for female employees, including new employees in the Urban Development Business Department. There aren't many female role models in this workplace, so I sometimes invite outside lecturers and senior staff to talk about their experiences, and I hope that this will help to eliminate the vague anxieties that people have about their future careers.

Balancing work and family life as a manager



— Mr. Yagishita, you work in the Engineering Division that is known for being very busy. At the same time, you were also one of the first male employees to take childcare leave. What led you to make that choice?

Yagishita: At the time, it was not generally acceptable for men to take childcare leave, not only within this company, but across society as a whole. But when my second son was born, we were faced with the real, concrete question of who would take care of our elder son. That's what got me to start considering taking childcare leave. I was at the office from morning to evening on weekdays, and I couldn't leave everything to the grandparents, so I just went for it and took a week of childcare leave. Ideally it may have been better if I had taken a full month or so, but at the time, it wasn't the type of atmosphere where you could do that. However, after that, younger male employees began to take childcare leave more



proactively, so I'm glad I might have been a pioneer in that respect.

— **Now you are a manager, balancing work and childcare. Handling both must be quite challenging. Have you come up with any methods or techniques to do it, such as when communicating with subordinates or managing your own time?**

Yagishita: I inform my team in advance of when I will be leaving the office or whether I will be working from home. If anyone needs to discuss something or if I need to give instructions, then it will be within those time frames. In the past, it was expected that everyone would work late into the night, so I would tend to leave the writing of reports and discussions for nighttime, but now that I have these constraints on my time, I have become much more conscious of using my time efficiently.

When I'm busy and want to cut out the time required for commuting to the office, I work from home. Since I'm doing it too, I want my subordinates to feel free to use this option of working from home and remote working as well.

— **Do you have any advice for employees with children who want to participate more fully at work?**

Yagishita: Despite the high workload in the Architecture & Engineering Division, I feel that there are relatively more men taking childcare leave than in other divisions. Recently we've been seeing young employees taking a month of childcare leave, with their colleagues covering for their absence. Society and attitudes are gradually changing so that we can send our people off into childcare leave with well-wishes and a pat on the back.

Taking childcare leave not only gave me time to enjoy caring for my children, but it also gave me a new perspective on design. I became more aware of designing safe housing for families with children.

I still feel regret that I could not take any childcare leave with my eldest, and even with our second child, I regret not being able to take more time off, so I hope that the company culture will grow to be more accepting of employees expressing their desire to take childcare leave.

Promoting the active participation of foreign nationals



— **Ms. Nguyen, you currently work at the Brancheile Omiya Koen paid care facility for the elderly with nursing care. Could you tell us what you do in your day-to-day work?**

Nguyen: I support residents of Brancheile Omiya Koen in living their daily lives. In concrete terms, I help with things like meals, bathing and toileting assistance. What's difficult is learning Japanese. Other colleagues I work with teach me

technical terms related to the work, and residents also sometimes teach me Japanese words and phrases used in everyday life. I have good relationships with everyone at work.

— **Have you ever felt happy or fulfilled in your work?**

Nguyen: Everyone has been so kind in teaching me things, not only in relation to work, but also for my own daily life. It's been a great help. Last year I went home to Vietnam for a while to take childcare leave, and when I came back, the residents of the care facility welcomed me so warmly. It made me so happy. My family is now in Vietnam, and my parents are taking care of my child. Sometimes it makes me sad that I cannot see my child, but I never miss an opportunity to communicate with my family in Vietnam, such as with daily video calls. The people living in this facility interact and help each other out. That is the most fulfilling part of my work.

Promoting the active participation of people with disabilities

— **Mr. Kunii works for Haseko Systems Inc., a special subsidiary that promotes the employment and active participation of people with disabilities. Could you tell us about your day-to-day work?**

Kunii: My job is to receive orders from clients and convert or process data so that it can be used in promotional tools or direct mails. I sometimes have to handle up to 500 orders in a single day, so speed and accuracy are paramount. I'm now in my ninth year doing this work. I am currently based in the Minamisunamachi office.



The Minamisunamachi office has been designed as an entirely barrier-free workplace, with many restrooms for wheelchair users and a roof over the parking lot so that employees don't get wet when coming to work. In addition to such facilities, the people working here also have a good understanding of disabilities. People are often checking on me and offering their help, making it a very comfortable place for me to work.

— **I have heard that you are also participating in the voluntary digital transformation (DX) training that is being implemented at the Company. Please tell us about this initiative.**

Kunii: I always had an interest in the subject, and have been studying functions and programming on my own. Having acquired these skills, we are now considering whether we can apply DX to our own work, and we are in the process of exchanging ideas and holding discussions in groups, drawing on examples of successful and unsuccessful DX projects at other companies. Ultimately, we intend to put together a plan that we can implement in our work,

and present it to the management team.

If we can come up with a good proposal, we might be able to expand it to the whole Group, meaning we could contribute to making the whole Group more efficient.

Promoting the active participation of senior employees

— **Mr. Inuzuka, you are active as a specially appointed manager of construction site, even after reaching the mandatory retirement age. After all these years working on the front lines, is there any event or incident that particularly stands out in your memory?**

Inuzuka: I will be turning 68 this year and originally retired when I hit 65, but I was given the opportunity to work again due to the Company promoting the active participation of senior employees.



During my time as a regular employee, I was in charge of worksites for many years. I have many stories from when I was a general manager, but it's the events of the Great East Japan Earthquake in 2011 that stand out in my memory. At the time, I was working on a property of a major general developer with around 750 units. The earthquake struck two weeks before we were going to hand the property over, so we had to carry out an emergency re-inspection. In fact, a week before the earthquake, another construction department had just handed over another property for the same developer. Since this was after the handover, Haseko Corporation employees were unable to enter freely to inspect it, so we had to obtain the developer's permission before beginning. We learned how important it is to move quickly and win trust, even in times of emergency.

— **What would you say is the DNA of Haseko that you want to pass on to future generations?**

Inuzuka: If you work on-site, you will make plenty of mistakes. You can say that you have succeeded if you can hand the property over at the end, but there will be failures both big and small along the way. In both sales and technical fields, Haseko has a culture that encourages people to fearlessly take on challenges. You start working on projects worth billions of yen or even tens of billions of yen from a young age, so you have to be extremely earnest and honest about manufacturing. It is in times of great difficulty that you can truly demonstrate what you're worth. I believe that this "honesty and earnestness in manufacturing" is the DNA of Haseko. I sincerely hope that young people in the future will carry on this Haseko DNA.

— **How long would you like to continue working?**

Inuzuka: I originally retired when I turned 65, so I haven't really thought much further ahead. I have a lot of work at the moment, including on new construction sites and demolition sites, and I feel that there are many opportunities for senior employees to play an active role especially on demolition sites, where they can draw on the extensive experience they have accumulated over the years. I would like to keep working for as long as I'm needed and I'm physically able.



Takehashi: As the D&I Promotion Office, we would like to continue to create an environment and company where diverse employees can demonstrate their individuality and work with a sense of purpose, while respecting each other.





Promoting health management

For more information, please visit ▶

Various measures are in place to help officers and employees improve their physical and mental health in line with the Healthy HASEKO Full-of-life Plan under the slogan of “No success without healthy officers and employees.” Under the Haseko Group’s Declaration of Health issued by our president, we have established the Haseko Group Health Management Promotion Committee. Furthermore, with the aim of becoming a company where all employees can stay healthy both mentally and physically, and where each and every one can work with more vitality, we formulated the Haseko Group Health Management Strategy Map in 2021, visualizing the relationship between the management issues to be solved and the investments in health (health promotion measures) required. Through these efforts, we have been practicing health management.

With these efforts paying off, the Company and its affiliates were selected under the “2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)” in the large enterprise category hosted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.



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 year 2018. The Committee makes decisions on company-wide policies, targets, plans and progress on the maintenance and promotion of employees’ health, and shares related information.

As a subordinate organization of the Committee, we have set up the Health Promotion Conference. At the Conference meetings, we work to address health management on a group-wide basis: share the status of seminars and guidance on health, formulate health promotion projects tailored to the circumstances of each Group company, and discuss the results of collective analysis of stress checks.



Ultimate target indicators (KPI)

The Haseko Group Health Management Strategy Map defines the ultimate target indicators. The measurement method and actual results for the last two years are as shown below. To achieve the targets, we are focusing on providing care for high-risk individuals in terms of physical and mental health, through Health Management Committee meetings and personalized follow-up by health staff of the in-house clinic. The target for absenteeism is set with the idea of gradually improving the current score. (Target indicators are for the Group.)

Ultimate target indicators	Measurement method	Unit	Results		Targets
			FY2022	FY2023	FY2023
Absenteeism	Measured by dividing the total number of days of absence or leave due to illness by the number of employees	Day	2.1	2.1	1.6
Presenteeism	Measured using a question in the employee survey, that asks to self-evaluate the past four weeks (out of 100 points), with performance to be demonstrated in the absence of illness or injury at 100%.	Score	76.9	77.1	78
Work engagement	Rate of respondents who answered “Yes” to the question “Do you have interest in your job?” in the employee survey.	%	68.0	66.2	—
	Simple average of scores for the three items of (1) vitality, (2) enthusiasm, and (3) devotion to work in the employee survey (0 = not at all to 6 = feeling always).	Score	3.41	3.37	3.42
Turnover rate	Annual turnover rate of full-time employees	%	5.4	5.7	—

Systems and measures—The Healthy HASEKO Full-of-life Plan

Haseko Welfare Center Inc., the Haseko Group’s organization for health promotion, plays a pivotal role in supporting employees’ health, including health checkups at the in-house clinic, health guidance, planning and operation of health seminars, stress checkups, and regular communication of health information through publications. As a highly unique system, employees aged 45 and those over 50 are eligible to get a PET-CT scan, with all costs covered by the company. This has proven highly effective in the early detection of cancer. In addition, the offices of health insurance society and Haseko Welfare Center Inc. have been consolidated on the same floor to strengthen the promotional framework for health services and employer-insurer collaboration in worksite health

promotion (collaborative healthcare). The healthcare services provided mainly by health insurance society include brain screening, women’s comprehensive medical checkups, and dental checkups at no cost to employees. Specific health guidance, an initiative promoted as part of collaborative healthcare, has significantly increased its participation rate (percentage of the insured covered increased from 24.5% in fiscal year 2019 to 44.1% in fiscal year 2023). Results are reflected in physical health data, such as a decline in the percentage of participants with metabolic syndrome. In addition, efforts are underway to reduce health risks through population approaches for each theme, such as mental health care, health education programs for employees in their 30s.

Topics of the Measures

Cooperation with the management—Sharing the employees’ health status with the management

Health status of employees (physical health: findings in periodic medical checkups, mental health: factors causing strong stress reactions in stress checks) is shared with the officers in charge of departments of Haseko Corporation and the presidents of Group companies, for exchange of opinions to solve the issues.

Communication and awareness-raising to for employees—Periodic publication of Wellness Newsletter

Haseko’s *Wellness Newsletter* is published quarterly to improve the employees’ health literacy, by familiarizing them with the system and providing information on self-care that can be practiced on a daily basis, thereby raising awareness of all employees. (the image on the right)



Measures to address health issues peculiar to women—Holding of Women’s Health Seminars

Health issues specific to women vary by age. We provided educational programs for all female employees through video and e-learning formats, offering different contents for three age groups (participation rate: 93.1%, and 97.3% for those under 55 years old, who were required to take the course). Through this seminar, we aim to increase the rate of those taking the women’s comprehensive medical checkup.

In addition, we are planning to hold a seminar for male managers in fiscal 2024.

Providing opportunities and facilities for refreshing oneself—Operation of company-operated recuperation facilities and holding of events

We believe it is essential for employees to have opportunities to refresh themselves in order to maintain and enhance their mental and physical well-being, and deliver high performance.

Our directly-operated recuperation facilities are located in Tateshina (Chino City, Nagano Prefecture) and Nanki-Shirahama (Wakayama Prefecture). By directly hiring local staff, we make our facilities more homey and easy to visit repeatedly.

We held a total of 28 events in fiscal year 2023, including virtual relay road races for teams using a running app, participated by approximately 800 people in total. Every year in the summer, starting 2023, when the COVID-19 began to subside, we held a summer camp, attended by 128 people in 2024, including employees’ family members, as part of our ongoing efforts to help employees develop the habit of exercising and to promote communications.



The summer camp





A Safe and Healthy Working Environment

“MOST Activities” aimed at improving the working environment across the Group

Since fiscal year 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 through reforming and improving operations, shortening working hours and encouraging employees to take leave, and raising awareness of officers and employees. In FY2023, under the slogan “Promote operational efficiency and have a good work-life balance!” we emphasized raising awareness of the importance of operational

efficiency, improving productivity and striking a good work-life balance. Such initiatives include measures to improve proficiency in IT tools, and promoting the “My Interval” initiative, which encourages employees to take leave on important work milestones and to go home on time. The status of activity is regularly shared and highly effective measures are horizontally rolled out as needed, contributing to the improvement of the workplace environment across the Group.

Status of annual paid leave taken at the Haseko Group (FY2023)

	Annual paid leave taken	(Of which, scheduled leave taken)
Haseko Corporation	70.7%	97.0%
Haseko Group	75.5%	96.8%

*The Haseko Group has designated scheduled leave (10 days) to promote acquisition of paid leave.



Awareness raising poster of the “Group-wide No Overtime Day

Realizing closure of a construction site for 8 days every 4 weeks

The Haseko Group has been considering and implementing various measures to reduce long working hours and improve productivity. We have been working to introduce more flexible and efficient ways of working, such as by improving the mobile working environment for employees in sales and design roles, introducing staggered work hours, flextime system, and variable working hour systems, etc.

We are working to improve operational efficiency at construction sites by enhancing operational support from the

Head Office, taking steps to reduce the amount of work itself, and introducing various applications. Furthermore, we are working towards the goal of realizing the closure of a construction site for eight days every four weeks (104 days off per year). In FY2024, we have planned the work process around the assumption of eight closures per four weeks, and the executives in charge of the construction divisions have communicated this to the construction sites to ensure strict adherence.



Logo mark representing the initiative to realize two days off every week for the construction industry

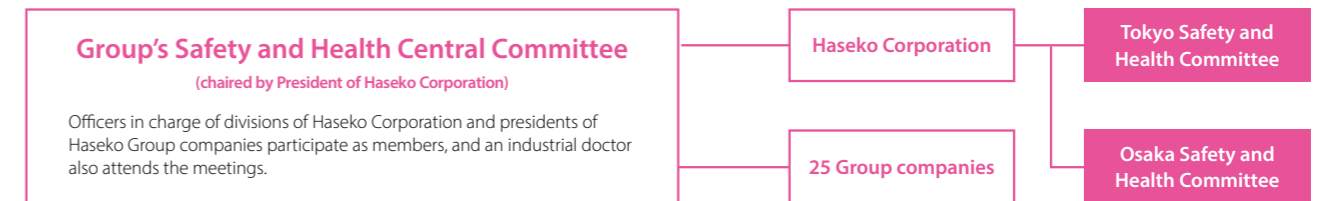
Toward the realization of a safe and healthy working environment

For more information, please visit ▶

At the Group, we establish a Group-wide Basic Policy for Safety and Health Management each fiscal year, execute thoroughgoing initiatives to eliminate occupational accidents and work to create safe and comfortable workplaces on an ongoing basis. Furthermore, construction sites of the Company 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. To eliminate occupational accidents as well as achieving “zero” fatal and serious accidents/disasters, we conducted activities by setting the frequency rate of occupational accidents at 0.60% or less and the severity rate of occupational accidents at 0.01% or less as target figures for accidents at construction sites.

Haseko Group's organizational framework for promoting health and safety



As of April 1, 2024

Developing relationships with cooperating companies

For more information, please visit ▶

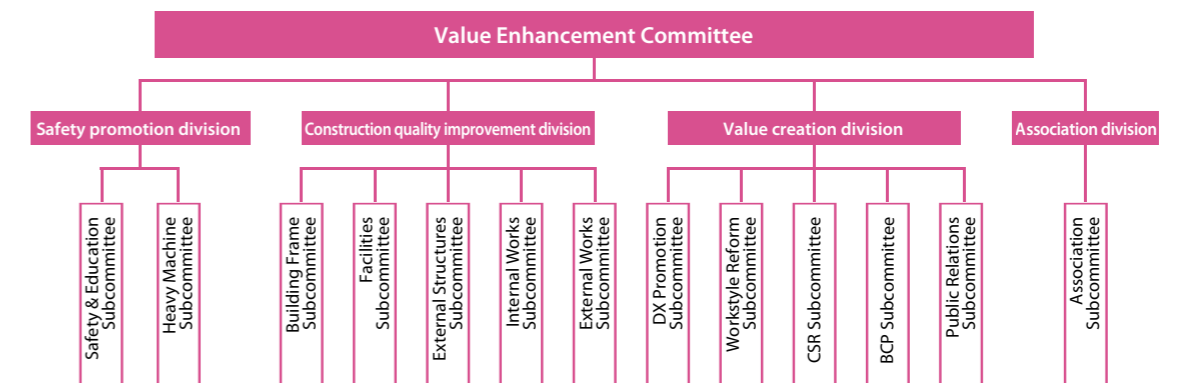
We will continue working to create a safe and productive workplace built on the relationship of trust with our cooperating companies and other suppliers.

Haseko Corporation is in charge of building condominiums with a high degree of precision through the combined efforts of the quaternary (i.e., the construction divisions, architecture & engineering divisions and technological promotion divisions of Haseko Corporation as well as “Ken-ei-kai,” an organization 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.

In addition, technology-related divisions cooperate with Ken-ei-kai to engage in “HASEKO value enhancement activities” as 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. 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. In addition, approximately 2,500 people, mainly from cooperating companies, participated in the “Value Up Expansion Study Session” held online. 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, 2024

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.

For more information, please visit ▶

ESG Date ▶

Related SDGs



Material Issues of Protecting the Precious Environment

Response to climate change

As part of efforts toward realizing a sustainable society, we are working to reduce our greenhouse gas emissions from our business activities in accordance with the reduction targets for SBT certification. We are also driving the disclosure of information relating to climate change in line with the TCFD.

Consideration for biodiversity

Ensuring that corporate activities are carried out in a way that takes biodiversity into consideration is an important management issue, and through this we are contributing to the reaching of international goals targeting the realization of a sustainable society.

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.

Response to Climate Change

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.

For more information, please visit ▶

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.

Realize the Corporate Philosophy

Addressing climate change as an important management issue

Achieve carbon neutrality by 2050

Acquisition of an SBT certification (June 2022)
Introduction of renewable energy at all construction sites (by December 2025)
Promotion of low-carbon construction

Expand/create business opportunities

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)

Bring together all capabilities of the Haseko Group

Promote dialogue/cooperation with stakeholders

Disclosures based on the TCFD recommendations, and response to Carbon Disclosure Project (CDP)



Disclosures based on the recommendations of the TCFD*



For more information, please visit ▶

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.

*TCFD: Task Force on Climate-related Financial Disclosures. It recommends companies and such to disclose items related to climate change-related risks and opportunities.

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. Our targets for 2030 have acquired an SBT certification. *SBT: Science Based Targets



Haseko Group greenhouse gas emissions reduction targets

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

Haseko Group greenhouse gas emissions results (by Scope)

Metrics	FY2021	FY2022	FY2023
Scope 1 (t-CO ₂): Direct emissions (from burning fuel, etc.)	40,487	34,486	52,224
Scope 2 (t-CO ₂): Indirect emissions (from the use of electricity, etc.)	24,258	18,302	8,349
Scope 3 (t-CO ₂): Supply chain emissions	6,175,367	5,629,382	5,294,469

Governance

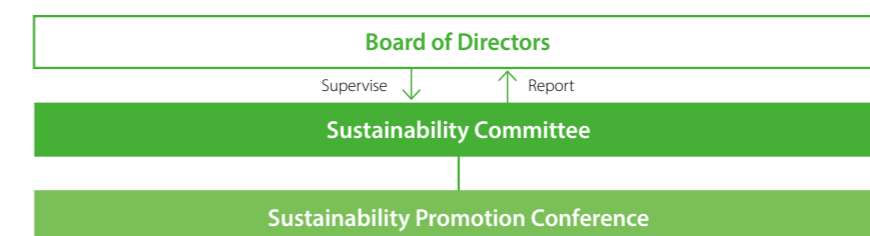
The Haseko Group has established the "Sustainability Committee" under the Board of Directors with the aim of achieving sustainability. The committee, chaired by the President and Representative Director, is composed of the officers in charge of each division and the presidents of Group companies.

The Sustainability Committee meets once a year to deliberate and decide on policies and action plans concerning sustainability, including our response to climate change, and to monitor and review sustainability activities. Matters deliberated and reported at the Sustainability 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 Sustainability Committee when developing its business strategy, investment strategy, and other management strategies.

As a subordinate body under the Committee, we have the "Sustainability Promotion Conference" and the Committee is working to promote and disseminate CSR activities throughout the Group, including environmental measures such as decarbonization as well as energy and environmental technologies.

Management system





Strategy

Risk and Opportunity Identification Process

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

The study results are approved by the Sustainability 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. Quantitative calculations were not performed regarding financial impact this time. 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.

Studies were also done 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 analysis, we identified as significant risks the increase in construction costs due to the adoption of a carbon tax 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 ZEH (Net-Zero Energy Houses) and disaster-resistant houses may lead to an increase in opportunities to receive orders for new construction and renovations.

Based on these analytical results, we checked the current state of initiatives addressing these risks and opportunities and studied their adequacy and the need for additional measures. As a result, we confirmed that the current direction of our initiatives is appropriate and that further acceleration is required for several measures, such as decarbonization technology for concrete and steel, which comprise the greater part of CO₂ emissions from construction materials, and energy-saving technology for houses and buildings. Going forward, we will specify actions to accelerate these measures and move forward with further initiatives. Please see the chart below for details on significant risks and opportunities, their impact, and our response.

*Integrated into the Sustainability Promotion Conference in FY2024

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

*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 sort out climate change risks and analyze their impact on business. For details on other climate change-related risk management systems, please access the information to the right.

[For more information, please visit ▶](#)

We have formulated a transition plan as follows, by turning the “countermeasures” in the “risks and opportunities” section on the previous page (P.86) into concrete actions.

The Haseko Group CO₂ emissions reduction plan (transition plan)

[For more information, please visit ▶](#)

The Haseko Group is working to reduce CO₂ emissions in accordance with the following plan in order to contribute to the prevention of global warming, mitigate the risks associated with the transition to a decarbonized society, and pursue opportunities.

1. The plan up to FY2030

(1) Scope 1 and 2 (FY2030 target: -42% compared to FY2020)

① Scope 1

As mentioned below, we will prioritize reducing Scope 2 emissions for the time being, but we will also work to reduce Scope 1 emissions as outlined below in order to achieve our FY2030 targets.

a. Construction sites

Scope 1 emissions from construction sites come from the combustion of fossil fuels in heavy machinery and transportation vehicles. In addition to thoroughly implementing the energy-saving activities we have been working on for some time, such as idling stop systems, proper maintenance of heavy machinery and vehicles, and reducing the number of transportation vehicles by using soil excavated from construction sites on-site, we are also promoting the introduction of low-carbon fuels and electric forklifts with the aim of further reducing emissions. There has been little progress in the commercialization of electric models of large heavy machinery such as backhoes, so at present they are still in the trial stage, but we will aim to introduce them on a full scale in the second half of the 2020s while monitoring their spread.

b. Offices, etc.

Scope 1 emissions from offices, etc., come from the combustion of fossil fuels used in the vehicles for sales activities of each Group company, the vehicles used to transport customers in the senior business, and the cooking and hot water supply facilities at facilities for seniors. In addition to thoroughly implementing the energy-saving activities we have been working on, such as idling stop systems and the proper maintenance of vehicles, we are also promoting the introduction of hybrid and electric vehicles with the aim of further reducing emissions, and we aim for the full-scale adoption of EVs in the second half of the 2020s.

② Scope 2

For the time being, we will prioritize efforts to reduce Scope 2 emissions as follows, with the aim of reducing Scope 2 emissions to zero by FY2026. Scope 2 accounted for 36% of Scope 1 and 2 in FY2020, so reducing Scope 2 to zero would be a major step forward in achieving the FY2030 Scope 1 and 2 reduction target (-42% compared to FY2020).

a. Construction sites

In December 2021, along with the formulation of the Haseko Group's climate change response policy: HASEKO ZERO-Emission, the company announced its target of converting to 100% renewable energy for electricity used at construction sites by the end of 2025. Our efforts to achieve this target are progressing smoothly, and as of May 2023, we have achieved 100% renewable energy at Haseko Corporation's construction sites. We will continue to implement measures at the construction sites of each Group company, as we work towards achieving our targets.

b. Offices, etc.

We are also moving forward with the conversion to renewable energy for the offices used by each of the Group companies and the rental properties they own, etc., starting with the main facilities. We will lower emissions in stages, including through the purchase of Non-Fossil Certificates to make virtual conversions to renewable energy for facilities in leased properties where it is difficult to convert to renewable energy, and aim to reduce Scope 2 to zero by FY2026.

(2) Scope 3 (FY2030 target: -13% compared to FY2020)

The majority of Haseko Group's Scope 3 emissions are from activities up to the manufacturing process of the construction

materials, etc. we purchase (Category 1) and from the electricity and gas that the occupants of the buildings we construct and develop consume in their daily lives (Category 11). We are taking the following measures to reduce these emissions.

① Category 1

In addition to promoting the adoption of our proprietary environmentally friendly H-BA Concrete in properties developed by Group companies, we are also stepping up our efforts to propose its use by all of the project owner companies, with the aim of achieving an adoption proposal rate of 80% by fiscal 2030. We are also promoting the use of wooden construction. In order to reduce emissions in Category 1, it is important to work together with suppliers of construction materials and project owners. We will therefore continue to strengthen our partnerships and proposals, with the aim of reducing emissions.

② Category 11

We are engaged in the promotion of ZEH-M. In particular, all newly built condominium buildings (both those for sale and rent) in which our Group has been the main developer and on which the design work began in FY2022 or later shall meet the ZEH-M Oriented standard. We are also intensifying our efforts to encourage project owners to adopt specifications that meet the ZEH-M standard. In order to reduce emissions in Category 11, it is important to work together with the project owners. We will therefore continue to strengthen our partnerships and proposals, with the aim of reducing emissions.

*ZEH-M is an abbreviation of Net Zero Energy House Mansion. These condominiums are built with features that reduce energy consumption, such as improved insulation performance around the exterior, the adoption of high-efficiency equipment, and the use of renewable energy. Out of these features, ZEH-M Oriented condominiums meet certain standards for thermal insulation performance and energy consumption.

*Category 1 makes up 33% of Scope 3 emissions in FY2020, while Category 11 makes up 60%. Combined, the two categories accounted for 93% of Scope 3 emissions in FY2020.

2. Achieving the targets for FY2050

We believe that in order to achieve the FY2050 reduction targets, it is essential to utilize the advanced technologies that are currently being researched and developed (or will be researched and developed in the future) around the world. In addition, in order to implement them as a business, the reduction measures must align with the interests of end users such as condominium residents. In this respect, we believe that the policy trends of various support measures by the government and other organizations will be an important factor. In addition to promoting research and development within our Group and collaboration and cooperation with our stakeholder companies, we will also consider specific reduction measures while keeping a close eye on these external trends.

3. Promotion and management systems of the plans

This CO₂ reduction plan is being formulated and promoted by a working group set up under the Sustainability Promotion Conference that includes members from across the entire Group. The Haseko Corporation Board of Directors has received reports on the details of the plan and approved it. In addition, the Board of Directors regularly receives reports on the progress of the plan. Furthermore, the content of the plan will be reviewed as necessary based on changes in the internal and external environment, etc., subject to the same procedures.



Concrete initiatives in response to climate change

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.



Adoption of battery-driven fully electric rough terrain cranes

Adoption of electric forklifts

Initiatives for reduction of Scope 1 emissions (CO₂ 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 eco-friendly fuel (GTL and B5) for heavy machinery
Adoption of electric backhoes (trial)	Adoption of electric forklifts
Adoption of battery-driven fully electric rough terrain cranes	Adoption of ALC hardware non-welding method

Initiatives for reduction of Scope 2 emissions (CO₂ emissions from power consumption at sites)

Adoption of biomass electric power	Use of LED for temporary lighting at sites
Adoption of solar power generation using prefabricated house roofs	

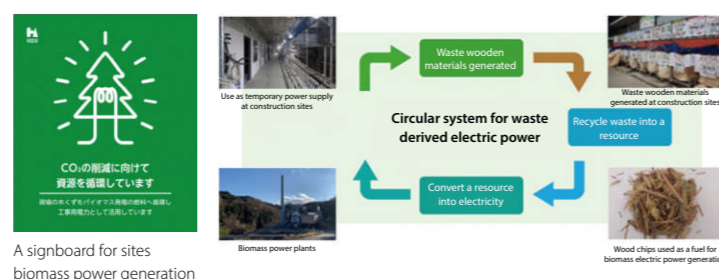
Initiatives for reduction of Scope 3 emissions (CO₂ emissions associated with manufacture and transport of construction materials and transport, processing, etc. of waste)

Reduction and thorough separation of waste	Reduction of the number of transport vehicles by reducing volume of waste
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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.

This initiative can 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.



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

In 2021, we formulated 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.

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 (foundations and above-ground framework) of Feel G Residence, 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.

Following the receipt of the Special Evaluation Method Certification, we fully adopted H-BA concrete in the above-ground framework of The Kensington Residence Kamiikedai in the Tokyo area (Ota City, Tokyo; total 42 units) and the foundations and above-ground framework of Renai Esaka Enokicho in the Kansai area (Suita-shi, Osaka; total 149 units) for the first time.

¹ Evaluation Method Criteria: Criteria 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.

Main properties adopting H-BA Concrete and its greenhouse gas (CO₂) reduction effects

FY	Usage volume (m ³)	Reduction of CO ₂ (t-CO ₂)	Property adopting H-BA Concrete (completed properties)
2017	125	6.2	Haseko Technical Center
2020	25	1.1	Renai Yokohama Totsuka
2022	2,945	162.6	Feel G Residence/Bransieta Urayasu/Acoustic Experiment Building, Haseko Technical Center/Bransieta Otorii
2023	2,361	140.8	The Kensington Residence Kamiikedai/ LATIERRA académico MITAKA
Total	5,456	310.7	

Switching to using 100% renewable energy at construction sites*

In May 2023, Haseko Corporation successfully switched 100% of electricity used at construction sites to renewable energy sources.

It is planned that by the end of 2025, other Haseko Group companies including Fujikensetsu Co., Ltd., Haseko Reform Inc.

and Hosoda Corporation will also switch 100% of electricity used at their construction sites to renewable energy sources.

*This excludes sites pending requests to switch to renewable energy electricity subsequent to the commencement of construction and sites switching to (non-renewable) power company supply before delivery.

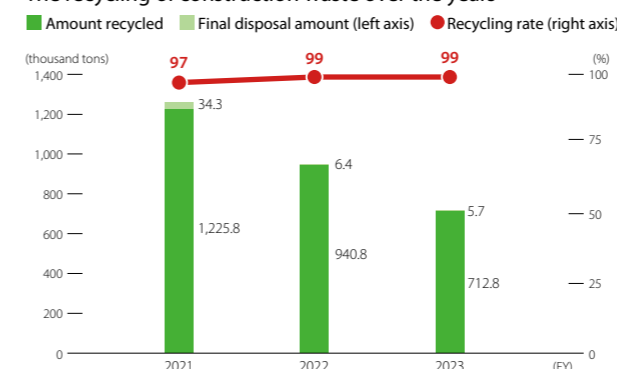
Efforts to reduce construction waste

The status of the recycling of construction waste

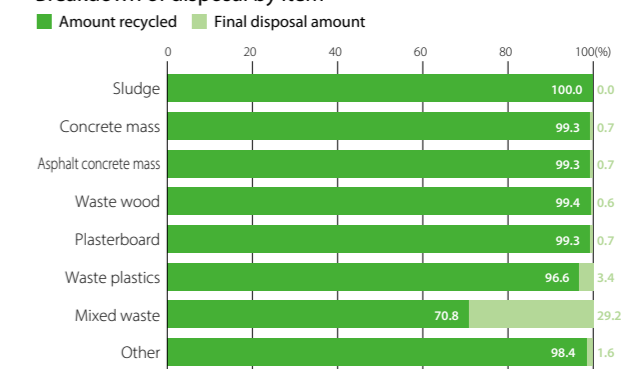
The amount of construction waste recycled in FY2023 was 416,500 tons for new building construction and 296,300 tons for demolition for a total of 712,800 tons. In addition, 79.7 tons of

CFCs (0.4 tons of halons) were recovered and destroyed, and 3,065.8 tons of asbestos were properly processed and disposed of.

The recycling of construction waste over the years



Breakdown of disposal by item



Pollution Prevention and Consideration for the Local Environment

Response to Soil and Water Pollution

In the acquisition of land, the Haseko Group investigates the usage history and conducts soil surveys by specialists if there is any doubt about soil contamination.

When soil contamination is confirmed, appropriate measures are taken including removal or containment of pollutants in accordance with the Soil Contamination Countermeasures Act and other relevant laws and regulations. Similarly, we are responding appropriately to water pollution when problems are identified.

Consideration for the local environment

When constructing new condominiums or renovating existing properties, the Haseko Group makes efforts to give consideration to the local environment such as using low-vibration and low-noise construction vehicles and machinery. At some construction work sites, we have taken measures to minimize the impact on the surrounding area such as intermittently cleaning up the surrounding area, installing soundproof sheets on top of temporary enclosures, and taking measures to prevent noise during pile head processing.



Cleanup activity



Consideration for Biodiversity

Registered as an OECM* following certification for Natural Symbiosis Sites from the Ministry of the Environment

Haseko Corporation applied for and received certification from the Ministry of the Environment, designating Haseko Technical Center as a Natural Symbiosis Site (October 6, 2023).

The 30by30 target, which aims to effectively protect or conserve at least 30% of land and sea areas as healthy ecosystems by 2030, has been set as a global biodiversity goal. Haseko Corporation has been participating in the Natural Symbiosis Sites project, which contributes to the achievement of Japan's 30by30 target, since its trial phase in fiscal year 2022 and has now received the certification. In addition, the center was registered in

an international database as an OECM by the Ministry of the Environment.

By obtaining this certification, the Haseko Group will further contribute to the achievement of Japan's 30by30 target by preserving the value of biodiversity and enhancing its quality.

*OECM stands for "other effective area-based conservation measures" and refers to places that are not protected areas designated by nations, etc., but where nature is nevertheless effectively protected.



Disclosures based on the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)

The Haseko Group endorsed the mission of the TNFD* and joined the TNFD Forum in November 2023. While participating in the Forum, the Haseko Group is conducting analysis based on the TNFD Final Recommendations, which are becoming increasingly important in society, and is preparing to disclose information in line with these recommendations. We will continue to further

promote the proper disclosure of information related to natural capital and biodiversity, working to build relationships of trust with our diverse stakeholders and to enhance our corporate value on a sustainable basis.

*TNFD: An organization that establishes the framework necessary for disclosing nature-related information. It encourages disclosure of assessments of risks and opportunities related to natural capital and biodiversity.

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 2023, one 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.



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

[For more information, please visit ▶](#)

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.

Afforestation activity "Haseko no Mori" in Chino City, Nagano Prefecture

The Haseko no Mori project in Chino City, Nagano Prefecture started in 2017. We strive to conserve an approximately 13-ha forest by thinning trees and doing other forest management activity on an ongoing basis to keep the forest healthy by our employees and their families in cooperation with Nanakakouchi Zaisanku, a local company that owns the forest, as well as the Forestry Division and the Suwa Regional Development Bureau of Nagano Prefecture. The activity provides an opportunity for us to interact with the local community and for our employees and their families to learn about and appreciate the natural

environment.

In FY2023, 78 participants, comprising employees of the Haseko Group and their families, took part in forest maintenance activities such as cutting down small trees and clearing away fallen trees.

Afforestation activity "Haseko no Mori" in Tanabe City, Wakayama Prefecture

The Haseko no Mori project in Tanabe City, Wakayama Prefecture started in 2018 as the second activity of the project. We strive to conserve an approximately 3-ha forest by doing an ongoing afforestation activity with a focus on tree planting and underbrush clearing by our employees and their families in cooperation with Nakahechi-cho Sinrin Kumiai, a forestry association that manages the forest, and the local community. The activity provides an opportunity for us to interact with the local community and for our employees and their families to learn about and appreciate the natural environment.

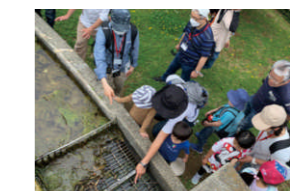
In the fiscal year 2024, 53 participants of our employees and their families planted a total of 700 saplings, which include those of ubame oak and mountain cherry.

Haseko biodiversity seminar

We hold events jointly with Tama City for children of elementary school age and older living in the city to learn about biodiversity, such as the relationships of Satoyama landscapes, thickets and living things, through observation of plants and animals at the biotope installed in Haseko Technical Center and in the Tsurumaki Nishi Park.

Our fifth event of Ikimono Hakken in Tamatsurumaki in the fiscal year 2023, where participants observed nature under the theme of water. A total of 25 participants in 11 groups (of which, 13 were children) enjoyed the event, commenting that they were impressed by the many new things they discovered along the

paths they usually walk casually, and that it was very interesting to learn more about the plants they are familiar with.



Observing living creatures



Biotope

Environmental Management System

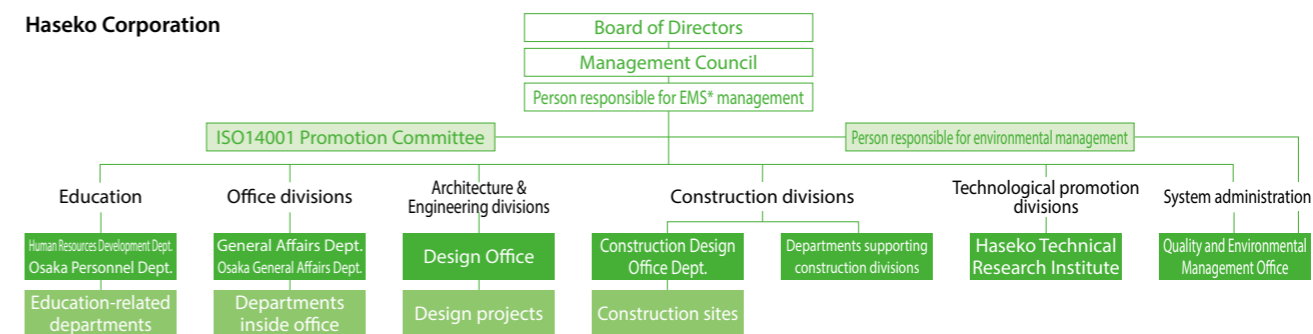
To promote and develop environmental activities, each division has set environmental goals and numerical targets and is making steady efforts.

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

We have established and are promoting the Haseko Group's Environmental Policy and the Haseko Group Code of Conduct on Biodiversity to help conserve the global environment and build a sustainable society.

[For more information, please visit ▶](#)

Organizational framework for promoting environmental management system



As of April 1, 2024

* Environmental management system

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.

[For more information, please visit ▶](#)

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 2023, 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 2023 were as follows.

	Registration date Last updated	External examination date	Number of matters pointed out in external examination
Haseko Corporation	1997.3.31 2022.10.1	2023.7.25~26	None
Haseko Reform Inc.	2014.3.13 2021.4.19	2024.2.5~28	None
Fujikensetsu Co., Ltd. (Tokyo Branch)	2000.11.15 2024.2.22	2023.12.6~7	None
Fujikensetsu Co., Ltd. (Kansai Branch)	2000.3.1 2023.12.21	2023.10.18~19	None



Analysis of Operating Results (FY2023)

1. Operating results

In the fiscal year under review (the fiscal year ended March 31, 2024), the Japanese economy continued its moderate recovery, reflecting improvements in the employment and income environment and the effects of various government policies. On the other hand, it is necessary to pay attention to the downward pressure being exerted by factors such as global monetary tightening and concerns about the future of the Chinese economy, as well as rising prices, the situation in the Middle East, fluctuations in financial and capital markets, and the impact of the Noto Peninsula earthquake.

The new supply of condominium units in FY2023 stood at 26,798 units (down 6.4% year on year) in the Tokyo metropolitan area and 15,788 units (down 8.5% year on year) in the Kinki area. Amid rising prices for goods and condominiums, the number of units supplied declined for two consecutive years in both the Tokyo metropolitan area and the Kinki area by reducing the frequency of supply as well as the number of units per supply. 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 1,151 thousand yen/m² (up 10.8% year on year) and the average market price increased to 75.66 million yen (up 9.5% year on year) in the Tokyo metropolitan area, reaching record highs three years in a row. The unit price increased to 834 thousand yen/m² (up 7.6% year on year) and the average market price increased to 49.35 million yen (up 5.5% year on year) in the Kinki area. The unit price reached a record high for the third consecutive year. While the unit price and average market price continued to rise, the initial-month sales rate in the Tokyo metropolitan area was 69.9% (down 0.8 percentage points year on year), and the number of for-sale units being marketed as of the end of March 2024 increased to 5,665 (up 9.2% year on year). Nevertheless, compared to FY2019 (7,888 units), FY2020 (7,357 units), and FY2021 (5,881 units), the number of for-sale units being marketed remains relatively low. Sales progressed steadily in the Kinki area, with the initial-month sales rate at 73.5% (up 2.6 percentage points year on year) and the number of for-sale units being marketed as of the end of March 2024 having decreased to 2,758 (down 20.7% year on year).

Under these circumstances, for the fiscal year under review, which represents the fourth year of "HASEKO Next Stage Plan ("Plan NS"), the Company's medium-term business plan, the gross profit margin of completed construction contracts declined, affected by the sharp rise in material and labor costs and other factors. Despite this, consolidated ordinary income came to 83.3 billion yen, exceeding the initial forecast of 83.0 billion yen, as a

result of steady profit accumulation by each company in the service-related business.

For the fiscal year under review, net sales were up 6.5% year on year at 1,094.4 billion yen because of increases in completed construction contracts and the transaction volume of real estate. Mainly due to a decrease in the gross profit margin of completed construction contracts, operating income was down 4.9% year on year at 85.7 billion yen, ordinary income was down 5.6% year on year at 83.3 billion yen, and net income attributable to owners of parent was down 5.5% year on year at 56.0 billion yen. The operating income ratio was 7.8% (down 0.9 percentage points year on year) and the ordinary income ratio came to 7.6% (down 1.0 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 system, and such. However, the gross profit margin of completed construction contracts declined due to deteriorating profitability at the time of the order, higher costs of materials and labor, and other factors.

In terms of orders for new construction of for-sale condominiums, the Company won orders for 83 projects in total throughout Japan consisting of 59 in the Tokyo metropolitan area including 15 large projects each of which has more than 200 units and 24 in the Kinki and Tokai areas including 8 large projects each of which has more than 200 units. In addition, aside from construction of for-sale condominiums, the Company received orders for 13 projects for rental housing, etc.

As for construction completion, the Company completed construction of 97 projects including 18 projects for rental housing, etc.

The segment posted sales of 776.5 billion yen, a year-on-year increase of 4.0%, reflecting the increase in completed construction contracts by the Company. Operating income was 57.8 billion yen, a year-on-year decrease of 13.6%, which reflected the decrease in the gross profit margin of completed construction contracts.

Real Estate-Related Business

The segment posted sales of 128.2 billion yen, a year-on-year increase of 10.1%, and operating income of 19.2 billion yen, a year-on-year increase of 0.8%, due to the increase in the number of new for-sale condominiums delivered and a higher volume of other real estate transactions.

Service-Related Business

Sales for extensive refurbishment and interior remodeling remained largely flat, but profits increased due to an improved gross profit margin.

In the management of rental condominiums and corporate housing management agency services, the number of units the Company operates reached a combined total of 191,162 units, an increase of 5.5% from the end of the previous fiscal year, due to a steady increase in new consignment of these services and the continuation of ongoing consignment.

In consignment sales of newly built condominiums, sales remained strong, especially in the Tokyo metropolitan area, and the number of delivered units increased.

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 436,798 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 the elderly in operation totaled 2,549 units (up 7.9% year on year) mainly as a result of opening two new paid facilities for the elderly and the progress seen in move-ins to paid facilities for the elderly and housing for the elderly.

The segment posted sales of 267.5 billion yen, a year-on-year increase of 14.7%, and operating income of 19.2 billion yen, a year-on-year increase of 28.5%.

Overseas-Related Business

The operation of commercial facilities and the development of new for-sale detached housing business have been in progress in Oahu, Hawaii.

It being the first fiscal year since the opening the commercial facilities, the segment posted sales of 1.0 billion yen (in contrast to sales of 0.0 billion yen for the previous fiscal year) and an operating loss of 4.9 billion yen (in contrast to an operating loss of 2.9 billion yen in the previous fiscal year).

2. Financial position

Total assets at the end of the fiscal year under review amounted to 1,351.2 billion yen, an increase of 153.1 billion yen from the end of the previous fiscal year. This was primarily due to increases in cash and bank deposits.

Total liabilities were 840.0 billion yen, an increase of 96.0 billion yen from the end of the previous fiscal year, due to the borrowing of debt and other factors.

Net assets were 511.2 billion yen, an increase of 57.2 billion yen from the end of the previous fiscal year, stemming from such factors as an increase in retained earnings due to the recording of net income attributable to owners of parent.

As a result, the equity ratio was 37.8% compared with 37.9% at the end of the previous fiscal year.

Construction-Related Business

Assets of the Construction-Related Business amounted to 383.3 billion yen as of the end of the fiscal year under review, a decrease

of 7.2 billion yen from the end of the previous fiscal year, due to such factors as decreases in real estate for sale following the progression of the sale of land for the purpose of receiving construction orders.

Real Estate-Related Business

Assets for the Real Estate-Related Business amounted to 484.5 billion yen as of the end of the fiscal year under review, an increase of 60.5 billion yen from the end of the previous fiscal year, as real estate for sale and 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 amounted to 273.8 billion yen as of the end of the fiscal year under review, an increase of 41.7 billion yen from the end of the previous fiscal year, due to such factors as increases in cash and bank deposits that increased in line with the increase in deposits.

Overseas-Related Business

Assets of the Overseas-Related Business amounted to 118.0 billion yen as of the end of the fiscal year under review, an increase of 18.1 billion yen from the end of the previous fiscal year, as investment securities increased because of investment, among other factors.

3. Cash flows

Net cash provided by operating activities for the fiscal year under review was 115.0 billion yen, fluctuated by 166.9 billion yen from the net cash used in operating activities totaling 51.9 billion yen for the previous fiscal year. Major factors included an increase of 20.6 billion yen in cash as a result of a decrease in notes and accounts receivable (in contrast to a decrease of 21.2 billion yen in cash for the previous fiscal year).

Net cash used in investing activities for the fiscal year under review was 39.8 billion yen, fluctuated by 15.6 billion yen from the net cash used in investing activities totaling 55.4 billion yen for the previous fiscal year. Major factors included a decrease of 24.2 billion yen in cash as a result of purchase of property, equipment and intangible assets (in contrast to a decrease of 35.4 billion yen in cash for the previous fiscal year).

Net cash used in financing activities for the fiscal year under review was 0.8 billion yen, fluctuated by 51.5 billion yen from the net cash provided by financing activities totaling 50.8 billion yen for the previous fiscal year. Major factors included an increase of 23.5 billion yen in cash as a result of newly borrowing of debt and issuing of corporate bonds as well as repayment (in contrast to an increase of 79.7 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 under review amounted to 283.5 billion yen, an increase of 75.2 billion yen from 208.3 billion yen at the end of the previous fiscal year.

Cash flows from operating activities increased significantly year on year, but this was mainly due to an increase in cash accompanying the decrease in notes and accounts receivable.

Consolidated Balance Sheet

	(Millions of yen)		(Millions of yen)	
	As of Mar. 31, 2023	As of Mar. 31, 2024	As of Mar. 31, 2023	As of Mar. 31, 2024
ASSETS				
Current assets				
Cash and bank deposits	206,644	284,129	93,246	100,694
Notes and accounts receivable, trade	169,150	148,526	63,896	73,193
Marketable securities	4,613	2,255	31,500	—
Costs on uncompleted construction contracts	12,061	12,733	10,000	10,000
Real estate for sale	216,966	266,332	20,000	—
Costs and advances for real estate operations	212,591	253,423	19,152	15,853
Real estate for development projects	30,315	33,056	28,631	47,167
Other	16,929	21,367	27,245	41,765
Allowance for doubtful accounts	(70)	(121)	4,351	4,861
Total current assets	869,199	1,021,700	506	687
Fixed assets			5,515	6,019
Property and equipment			180	208
Buildings and structures	98,263	95,784	74,580	93,936
Machinery, vehicles, equipment and furniture	11,131	13,191	378,802	394,383
Land	116,645	91,774		
Leased assets	1,197	1,062		
Construction in progress	18,448	8,251		
Other	22	130		
Accumulated depreciation	(34,087)	(34,566)		
Total property and equipment	211,618	175,625		
Intangible assets				
Land leasehold rights	1,896	1,895		
Goodwill	2,184	1,981		
Other	6,083	7,160		
Total intangible assets	10,163	11,036		
Investments and other assets				
Investment securities	61,218	91,444		
Long-term loans receivable	3,692	3,551		
Net defined benefit asset	18,407	29,362		
Deferred tax assets	10,751	5,545		
Other	13,856	13,925		
Allowance for doubtful accounts	(799)	(958)		
Total investments and other assets	107,124	142,870		
Total fixed assets	328,906	329,531		
Total assets	1,198,105	1,351,231		
LIABILITIES				
Current liabilities				
Notes and accounts payable	93,246	100,694		
Electronically recorded obligations	63,896	73,193		
Short-term borrowings	31,500	—		
Current portion of long-term debt	10,000	10,000		
Current portion of bonds	20,000	—		
Income taxes payable	19,152	15,853		
Advances received on uncompleted construction contracts	28,631	47,167		
Advances received for real estate sales	27,245	41,765		
Warranty	4,351	4,861		
Allowance for losses on construction contracts	506	687		
Accrued bonuses for employees	5,515	6,019		
Accrued bonuses for directors	180	208		
Other	74,580	93,936		
Total current liabilities	378,802	394,383		
Long-term liabilities				
Straight bonds	100,000	120,000		
Long-term debt	230,000	285,000		
Provision for loss on litigation	2,819	2,990		
Provision for employee stock ownership plan	4,059	4,427		
Provision for board benefit trust	491	481		
Liability for retirement benefit	1,630	1,777		
Deferred tax liabilities	17	11		
Other	26,199	30,916		
Total long-term liabilities	365,215	445,601		
Total liabilities	744,016	839,985		
NET ASSETS				
Shareholders' equity				
Capital stock	57,500	57,500		
Capital surplus	7,373	7,373		
Retained earnings	427,878	461,707		
Treasury stock	(37,630)	(37,233)		
Total shareholders' equity	455,121	489,347		
Accumulated other comprehensive income				
Net unrealized gain on other securities	711	10,452		
Translation adjustments	5,241	11,101		
Retirement benefits liability adjustments	(6,989)	345		
Total accumulated other comprehensive income (loss)	(1,037)	21,899		
Non-controlling interests	4	—		
Total net assets	454,088	511,246		
Total liabilities and net assets	1,198,105	1,351,231		

Consolidated Statement of Income

	(Millions of yen)	
	FY2022	FY2023
Net sales		
Construction contracts	502,361	546,841
Design and supervision	11,845	11,776
Leasing and management	86,565	92,083
Real estate sale	408,540	424,269
Others	17,965	19,452
Total net sales	1,027,277	1,094,421
Cost of sales		
Construction contracts	419,087	471,666
Design and supervision	5,460	5,630
Leasing and management	67,237	70,664
Real estate sale	358,615	369,528
Others	15,569	16,323
Total cost of sales	865,968	933,811
Gross profit		
Construction contracts	83,274	75,176
Design and supervision	6,385	6,146
Leasing and management	19,329	21,419
Real estate sale	49,925	54,740
Others	2,396	3,129
Total gross profit	161,309	160,610
Selling, general and administrative expenses	71,147	74,862
Operating income	90,162	85,747
Non-operating income		
Interest income	97	211
Dividend income	374	446
Foreign exchange gains	—	459
Other	1,430	1,529
Total non-operating income	1,901	2,645
Non-operating expenses		
Interest expenses	1,919	2,450
Equity in losses of affiliates	12	456
Incidental expenses for loan	1,486	1,799
Other	380	352
Total non-operating expenses	3,798	5,058
Ordinary income	88,265	83,334
Special income		
Gain on sale of property and equipment	11	19
Gain on sale of investment securities	13	—
National subsidies	—	54
Subsidy income	45	—
Other	—	4
Total special income	68	77
Special losses		
Loss on disposal of property and equipment	104	45
Impairment loss on fixed assets	347	471
Impairment loss on investment securities	500	—
Other	41	54
Total special losses	991	569
Income before income taxes	87,342	82,842
Income taxes – current	29,115	28,347
Income taxes – deferred	(1,098)	(1,544)
Total income taxes	28,016	26,803
Net income	59,326	56,039
Net income (loss) attributable to non-controlling Interests	(0)	1
Net income attributable to owners of parent	59,326	56,038

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2022	FY2023
Net income	59,326	56,039
Other comprehensive income		
Net unrealized gain (loss) on other securities	(1,646)	9,741
Translation adjustments	7,421	5,861
Retirement benefits liability adjustments	(1,784)	7,335
Total other comprehensive income	3,990	22,936
Comprehensive income	63,316	78,975
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	63,316	78,974
Comprehensive income attributable to non-controlling interests	(0)	1

Consolidated Statement of Changes in Net Assets

(Millions of yen)

FY2022	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 April 1, 2022	57,500	7,373	392,149	(34,333)	422,689	2,358	(2,180)	(5,205)	(5,027)	5	417,667
Changes during period											
Cash dividend			(23,597)		(23,597)						(23,597)
Net income attributable to owners of parent for the year ended March 31, 2023			59,326		59,326						59,326
Purchase of treasury stock				(3,532)	(3,532)						(3,532)
Disposal of treasury stock				234	234						234
Net changes in items other than those in shareholders' equity						(1,646)	7,421	(1,784)	3,990	(0)	3,989
Total changes during period	—	—	35,729	(3,297)	32,432	(1,646)	7,421	(1,784)	3,990	(0)	36,422
Balance at March 31, 2023	57,500	7,373	427,878	(37,630)	455,121	711	5,241	(6,989)	(1,037)	4	454,088

(Millions of yen)

FY2023	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 April 1, 2023	57,500	7,373	427,878	(37,630)	455,121	711	5,241	(6,989)	(1,037)	4	454,088
Changes during period											
Cash dividend			(22,209)		(22,209)						(22,209)
Net income attributable to owners of parent for the year ended March 31, 2024			56,038		56,038						56,038
Purchase of treasury stock				(5)	(5)						(5)
Disposal of treasury stock			0	402	402						402
Net changes in items other than those in shareholders' equity						9,741	5,861	7,335	22,936	(4)	22,932
Total changes during period	—	0	33,829	397	34,226	9,741	5,861	7,335	22,936	(4)	57,158
Balance at March 31, 2024	57,500	7,373	461,707	(37,233)	489,347	10,452	11,101	345	21,899	—	511,246

Consolidated Statements of Cash Flows

(Millions of yen)

	FY2022	FY2023
Cash flows from operating activities		
Income before income taxes	87,342	82,842
Depreciation	6,179	7,446
Impairment loss on fixed assets	347	471
Amortization of goodwill	203	203
Provision (reversal) of allowance for doubtful accounts	(3)	210
Increase (decrease) in provision for loss on litigation	(28)	(30)
Interest and dividend income	(471)	(657)
Interest expenses	1,919	2,450
Equity in earnings of affiliates	12	456
Loss (gain) on sale of investment securities	(13)	—
Impairment loss on investment securities	500	—
Loss (gain) on disposal of property and equipment	93	25
Valuation loss on inventories	1,631	624
Decrease (increase) in notes and accounts receivable	(21,210)	20,558
Decrease (increase) in costs on uncompleted construction contracts	(682)	(672)
Decrease (increase) in inventories	(97,363)	(41,395)
Increase (decrease) in notes, accounts payable and accrued expenses	15,056	16,717
Increase (decrease) in amounts received for uncompleted construction contracts	3,159	18,536
Increase (decrease) in deposits	(5,367)	17,288
Other, net	(13,671)	23,690
Subtotal	(22,365)	148,766
Interest and dividends received	470	658
Interest paid	(1,888)	(2,379)
Income taxes paid	(28,126)	(32,022)
Net cash provided by (used in) operating activities	(51,909)	115,023
Cash flows from investing activities		
Payments into time deposits	—	(31)
Payment for purchase of securities	(659)	(705)
Proceeds from redemption of securities	659	705
Purchase of property, equipment and intangible assets	(35,447)	(24,158)
Proceeds from sale of property, equipment and intangible assets	60	154
Payment for purchase of investment securities	(18,365)	(15,599)
Proceeds from sales and withdrawal of investment securities	42	482
Loan advances	(16,509)	(20,908)
Proceeds from collection of loans receivable	15,263	20,266
Payments of leasehold and guarantee deposits	(1,123)	(928)
Proceeds from refund of leasehold and guarantee deposits	729	721
Other, net	(96)	156
Net cash provided by (used in) investing activities	(55,446)	(39,846)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	31,500	(31,500)
Increase in long-term debt	50,000	65,000
Repayments of long-term debt	(31,841)	(10,000)
Bonds issuance	30,000	20,000
Redemption of bonds	—	(20,000)
Purchase of treasury stock	(3,538)	(5)
Incidental expenses for loan	(1,469)	(1,819)
Cash dividends paid	(23,597)	(22,209)
Other, net	(270)	(220)
Net cash provided by (used in) financing activities	50,785	(753)
Effect of exchange rate changes on cash and cash equivalents	39	736
Net increase (decrease) in cash and cash equivalents	(56,531)	75,161
Cash and cash equivalents at beginning of period	264,864	208,333
Cash and cash equivalents at end of period	208,333	283,493

Corporate Overview (as of June 30, 2024)

Corporate overview

Company name	Haseko Corporation	License and permit registration numbers	Building Lots and Buildings Transaction Business: Granted by the Minister of Land, Infrastructure, Transport and Tourism, (17) 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 (H) No. 12327.
Incorporated	August 22, 1946		Specified Joint Real Estate Ventures Permission: Granted by the Commissioner of the Financial Services Agency and 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, (FIBO) No. 1447
Number of employees	2,569		
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.
- Haseko Furnishing Co., Ltd.
- Hosoda Corporation
- 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 Inc.
- Haseko Community Okinawa Inc.
- Joint Property Co., Ltd.
- Haseko Senior Well Design Co., Ltd.
- Haseko America, Inc., and more

Stock Information (as of March 31, 2024)

Stock information

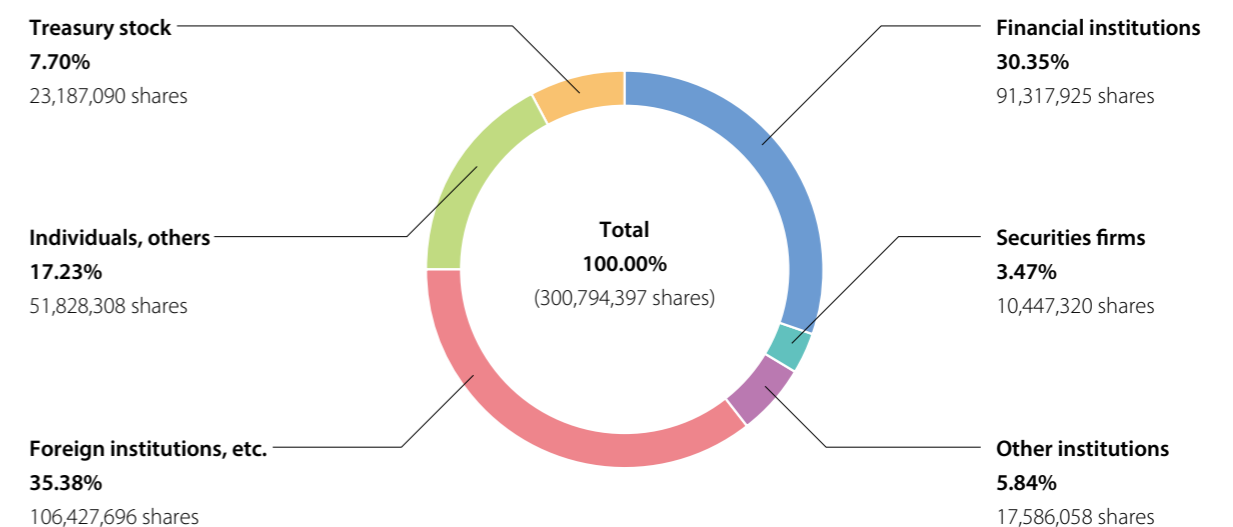
Securities code	1808	Shareholder register administrator (and special account management institution)	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-0005
Stock exchange listing	Tokyo Stock Exchange Prime Market	Handling office	Corporate Agency Division, Mitsubishi 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	65,237		
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)	40,851,800	14.71%
Custody Bank of Japan, Ltd (Trust account)	27,198,240	9.79%
Resona Bank, Limited	12,609,992	4.54%
Haseko Group Employee Shareholding Association	10,284,483	3.70%

*Excluding 23,186,810 shares of treasury stock. The shareholder ratio is calculated based on the total number of shares issued, net of 23,186,810 shares of treasury stock.

Ownership and share distribution



Note: Percentages of shareholdings are rounded down to the second decimal place.