

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
Head office	32-1 Shiba 2-chome, Minato-ku, Tokyo 105-8507, Japan Tel: 813-3456-5451	Building Lots and Buildings Transaction Business: Granted by the Minister of Land, Infrastructure, Transport and Tourism, (17) No. 68 Special Construction Business License: Issued by the Minister of Land, Infrastructure, Transport and Tourism, (Special 2) No. 3792 First-class Registered Architects Office: Registered with the Governor of Tokyo, No. 27765. Registered with the Governor of Osaka (H) No. 12327. 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 Type II Financial Instruments Business: Registered with the Director-General of the Kanto Local Finance Bureau, (FIBO) No. 1447
Founded	February 11, 1937	Major member associations
Incorporated	August 22, 1946	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
Capital stock	57.5 billion yen	
Number of employees	2,569	
Business activities	Construction, real estate, engineering	

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

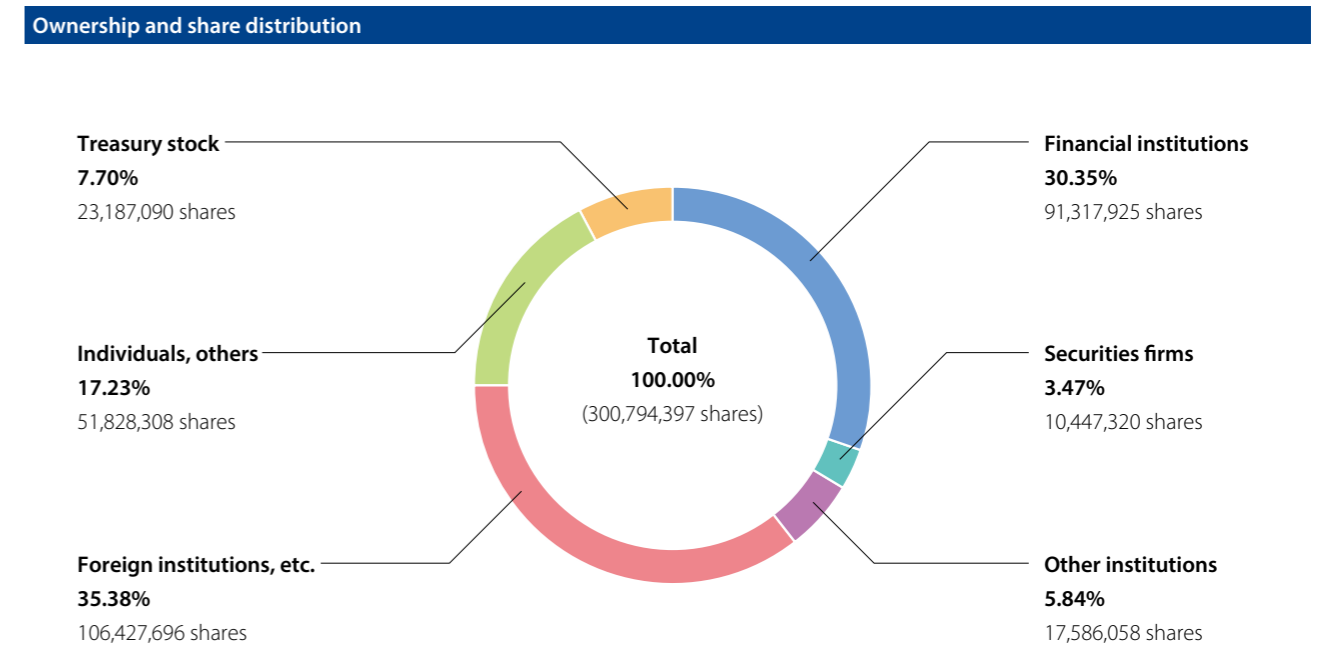
Group companies	
Fujikensetsu Co., Ltd.	Haseko Community, Inc.
Hasec Inc.	Haseko Community Kyushu Inc.
Haseko Furnishing Co., Ltd.	Haseko Community Nishinoh Inc.
Hosoda Corporation	Haseko Community Okinawa Inc.
Haseko Real Estate Development Holdings Inc.	Joint Property Co., Ltd.
Haseko Real Estate Development, Inc.	Haseko Senior Well Design Co., Ltd.
Sohgoh Real Estate Co., Ltd.	Haseko America, Inc., and more
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.	

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.



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