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Consolidated Financial Results for the Year Ended March 31, 2026("FY2025") [Japanese GAAP]

May 15, 2026

Company name: HASEKO Corporation
Code number: 1808

Stock exchange listing: Tokyo Stock Exchange, Prime Market
URL: <https://www.haseko.co.jp/hc/english>

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2025	1,273,136	8.1	98,743	16.6	94,051	12.8	54,839	59.2
FY2024	1,177,353	7.6	84,701	(1.2)	83,408	0.1	34,450	(38.5)

(Note) Comprehensive income: FY2025: ¥ 74,953 million 68.2% FY2024: ¥ 44,549 million (43.6%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
FY2025	204.54	—	10.0	6.8	7.8
FY2024	126.20	—	6.6	6.1	7.2

(Reference) Share of profit (loss) of entities accounted for using equity method:

FY2025: ¥ (2,073) million FY2024: ¥ (779) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2026	1,417,724	563,451	39.7	2,126.38
March 31, 2025	1,365,203	532,033	39.0	1,950.61

(Reference) Equity: As of March 31, 2026: ¥ 562,735 million As of March 31, 2025: ¥ 532,033 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
FY2025	157,414	(53,225)	(53,373)	288,134
FY2024	3,916	(32,472)	(20,545)	235,798

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2024	—	40.00	—	45.00	85.00	23,583	67.4	4.4
FY2025	—	45.00	—	50.00	95.00	25,680	46.4	4.7
FY2026 (Forecast)	—	50.00	—	50.00	100.00		40.1	

3. Consolidated Financial Results Forecast for FY2026

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2026	630,000	5.8	49,000	18.5	47,000	19.5	30,000	23.9	113.36
Full year	1,380,000	8.4	110,000	11.4	105,000	11.6	66,000	20.4	249.39

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly Consolidated Companies: 6 companies

WOOD FRIENDS Co., Ltd. and four of its subsidiaries, and HASEKO UK LIMITED

Excluded Company from Consolidation: 1 company

WOOD CONSTRUCTION Co., Ltd.

(Note)

On December 1, 2025, an absorption-type merger was carried out, with WOOD FRIENDS Co., Ltd. as the surviving company and its subsidiary, WOOD CONSTRUCTION Co., Ltd., as the dissolved company.

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards and other regulations: No

2) Changes in accounting policies due to other reasons: No

3) Changes in accounting estimates: No

4) Restatement: No

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

As of March 31, 2026: 292,479,897 shares

As of March 31, 2025: 300,794,397 shares

2) Number of treasury shares at the end of the period:

As of March 31, 2026: 27,835,479 shares

As of March 31, 2025: 28,041,754 shares

3) Average number of shares outstanding during the period:

FY2025: 268,101,795 shares

FY2024: 272,982,061 shares

(Note 1) For the number of shares used as the basis for the calculation of basic earnings per share (consolidated), please refer to “[Supplementary Materials] p.44 ‘5. Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements (Per Share Information).’”

(Note 2) The Company has introduced the “Board Benefit Trust (BBT)” and the “Share-Based ESOP” plans. Shares of the Company held by these trusts are included in the number of treasury shares at the end of the period, and the average number of shares during the period is calculated and presented taking into account the shares held by these trusts.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2025	817,567	4.9	58,387	29.1	74,551	44.6	50,247	34.1
FY2024	779,133	4.3	45,225	(12.3)	51,568	(18.6)	37,469	(20.6)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2025	187.42	—
FY2024	137.26	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2026	1,123,361	435,840	38.8	1,646.89
March 31, 2025	1,073,585	420,929	39.2	1,543.26

(Reference) Equity: As of March 31, 2026: ¥ 435,840 million As of March 31, 2025: ¥ 420,929 million

2. Non-consolidated Financial Results Forecast for FY2026

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2026	410,000	2.1	35,000	26.2	59,000	36.9	53,500	59.0	202.16
Full year	870,000	6.4	70,000	19.9	95,000	27.4	76,000	51.3	287.18

This report is not subject to audit procedures by certified public accountants or audit firms.

Explanation regarding appropriate use of forecasts, and other specific comments

(Cautionary Note Regarding Forward-Looking Statements)

The forward-looking statements, including performance forecasts, contained in this document are based on information available as of the date of release of this document.

Actual results may differ from forecast figures due to a variety of factors.

For details regarding performance forecasts, please refer to “[Supplementary Materials] p.5 ‘1. Overview of Operating Results and Financial Position (5) Outlook.’”

(How to Obtain the Supplementary Financial Results Briefing Materials)

The supplementary financial results briefing materials were disclosed on TDnet on the same day.

They were also posted on the Company’s website on the same day.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year

(i) Overview of the Consolidated Fiscal Year

During the consolidated fiscal year under review, the domestic economy showed a moderate recovery overall, although the impact of U.S. trade policies remained. With regard to the outlook, while improvements in the employment and income environment and the effects of various policies are expected to support a moderate recovery, the Group recognizes the need to continue monitoring the impact of developments in the Middle East, fluctuations in financial and capital markets, and trends surrounding U.S. trade policies.

During the consolidated fiscal year (fiscal year 2025), the number of newly supplied condominium units amounted to 21,659 units in the Tokyo metropolitan area (down 2.6% year on year) and 17,002 units in the Kansai area (up 8.2% year on year). In the Tokyo metropolitan area, as developers continued to restrict the number of units supplied, the number of newly supplied units fell below the previous year for the fourth consecutive year. In the Kansai area, the number of newly supplied units exceeded the previous year for the first time in four years. Looking at the characteristics of supplied properties, both the Tokyo metropolitan area and the Kansai area continued to see an upward trend in sales prices per square meter and average prices. In the Tokyo metropolitan area, the sales price per square meter reached ¥1,419 thousand (up 15.4% year on year) and the average price reached ¥93.83 million (up 15.3% year on year), marking record highs for the fifth consecutive year. In the Kansai area, the sales price per square meter reached ¥965 thousand (up 7.9% year on year) and the average price reached ¥54.18 million (up 7.0% year on year), with the sales price per square meter also reaching a record high for the fifth consecutive year.

With respect to sales conditions, in the Tokyo metropolitan area, as developers increasingly adopted a sales approach that placed greater emphasis on longer selling periods, the initial contract ratio declined to 62.9% (down 3.9 percentage points year on year), and the number of units remaining for sale at the end of the fiscal year increased to 6,409 units (up 4.8% year on year). In the Kansai area, although the initial contract ratio declined to 72.4% (down 2.2 percentage points year on year), remaining above 70% and indicating generally steady sales, the number of units remaining for sale at the end of the fiscal year increased to 3,308 units (up 27.4% year on year), reflecting, among other factors, an increase in the number of newly supplied units.

Under these business conditions, in the consolidated fiscal year under review, which marked the first year of the medium-term business plan “HASEKO Evolution Plan,” consolidated ordinary profit amounted to ¥ 94.1 billion, exceeding ¥90.0 billion, primarily due to an improvement in the gross profit margin on completed construction contracts.

Consolidated Operating Results

(Billions of Yen)

	Fiscal year ended March 31,		Increase or Decrease	Ratio of change
	2025	2026		
Net Sales	1,177.4	1,273.1	95.8	8.1%
Operating profit	84.7	98.7	14.0	16.6%
Ordinary profit	83.4	94.1	10.6	12.8%
Profit attributable to owners of the parent	34.5	54.8	20.4	59.2%

Non-Consolidated Operating Results

(Billions of Yen)

	Fiscal year ended March 31,		Increase or Decrease	Ratio of change
	2025	2026		
Net Sales	779.1	817.6	38.4	4.9%
Operating profit	45.2	58.4	13.2	29.1%
Ordinary profit	51.6	74.6	23.0	44.6%
Profit	37.5	50.2	12.8	34.1%
Orders	586.6	726.7	140.1	23.9%

For the fiscal year ended March 2026, net sales were up by 8.1% year on year at 1,273.1 billion yen reflected an increase in completed construction revenue and an increase in the volume of real estate transactions. In addition, due to an improvement in the gross profit margin on completed construction contracts, operating profit was up by 16.6% year on year at 98.7 billion yen, ordinary profit was up by 12.8% year on year at 94.1 billion yen and net profit attributable to owners of parents was up by 59.2% year on year at 54.8 billion yen, resulting in increased revenues and profits. In the consolidated fiscal year under review, the operating profit ratio was 7.8% (up by 0.6 percentage points year on year) and ordinary profit ratio came to 7.4% (up by 0.3 percentage points year on year).

(ii) Segments Results

Operating results by each reportable segment are as follow.

From the first quarter of the consolidated fiscal year, the classification of reportable segments has been changed. The figures for the previous fiscal year have been reclassified in accordance with the revised reportable segment classification for comparison purposes. For details, please refer to “5. Consolidated Financial Statements and Major Notes (5) Notes to Consolidated Financial Statements (Segment Information, etc.).”

	Billions of yen							
	Construction-Related Business		Real estate-Related Business		Condominium Management and Operation Business		Overseas Business	
Net Sales	900.9	+59.2	293.2	+40.5	165.4	+13.4	4.3	+0.8
Segment profit	68.5	+12.2	35.6	+3.0	8.2	+1.7	(6.1)	(0.4)

Figures in parentheses show the amount of increase or decrease from the same period of the previous fiscal year.

(Construction-Related Business)

In building construction, while the Company’s capabilities in gathering land information and product planning, its approach to construction quality and adherence to construction schedules, as well as its efficient production system, continued to be evaluated by project owners, the gross profit margin on completed construction contracts for the current period improved, reflecting an improvement in profitability at the time of order receipt.

With regard to orders for newly built condominium construction undertaken by the Company, the Company received orders for 45 projects in the Tokyo metropolitan area, including 22 large-scale projects with 200 units or more, and 19 projects in the Kansai and Tokai areas, including 14 large-scale projects with 200 units or more, for a total of 64 projects.

As for completed construction projects undertaken by the Company, a total of 104 projects, including 12 rental apartment projects, were completed during the current period.

In this segment, net sales amounted to 900.9 billion yen, up 7.0% year on year, and operating profit amounted 68.5 billion yen, up by 21.6% year on year, resulting in increased revenues and profits.

(Real Estate-Related Business)

Reflecting an increase in the number of newly delivered condominiums and the sale of income properties, as well as an increase in the number of real estate brokerage transactions handled, in this segment, net sales amounted 293.2 billion yen, up by 16.0% year on year, and operating profit amounted 35.6 billion yen, up by 9.2% year on year, resulting in increased revenues and profits.

(Condominium Management and Operation Business)

In the rental apartment management and corporate housing management outsourcing businesses, the total number of units under management for both businesses combined amounted to 196,878 units, up by 1.4% compared with the end of the previous fiscal year, reflecting steady growth in new contracts and the continuation of existing contracts.

In condominium management, new contracts progressed steadily, and the number of units under management amounted to 448,076 units, up by 1.1% compared with the end of the previous fiscal year.

In services for senior residents, reflecting progress in occupancy at fee-based nursing homes and housing for the elderly, the number of operating units amounted to 2,786 units, up by 2.5% compared with the end of the previous fiscal year.

In this segment, net sales amounted to 165.4 billion yen, up by 8.8% year on year, and operating profit amounted to 8.2 billion yen, up by 26.6% year on year, resulting in increased revenues and profits.

(Overseas Business)

On the island of Oahu in the State of Hawaii, the Company is engaged in the operation of commercial facilities and the development of new detached housing subdivision projects.

In this segment, net sales amounted 4.3 billion yen (the sales were 3.5 billion yen in the previous fiscal year), and operating loss amounted 6.1 billion yen (operating loss of 5.7 billion yen in the previous fiscal year).

(2) Overview of Financial Position for the Fiscal Year

Total assets at the end of the consolidated fiscal year ended March 2026 amounted to 1,417.7 billion yen, increased by 52.5 billion yen from the end of the previous fiscal year, primarily reflecting an increase in cash and deposits.

Total liabilities were 854.3 billion yen, an increase of 21.1 billion yen from the end of the previous fiscal year, reflecting, among other factors, the procurement of borrowings.

Consolidated net assets were 563.5 billion yen, an increase of 31.4 billion yen from the end of the previous fiscal year, primarily reflecting an increase in retained earnings as a result of the recognition of profit attributable to owners of parent.

As a result of above, the equity ratio was 39.7% compared with 39.0% at the end of the previous fiscal year.

Billions of yen

	As of March 31,		Increase or Decrease	Ratio of change
	2025	2026		
Total assets	1,365.2	1,417.7	52.5	3.8%
Interest-bearing debt	420.5	425.9	5.4	1.3%
Net assets	532.0	563.5	31.4	5.9%

(3) Overview of Cash Flows for the Fiscal Year

Net cash provided by operating activities in the fiscal year ended March 2026 was 157.4 billion yen, fluctuated by 153.5 billion yen from the net cash provided in operating activities totaling 3.9 billion yen in the previous fiscal year. This was mainly attributable to an increase in cash of ¥54.2 billion due to a decrease in inventories (a decrease in cash of ¥49.7 billion in the previous consolidated fiscal year).

Net cash used for investing activities in the fiscal year was 53.2 billion yen, fluctuated by 20.8 billion yen from the net cash used in investing activities totaling 32.5 billion yen in the previous fiscal year. This was mainly attributable to a decrease in cash of ¥34.7 billion due to the acquisition of investment securities (a decrease in cash of ¥14.5 billion in the previous consolidated fiscal year).

Net cash used for financing activities in the fiscal year was 53.4 billion yen, fluctuated by 32.8 billion yen from the net cash used in financing activities totaling 20.5 billion yen in the previous fiscal year. This was mainly attributable to a decrease in cash of ¥20.1 billion associated with the acquisition of treasury shares (a decrease in cash of ¥0.5 billion in the previous consolidated fiscal year).

As a result of the above, the balance of cash and cash equivalents at the end of the consolidated fiscal year totaled 288.1 billion yen, an increase of 52.3 billion yen from 235.8 billion yen at the end of the previous consolidated fiscal year.

Billions of yen

	Fiscal year ended March 31,		Increase or decrease
	2025	2026	
Net cash provided by operating activities	3.9	157.4	153.5
Net cash used in investing activities	(32.5)	(53.2)	(20.8)
Net cash used in financing activities	(20.5)	(53.4)	(32.8)
Cash and cash equivalents at end of year	235.8	288.1	52.3

(Trends in Cash Flow Indicators)

	As of March 31,2024	As of March 31,2025	As of March 31,2026
Equity ratio (%)	37.8	39.0	39.7
Total market value of Haseko's shares to total assets (%)	38.3	39.3	54.6
Interest-bearing debt to net cash provided by operating activities (years)	3.6	107.4	2.7
Interest coverage ratio (times)	48.3	1.1	34.3

(*) The calculation standards for each indicator are as follows. All indicators are calculated based on consolidated financial figures.

Equity ratio: Shareholder's equity divided by total assets

Total market value of Haseko's shares to total assets: Total market value of Haseko's shares (*1) divided by total assets

Interest-bearing debt to net cash provided by operating activities: Interest-bearing debt (*2) divided by net cash provided by operating activities

Interest coverage ratio: Net cash provided by operating activities divided by interest payments (*4)

(*1) Total market value: Closing stock price at fiscal year end (TSE) multiplied by the number of shares issued at fiscal year end (excluding treasury stock)

(*2) Cash flow refers to cash flows from operating activities as shown in the consolidated statement of cash flows.

(*3) Interest-bearing debt covers all interest-bearing debt recorded on the consolidated balance sheet that pays interest.

(*4) Interest payments: "Interests paid" on the consolidated statements of cash flows

(4) Basic Policy of Profit Distribution

In the medium-term business plan (for the fiscal years from March 2026 to March 2031) formulated in February 2025, the Company has established the following shareholder return policy.

<Shareholder Return Policy>

(i) A total payout ratio of approximately 50% of profit attributable to owners of parent for the six fiscal years combined

(ii) Continuation of stable dividends and the implementation of progressive dividends during the plan period

(iii) Flexible acquisition of treasury shares as necessary

With respect to dividends of surplus for the current fiscal year, based on the above policy, the annual dividend is set at ¥95 per share (including an interim dividend of ¥45 per share).

With respect to dividends for the next fiscal year, an annual dividend of ¥100 per share (including an interim dividend of ¥50 per share) is planned.

(5) Outlook

Japan's economy is experiencing a moderate recovery, although the impact of U.S. trade policies remains. Looking ahead, while improvements in the employment and income environment and the effects of various policies are expected to support a moderate recovery, the Group recognizes the need to continue closely monitoring the impact of developments in the Middle East, fluctuations in financial and capital markets, and trends surrounding U.S. trade policies.

In the condominium market in fiscal year 2025, the number of newly supplied units amounted to 21,659 units in the Tokyo metropolitan area, falling below the previous year for the fourth consecutive year, and 17,002 units in the Kansai

area, exceeding the previous year for the first time in four years. With regard to the number of newly supplied units in fiscal year 2026, as the launch of redevelopment projects and large-scale projects is scheduled, the number of units in the Tokyo metropolitan area is expected to exceed the previous year, while the Kansai area is expected to remain at approximately the same level as the previous year. In addition, condominium prices continued to show an upward trend in both the Tokyo metropolitan area and the Kansai area. In fiscal year 2025, the average price reached a record high of ¥93.83 million in the Tokyo metropolitan area. In the Kansai area, the average price also reached ¥54.18 million, remaining at a high level not seen since fiscal year 1991 (¥54.64 million).

Sales conditions in fiscal year 2025 showed variations in progress by region, reflecting factors such as rising prices and condominium prices. On the other hand, supported by the continued low level of variable-rate mortgage interest rates and wage increases that helped underpin purchase sentiment, sales overall remained resilient. For fiscal year 2026, the Group recognizes the need to monitor economic conditions and trends in monetary policy, where uncertainty is increasing, more closely than ever.

In the fiscal year ended March 2026, which marked the first year of the medium-term business plan “HASEKO Evolution Plan,” in the Construction-Related Business, while the Group’s capabilities in gathering land information and product planning, its approach to construction quality and adherence to construction schedules, as well as its efficient production system, were evaluated by customers and project owners, profitability at the time of order receipt improved. As a result, the gross profit margin on completed construction contracts increased, and consolidated ordinary profit amounted to 94.1 billion yen. In the construction industry, while stable construction demand continues to provide support, there are many challenges, including rising material and labor costs, the need to respond to work-style reforms following the application of caps on overtime work, structural issues such as a decline in skilled construction workers and equipment contractors and a shortage of successors, and initiatives toward decarbonization. In addition, the Group recognizes the need to sincerely address the expectations of society and investors toward listed companies.

As changes in the social environment continue, management challenges are becoming increasingly diverse and sophisticated. By combining its uniqueness with its growth strategies, the Group aims to address social issues through its business activities and achieve sustainable growth and evolution. In addition, toward realizing its vision of being a leading company in “housing” and “living,” the Group **aims to enhance corporate value over the long term**.

The performance forecast is as follows.

Consolidated Financial Results Forecast for FY2026

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%
Six months ending September 30, 2026	630.0	5.8	49.0	18.5	47.0	19.5	30.0	23.9
Full year	1,380.0	8.4	110.0	11.4	105.0	11.6	66.0	20.4

Non-consolidated Financial Results Forecast for FY2026

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Orders	
	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%
Six months ending September 30, 2026	410.0	2.1	35.0	26.2	59.0	36.9	53.5	59.0	3,300	7.8
Full year	870.0	6.4	70.0	19.9	95.0	27.4	76.0	51.3	7,300	0.5

2. Overview of the Corporate Group

The Company Group consists of the Company, 101 subsidiaries and 20 affiliates, and conducts its business activities with Construction-Related Business, Real Estate-Related Business, Condominium Management and Operation Business, and Overseas Business as its principal businesses.

The positioning of each business within the Company Group is as follows.

(Construction-Related Business)

The Company operates as a general construction company engaged in the planning, design and construction of condominiums and other buildings.

Subsidiaries including Fujikensetsu Co., Ltd., Hasec Inc., and Haseko Furnishing Co., Ltd. are engaged in construction contracting, as well as the sale and rental of construction materials and equipment. The Company outsources part of its operations and construction work, the planning, design and supervision of condominiums, office buildings and other structures, as well as construction materials and equipment, to affiliated companies.

Haseko Reform Inc., a subsidiary, carries out large-scale refurbishment work and interior renovation of condominiums. Hosoda Corporation, a subsidiary, engages in the construction and sale of detached houses.

Haseko Home Co., Ltd., a subsidiary, engages in the sale of detached houses.

Subsidiaries including WOOD FRIENDS Co., Ltd., FOREST NOTE Co., Ltd., and LUMBER LAND Co., Ltd. engage in the construction and sale of detached houses, as well as the manufacture and sale of construction materials.

(Real Estate-Related Business)

Haseko Real Estate Development Holdings, Inc., a subsidiary, oversees the condominium sales business.

Subsidiaries including Haseko Real Estate Development Inc., Sohgo Real Estate Co., Ltd., and Haseko Sohgo Development Co., Ltd. engage in the sale and leasing of condominiums.

Haseko Urbest, Inc., a subsidiary, engages in sales agency services for condominiums.

Haseko Real Estate Inc., a subsidiary, engages in real estate brokerage and the condominium renovation business.

Haseko Intech, Inc., a subsidiary, engages in interior sales.

(Condominium Management and Operation Business)

Haseko Property Management Holdings, Inc., a subsidiary, oversees the condominium management business.

Subsidiaries including Haseko Community Inc. engage in building management of condominiums.

Subsidiaries including Haseko Livenet, Inc. engage in the leasing and management of condominiums and other properties.

Haseko Business Proxy, Inc., a subsidiary, provides corporate housing management services.

Haseko Senior Well Design Co., Ltd., a subsidiary, operates fee-based nursing homes and provides long-term care insurance services.

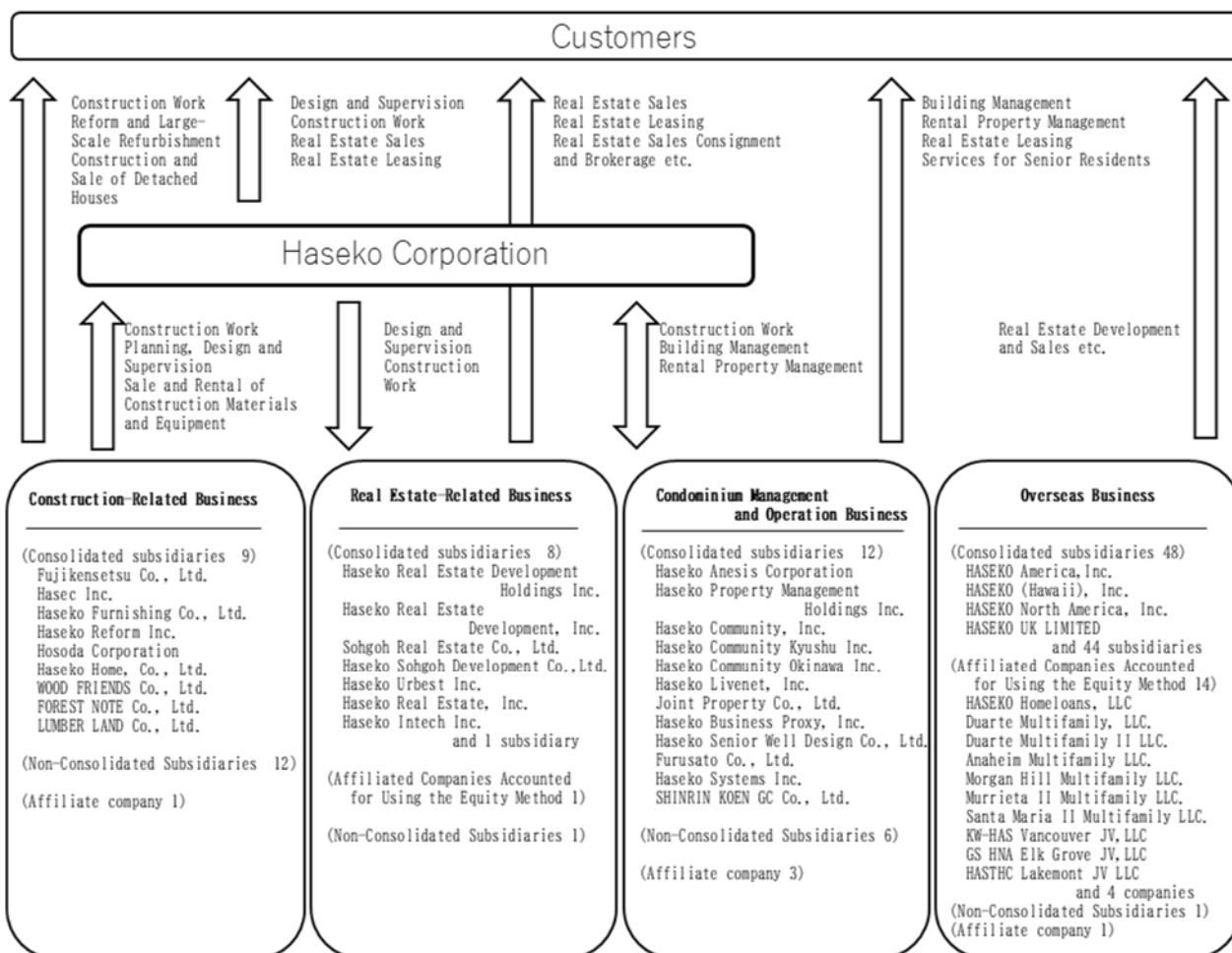
Subsidiaries including Haseko Systems, Inc. engage in related service businesses such as printing.

The Company entrusts affiliated companies with building management, leasing management, and the sale and brokerage of real estate.

(Overseas Business)

Subsidiaries, including HASEKO America, Inc., engage in real estate development and sales as well as the operation of commercial facilities in countries including the United States.

The matters described above are illustrated in the following business organization chart.



(Note) In addition to the above, there are four non-consolidated subsidiaries engaged in company-wide operations such as employee welfare services.

3. Management Policies

(1) Basic Policies for Management

With respect to the management of the Group as a whole, the Company positions its operations around three core businesses: the Construction-related Business, the Real Estate-related Business, and the Condominium Management and Operation Business.

By encouraging each business to compete and collaborate with one another and evolve in its respective field, the Company aims to create new businesses.

The Company aims to expand these businesses from the three major metropolitan areas in Japan to major regional cities domestically and further overseas and seeks to achieve sustainable growth and enhance corporate value as a leading company in housing and living.

(2) Medium- to Long-Term Management Strategy and Issues to Be Addressed

The Company Group formulated the Medium-term Business Plan “HASEKO Evolution Plan” and commenced its implementation from the fiscal year ended March 2026.

In recent years, the pace of change in the environment surrounding the Company has accelerated, requiring companies to transform accordingly.

At the same time, it is necessary to further refine and pass on the strengths that the Company has cultivated to date.

With these two themes of “change” and “succession” as management imperatives, the Company has positioned their integration as “evolution” and named the plan the “HASEKO Evolution Plan.”

The Company Group has long advocated being a “corporate group for housing to create great living,” and under this plan, it will take a further step forward by clarifying what kind of housing and living it provides and where it provides them.

The Company aims to deliver environmentally friendly, safe and secure housing, as well as rich and comfortable living, both domestically and internationally, and will advance its initiatives under this management plan.

In addition, the Company will further review the business structure that has been advanced under a dual framework of construction-related business and service-related business, and transition to a structure centered on three businesses: the Construction-Related Business, the Real Estate-Related Business, and the Condominium Management and Operation Business.

By enabling each business to compete and collaborate with one another, the Company will create new businesses and expand its business fields from the three major metropolitan areas to major regional cities in Japan and further overseas.

Furthermore, with a focus on capital efficiency, the Company will pursue management that maximizes productivity and efficient utilization of its management resources—people, goods, capital, and information.

By continuing to advance and evolve, the Company Group will work as one to become a corporate group that earns the trust of its stakeholders, and to ensure that all stakeholders can say, “I am glad I chose Haseko.”

Haseko Group Corporate Philosophy, Vision, Basic Policy of Medium-Term Business Plan, Action Guidelines

Corporate Philosophy

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

Vision

To continuously provide environmentally friendly, safe, and secure ‘housing’ and rich, comfortable ‘living’ both domestically and internationally

Basic Policy

As a leading company in ‘housing’ and ‘living,’ to achieve sustainable growth and enhance corporate value

Action Guidelines

To continue evolving with confidence and pride, and with comprehensive strength and action to meet the expectations of all stakeholders

To fulfill social responsibility from all ESG perspectives and contribute to the realization of a sustainable society through business activities themselves

Summary of Medium-Term Business Plan

Plan Name

HASEKO Group Medium-Term Business Plan “HASEKO Evolution Plan” Towards the Next Evolution

Term

FY2025-FY2030

Business Strategy for achieve the vision

1. Promote further Construction business growth and deepening
 - Establish Sustainable Construction System
 - Expand Construction Field
 - Expand the Refurbishment and Maintenance Business
2. Expand and Improve of quality of Real estate Business
 - Initiatives to Improve Capital Efficiency
 - Differentiate through Product Development
 - Expand and Challenge to New Business area
3. Promote Condominium management and operation business growth
 - Develop New Condominium Management Methods and Resident Services
 - Reform Business through DX
 - Expand Services for Seniors
4. Monetize Overseas business
 - Develop Overseas Business as a next profit driver prepare for shrink of domestic housing market in the future
 - Plan to entry into the most suitable business among Construction, Real estate, and Condominium Management and Operation businesses according to the housing market characteristics in each country
5. Challenge to New business areas
 - Expand of Production Functions and Products
 - Initiatives to businesses with solve social issues
 - Create a Foundation for New Businesses

Strengthen the Management Foundation

1. Financial Strategy

- Continue proactive investment for sustainable growth in conscious of capital costs
- Pursue stable shareholder return under optimal control of debt and equity
(total return ratio of approximately 50%)
- Total net investment amount for 6 years 400 billion yen
 - Domestic Real Estate 120 billion yen
 - Overseas Real Estate 40 billion yen
 - Construction and R&D 100 billion yen
 - DX related 40 billion yen
 - New business M&A, etc. 100 billion yen
- Leverage interest-bearing debt while trying to maintain D/E ratio below 1.0

2. Strengthen Technology Development

- Promote Wooden Interior Decoration
- Stock business and Renovation Technology
- Measures Against Intensifying Disasters

3. Accelerate DX

- Digitize Design and Construction Information and Utilize AI
- Build and Utilize Group Data Sharing Platform
- Talent Development for Sustainable Growth and Challenge Areas

4. Enhance Initiatives for Sustainability

- Response to Climate Change
 - Plan and Execute Greenhouse gas (CO₂) Emissions Reduction Plans, Indicators, and Targets
 - Initiatives at Construction Sites and Offices
 - Initiatives for Expanding Low-Carbon Construction and Decarbonized Housing
- Enhance Human Capital Management
 - Secure Personnel and Strengthen Organizational Capabilities
 - Work Style Reform, D&I, and Health Management
 - Treatment and HR Systems
 - Human Resource and Career Development
- Respect for Human Rights
 - Human Rights Due Diligence
 - Consideration for Increasing Foreign Workers
- Supply Chain Management
 - CSR Procurement Guidelines

5. Strengthen Functions of Corporate division

- Further Strengthening Corporate Governance
- Enhance Communication with Stakeholders
- Improve Productivity and Strengthening Functions of Corporate Management Division

Management Goals and Shareholder Return Policy

Management Goals

- over 100 billion yen in FY2027
- over 130 billion yen in FY2030
- Establish a profit base that can stably post over 100 billion
- ROE : Maintain a level above 10% and aim for approximately 13% by FY2030

Shareholder Return Policy

- Total return ratio of approximately 50% of profit attributable to parent company shareholders over 6 fiscal periods
- Implement progressive dividends during the plan period
- Purchase treasury stock flexibly as needed

Towards Sustainable Corporate Value Enhancement

1. Initiatives to Improve Market Evaluation

- Strategic investment for growth
- Sustainable returns for shareholders
- Enhance initiatives for sustainability
- Enhance communication with stakeholders

2. Initiatives to Improve ROE

- Improve profitability
- Improve capital efficiency

3. Establish Non-Financial KPIs

- Climate change response
- Human Capital
- Respect for human rights
- Supply Chain Management

Note: Forward-looking statements are based on information available as of the end of the current consolidated fiscal year and are not intended as a guarantee of future performance.

4. Basic Concept for the Selection of Accounting Standards

The Company Group has adopted a policy of preparing its consolidated financial statements in accordance with Japanese GAAP for the time being, taking into consideration the comparability of consolidated financial statements across periods and the comparability with other companies.

Looking ahead, the Company Group will continue to consider the application of IFRS (International Financial Reporting Standards), taking into account trends in the adoption of IFRS by domestic peer companies.

5. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025		As of March 31, 2026	
Assets				
Current assets				
Cash and deposits		235,976		279,968
Electronically recorded monetary claims, accounts receivable from completed construction contracts and other	*1	148,607	*1	137,572
Securities		3,305		11,760
Costs on construction contracts in progress		13,578		13,869
Real estate for sale		312,779		254,820
Costs on real estate business		281,933		296,445
Real estate for development		36,912		35,452
Other		20,232		22,206
Allowance for doubtful accounts		(121)		(126)
Total current assets		1,053,200		1,051,966
Non-current assets				
Property, plant and equipment				
Buildings and structures	*3	77,922	*3	90,373
Machinery, vehicles, tools, furniture and fixtures	*3	12,898	*3	18,468
Land		79,421		71,361
Leased assets		1,250		2,487
Construction in progress		8,649		5,383
Other		183		1,258
Accumulated depreciation		(36,439)		(46,563)
Total property, plant and equipment		143,883		142,768
Intangible assets				
Leasehold interests in land		1,948		1,948
Goodwill		1,778		1,574
Other		8,679	*3	10,000
Total intangible assets		12,404		13,523
Investments and other assets				
Investment securities	*2	102,774	*2	146,313
Long-term loans receivable		4,483		6,719
Retirement benefit asset		28,471		41,560
Deferred tax assets		6,794		198
Other		14,134		15,780
Allowance for doubtful accounts		(941)		(1,102)
Total investments and other assets		155,716		209,467
Total non-current assets		312,003		365,758
Total assets		1,365,203		1,417,724

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	105,413	101,782
Electronically recorded obligations - operating	42,537	42,252
Short-term borrowings	15,000	-
Current portion of long-term borrowings	20,000	10,000
Current portion of bonds payable	40,000	-
Income taxes payable	14,820	24,077
Advances received on construction contracts in progress	*4 44,843	*4 63,240
Deposits received - real estate business	*4 38,771	*4 36,305
Deposits received	77,499	68,413
Provision for warranties for completed construction	5,169	4,789
Provision for loss on construction contracts	521	202
Provision for bonuses	6,877	8,617
Provision for bonuses for directors (and other officers)	151	463
Other	*4 31,224	*4 38,153
Total current liabilities	442,824	398,291
Non-current liabilities		
Bonds payable	80,000	80,000
Long-term borrowings	265,000	335,000
Provision for loss on litigation	6,419	-
Provision for share awards	4,824	5,386
Provision for share awards for directors (and other officers)	459	660
Retirement benefit liability	1,946	2,083
Deferred tax liabilities	11	11
Other	31,687	32,842
Total non-current liabilities	390,347	455,983
Total liabilities	833,170	854,274
Net assets		
Shareholders' equity		
Share capital	57,500	57,500
Capital surplus	7,373	7,624
Retained earnings	472,561	489,444
Treasury shares	(37,398)	(43,882)
Total shareholders' equity	500,036	510,686
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,215	20,843
Foreign currency translation adjustment	22,938	24,158
Remeasurements of defined benefit plans	(1,155)	7,049
Total accumulated other comprehensive income	31,997	52,049
Non-controlling interests	-	716
Total net assets	532,033	563,451
Total liabilities and net assets	1,365,203	1,417,724

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statement of Income)

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales		
Net sales of completed construction contracts	599,150	625,243
Net sales of design and supervision	14,250	15,684
Net sales of leasing and management	94,107	98,131
Real estate sales	448,688	511,128
Other operating revenue	21,158	22,950
Total net sales	1,177,353	1,273,136
Cost of sales		
Cost of sales of completed construction contracts	*1 524,507	*1*2 536,960
Cost of design and supervision	*1 7,012	*1 7,903
Cost of leasing and management	73,382	76,880
Cost of sales - real estate	*2 388,016	*2 443,404
Other business expenses	17,911	18,148
Total cost of sales	1,010,828	1,083,295
Gross profit		
Gross profit on completed construction contracts	74,642	88,283
Gross profit design and supervision	7,239	7,781
Gross profit leasing and management	20,725	21,251
Gross profit - real estate sales	60,673	67,725
Gross profit - other business	3,247	4,801
Total gross profit	166,525	189,841
Selling, general and administrative expenses	*3, *4 81,825	*3, *4 91,098
Operating profit	84,701	98,743
Non-operating income		
Interest income	346	763
Dividend income	2,805	667
Foreign exchange gains	-	986
Other	1,462	1,349
Total non-operating income	4,613	3,765
Non-operating expenses		
Interest expenses	3,549	4,746
Share of loss of entities accounted for using equity method	779	2,073
Incidental expenses for loan	1,231	1,195
Other	346	443
Total non-operating expenses	5,905	8,457
Ordinary profit	83,408	94,051

(Millions of yen)

	For the fiscal year ended March 31, 2025		For the fiscal year ended March 31, 2026	
Extraordinary income				
Gain on sale of non-current assets	*5	12	*5	19
Gain on sale of investment securities		191		90
National subsidies		40		48
Other		0		-
Total extraordinary income		243		156
Extraordinary losses				
Loss on disposal of non-current assets	*6	64	*6	338
Impairment losses	*7	16,861	*7	4,079
Loss on valuation of investment securities		2,990		-
Provision for loss on litigation		3,006		-
Other		40		335
Total extraordinary losses		22,960		4,752
Profit before income taxes		60,692		89,455
Income taxes - current		26,888		36,440
Income taxes - deferred		(647)		(1,886)
Total income taxes		26,241		34,555
Profit		34,450		54,901
Profit attributable to non-controlling interests		-		62
Profit attributable to owners of parent		34,450		54,839

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	34,450	54,901
Other comprehensive income		
Valuation difference on available-for-sale securities	(237)	10,628
Foreign currency translation adjustment	11,836	1,220
Remeasurements of defined benefit plans, net of tax	(1,501)	8,204
Total other comprehensive income	* 10,098	* 20,052
Comprehensive income	44,549	74,953
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	44,549	74,891
Comprehensive income attributable to non-controlling interests	-	62

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	57,500	7,373	461,707	(37,233)	489,347
Changes during period					
Dividends of surplus			(23,597)		(23,597)
Profit attributable to owners of parent			34,450		34,450
Purchase of treasury shares				(545)	(545)
Disposal of treasury shares		0		379	379
Cancellation of treasury shares					-
Appropriation to capital surplus					-
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	0	10,854	(165)	10,689
Balance at end of period	57,500	7,373	472,561	(37,398)	500,036

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	10,452	11,101	345	21,899	-	511,246
Changes during period						
Dividends of surplus						(23,597)
Profit attributable to owners of parent						34,450
Purchase of treasury shares						(545)
Disposal of treasury shares						379
Cancellation of treasury shares						-
Appropriation to capital surplus						-
Change in ownership interest of parent due to transactions with non-controlling interests						-
Net changes in items other than shareholders' equity	(237)	11,836	(1,501)	10,098	-	10,098
Total changes during period	(237)	11,836	(1,501)	10,098	-	20,787
Balance at end of period	10,215	22,938	(1,155)	31,997	-	532,033

For the fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	57,500	7,373	472,561	(37,398)	500,036
Changes during period					
Dividends of surplus			(24,710)		(24,710)
Profit attributable to owners of parent			54,839		54,839
Purchase of treasury shares				(20,055)	(20,055)
Disposal of treasury shares		0		325	326
Cancellation of treasury shares		(13,246)		13,246	-
Appropriation to capital surplus		13,246	(13,246)		-
Change in ownership interest of parent due to transactions with non-controlling interests		251			251
Net changes in items other than shareholders' equity					-
Total changes during period	-	251	16,883	(6,483)	10,650
Balance at end of period	57,500	7,624	489,444	(43,882)	510,686

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	10,215	22,938	(1,155)	31,997	-	532,033
Changes during period						
Dividends of surplus						(24,710)
Profit attributable to owners of parent						54,839
Purchase of treasury shares						(20,055)
Disposal of treasury shares						326
Cancellation of treasury shares						-
Appropriation to capital surplus						-
Change in ownership interest of parent due to transactions with non-controlling interests						251
Net changes in items other than shareholders' equity	10,628	1,220	8,204	20,052	716	20,768
Total changes during period	10,628	1,220	8,204	20,052	716	31,418
Balance at end of period	20,843	24,158	7,049	52,049	716	563,451

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	60,692	89,455
Depreciation	7,999	8,777
Impairment losses	16,861	4,079
Amortization of goodwill	203	491
Increase (decrease) in allowance for doubtful accounts	(18)	150
Increase (decrease) in provision for loss on litigation	3,076	(72)
Interest and dividend income	(3,151)	(1,430)
Interest expenses	3,549	4,746
Foreign exchange losses (gains)	149	(986)
Share of loss (profit) of entities accounted for using equity method	779	2,073
Loss (gain) on sale of investment securities	(191)	197
Loss (gain) on valuation of investment securities	2,990	-
Loss (gain) on disposal of non-current assets	52	320
Loss on valuation of inventories	2,800	11,292
Decrease (increase) in trade receivables	(212)	11,431
Decrease (increase) in costs on construction contracts in progress	(839)	919
Decrease (increase) in inventories	(49,704)	54,222
Increase (decrease) in trade payables	(25,990)	(5,266)
Increase (decrease) in advances received on construction contracts in progress	(2,324)	18,341
Increase (decrease) in deposit received-real estate	(2,999)	(2,466)
Increase (decrease) in deposits received	14,658	(9,284)
Other, net	1,864	7,954
Subtotal	30,243	194,943
Interest and dividends received	3,147	1,276
Interest paid	(3,511)	(4,585)
Income taxes paid	(25,963)	(27,948)
Payments for loss on litigation	-	(6,272)
Net cash provided by (used in) operating activities	3,916	157,414
Cash flows from investing activities		
Payments into time deposits	(35)	(70)
Proceeds from withdrawal of time deposits	31	118
Purchase of securities	(787)	(1,568)
Proceeds from redemption of securities	787	1,568
Purchase of property, plant and equipment and intangible assets	(20,661)	(21,133)
Proceeds from sale of property, plant and equipment and intangible assets	28	31
Purchase of investment securities	(14,470)	(34,708)
Proceeds from sales and withdrawal of investment securities	4,331	4,993
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	*2 (567)
Loan advances	(29,954)	(35,264)
Proceeds from collection of loans receivable	28,537	34,581
Payments of leasehold and guarantee deposits	(998)	(1,670)
Proceeds from refund of leasehold and guarantee deposits	804	561
Other, net	(85)	(97)
Net cash provided by (used in) investing activities	(32,472)	(53,225)

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	15,000	(19,625)
Proceeds from long-term borrowings	-	80,150
Repayments of long-term borrowings	(10,000)	(26,789)
Redemption of bonds	-	(40,977)
Purchase of treasury shares	(545)	(20,055)
Incidental expenses for loan	(1,236)	(1,189)
Dividends paid	(23,597)	(24,710)
Other, net	(168)	(177)
Net cash provided by (used in) financing activities	(20,545)	(53,373)
Effect of exchange rate change on cash and cash equivalents	1,407	1,521
Net increase (decrease) in cash and cash equivalents	(47,695)	52,336
Cash and cash equivalents at beginning of period	283,493	235,798
Cash and cash equivalents at end of period	*1 235,798	*1 288,134

(5) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

Not applicable.

(Significant Matters Serving as the Basis for Preparation of Consolidated Financial Statements)

1. Matters Related to the Scope of Consolidation

(1) Number of Consolidated subsidiaries

77 consolidated companies

Names of Major consolidated subsidiaries

Fujikensetsu Co., Ltd.
Hasec Inc.
Haseko Furnishing Co., Ltd.
Haseko Reform Inc.
Hosoda Corporation
Haseko Home, Co., Ltd.
WOOD FRIENDS Co., Ltd.
FOREST NOTE Co., Ltd.
LUMBER LAND Co., Ltd.
Haseko Real Estate Development Holdings Inc.
Haseko Real Estate Development, Inc.
Sohgoh Real Estate Co., Ltd.
Haseko Sohgo Development Co., Ltd.
Haseko Urbest Inc.
Haseko Real Estate, Inc.
Haseko Intech Inc.
Haseko Anesis Corporation
Haseko Property Management Holdings Inc.
Haseko Community, Inc.
Haseko Community Kyushu Inc.
Haseko Community Okinawa Inc.
Haseko Livenet, Inc.
Joint Property Co., Ltd.
Haseko Business Proxy, Inc.
Haseko Senior Well Design Co., Ltd.
Haseko Systems Inc.
SHINRIN KOEN GC Co., Ltd.
HASEKO America, Inc.
HASEKO (Hawaii), Inc.
HASEKO North America, Inc.
HASEKO UK LIMITED

During the fiscal year under review, the Company acquired shares of WOOD FRIENDS Co., Ltd. and therefore included WOOD FRIENDS Co., Ltd., FOREST NOTE Co., Ltd., LUMBER LAND Co., Ltd. and SHINRIN KOEN GC Co., Ltd. as consolidated subsidiaries.

In addition, as HASEKO UK LIMITED was newly established, it was included as a consolidated subsidiary. Haseko Community West Japan Inc., which had been a consolidated subsidiary in the previous fiscal year, was merged into Haseko Community Inc., with Haseko Community Inc., as the surviving company and Haseko

Community West Japan Co., Ltd. as the dissolved company.

(2) Names of Major Non-Consolidated Subsidiaries

Haseko Navie Corporation

Haseko-techno Corporation

(3) Reason for Exclusion of Non-Consolidated Subsidiaries from the Scope of Consolidation

Each of the non-consolidated subsidiaries is small in scale, and their total assets, net sales, profit or loss for the fiscal year (amount corresponding to the Company's equity interest), and retained earnings (amount corresponding to the Company's equity interest) do not have a material impact on the consolidated financial statements. Accordingly, they are excluded from the scope of consolidation.

2. Matters Related to Application of the Equity Method

(1) Number of Companies Accounted for Using the Equity Method

15 affiliated companies

HASEKO Homeloans, LLC

Duarte Multifamily, LLC.

Duarte Multifamily II LLC.

Anaheim Multifamily LLC.

Morgan Hill Multifamily LLC.

Murrieta II Multifamily LLC.

Santa Maria II Multifamily LLC.

KW-HAS Vancouver JV, LLC

GS HNA Elk Grove JV, LLC

HASTHC Lakemont JV LLC

There are no non-consolidated subsidiaries accounted for using the equity method.

(2) Names of Major Non-Consolidated Subsidiaries and Affiliates Not Accounted for Using the Equity Method

Major Non-Consolidated Subsidiaries Not Accounted for Using the Equity Method

Haseko Navie Corporation

Haseko-techno Corporation

(3) Reason for Exclusion of Non-Consolidated Subsidiaries and Affiliates from the Scope of the Equity Method

With respect to non-consolidated subsidiaries and affiliates not accounted for using the equity method, the impact on the consolidated financial statements of excluding them from the scope of application of the equity method is immaterial when considering their profit or loss for the fiscal year (amount corresponding to the Company's equity interest) and retained earnings (amount corresponding to the Company's equity interest). In addition, they are not material in aggregate. Accordingly, they are excluded from the scope of application of the equity method.

3. Matters Related to Fiscal Year-End of Consolidated Subsidiaries

Among the consolidated subsidiaries, HASEKO America, Inc. and its consolidated subsidiaries, 48 subsidiaries in total, have a fiscal year-end of December 31. In preparing the consolidated financial statements, the financial statements as of December 31 are used for each of such subsidiaries. However, necessary adjustments are made on consolidation for significant transactions that occurred during the period from January 1 to the consolidated closing date of March 31.

The fiscal years of the other consolidated subsidiaries are the same as that of the Company submitting the consolidated financial statements.

4. Matters Related to Significant Accounting Policies

(1) Standards and Methods for Valuation of Important Assets

(a) Securities

(i) Bonds held to maturity

The amortized cost method is applied.

(ii) Other securities:

(A) Securities other than stocks without market value

These securities are stated at fair value based on market prices, etc. as of the balance sheet date.

(Unrealized gains and losses are recorded directly in net assets, and the cost of securities sold is calculated using the moving average method.)

(B) Stocks without market value

These securities are stated at cost determined using the moving average method.

(b) Inventories

(i) Construction contracts in process, Real estate for sale, Costs on real estate business, and Real estate for development

They are stated at cost determined mainly by the individual cost method (The book value of inventories on the balance sheets is written down based on the fall in profitability).

Real estate for lease included in inventories is depreciated using the same method as that applied to property, plant and equipment.

(ii) Raw materials

Materials are valued at cost using the moving-average method (The book value of inventories on the balance sheets is written down based on the fall in profitability).

(iii) Supplies

Supplies are stated at cost determined by the individual cost method (The book value of inventories on the balance sheets is written down based on the fall in profitability)

(2) Depreciation Methods for Important Depreciable Assets

(a) Tangible fixed assets (excluding leased assets)

The declining-balance method is applied.

However, buildings (excluding building fixtures) acquired on or after April 1, 1998, and building fixtures and structures acquired on or after April 1, 2016, are depreciated using the straight-line method.

Some consolidated subsidiaries apply the straight-line method.

(b) Intangible fixed assets (excluding leased assets)

The straight-line method is applied.

Software for internal use is amortized using the straight-line method based on the estimated useful life within the Company (five years).

(c) Lease assets

Lease assets related to finance lease transactions that transfer ownership are depreciated using the same method as that applied to owned fixed assets.

Lease assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method over the lease period, with no residual value.

(3) Standards for Recording Significant Provisions

(a) Allowance for doubtful accounts

To provide for losses from uncollectible receivables, an allowance is provided for general receivables based on historical bad debt ratios.

For specific receivables, such as doubtful receivables, the allowance is provided based on individually assessed estimated uncollectible amounts.

(b) Provision for warranties for completed construction

To provide for future expenditures for free repairs borne by the Company after delivery related to defects and contractual nonconformities of construction work recorded as completed construction, a provision is recorded based on estimated repair costs.

(c) Provision for loss on construction contracts

To provide for future losses on construction contracts, an estimated loss is recorded for construction work not yet delivered as of the end of the fiscal year when a loss is expected to occur and the amount can be reasonably estimated.

(d) Provision for bonuses

To provide for bonus payments to employees, a provision is recorded based on the estimated amount of bonuses to be paid.

(e) Provision for bonuses for directors (and other officers)

To provide for bonus payments to directors, a provision is recorded based on the estimated amount of bonuses to be paid.

(f) Provision for share awards

To provide for the delivery of the Company's shares based on share awards regulations, a provision is recorded based on the estimated amount of share awards payment obligations as of the end of the fiscal year.

(g) Provision for share awards for directors (and other officers)

To provide for the delivery of the Company's shares to directors based on share awards for directors payment regulations, a provision is recorded based on the estimated amount of share awards for directors payment obligations as of the end of the fiscal year.

(4) Accounting treatment of retirement benefits

(a) Method of attributing estimated retirement benefit amounts to periods

In calculating retirement benefit obligations, the estimated retirement benefit amounts are attributed to the period up to the end of the fiscal year using the benefit formula method.

(b) Method of amortizing actuarial gains and losses and prior service costs

Prior service costs are amortized mainly using the straight-line method over the average remaining service period of employees at the time the costs arise (5 to 13 years).

Actuarial gains and losses are amortized mainly using the straight-line method over the average remaining service period of employees at the time the gains or losses arise (5 to 18 years), with amortization commencing from the fiscal year following the year in which they arise.

(c) Adoption of the simplified method for small-sized entities

Some consolidated subsidiaries apply a simplified method for calculating retirement benefit obligations and retirement benefit expenses, under which the amount payable upon voluntary retirement at the fiscal year-end is deemed to be the retirement benefit obligation.

(5) Accounting standards for significant revenues and expenses

The principal performance obligations in the major businesses related to revenue arising from contracts with customers of the Company and its consolidated subsidiaries, and the timing at which such performance obligations are typically satisfied, are as follows.

(a) Construction-Related business

The Company and its consolidated subsidiaries engage in comprehensive construction business primarily targeting the market for new housing supply, providing services ranging from planning and design to construction of condominiums and other buildings, as well as undertaking large-scale refurbishment work mainly for existing housing. Revenue is recognized as follows.

(Construction contracts, large-scale refurbishment work, interior remodeling, etc.)

These performance obligations are satisfied over time, as the value of the property increases as the contracted

construction work progresses and the customer controls the asset. Accordingly, revenue is recognized based on the progress of construction work.

Progress toward satisfaction of the performance obligation is measured using the input method based on costs incurred.

The transaction price is determined by the construction contract, and consideration is received in stages at the times specified in the contract.

However, for construction contracts where the period from the contract inception date to the point at which complete satisfaction of the performance obligation is expected to be very short, revenue is recognized at the point in time when the performance obligation is completely satisfied.

(Design and supervision)

For design services, the performance obligation consists of delivering the deliverables to the customer, and revenue is recognized at the point in time when the services are completed.

The transaction price is determined by the service contract, and consideration is received at the times specified in the contract.

For supervision services, the performance obligation consists of providing supervision services related to construction work to the customer over the contract period, and revenue is recognized over the contract period.

The transaction price is determined by the service contract, and consideration is received at the times specified in the contract.

(Real estate sales, etc.)

These performance obligations are satisfied at a point in time when the real estate sales transaction is completed, and revenue is recognized at that point in time.

The transaction price is determined by the contract with the customer, and consideration is received based on that contract.

(b) Real Estate-Related Business

The Company and its consolidated subsidiaries engage primarily in real estate sales of newly built condominiums, sales agency services for condominiums, and real estate brokerage services.

Revenue is recognized as follows.

(Real estate sales, brokerage and renovation)

These performance obligations are satisfied at a point in time when the real estate sales transaction is completed, and revenue is recognized at that point in time.

The transaction price is determined by the contract with the customer, and consideration is received based on that contract.

(Sales agency services for condominiums)

The performance obligation consists of selling, contracting and delivering condominium units to end users on behalf of the client.

As a series of performance obligations is satisfied upon delivery of each individual unit, revenue is recognized at the time each unit is delivered.

The transaction price is determined by the contract with the customer, and consideration is received based on that contract.

(c) Condominium Management and Operation Business

The Company and its consolidated subsidiaries engage mainly in condominium management, rental apartment management, interior remodeling and related services for existing housing.

Revenue is recognized as follows.

(Condominium management, rental apartment management, etc.)

Depending on the nature of the performance obligations related to condominium management, performance obligations are satisfied either at a point in time or over a period of time, and revenue is recognized accordingly.

The transaction price is determined by the contract with the customer, and consideration is received based on that contract.

(Interior remodeling, etc.)

These performance obligations are satisfied over time, as the value of the property increases as the contracted construction work progresses and the customer controls the asset.

Accordingly, revenue is recognized based on the progress of construction work.

Progress toward satisfaction of the performance obligation is measured using the input method based on costs incurred.

The transaction price is determined by the construction contract, and consideration is received at the times specified in the contract.

However, for construction contracts where the period from the contract inception date to the point at which complete satisfaction of the performance obligation is expected to be very short, revenue is recognized at the point in time when the performance obligation is completely satisfied.

(d) Overseas Business

The Company and its consolidated subsidiaries engage in overseas real estate development and sales operations.

Revenue is recognized as follows.

(Real Estate Sales, etc.)

These performance obligations are satisfied at a point in time when the real estate sales transaction is completed, and revenue is recognized at that point in time.

The transaction price is determined by the contract with the customer, and consideration is received based on that contract.

(6) Translation of Significant Foreign Currency Assets and Liabilities into Japanese Yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate at the consolidated balance sheet date, and translation differences are recognized in profit or loss.

Assets and liabilities, as well as revenues and expenses, of overseas consolidated subsidiaries are translated into Japanese yen at the spot exchange rate at the consolidated balance sheet date, and translation differences are included in “Foreign currency translation adjustments” in net assets.

(7) Significant Hedge Accounting Policies

Hedge accounting method:

The Company applies the special treatment for interest rate swap transactions.

Hedging instruments and hedged items

Hedging instruments ... Interest rate swaps

Hedged items ... Interest on borrowings

Hedging policy

The Company and its consolidated subsidiaries use derivative instruments in order to hedge against interest rate fluctuations

Method of evaluation of hedge effectiveness

The Company omitted the evaluation of the effectiveness as the requirements for the special treatment of interest-rate swaps are satisfied.

(8) Method and Period for Amortization of Goodwill

Goodwill is amortized on a straight-line basis over the period during which its effects are estimated to be realized at the time of occurrence.

However, immaterial amounts of goodwill are charged to income as incurred.

(9) Scope of Cash and Cash Equivalents in the Consolidated Statement of Cash Flows

Funds consist of cash on hand, deposits that can be withdrawn at any time, negotiable certificates of deposit

with maturities of three months or less from the date of acquisition, and time deposits and other investments that are readily convertible into cash and subject to insignificant risk of changes in value.

(10) Other Significant Matters for Preparing Consolidated Financial Statements

(a) Accounting treatment of deferred assets

Bond issuance costs are expensed in full at the time of payment.

(b) Accounting treatment of interest expenses

Some consolidated subsidiaries have incorporated the interest paid on funds used for the real-estate development business into the costs of real estate for sale.

(c) Group tax sharing system

The Company has applied Group Tax Sharing System.

(d) Accounting treatment for advertising expenses

The Company and some of its consolidated subsidiaries capitalize advertising expenses and other selling expenses for sales of real estate incurred before delivery in real estate inventories and expense them upon delivery.

(Change in Presentation)

(Consolidated Balance Sheet)

With respect to “Notes receivable and accounts receivable from completed construction contracts, etc.” presented under “Current assets” in the previous consolidated fiscal year, the account name has been changed to “Electronically recorded monetary claims and accounts receivable from completed construction contracts, etc.” in the consolidated fiscal year under review, as there was no balance of notes receivable.

(Consolidated Statement of Cash Flows)

Up to the previous consolidated fiscal year, “Foreign exchange losses(gains),” which had been included in “Other” under “Cash flows from operating activities,” are presented separately in the consolidated fiscal year under review as its importance has increased. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, in the consolidated statement of cash flows for the previous consolidated fiscal year, the amount of ¥2,013 million previously presented as “Other” under “Cash flows from operating activities” has been reclassified into “Foreign exchange losses (gains)” of ¥149 million and “Other” of ¥1,864 million.

(Notes to Consolidated Balance Sheets)

*1 The amounts of the receivables arising from contracts with customers and the contract assets included in the electronically recorded monetary claims, accounts receivable from completed construction contracts and other as of March 31, 2025 and 2026 were as follows:

(Millions of yen)		
	As of March 31, 2025	As of March 31, 2026
Notes receivable	873	—
Electronically recorded monetary claims- operating	1,063	622
Accounts receivable from completed construction contracts	57,144	49,424
Contract assets	87,356	84,958

*2 Assets in non-consolidated subsidiaries and affiliates were as follows:

(Millions of yen)		
	As of March 31, 2025	As of March 31, 2026
Investment securities	40,018	66,333
Other securities	570	847

*3 Tax Purpose Reduction Entry

The amounts of tax basis reduction applied to the acquisition costs of non-current assets due to government subsidies, etc. as of March 31, 2025 and 2026 are as follows.

(Millions of yen)		
	As of March 31, 2025	As of March 31, 2026
Buildings and structures	94	141
Machinery, vehicles, tools, furniture and fixtures	41	41
Other intangible Assts	-	1

*4 The amounts of contract liabilities included in advances received on construction contracts in progress, deposits received - real estate business and other current liabilities (other) as of March 31, 2025 and 2026 are as follows:

(Millions of yen)		
	As of March 31, 2025	As of March 31, 2026
Advances received on construction contracts in progress	44,843	63,240
Deposits received - real estate business	25,100	36,305
Other current liabilities	2,737	2,760

5 Contingent Liabilities (guarantee obligations, etc.)

The Company was contingently liable for guarantees on bank loans and other guarantees as of March 31, 2025 and 2026 as follows:

		(Millions of yen)	
	As of March 31, 2025		As of March 31, 2026
Bank borrowings of customers using affiliated housing loan programs 2,547 cases	95,503	Bank borrowings of customers using affiliated housing loan programs 2,604 cases	110,581
Bank borrowings of customers purchasing real estate 1 case	12	Bank borrowings of customers purchasing real estate 1 case	8
Bank borrowings of owners of fee-based elderly care facilities 1 case	208	Bank borrowings of owners of fee-based elderly care facilities 1 case	184
Borrowings of overseas affiliates 3 cases (Note)	8,435	Borrowings of overseas affiliates 3 cases (Note)	8,404
Total	104,157	Total	119,176

Note: Total amount of joint and several guarantees is stated.

6 The Company has entered into a commitment line agreement with five financial institutions under a syndicated loan to ensure stable and flexible borrowings for working capital as of March 31, 2025 and 2026.

The unused balances of borrowings under this agreement as of March 31, 2025 and 2026 were as follows:

			(Millions of yen)
	As of March 31, 2025	As of March 31, 2026	
Line of credit/ Total amount of the commitment line agreement	100,000	100,000	
Amount utilized/ Amount of borrowings executed	15,000	—	
Unused line of credit / Difference	85,000	100,000	

(Notes to Consolidated Statements of Income)

*1 Provision for loss on construction contracts included in cost of sales for the years ended March 31, 2025 and 2026 were as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cost of sales of completed construction contracts	324	45
Cost of sales of design and supervision	116	122

*2 Losses on valuation of inventories included in cost of sales for the years ended March 31, 2025 and 2026 were as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2,025	For the fiscal year ended March 31, 2,026
Cost of sales of completed construction contracts	-	339
Cost of sales - real estate	2,800	10,953

*3 The Major expense items and their amounts in Selling, general and administrative expenses for the years ended March 31, 2025 and 2026 were as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Employee's salaries and allowances	27,661	30,144
Provision for bonuses	2,742	3,685
Provision for bonuses for directors (and other officers)	151	463
Provision for share awards	330	432
Provision for share awards for directors (and other officers)	88	244
Retirement benefit expenses	624	689
Rents expenses on land and buildings	4,149	4,563
Depreciation	3,052	3,255
Amortization of goodwill	203	491

*4 Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2025 and 2026 were as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Research and development costs	4,209	3,890

*5 Gain on sales of non-current assets for the years ended March 31, 2025 and 2026 consisted of the following:

	(Millions of yen)	
	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Buildings and structures	—	9
Machinery, vehicles, tools, furniture and fixtures	1	9
Land	11	0
Total	12	19

*6 Loss on disposal of non-current assets for the years ended March 31, 2025 and 2026 consisted of the following:

	(Millions of yen)	
	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Buildings and structures	45	99
Machinery, vehicles, tools, furniture and fixtures	7	13
Leased assets	2	1
Other non-current assets	1	219
Others	8	6
Total	64	338

*7 Impairment losses

The Company and its consolidated subsidiaries recognized impairment losses on the following non-current assets for the years ended March 31, 2025 and 2026.

From the first quarter of the consolidated fiscal year, the Group has changed the classification of reportable segments. The figures for the previous consolidated fiscal year have been reclassified in accordance with the revised reportable segment classification for comparative purposes.

Previous Fiscal Year (April 1, 2024 – March 31, 2025)

Use	Type	Location	Number of instances
Real estate for Construction-Related Business	Buildings	Suginami-ku, Tokyo	1
Real estate for Real Estate-Related Business	Buildings, etc.	Kita-ku, Okayama-shi, etc.	3
Assets for Real Estate-Related Business	Tools, furniture and fixtures	Nakamura-ku, Nagoya-shi	1
Real estate for Condominium Management and Operation Business	Buildings, etc.	Naka-ku, Nagoya-shi etc.	14
Assets for Condominium Management and Operation Business	Tools, furniture and fixtures	Fujisawa-shi, Kanagawa, etc.	3
Real estate for Overseas Business	Buildings, etc.	Hawaii, United States of America	1

Impairment losses were recognized for real estate for the Construction-Related Business, real estate for the Real Estate-Related Business, assets for the Real Estate-Related Business, real estate for the Condominium Management and Operation Business, assets for the Condominium Management and Operation Business, and real estate for the Overseas Business. These assets are grouped on an individual property basis.

Reflecting factors such as a decline in profitability, the carrying amounts of the above assets were reduced to their recoverable amounts, and the resulting decrease of ¥16,861 million was recognized as an impairment loss and recorded as an extraordinary loss.

The breakdown of the impairment loss is as follows: buildings and structures ¥15,324 million; machinery, vehicles, and tools and equipment ¥1,448 million; and land ¥89 million.

The recoverable amounts of real estate for the Construction-Related Business, real estate for the Real Estate-Related Business, and assets for the Real Estate-Related Business were measured based on net selling prices calculated using real estate appraisals and other valuation methods.

The recoverable amounts of real estate for the Condominium Management and Operation Business and assets

for the Condominium Management and Operation Business were measured based on value in use. As the valuation based on future cash flows resulted in a negative amount, the value in use was measured at zero. In addition, as undiscounted future cash flows were negative, the discount rate is not disclosed.

The recoverable amount of real estate for the Overseas Business was measured at fair value.

Current Fiscal Year (April 1, 2025 – March 31, 2026)

Use	Type	Location	Number of instances
Real estate for Construction-Related Business	Buildings, etc.	Aoba-ku, Sendai-shi	1
Assets for Construction-Related Business	Machinery, etc.	Minokamo-shi, Gifu etc.	9
Real estate for Condominium Management and Operation Business	Buildings, etc.	Ichikawa-shi, Chiba etc.	12
Assets for Condominium Management and Operation Business	Tools, furniture and fixtures, etc.	Minami-ku, Saitama-shi etc.	7
Assets for Overseas Business	Tools, furniture and fixtures, etc.	Hawaii, United States of America	1

Impairment losses were recognized for real estate for the Construction-Related Business, assets for the Construction-Related Business, real estate for the Condominium Management and Operation Business, assets for the Condominium Management and Operation Business, and assets for the Overseas Business. In principle, these assets are grouped on an individual property basis, while assets of certain consolidated subsidiaries are grouped on a business unit basis.

Reflecting factors such as a decline in profitability, the carrying amounts of the above assets were reduced to their recoverable amounts, and the resulting decrease of ¥4,079 million was recognized as an impairment loss and recorded as an extraordinary loss.

The breakdown of the impairment loss is as follows: buildings and structures ¥820 million; machinery, vehicles, and tools and equipment ¥2,365 million; land ¥588 million; lease assets ¥33 million; other intangible assets ¥269 million; and others ¥4 million.

The recoverable amounts of real estate for the Construction-Related Business and assets for the Construction-Related Business were measured based on net selling prices calculated using real estate appraisals and other valuation methods.

The recoverable amounts of real estate for the Condominium Management and Operation Business and assets for the Condominium Management and Operation Business were measured based on value in use. As the valuation based on future cash flows resulted in a negative amount, the value in use was measured at zero. In addition, as undiscounted future cash flows were negative, the discount rate is not disclosed.

The recoverable amounts of assets for the Overseas Business were measured at fair value. As the fair value was assessed at zero, the carrying amounts were recognized as impairment losses.

(Notes to Consolidated Statements of Comprehensive Income)

*Reclassification adjustments, income taxes and tax effects relating to other comprehensive income for the years ended March 31, 2025 and 2026 were as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Valuation difference on available-for sale securities:		
Amount arising during the current period	38	15,927
Reclassification adjustments for gains (losses) recognized in profit	(191)	(345)
Amount before income taxes and tax effect adjustments	(153)	15,582
Income taxes and tax effects amounts	(84)	(4,954)
Valuation difference on available-for sale securities	(237)	10,628
Foreign currency translation adjustment:		
Amount arising during the current period	11,836	1,220
Remeasurements of defined benefit plans:		
Amount arising during the current period	(2,626)	11,273
Reclassification adjustments	438	717
Before income tax and tax effect adjustments	(2,187)	11,990
Income taxes and tax impact amounts	687	(3,786)
Remeasurements of defined benefit plans	(1,501)	8,204
Share of other comprehensive income (loss) of affiliates accounted for by the equity method:		
Amount arising during the year	—	—
Total other comprehensive income (loss)	10,098	20,052

(Notes to Consolidated Statements of Changes in Equity)

FY2024 (April 1, 2024- March 31, 2025)

1. Matters concerning the classes and number of issued shares and treasury shares

	Number of shares at beginning of year (thousands)	Increase in number of shares during the year (thousands)	decrease in number of shares during the year (thousands)	Number of shares at end of year (thousands)
Issued shares:				
Common stock	300,794	—	—	300,794
Total	300,794	—	—	300,794
Treasury shares:				
Common stock (Note:1,2, and 3)	28,009	293	261	28,041
Total	28,009	293	261	28,041

Note 1: The number of treasury shares at the beginning of the consolidated fiscal year includes 4,822 thousand shares of the Company held as trust assets under the “Board Benefit Trust (BBT)” and the “Stock Grant ESOP” plans. The number of treasury shares at the end of the consolidated fiscal year includes 4,561 thousand shares of the Company held as trust assets under these plans.

2: The increase of 293 thousand shares in treasury shares of common stock was mainly attributable to the acquisition of 290 thousand shares of treasury stock from subsidiaries based on resolutions of the Board of Directors.

3: The decrease of 261 thousand shares in treasury shares of common stock was mainly attributable to the delivery, etc. of 261 thousand shares of the Company’s stock held as trust assets under the “Board Benefit Trust (BBT)” and the “Stock Grant ESOP” plans.

4: The numbers of shares presented are rounded down to the nearest thousand shares.

2. Matters concerning dividends

(1) Amount of dividends paid

Resolution	Type of shares	Total amount of dividend (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 27, 2024 (Note 1)	Common stock	12,492	45.00	March 31, 2024	June 28, 2024
Board of Directors on November 12, 2024 (Note 2)	Common stock	11,104	40.00	September 30, 2024	December 6, 2024

Note 1: The total amount of dividends includes ¥217 million as dividends to the Company’s shares held by the BBT and the Stock-Grant ESOP as trust assets.

2: The total amount of dividends includes ¥182 million as dividends to the Company’s shares held by the BBT and the Stock-Grant ESOP as trust assets.

(2) Dividends with record date in the current consolidated fiscal year and effective date in the next consolidated fiscal year

Resolution	Type of share	Total amount of dividend (Millions of yen)	Source of dividends	Dividend per share(yen)	Record date	Effective date
Annual general meeting of shareholders on June 27, 2026 (Note)	Common stock	12,479	Retained earnings	45.00	March 31, 2025	June 30, 2025

Note: The total amount of dividends includes ¥205 million as dividends to the Company’s shares held by the BBT and the Stock-Grant ESOP as trust assets

FY2025 (April 1, 2025- March 31, 2026)

1. Matters concerning the classes and number of issued shares and treasury shares

	Number of shares at beginning of year (thousands)	Increase in number of shares during the year (thousands)	decrease in number of shares during the year (thousands)	Number of shares at end of year (thousands)
Issued shares:				
Common stock	300,794	—	8,314	292,479
Total	300,794	—	8,314	292,479
Treasury shares:				
Common stock (Note:1,2, and 3)	28,041	8,332	8,538	27,835
Total	28,041	8,332	8,538	27,835

Note 1: The number of treasury shares at the beginning of the consolidated fiscal year includes 4,561 thousand shares of the Company held as trust assets under the “Board Benefit Trust (BBT)” and the “Stock Grant ESOP” plans. The number of treasury shares at the end of the consolidated fiscal year includes 4,337 thousand shares of the Company held as trust assets under these plans.

2: The increase of 8,332 thousand shares in treasury shares of common stock was mainly attributable to the acquisition of 8,314 thousand shares of treasury stock based on resolutions of the Board of Directors.

3: The decrease of 8,538 thousand shares in treasury shares of common stock was mainly attributable to the cancellation of 8,314 thousand shares of treasury stock.

4: The numbers of shares presented are rounded down to the nearest thousand shares.

2. Matters concerning dividends

(1) Amount of dividends paid

Resolution	Type of shares	Total amount of dividend (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual general meeting of shareholders on June 27, 2025(Note 1)	Common stock	12,479	45.00	March 31, 2025	June 30, 2025
Board of Directors on November 12, 2025 (Note 2)	Common stock	12,231	45.00	September 30, 2025	December 8, 2025

Note 1: The total amount of dividends includes ¥205 million as dividends to the Company’s shares held by the BBT and the Stock-Grant ESOP as trust assets.

2: The total amount of dividends includes ¥195 million as dividends to the Company’s shares held by the BBT and the Stock-Grant ESOP as trust assets.

(2) Dividends with record date in the current consolidated fiscal year and effective date in the next consolidated fiscal year

Resolution	Type of share	Total amount of dividend (Millions of yen)	Source of dividends	Dividend per share(yen)	Record date	Effective date
Annual general meeting of shareholders on June 26, 2026 (Scheduled)(Note)	Common stock	13,449	Retained earnings	50.00	March 31, 2026	June 29, 2026

Note: The total amount of dividends includes ¥217 million as dividends to the Company’s shares held by the BBT and the Stock-Grant ESOP as trust assets

(Notes to Consolidated Statements of Cash Flows)

*1 A reconciliation between cash and cash equivalents on the consolidated statement of cash flows and the cash and deposits on the consolidated balance sheet as of March 31, 2025 and 2026 were as follows:

	(Millions of yen)	
	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash and deposits account	235,976	279,968
Time deposits with maturities exceeding three months	(35)	(40)
Deposits for insurance agency	(143)	(148)
Negotiable certificates of deposit, included in securities account	2,518	10,976
Restricted deposit	(2,517)	(2,622)
Cash and cash equivalents	235,798	288,134

*2 Major Components of Assets and Liabilities of Companies Newly Becoming Consolidated Subsidiaries through Acquisition of Shares

FY2024 (April 1, 2024- March 31, 2025)

Not applicable.

FY2025 (April 1, 2025- March 31, 2026)

The breakdown of assets and liabilities as of the date of initial consolidation resulting from the acquisition of shares and the consolidation of Wood Friends Co., Ltd., as well as the relationship between the acquisition cost of shares of the company and the net cash outflow for the acquisition, are as follows:

	(Millions of yen)
Current assets	10,227
Non-current assets	8,831
Goodwill	288
Current liabilities	△9,003
Non-current liabilities	△6,942
Non-controlling interests	△1,133
Acquisition cost of shares	2,267
Cash and cash equivalents	△1,700
Net cash outflow from acquisition of shares of a subsidiary accompanied by a change in the scope of consolidation	567

(Business Combinations and Related Matters)

(Business Combination through Acquisition)

The Company acquired 1,317,741 shares of common stock of Wood Friends Co., Ltd. through a tender offer on June 3, 2025. As a result, the Company's voting rights ratio in Wood Friends Co., Ltd. reached 90.38%, and accordingly, the Company made Wood Friends Co., Ltd. a consolidated subsidiary as of the same date.

Subsequently, the Company implemented a demand for share sale pursuant to Article 179, paragraph (1) of the Companies Act, and as of July 15, 2025, made Wood Friends Co., Ltd. a wholly owned subsidiary of the Company.

1. Overview of business combination

(1) Name and Business Description of the Acquired Company

Name : WOOD FRIENDS Co., Ltd. and its four subsidiaries

Business description : Planning, design, construction and sale of buildings, and other businesses related to living environments

(2) Main reason for the business combination

The Company considers the promotion of wooden construction and the use of wood as an important initiative to simultaneously achieve efforts toward building a sustainable society and enhancing the quality of living spaces, believing that such promotion not only has environmental benefits such as CO₂ reduction but also contributes to the physical and mental health and well-being of residents. Based on this view, the Company has been working to realize wooden common facilities in condominiums and its proprietary hybrid wooden housing that combines reinforced concrete structures with wooden construction.

Meanwhile, Wood Friends Co., Ltd. has established an integrated manufacturing and retail model covering forestry, construction, and sales, aiming to supply domestically produced timber at appropriate prices on a stable basis. In addition, it focuses on realizing a "wood resource cascade business," which aims to properly circulate regional forestry resources and make full and effective use of wood resources.

By adding the Wood Friends Group under the Company's group umbrella, the Company determined that this would support its initiatives, and accordingly proceeded with the business combination.

(3) Date of business combination

Date of Share Acquisition via a tender offer : June 3, 2025 (Deemed Acquisition Date: May 31, 2025)

Date of Share Acquisition via share buyout : July 15, 2025 (Deemed Acquisition Date: June 1, 2025)

(4) Legal forms of business combination

Acquisition of shares for cash consideration

(5) Name of the combined entity

Not change

(6) Acquired voting interest

① Acquisition via a tender offer: 90.38%

② Acquisition via share buyout after the day of business combination: 9.62%

③ Acquisition after share buyout: 100%

(7) Key reasons for determining the acquiring entity

This is attributable to the Company's acquisition of shares for cash consideration.

2. Period of performance of the acquired company included in the quarterly consolidated financial statements
From June 1, 2025 to Mar. 31, 2026

3. Purchase price of the acquired entity and the breakdown of consideration by type

			(Millions of yen)
Consolidation transferred	Business combination	Cash and cash equivalents	2,267
	Share buyout	Cash and cash equivalents	241
Purchase price			2,508

4. Details and amounts of major acquisition-related costs

Advisory fees and other acquisition-related costs 165 million yen

5. Amount of goodwill recognized, reasons for its recognition, amortization method, and amortization period

(1) Amount of goodwill recognized

288 million yen

(2) Cause of Goodwill Recognition

Goodwill was recognized as it arose from the expected future excess earnings generated by the Company's ongoing business activities.

(3) Amortization method and amortization period

Due to the immateriality of the amount, goodwill is fully amortized at the time of recognition.

6. Amounts and major components of assets acquired and liabilities assumed on the date of business combination

		(Millions of yen)
Current assets		10,227
Non-current assets		8,831
Total of assets		19,057
Current liabilities		9,003
Non-current liabilities		6,942
Total of liabilities		15,945

(Segment Information, etc.)

a. Segment information

1. Description of Reportable Segments

The reportable segments of the Company are those components of the Company for which separate financial information is available and which are regularly reviewed by the Board of Directors to determine the allocation of management resources and to evaluate performance.

The Company Group conducts its business activities with a focus on all businesses related to housing. Within the Company Group, organizational units consisting of multiple business groups that share common business and operational objectives aligned with their respective business domains and bear responsibility for target management are designated as reportable segments. Specifically, the Company Group has four reportable segments: the Construction-Related Business, which mainly targets new housing supply markets; the Real Estate-Related Business, which engages in condominium sales and real estate leasing; the Condominium Management and Operation Business, which focuses primarily on existing housing-related services; and the Overseas Business, which engages in real estate development and sales overseas.

In conjunction with the formulation of a new medium-term business plan with the fiscal year ending March 31, 2026 as its first year, the names of the reportable segments were changed from “Service-Related Business” to “Condominium Management and Operation Business” and from “Overseas-Related Business” to “Overseas Business,” effective from the first quarter of the fiscal year under review. Accordingly, the composition of subsidiaries constituting each segment was partially revised.

Segment information for the previous consolidated fiscal year is presented based on the revised classification of reportable segments.

2. Basis for Measurement of Sales, Profit or Loss, Assets, Liabilities and Other Items by Reportable Segment

The accounting policies applied to the reportable business segments are substantially the same as those described under “Significant Accounting Policies for Preparation of Consolidated Financial Statements.”

Segment profit is based on operating profit. Intersegment sales are conducted at prevailing market prices.

3. Information on Sales, Profit or Loss, Assets, Liabilities and Other Items by Reportable Segment

FY2024(April 1, 2024- March 31, 2025)

(Millions of Yen)

	Reportable Segments				Total	Adjustments and Eliminations (Note 1)	Consolidated (Note 2)
	Construction-Related Business	Real Estate-Related Business	Condominium Management and Operation Business	Overseas Business			
Net sales							
Sales to third parties	778,746	249,845	145,296	3,466	1,177,353	—	1,177,353
Inter-segment sales and transfer	62,940	2,856	6,728	—	72,524	(72,524)	—
Total	841,687	252,700	152,025	3,466	1,249,878	(72,524)	1,177,353
Segment profit (loss)	56,342	32,578	6,486	(5,663)	89,743	(5,042)	84,701
Segment assets	415,596	642,240	154,976	121,795	1,334,607	30,596	1,365,203
Other items							
Depreciation	1,774	2,624	2,743	772	7,913	86	7,999
Investment in equity-method affiliates	—	—	—	32,877	32,877	—	32,877
Capital expenditures	5,339	11,034	4,105	434	20,912	7	20,918

Note 1 : The adjustment amounts are as follows.

- (1) Adjustment and eliminations for segment profit or loss of (5,042) million yen include 253 million yen of elimination of inter-segment transactions and (5,294) million yen of corporate expenses, which are not allocable to the reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

(2)Adjustment and eliminations for segment assets of 30,596 million yen include (25,866) million yen of elimination of receivables stemming from inter-segment transactions and 56,462 million yen of corporate assets. Corporate assets are primarily comprised of cash and cash deposits of the Company.

Note 2 : Segment profit (loss) has been adjusted with operating profit in the consolidated statement of income.

FY2025(April 1, 2025- March 31, 2026)

(Millions of Yen)

	Reportable Segments				Total	Adjustments and Eliminations (Note 1)	Consolidated (Note 2)
	Construction-Related Business	Real Estate-Related Business	Condominium Management and Operation Business	Overseas Business			
Net sales							
Sales to third parties	820,088	290,209	158,525	4,314	1,273,136	—	1,273,136
Inter-segment sales and transfer	80,780	2,995	6,900	—	90,675	(90,675)	—
Total	900,868	293,204	165,425	4,314	1,363,811	(90,675)	1,273,136
Segment profit (loss)	68,536	35,579	8,214	(6,081)	106,248	(7,504)	98,743
Segment assets	401,290	633,933	161,458	158,480	1,355,161	62,564	1,417,724
Other items							
Depreciation	2,631	3,053	2,867	24	8,575	202	8,777
Investment in equity-method affiliates	—	277	—	58,984	59,261	—	59,261
Capital expenditures	6,604	7,992	4,454	156	19,206	791	19,997

Note 1 : The adjustment amounts are as follows.

(1)Adjustment and eliminations for segment profit of loss of (7,504) million yen include (1,604) million yen of elimination of inter-segment transactions and (5,900) million yen of corporate expenses, which are not allocable to the reportable segments. These corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

(2)Adjustment and eliminations for segment assets of 62,564 million yen include (23,388) million yen of elimination of receivables stemming from inter-segment transactions and 85,952 million yen of corporate assets. Corporate assets are primarily comprised of cash and cash deposits of the Company.

Note 2 : Segment profit (loss) has been adjusted with operating profit in the consolidated statement of income.

Note 3 During the consolidated fiscal year under review, as WOOD FRIENDS Co., Ltd. and three of its subsidiaries newly became consolidated subsidiaries, segment assets in the Construction-Related Business increased by 17,945 million yen, and segment assets in the Condominium Management and Operation Business increased by 2,635 million yen, compared with the end of the previous consolidated fiscal year.

b. Related Information

1. Information by product and service

As similar information is disclosed in the segment information, this disclosure is omitted.

2.Information by region

(1) Net Sales

As net sales to external customers in Japan account for more than 90% of net sales in the consolidated statement of income, this disclosure is omitted.

(2) Property, plant and equipment

As the amount of property, plant and equipment located in Japan accounts for more than 90% of the amount of property, plant and equipment in the consolidated balance sheet, this disclosure is omitted.

3. Information by major customer

As net sales to a single external customer do not account for 10% or more of net sales in the consolidated statement of income, disclosure of information by major customer is omitted.

c. Information on Impairment Loss on Non-Current Assets by Reportable Segment

Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Construction -Related Business	Real Estate- Related Business	Condominium Management and Operation Business	Overseas Business	Adjustments and Eliminations	Consolidated
Impairment losses	3	471	333	16,112	(59)	16,861

Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Construction -Related Business	Real Estate- Related Business	Condominium Management and Operation Business	Overseas Business	Adjustments and Eliminations	Consolidated
Impairment losses	3,638	—	317	124	—	4,079

d. Information on Amortization of Goodwill and the Unamortized Balance by Reportable Segment

Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Construction -Related Business	Real Estate- Related Business	Condominium Management and Operation Business	Overseas Business	Adjustments and Eliminations	Consolidated
Amortization	—	—	203	—	—	203
Balance at end of current period	—	—	1,778	—	—	1,778

Fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Construction -Related Business	Real Estate- Related Business	Condominium Management and Operation Business	Overseas Business	Adjustments and Eliminations	Consolidated
Amortization	288	—	203	—	—	491
Balance at end of current period	—	—	1,574	—	—	1,574

e. Information on Gain on Negative Goodwill by Reportable Segment

Not applicable

(Per Share Information)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net assets per share	1,950.61Yen	2,126.38Yen
Basic earnings per share	126.20Yen	204.54Yen

Note 1 Diluted earnings per share are not presented because there are no dilutive potential shares.

2 The basis for the calculation of basic earnings per share is as follows

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit attributable to owners of parent (millions of yen)	34,450	54,839
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common shares (millions of yen)	34,450	54,839
Average number of shares outstanding during the period (thousands of shares)	272,982	268,101

Note a The numbers of shares presented are rounded down to the nearest thousand shares.

b Shares of the Company held as trust assets under by the Board Benefit Trust (BBT) and the Stock-Granting ESOP held as trust assets are included in treasury shares, which are deducted in the calculation of the average number of shares outstanding for the computation of basic profit attributable to owners of parent per share. The weighted average numbers of shares outstanding during the years ended March 31, 2025 and 2026 were 27,812 thousand and 30,505 thousand, respectively, including 4,596 and 4,352 thousand of shares held under the BBT and the Stock-Granting ESOP as trust assets in 2025 and 2026.

Note 3 The basis for calculating net assets per share is as follows.

	As of March 31, 2025	As of March 31, 2026
Net assets (millions of yen)	532,033	563,451
Amount deducted from total net assets (millions of yen)	—	716
Non-controlling interests	—	716
Net assets attributable to common shareholders at the end of the fiscal year (millions of yen)	532,033	562,735
Number of common shares at the end of the period used in the calculation of the net assets per share (thousands of shares)	272,752	264,644

Note a The numbers of shares presented are rounded down to the nearest thousand shares

b Shares of the Company held as trust assets under the Board Benefit Trust (BBT) and the Stock-Granting ESOP are included in treasury shares, which are deducted in the calculation of the number of shares at the end of the fiscal year for the computation of net assets per share. The numbers of treasury shares at March 31, 2025 and 2026 were 28,041 thousand and 27,835 thousand, respectively, including 4,561 and 4,337 thousand of shares held under the BBT and the Stock-Granting ESOP as trust assets in 2025 and 2026.

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	51,665	80,794
Notes receivable - trade	857	-
Electronically recorded monetary claims - operating	873	459
Accounts receivable from completed construction contracts	94,626	89,003
Accounts receivable leasing	83	225
Accounts receivable - real estate business	1,078	94
Costs on construction contracts in progress	7,676	8,236
Real estate for sale	187,618	126,014
Costs on real estate business	49,259	60,765
Raw materials and supplies	64	63
Prepaid expenses	3,542	3,327
Other	20,540	20,205
Allowance for doubtful accounts	(25)	(24)
Total current assets	417,856	389,162
Non-current assets		
Property, plant and equipment		
Buildings	36,861	44,131
Accumulated depreciation	(7,168)	(8,387)
Buildings, net	29,693	35,744
Structures	1,380	2,310
Accumulated depreciation	(456)	(556)
Structures, net	924	1,754
Machinery and equipment	2,073	4,306
Accumulated depreciation	(1,336)	(1,584)
Machinery and equipment, net	737	2,722
Tools, furniture and fixtures	4,976	5,751
Accumulated depreciation	(3,491)	(4,106)
Tools, furniture and fixtures, net	1,484	1,645
Land	51,696	43,889
Leased assets	302	231
Accumulated depreciation	(194)	(71)
Leased assets, net	108	160
Construction in progress	8,640	5,264
Total property, plant and equipment	93,282	91,178
Intangible assets		
Leasehold interests in land	113	113
Software	2,693	2,507
Intangible assets in progress	3,000	3,603
Other	2	27
Total intangible assets	5,808	6,250

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Investments and other assets		
Investment securities	42,868	59,998
Shares of subsidiaries and associates	192,021	244,736
Investments in other securities of subsidiaries and associates	570	570
Investments in capital	1	1
Long-term loans receivable	19	1,641
Long-term loans receivable from subsidiaries and associates	296,807	304,252
Distressed receivables	484	484
Long-term prepaid expenses	106	205
Prepaid pension costs	18,253	18,862
Other	6,215	6,873
Allowance for doubtful accounts	(706)	(851)
Total investments and other assets	556,638	636,771
Total non-current assets	655,728	734,199
Total assets	1,073,585	1,123,361
Liabilities		
Current liabilities		
Notes payable - trade	2,537	-
Electronically recorded obligations - operating	40,223	40,243
Accounts payable for construction contracts	69,668	71,307
Accounts payable - real estate business	2,146	1,531
Short-term borrowings	15,000	-
Current portion of long-term borrowings	20,000	10,000
Current portion of bonds payable	40,000	-
Lease liabilities	39	55
Accounts payable - other	3,510	1,827
Accrued expenses	5,486	5,059
Income taxes payable	7,306	15,320
Advances received on construction contracts in progress	48,244	63,598
Deposits received - real estate business	31,945	29,834
Deposits received	4,541	4,591
Unearned revenue	204	212
Provision for warranties for completed construction	4,080	3,918
Provision for loss on construction contracts	516	187
Provision for bonuses	3,020	4,233
Provision for bonuses for directors (and other officers)	151	463
Other	1,438	8,213
Total current liabilities	300,053	260,591
Non-current liabilities		
Bonds payable	80,000	80,000
Long-term borrowings	265,000	335,000
Lease liabilities	80	122
Deferred tax liabilities	1,253	5,008
Provision for share awards	2,694	2,995
Provision for share awards for directors (and other officers)	225	369
Asset retirement obligations	108	110
Other	3,242	3,326
Total non-current liabilities	352,602	426,930
Total liabilities	652,655	687,521

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Net assets		
Shareholders' equity		
Share capital	57,500	57,500
Capital surplus		
Legal capital surplus	7,500	7,500
Other capital surplus	1	-
Total capital surplus	7,501	7,500
Retained earnings		
Legal retained earnings	6,875	6,875
Other retained earnings		
Retained earnings brought forward	377,930	390,179
Total retained earnings	384,805	397,054
Treasury shares	(37,442)	(43,882)
Total shareholders' equity	412,364	418,172
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,565	17,669
Total valuation and translation adjustments	8,565	17,669
Total net assets	420,929	435,840
Total liabilities and net assets	1,073,585	1,123,361

(2) Non-consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales		
Net sales of completed construction contracts	525,013	553,738
Net sales commissioned work	5,662	4,709
Net sales of design and supervision	15,429	16,630
Net sales of leasing	5,224	5,025
Real estate sales	227,806	237,464
Total net sales	779,133	817,567
Cost of sales		
Cost of sales of completed construction contracts	466,832	479,138
Cost of commissioned work	2,153	1,743
Cost of design and supervision	7,623	8,432
Cost of leasing	4,175	4,051
Cost of sales - real estate	206,166	215,939
Total cost of sales	686,949	709,303
Gross profit		
Gross profit on completed construction contracts	58,181	74,600
Gross profit commissioned work	3,509	2,966
Gross profit design and supervision	7,807	8,198
Gross profit leasing	1,049	975
Gross profit - real estate sales	21,640	21,525
Total gross profit	92,185	108,264
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	463	517
Employees' salaries and allowances	10,709	11,078
Provision for bonuses	1,326	1,969
Provision for bonuses for directors (and other officers)	151	463
Provision for share awards	175	244
Provision for share awards for directors (and other officers)	46	144
Retirement benefit expenses	147	191
Legal welfare expenses	1,706	1,736
Welfare expenses	1,364	1,478
Repair and maintenance expenses	1,136	1,100
Stationery expenses	1,015	1,289
Communication and transportation expenses	1,197	1,296
Power utilities expenses	225	235
Research study expenses	3,210	2,941
Advertising expenses	3,723	4,062
Entertainment expenses	782	821
Donations	255	278
Rent expenses on land and buildings	2,352	2,597
Depreciation	2,413	2,479
Taxes and dues	2,958	3,190
Insurance expenses	191	200
Miscellaneous expenses	11,415	11,571
Total selling, general and administrative expenses	46,960	49,877
Operating profit	45,225	58,387

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Non-operating income		
Interest income	5,655	6,380
Dividend income	5,255	15,000
Other	1,067	1,683
Total non-operating income	11,977	23,064
Non-operating expenses		
Interest expenses	3,569	4,860
Incidental expenses for loan	1,231	1,195
Other	834	844
Total non-operating expenses	5,634	6,899
Ordinary profit	51,568	74,551
Extraordinary income		
Gain on sale of investment securities	191	90
Gain on sale of shares of subsidiaries and associates	-	507
Other	40	47
Total extraordinary income	231	644
Extraordinary losses		
Loss on retirement of non-current assets	33	294
Impairment losses	138	0
Loss on valuation of shares of subsidiaries and associates	-	2,672
Other	40	334
Total extraordinary losses	211	3,301
Profit before income taxes	51,588	71,894
Income taxes - current	14,175	22,050
Income taxes - deferred	(56)	(403)
Total income taxes	14,119	21,647
Profit	37,469	50,247

(3) Non-consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward		
Balance at beginning of period	57,500	7,500	0	6,875	364,058	(37,233)	398,700
Changes during period							
Dividends of surplus					(23,597)		(23,597)
Profit					37,469		37,469
Purchase of treasury shares						(588)	(588)
Disposal of treasury shares			0			379	379
Cancellation of treasury shares							-
Appropriation to other capital surplus							-
Net changes in items other than shareholders' equity							-
Total changes during period	-	-	0	-	13,873	(208)	13,665
Balance at end of period	57,500	7,500	1	6,875	377,930	(37,442)	412,364

	Valuation and translation adjustments	Total net assets
	Valuation difference on available-for-sale securities	
Balance at beginning of period	9,604	408,304
Changes during period		
Dividends of surplus		(23,597)
Profit		37,469
Purchase of treasury shares		(588)
Disposal of treasury shares		379
Cancellation of treasury shares		-
Appropriation to other capital surplus		-
Net changes in items other than shareholders' equity	(1,039)	(1,039)
Total changes during period	(1,039)	12,625
Balance at end of period	8,565	420,929

For the fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward		
Balance at beginning of period	57,500	7,500	1	6,875	377,930	(37,442)	412,364
Changes during period							
Dividends of surplus					(24,710)		(24,710)
Profit					50,247		50,247
Purchase of treasury shares						(20,055)	(20,055)
Disposal of treasury shares			0			325	326
Cancellation of treasury shares			(13,290)			13,290	-
Appropriation to other capital surplus			13,289		(13,289)		-
Net changes in items other than shareholders' equity							-
Total changes during period	-	-	(1)	-	12,248	(6,440)	5,807
Balance at end of period	57,500	7,500	-	6,875	390,179	(43,882)	418,172

	Valuation and translation adjustments	Total net assets
	Valuation difference on available-for-sale securities	
Balance at beginning of period	8,565	420,929
Changes during period		
Dividends of surplus		(24,710)
Profit		50,247
Purchase of treasury shares		(20,055)
Disposal of treasury shares		326
Cancellation of treasury shares		-
Appropriation to other capital surplus		-
Net changes in items other than shareholders' equity	9,104	9,104
Total changes during period	9,104	14,911
Balance at end of period	17,669	435,840

7. Other information

(1) Consolidated Orders and Net Sales

(i) Orders record

(Millions of Yen)

	Classification	For the fiscal year ended March 31, 2025		For the fiscal year ended March 31, 2026		Increase (decrease)	
		Amount	Composition ratio	Amount	Composition ratio	Amount	%
Construction- Related Business	Construction work, etc.	609,713	97.6%	752,171	97.6%	142,458	23.4%
	Design and supervision	15,145	2.4%	18,818	2.4%	3,672	24.2%
	Subtotal	624,858	95.8%	770,989	96.3%	146,130	23.4%
Real Estate-Related Business	Real estate sale, etc.	—	—	—	—	—	—
Condominium Management and Operation Business	Interior remodeling, etc.	27,584	4.2%	29,475	3.7%	1,891	6.9%
Overseas Business	Construction work, etc.	—	—	—	—	—	—
Total		652,442	100.0%	800,463	100.0%	148,022	22.7%

(Notes) 1 For the Haseko Group, order intake other than construction work, etc. and design and construction supervision in the Construction-Related Business, interior remodeling, etc. in the Condominium Management and Operation Business, and construction work, etc. in the Overseas Business is not presented, as it is difficult to accurately capture such order intake.

2 Transactions between segments are eliminated.

(ii) Net sales record

	For the fiscal year ended March 31, 2025		For the fiscal year ended March 31, 2026		Increase (decrease)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	%
Construction-Related Business	778,746	66.2%	820,088	64.4%	41,342	5.3%
Real Estate-Related Business	249,845	21.2%	290,209	22.8%	40,365	16.2%
Condominium Management and Operation Business	145,296	12.3%	158,525	12.5%	13,229	9.1%
Overseas Business	3,466	0.3%	4,314	0.3%	848	24.5%
Total	1,177,353	100.0%	1,273,136	100.0%	95,783	8.1%

(2) Non-consolidated Orders received, Net sales and Backlog

(i) Orders, Net sales and Backlog

[Millions of Yen]

		For the fiscal year ended March 31, 2025		For the fiscal year ended March 31, 2026		Increase (decrease)	
		Amount	Composition ratio	Amount	Composition ratio	Amount	%
	Private-sector condominium	533,742	94.4%	658,071	93.9%	124,328	23.3%
	Rental condominiums, Company housing, etc.	15,471	2.7%	13,641	2.0%	(1,830)	(11.8%)
	Residence Total	549,213	97.1%	671,711	95.9%	122,498	22.3%
	Non-Residence	6,559	1.2%	22,156	3.1%	15,597	237.8%
	Others	9,648	1.7%	6,828	1.0%	(2,820)	(29.2%)
	Construction Total	565,421	96.4%	700,695	96.5%	135,275	23.9%
	Consulting Contracts	5,102	0.9%	6,100	0.8%	998	19.6%
	Construction business	570,522	97.3%	706,796	97.3%	136,273	23.9%
	Design and Supervision	16,110	2.7%	19,901	2.7%	3,791	23.5%
	Orders Total	586,632	100.0%	726,697	100.0%	140,065	23.9%
	Private-sector condominium	448,515	85.4%	498,747	90.1%	50,232	11.2%
	Rental condominiums, Company housing, etc.	56,692	10.8%	39,923	7.2%	(16,769)	(29.6%)
	Residence Total	505,207	96.2%	538,671	97.3%	33,463	6.6%
	Non-Residence	3,111	0.6%	6,577	1.2%	3,466	111.4%
	Others	16,694	3.2%	8,490	1.5%	(8,204)	(49.1%)
	Construction Total	525,013	96.2%	553,738	96.3%	28,725	5.5%
	Consulting Contracts	5,662	1.0%	4,709	0.8%	(953)	(16.8%)
	Construction business	530,674	97.2%	558,447	97.1%	27,772	5.2%
	Design and Supervision	15,429	2.8%	16,630	2.9%	1,201	7.8%
	Net Sales Total	546,104	100.0%	575,077	100.0%	28,973	5.3%
	Private-sector condominium	703,432	91.9%	862,756	94.6%	159,323	22.6%
	Rental condominiums, Company housing, etc.	46,507	6.1%	20,225	2.2%	(26,282)	(56.5%)
	Residence Total	749,940	98.0%	882,980	96.8%	133,041	17.7%
	Non-Residence	6,879	0.9%	22,458	2.4%	15,579	226.5%
	Others	8,639	1.1%	6,977	0.8%	(1,662)	(19.2%)
	Construction Total	765,458	97.1%	912,415	97.1%	146,957	19.2%
	Consulting Contracts	4,376	0.5%	5,768	0.6%	1,392	31.8%
	Construction business	769,834	97.6%	918,183	97.7%	148,349	19.3%
	Design and Supervision	18,564	2.4%	21,835	2.3%	3,271	17.6%
	Backlog Total	788,398	100.0%	940,018	100.0%	151,620	19.2%

(ii) Real estate sales and Net Sales of Leasing

[Millions of Yen]

	For the fiscal year ended March 31, 2025		For the fiscal year ended March 31, 2026		Increase (decrease)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	%
Land sales, etc.	227,109	99.7%	236,013	99.4%	8,904	3.9%
Fee income	697	0.3%	1,452	0.6%	755	108.3%
Real estate sales	227,806	97.7%	237,464	97.9%	9,658	4.2%
Net sales of Leasing	5,224	2.3%	5,025	2.1%	(199)	(3.8%)
Total	233,030	100.0%	242,489	100.0%	9,460	4.1%

(3) Changes in Directors

Scheduled Effective Date: June 26, 2026

New position	Former position	Continuing Position	Name
Director		Senior Operating Officer, responsible for Corporate Planning, Finance and IR, in charge of Accounting	Takehiko Asano
Outside Director		Outside Director, SymEnergy Inc.	Nobuaki Kitamori
Outside Corporate Auditor		Executive Partner, Daiichi Legal Professional Corporation. Outside Corporate Auditor, Furuno Electric Co., Ltd. Advisor to the Ministry of Finance Compliance Promotion Council	Toru Muranaka
Outside Corporate Auditor		Executive Partner, CPA, Shinsoh Audit Corporation. Chairman, The Japanese Institute of Certified Public Accountants, Tokyo Chapter. Vice Chairman, The Japanese Institute of Certified Public Accountants. Auditor, Metropolitan Foundation for Private Schools Auditor, Kanrei Shirayuri Gakuen Director, Seigakuin University & Schools Outside Auditor, Hinoya Corporation	Katsunori Takahashi
Resignation	(Director)	Executive Advisor (Executive Advisor, Corporate Management Division) Representative Director and chairman, Haseko Anesis Corporation	Shoji Naraoka
Resignation	(Outside Corporate Auditor)		Yoshitaka Fukui
Resignation	(Outside Corporate Auditor)		Mitsuo Isoda

The appointment of Directors and Auditors Members is scheduled to be formally decided upon approval at the 109th Annual General Meeting of Shareholders to be held on June 26, 2026.