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Annual Securities Report

The 74th Fiscal Year

From February 1, 2024 to January 31, 2025

Sekisui House, Ltd.

E00143

Contents

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[Document Title]	Annual Securities Report
[Clause of Stipulation]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Place of Filing]	Director-General of the Kanto Local Finance Bureau
[Filing Date]	April 22, 2025
[Fiscal Year]	The 74th Fiscal Year (From February 1, 2024 to January 31, 2025)
[Company Name]	Sekisui House, Ltd.
[Company Name in English]	Sekisui House, Ltd.
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[Place for Public Inspection]	Investor Relations Department, Sekisui House, Ltd.* (4-15-1, Akasaka, Minato-ku, Tokyo) Tokyo-Nishi Branch, Sekisui House, Ltd. (3-6-11, Nishishinjuku, Shinjuku-ku, Tokyo) Kanagawa-Higashi Branch, Sekisui House, Ltd. (3-7-1, Minatomirai, Nishi-ku, Yokohama) Saitama Branch, Sekisui House, Ltd. (1-7-5, Sakuragi-cho, Omiya-ku, Saitama) Chiba Branch, Sekisui House, Ltd. (1-35, Tonyacho, Chuo-ku, Chiba) Nagoya-Higashi Branch, Sekisui House, Ltd. (3-18-1, Sakae, Naka-ku, Nagoya) Kobe Branch, Sekisui House, Ltd. (2-1-32, Oakashicho, Akashi-shi, Hyogo) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (3-8-20, Sakae, Naka-ku, Nagoya)

(Note) *This is not a place for public inspection as stipulated by the Financial Instruments and Exchange Act, but it is provided for the convenience of shareholders, etc.

Part 1 Company Information

I. Overview of Company

1. Key Financial Data

(1) Key financial data of group

Fiscal Year		70th	71st	72nd	73rd	74th
Year End		Jan. 2021	Jan. 2022	Jan. 2023	Jan. 2024	Jan. 2025
Net sales	(Millions of yen)	2,446,904	2,589,579	2,928,835	3,107,242	4,058,583
Ordinary profit	(Millions of yen)	184,697	230,094	257,272	268,248	301,627
Profit attributable to owners of parent	(Millions of yen)	123,542	153,905	184,520	202,325	217,705
Comprehensive income	(Millions of yen)	129,129	225,063	262,931	243,596	293,815
Total net assets	(Millions of yen)	1,368,887	1,520,959	1,667,546	1,794,052	2,018,599
Total assets	(Millions of yen)	2,625,861	2,801,189	3,007,537	3,352,798	4,808,848
BPS: Book value per share	(Yen)	1,948.12	2,184.36	2,466.04	2,707.90	3,027.64
EPS: Earnings per share	(Yen)	181.18	227.37	276.58	309.29	335.95
Diluted earnings per share	(Yen)	181.02	227.25	276.46	309.19	335.84
Equity capital ratio	(%)	50.52	52.62	54.29	52.33	40.80
Return on Equity	(%)	9.53	10.99	11.88	11.95	11.71
PER: Stock price at end of period ÷ Net income per share	(Times)	11.14	10.18	8.86	10.82	10.67
Cash flows from operating activities	(Millions of yen)	191,972	118,034	125,464	15,683	62,885
Cash flows from investing activities	(Millions of yen)	(95,504)	(113,706)	(165,409)	(69,124)	(697,687)
Cash flows from financing activities	(Millions of yen)	(77,614)	(111,701)	(155,780)	6,483	720,967
Cash and cash equivalents at end of period	(Millions of yen)	600,234	515,174	332,747	292,901	390,307
Number of employees	(Persons)	28,362	28,821	29,052	29,932	32,265

(Notes) 1. Amounts are given in the stated unit of the presentation by disregarding any amount less than the stated unit of the presentation.

2. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the 72nd fiscal year, and the key financial data for the 72nd fiscal year and beyond are based on the application of these accounting standards.

(2) Key financial data of reporting company

Fiscal Year		70th	71st	72nd	73rd	74th
Year End		Jan. 2021	Jan. 2022	Jan. 2023	Jan. 2024	Jan. 2025
Net sales	(Millions of yen)	1,055,305	1,150,364	1,203,804	1,283,433	1,312,172
Ordinary profit	(Millions of yen)	88,414	123,196	132,806	157,460	183,771
Profit	(Millions of yen)	70,001	96,279	115,222	131,332	177,347
Share capital	(Millions of yen)	202,591	202,591	202,591	202,854	203,094
Total number of shares issued	(Shares)	684,683,466	684,683,466	684,683,466	662,862,666	662,996,866
Total net assets	(Millions of yen)	875,107	903,230	920,510	938,436	1,023,993
Total assets	(Millions of yen)	1,602,411	1,634,066	1,496,839	1,557,919	2,340,322
BPS: Book value per share	(Yen)	1,284.09	1,337.96	1,389.67	1,447.77	1,579.45
Dividends per share [Interim dividend per share]	(Yen) (Yen)	84.00 [45.00]	90.00 [43.00]	110.00 [52.00]	123.00 [59.00]	135.00 [64.00]
EPS: Earnings per share	(Yen)	102.63	142.20	172.66	200.71	273.60
Diluted earnings per share	(Yen)	102.54	142.13	172.59	200.65	273.51
Equity capital ratio	(%)	54.58	55.26	61.49	60.23	43.75
Return on Equity	(%)	8.04	10.83	12.64	14.13	18.08
PER: Stock price at end of period ÷ Net income per share	(Times)	19.67	16.28	14.20	16.68	13.10
Dividend payout ratio	(%)	81.85	63.29	63.71	61.28	49.34
Number of employees	(Persons)	15,071	15,017	14,932	15,327	15,664
Total shareholder return [Comparative indicator: Dividend-included TOPIX]	(%) (%)	89.1 [110.0]	105.4 [117.7]	115.8 [126.0]	159.0 [166.9]	174.7 [186.7]
Highest stock price	(Yen)	2,457.5	2,567	2,594.5	3,495	4,134
Lowest stock price	(Yen)	1,551	1,990.5	2,163.5	2,418	2,843

(Notes) 1. Amounts are given in the stated unit of the presentation by disregarding any amount less than the stated unit of the presentation.

2. The ¥135.00 dividend per share for the 74th fiscal year (fiscal year ended January 2025) includes the ¥71.00 year-end dividend, which will be one of the agenda items (proposals to be tabled) at the Ordinary General Meeting of Shareholders to be held on April 23, 2025.

3. The highest and lowest stock prices are those on the Tokyo Stock Exchange (Prime Market) from April 4, 2022 onwards, and those on the Tokyo Stock Exchange (First Section) on and before April 3, 2022.

4. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the beginning of the 72nd fiscal year, and the key financial data for the 72nd fiscal year and beyond are based on the application of these accounting standards.

2. Corporate History

In May 1969, the Company (in March 1969, the company name was changed from Showa Shokusan Co., Ltd. to Sekisui House, Ltd.) acquired Sekisui House, Ltd. (the former Sekisui House, Ltd.), which was located at 2-2, Tamae-cho, Kita-ku, Osaka, through an absorption-type merger (due to a change in the par value of the shares of the former Sekisui House, Ltd.), but as the Company was suspended prior to the merger date, the substance of the company is in the same state as if the former Sekisui House, Ltd. has continued to exist after the merger. Therefore, the details of the Company before the merger mentioned above in the following corporate history are those of the former Sekisui House, Ltd., which was a substantive company.

August 1960	Planned to commercialize pre-engineered housing, and incorporated as Sekisui House Sangyo Co., Ltd. with share capital of 100 million yen.
July 1961	Shiga Factory was established in Ritto-cho, Kurita-gun, (currently Ritto-shi), Shiga, and launched operations (the production function was suspended in March 2009).
October 1963	Company name was changed to Sekisui House, Ltd.
May 1969	Due to a change in the par value of shares, Sekisui House, Ltd. (Showa Shokusan Co., Ltd. changed its company name in March 1969) acquired the Company through an absorption-type merger.
August 1970	Stock listed on 2nd Section of Tokyo Stock Exchange and Osaka Securities Exchange
	Kanto Factory was established in Sowa-machi, Sashima-gun (currently Koga-shi), Ibaraki, and launched operations.
June 1971	Stock listed on 1st Section of Tokyo Stock Exchange and Osaka Securities Exchange
August 1972	Stock listed on 1st Section of Nagoya Stock Exchange
August 1973	Yamaguchi Factory was established in Yamaguchi and launched operations.
June 1975	Head Office was moved from 2-2, Tamae-cho, Kita-ku, Osaka to 6-6, Nakanoshima, Kita-ku, Osaka (changed to 6-2-27, Nakanoshima, Kita-ku, Osaka on February 1, 1978, due to the implementation of residential address indication).
March 1976	Sekiwa Real Estate, Ltd. was incorporated.
February 1977	Sekiwa Real Estate, Ltd. (changed the company name to Kansai Sekiwa Real Estate, Ltd. in March 1982) was incorporated.
August 1980	Sekiwa Real Estate, Ltd. (changed the company name to Kyushu Sekiwa Real Estate, Ltd. in March 1982) was incorporated.
October 1980	Shizuoka Factory was established in Daito-cho, Ogasa-gun (currently Kakegawa-shi), Shizuoka, and launched operations.
February 1981	Sekiwa Real Estate, Ltd. (changed the company name to Chubu Sekiwa Real Estate, Ltd. in June 1981) was incorporated.
August 1982	Chugoku Sekiwa Real Estate, Ltd. was incorporated.
August 1983	Tohoku Sekiwa Real Estate, Ltd. was incorporated.
July 1985	Hyogo Factory was established in Tojo-cho, Kato-gun (currently Kato-shi), Hyogo, and launched operations.
May 1993	Head Office was moved from 6-2-27, Nakanoshima, Kita-ku, Osaka to 1-1-88, Oyodonaka, Kita-ku, Osaka
August 1995	Sekisui House-W Co., Ltd. was acquired through an absorption-type merger.
August 1997	Tohoku Factory was established in Shikama-cho, Kami-gun, Miyagi, and launched operations.
August 2000	Tohoku Sekiwa Real Estate, Ltd., Chubu Sekiwa Real Estate, Ltd., Kansai Sekiwa Real Estate, Ltd., Chugoku Sekiwa Real Estate, Ltd. and Kyushu Sekiwa Real Estate, Ltd. changed their company names to Sekiwa Real Estate Tohoku, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chugoku, Ltd. and Sekiwa Real Estate Kyushu, Ltd., respectively.
February 2001	Sekisui House Hokuriku, Ltd., Sekisui House Shikoku, Ltd., Sekisui House Yamanashi, Ltd. and Sekisui House Sanin, Ltd. were acquired through an absorption-type merger.
March 2001	Trading of sponsored American Depositary Receipts (ADRs) begun
February 2005	Sekiwa Real Estate, Ltd., Sekiwa Real Estate Kansai, Ltd., Sekiwa Real Estate Chubu, Ltd., Sekiwa Real Estate Chugoku, Ltd., Sekiwa Real Estate Kyushu, Ltd. and Sekiwa Real Estate Tohoku, Ltd. were made wholly owned subsidiaries through a share exchange.
	Remodeling business was spun off into Sekisui House Remodeling, Ltd. through a corporate split.
May 2005	Sekiwa Real Estate Sapporo, Ltd. was incorporated (merged into Sekiwa Real Estate, Ltd. through an absorption-type merger in August 2009).
December 2008	Sekisui House Australia Holdings PTY LIMITED was incorporated.
March 2010	Sekisui House SI Asset Management, Ltd. (the company name was changed to Sekisui House Asset Management, Ltd. in March 2017) became a subsidiary through the acquisition of shares.
May 2010	North America Sekisui House, LLC was incorporated.

January 2011	Sekisui House Advanced Manufacturing (Shenyang) Co., Ltd. was incorporated.
December 2011	Sekisui House Financial Services Co., Ltd. was incorporated.
August 2013	Sekiwa Real Estate, Ltd. was split into Sekiwa Real Estate, Ltd. and Sekiwa Real Estate Kanto, Ltd.
February 2014	Sekisui House Investment Advisors, Ltd. was incorporated.
November 2014	Sekiwa Grand Mast, Ltd. was incorporated.
August 2016	Sekisui House Remodeling, Ltd. was split into three companies: Sekisui House Remodeling East Japan, Ltd., Sekisui House Remodeling Central Japan, Ltd. (formerly Sekisui House Remodeling, Ltd.), and Sekisui House Remodeling West Japan, Ltd.
March 2017	Woodside Homes Company, LLC became a wholly owned subsidiary.
	Sekisui House Trust, Ltd. was incorporated.
May 2018	Sekisui House Investment Advisors, Ltd. merged with Sekisui House Asset Management, Ltd. and changed the company name to Sekisui House Asset Management, Ltd.
October 2019	Otori Holdings, Co., Ltd. (holding company for Konoike Construction Co., Ltd.) became a consolidated subsidiary.
February 2020	Sekiwa Real Estate, Ltd. merged with Sekiwa Real Estate Kanto, Ltd. to become Sekisui House Real Estate Tokyo, Ltd., Sekiwa Real Estate Kansai, Ltd. changed the company name to Sekisui House Real Estate Kansai, Ltd., Sekiwa Real Estate Chubu, Ltd. changed the company name to Sekisui House Real Estate Chubu, Ltd., Sekiwa Real Estate Chugoku, Ltd. changed the company name to Sekisui House Real Estate Chugoku & Shikoku, Ltd., Sekiwa Real Estate Kyushu, Ltd. changed the company name to Sekisui House Real Estate Kyusyu, Ltd., and Sekiwa Real Estate Tohoku, Ltd. changed the company name to Sekisui House Real Estate Tohoku, Ltd.
	Sekisui House noie Limited launched operations.
October 2020	Konoike Construction Co., Ltd. merged with Otori Holdings Co., Ltd.
November 2020	Sekisui House Remodeling Central Japan, Ltd. merged with Sekisui House Remodeling East Japan, Ltd. and Sekisui House Remodeling West Japan, Ltd. and changed the company name to Sekisui House Remodeling, Ltd.
December 2021	Holt Group Holdings, LLC acquired shares of The Holt Group, Inc., etc.
February 2022	As for the Sekisui House Real Estate Group, an organizational restructuring centered on the adoption of an intermediate holding company system was implemented by Sekisui House Real Estate Holdings, Ltd., and all equity interests in the six Sekisui House Real Estate companies became indirect interests, and Sekisui House Real Estate Tokyo, Ltd. merged with Sekiwa Grand Mast, Ltd.
April 2022	Moved to the Tokyo Stock Exchange Prime Market and the Nagoya Stock Exchange Premier Market
July 2022	Chesmar Holdings, LLC acquired interests in Chesmar Homes, LLC, etc.
February 2024	As for the Sekisui House Construction Group, an organizational restructuring centered on the adoption of an intermediate holding company system was implemented by Sekisui House Construction Holdings, Ltd., and all equity interests in the eight Sekisui House Construction companies became indirect interests.
April 2024	M.D.C. Holdings, Inc. became a wholly owned subsidiary.
February 2025	The real estate and brokerage businesses of the six Sekisui House Real Estate companies (Tohoku, Tokyo, Chubu, Kansai, Chugoku & Shikoku, and Kyushu) were consolidated into Sekisui House Real Estate Kansai, Ltd. through an absorption-type company split, and the company's trade name was changed to Sekisui House Real Estate, Ltd.
	The rental business of Sekisui House Real Estate Kansai, Ltd. was absorbed and split off into a newly established preparatory company, and then spun off as Sekisui House Sha Maison PM Kansai, Ltd. Similarly, the five Sekisui House Real Estate companies (Tohoku, Tokyo, Chubu, Chugoku & Shikoku, and Kyushu) that specialize in the rental business changed each of their trade names to Sekisui House Sha Maison PM Tohoku, Ltd., Sekisui House Sha Maison PM Tokyo, Ltd., Sekisui House Sha Maison PM Chubu, Ltd., Sekisui House Sha Maison PM Chugoku & Shikoku, Ltd., and Sekisui House Sha Maison PM Kyushu, Ltd.
	The after-sales service business of the Company was absorbed and split off as Sekisui House Support Plus, Ltd.

3. Description of Business

The Group (the Company and its affiliated companies) consists of the Company, 376 consolidated subsidiaries, and 36 equity-method affiliates, is involved in the Detached Houses Business, Rental Housing and Commercial Buildings Business, Architectural/Civil Engineering Business, Rental Housing Management Business, Remodeling Business, Development Business, Overseas Business, and carries out related business activities.

The positioning of each business in the Group is as follows.

The classification of some segments of consolidated subsidiaries has been changed from the fiscal year ended January 31, 2025. For details, please refer to "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Notes to Consolidated Financial Statements (Segment Information, etc.)."

The main affiliated companies involved in each business are listed in the business organization chart.

(1) Detached Houses Business

Contracting of design and construction, and sales of detached houses

(Main companies: Sekisui House, Ltd., Sekisui House Construction Group, Sekisui House noie Limited)

(2) Rental Housing and Commercial Buildings Business

Contracting of design and construction, and sales of rental housing, commercial buildings and other properties

(Main companies: Sekisui House, Ltd., Sekisui House Construction Group)

(3) Architectural/Civil Engineering Business

Construction of commercial buildings and other properties and contracting of design and construction of civil engineering works

(Main company: Konoike Construction Group)

(4) Rental Housing Management Business

Leasing and management services for rental housing and other properties

(Main company: Sekisui House Real Estate Group)

(5) Remodeling Business

Remodeling of detached houses, rental housing, and other properties

(Main companies: Sekisui House Remodeling, Ltd., Sekisui House Real Estate Group, Sekisui House Construction Group)

(6) Development Business

Consists of the following three businesses.

i. Real Estate and Brokerage Business

Brokerage and sales of land for housing, existing houses, real estate for profit, and other properties

(Main companies: Sekisui House, Ltd., Sekisui House Real Estate Group)

ii. Condominiums Business

Development, sales and management of condominiums for sale

(Main companies: Sekisui House, Ltd., Sekisui House GM Partners, Ltd.)

iii. Urban Redevelopment Business

Development, management, and operation of office buildings, hotels, rental condominiums, and other properties

(Main companies: Sekisui House, Ltd., SH Hotel Management, Co., Ltd., Sekisui House Asset Management, Ltd.)

(7) Overseas Business

Sales of detached houses, development and sales of residential land, and development of condominiums for sale and rent, and other properties in overseas markets

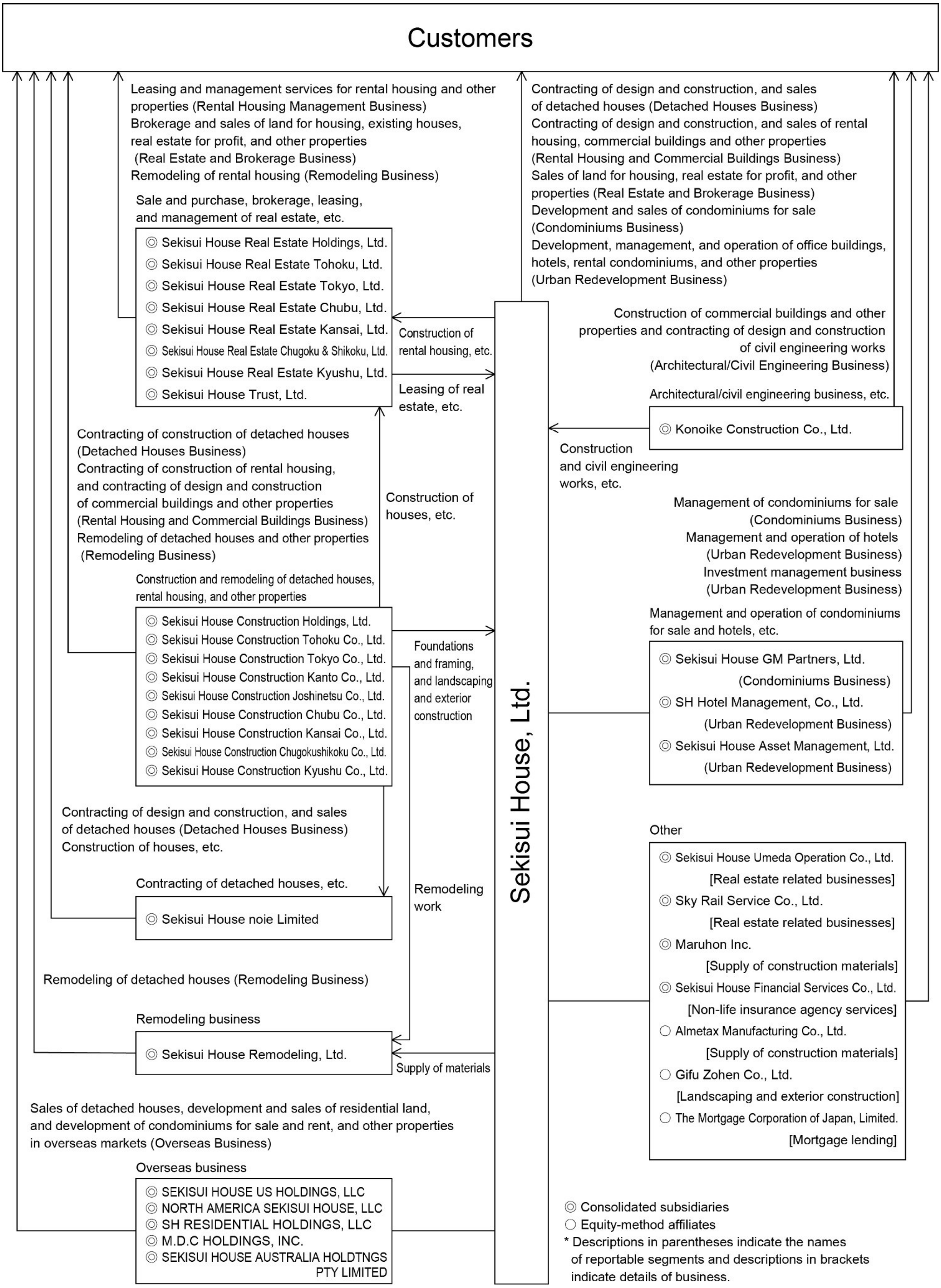
(Main companies: Sekisui House US Holdings, LLC., Sekisui House Australia Holdings PTY LIMITED)

(8) Other

This is a business segment not included in the reportable segments, and includes real estate management services, non-life insurance agency services, etc.

[Business organization chart]

The following business organization chart shows the main affiliated companies.



4. Subsidiaries and Other Affiliated Entities

Name	Location	Share capital (Millions of yen)	Main business	Percentage of holding voting rights (%)	Relationship			
					Executive concurrently holds position	Financial support	Business transaction	Leasing of equipment
(Consolidated subsidiaries)								
Sekisui House Real Estate Holdings, Ltd. (*3)	Kita-ku, Osaka	100	Rental Housing Management Business Real Estate and Brokerage Business	100.0	Yes	Yes	—	Yes
Sekisui House Real Estate Tohoku, Ltd. (*3)	Aoba-ku, Sendai	200	Rental Housing Management Business Real Estate and Brokerage Business	100.0 (100.0)	Yes	None	Leasing and outsourcing of management of real estate owned by the Company's customers, as well as sale and purchase of real estate, etc.	Yes
Sekisui House Real Estate Tokyo, Ltd. (*3)	Shibuya-ku, Tokyo	2,238	Rental Housing Management Business Real Estate and Brokerage Business	100.0 (100.0)	Yes	None	Same as above	Yes
Sekisui House Real Estate Chubu, Ltd. (*3)	Nakamura-ku, Nagoya	1,368	Rental Housing Management Business Real Estate and Brokerage Business	100.0 (100.0)	Yes	None	Same as above	Yes
Sekisui House Real Estate Kansai, Ltd. (*3)	Kita-ku, Osaka	5,829	Rental Housing Management Business Real Estate and Brokerage Business	100.0 (100.0)	Yes	None	Same as above	Yes
Sekisui House Real Estate Chugoku & Shikoku, Ltd. (*3)	Naka-ku, Hiroshima	379	Rental Housing Management Business Real Estate and Brokerage Business	100.0 (100.0)	Yes	None	Same as above	Yes
Sekisui House Real Estate Kyushu, Ltd. (*3)	Hakata-ku, Fukuoka	263	Rental Housing Management Business Real Estate and Brokerage Business	100.0 (100.0)	Yes	None	Same as above	Yes
Sekisui House Trust, Ltd.	Shibuya-ku, Tokyo	450	Rental Housing Management Business	95.0	Yes	None	Custodial trust of real estate for the Company's customers	Yes
Sekisui House Construction Holdings, Ltd.	Kita-ku, Osaka	100	Detached Houses Business Rental Housing and Commercial Buildings Business	100.0	Yes	None	—	Yes
Sekisui House Construction Tohoku Co., Ltd.	Izumi-ku, Sendai	100	Detached Houses Business Rental Housing and Commercial Buildings Business	100.0 (100.0)	Yes	None	Contracting of remodeling work on detached houses, rental housing, and other buildings	Yes
Sekisui House Construction Tokyo Co., Ltd.	Toda-shi, Saitama	100	Detached Houses Business Rental Housing and Commercial Buildings Business	100.0 (100.0)	Yes	None	Same as above	Yes
Sekisui House Construction Kanto Co., Ltd.	Minuma-ku, Saitama	100	Detached Houses Business Rental Housing and Commercial Buildings Business	100.0 (100.0)	Yes	None	Same as above	Yes
Sekisui House Construction Joshinetsu Co., Ltd.	Chikuma-shi, Nagano	100	Detached Houses Business Rental Housing and Commercial Buildings Business	100.0 (100.0)	Yes	None	Same as above	Yes
Sekisui House Construction Chubu Co., Ltd.	Moriyama-ku, Nagoya	100	Detached Houses Business Rental Housing and Commercial Buildings Business	100.0 (100.0)	Yes	None	Same as above	Yes
Sekisui House Construction Kansai Co., Ltd.	Yodogawa-ku, Osaka	100	Detached Houses Business Rental Housing and Commercial Buildings Business	100.0 (100.0)	Yes	None	Same as above	Yes
Sekisui House Construction Chugokushikoku Co., Ltd.	Asaminami-ku, Hiroshima	100	Detached Houses Business	100.0 (100.0)	Yes	None	Same as above	Yes

Name	Location	Share capital (Millions of yen)	Main business	Percentage of holding voting rights (%)	Relationship			
					Executive concurrently holds position	Financial support	Business transaction	Leasing of equipment
			Rental Housing and Commercial Buildings Business					
Sekisui House Construction Kyushu Co., Ltd.	Hakata-ku, Fukuoka	100	Detached Houses Business Rental Housing and Commercial Buildings Business	100.0 (100.0)	Yes	None	Same as above	Yes
Sekisui House Remodeling, Ltd.	Kita-ku, Osaka	100	Remodeling Business	100.0	Yes	None	Contracting of remodeling work	Yes
Sekisui House Financial Services Co., Ltd.	Kita-ku, Osaka	100	Other	100.0	Yes	None	—	Yes
Sekisui House noie Limited (*4)	Kita-ku, Osaka	100	Detached Houses Business	100.0	Yes	None	Contracting of detached houses	Yes
Sekisui House Umeda Operation Co., Ltd.	Kita-ku, Osaka	100	Other	100.0	Yes	None	Outsourcing of management of real estate	Yes
Sekisui House Asset Management, Ltd.	Minato-ku, Tokyo	400	Urban Redevelopment Business	100.0	Yes	None	—	Yes
Konoike Construction Co., Ltd.	Chuo-ku, Osaka	5,350	Architectural/Civil Engineering Business	90.7	Yes	None	Contracting of construction and civil engineering works, etc.	None
SEKISUI HOUSE US HOLDINGS, LLC (*1)	California, U.S.A.	Millions of USD 4,858	Overseas Business	100.0	Yes	Yes	—	None
NORTH AMERICA SEKISUI HOUSE, LLC (*1)	California, U.S.A.	Millions of USD 1,233	Overseas Business	100.0 (100.0)	Yes	Yes	—	None
SH RESIDENTIAL HOLDINGS, LLC (*1)	California, U.S.A.	Millions of USD 4,148	Overseas Business	100.0 (100.0)	Yes	Yes	—	None
WOODSIDE HOMES COMPANY, LLC (*1)	Utah, U.S.A.	Millions of USD 309	Overseas Business	100.0 (100.0)	Yes	None	—	None
HOLT GROUP HOLDINGS, LLC (*1)	Washington, U.S.A.	Millions of USD 344	Overseas Business	100.0 (100.0)	Yes	None	—	None
CHESMAR HOLDINGS, LLC (*1)	Texas, U.S.A.	Millions of USD 503	Overseas Business	100.0 (100.0)	Yes	None	—	None
M.D.C. HOLDINGS, INC.	Colorado, U.S.A.	Millions of USD 0	Overseas Business	100.0 (100.0)	Yes	None	—	None
SEKISUI HOUSE AUSTRALIA HOLDINGS PTY LIMITED (*1)	New South Wales, Australia	Millions of AUD 1,087	Overseas Business	100.0	Yes	None	—	None
Other 345 companies								
(Equity-method affiliates) Almetax Manufacturing Co., Ltd. (*2)	Kita-ku, Osaka	2,160	Manufacturing and sale of housing construction material products	35.87	None	None	Sale and purchase of construction materials	Yes
Gifu Zohen Co., Ltd. (*2)	Gifu-shi, Gifu	412	Landscaping and greening construction	20.23	None	None	Landscaping and exterior construction	Yes
Other 34 companies								

(Notes) 1. The names of reportable segments are presented in the “Main business” column for the consolidated subsidiaries.
2. Figures in parentheses in the percentage of holding voting rights are the percentage of indirect ownership in the percentage of holding voting rights.
3. (*1) indicates a specified subsidiary company. Of the companies included in “Other” (consolidated subsidiaries), the specified subsidiary companies are SH SERVICES, LLC, NASH SDCC Holding LLC and NASH - Holland SDCC Investors LLC (three subsidiaries in the U.S.A.).
4. (*2) This is a company that files the Annual Securities Report.
5. The residual assets of Sekisui House (Shenyang) Co., Ltd. were distributed on December 25, 2024, and the company is currently in the process of liquidation.
6. At the meeting of the Board of Directors held on January 18, 2024, the Company resolved to acquire all of the shares of M.D.C. Holdings, Inc. (hereinafter “MDC”), which is engaged in the homebuilding business

in the United States, through SH Residential Holdings, LLC, a subsidiary of Sekisui House US Holdings, LLC., the Group company responsible for business in the United States (hereinafter, the “Acquisition”). The relevant merger agreements for the Acquisition were entered into with MDC on the same day, and the Acquisition was completed on April 19, 2024.

7. (*3) On February 1, 2025, the real estate and brokerage businesses of the six Sekisui House Real Estate companies (Tohoku, Tokyo, Chubu, Kansai, Chugoku & Shikoku, and Kyushu) was consolidated into Sekisui House Real Estate Kansai, Ltd. through an absorption-type company split, and the company’s trade name was changed to Sekisui House Real Estate, Ltd. Furthermore, on the same day, the rental business of Sekisui House Real Estate Kansai, Ltd. was absorbed and split off into a newly established preparatory company (100% owned by Sekisui House Real Estate Holdings, Ltd.), and then spun off as Sekisui House Sha Maison PM Kansai, Ltd. Similarly, the five Sekisui House Real Estate companies (Tohoku, Tokyo, Chubu, Chugoku & Shikoku, and Kyushu) that specialize in the rental business changed each of their trade names to Sekisui House Sha Maison PM companies.
8. On February 1, 2025, the after-sales service business operated by the Customer Service Center of the Company was absorbed and split off as Sekisui House Support Plus, Ltd. (100% owned by the Company).
9. (*4) Sekisui House noie Limited has terminated its business and the company is currently in the process of liquidation.
10. For Sekisui House Real Estate Tokyo, Ltd., the ratio of net sales (excluding internal sales between consolidated companies) to consolidated net sales exceeded 10%.

Main profit and loss information, etc.	(1) Net sales	418,061	million yen
	(2) Ordinary profit	45,158	million yen
	(3) Profit	31,284	million yen
	(4) Net assets	116,580	million yen
	(5) Total assets	237,610	million yen

5. Employees

(1) Information about group

As of January 31, 2025

Reportable segment	Number of employees (Persons)
Detached Houses Business Rental Housing and Commercial Buildings Business	16,981
Architectural/Civil Engineering Business	2,426
Rental Housing Management Business	2,243
Remodeling Business	2,672
Development Business	1,974
Overseas Business	3,442
Other	261
Corporate (common)	2,266
Total	32,265

(Notes) 1. The number of employees refers to the number of people working.
2. The average number of temporary employees is not stated because the total number of temporary employees is less than 10% of the total number of employees.
3. In the Detached Houses Business and the Rental Housing and Commercial Buildings Business, the same employees are engaged in each business because there is no management organization system for each segment.
4. The number of employees listed as "Corporate (common)" is the number of employees mainly belonging to head office departments of the Company.

(2) Information about reporting company

As of January 31, 2025

Number of employees (Persons)	Average age (Years)	Average years of service (Years)	Average annual salary (Yen)
15,664	43.9	16.4	8,825,963

Reportable segment	Number of employees (Persons)
Detached Houses Business Rental Housing and Commercial Buildings Business	13,745
Development Business	320
Overseas Business	46
Corporate (common)	1,553
Total	15,664

(Notes) 1. The number of employees refers to the number of people working.
2. The average number of temporary employees is not stated because the total number of temporary employees is less than 10% of the total number of employees.
3. The average annual salary includes bonuses and substandard wages.
4. In the Detached Houses Business and the Rental Housing and Commercial Buildings Business, the same

employees are engaged in each business because there is no management organization system for each segment.

5. The number of employees listed as “Corporate (common)” is the number of employees mainly belonging to head office departments.

(3) Labor unions

The Company does not have a labor union. Some of its consolidated subsidiaries have labor unions.

Regardless of whether or not there is a labor union, labor-management relations are progressing smoothly.

(4) Ratio of female employees in managerial positions, take-up rate for eligible male employee childcare leave, and gender wage gap

i. Reporting company (Note 4)

Fiscal year ended January 31, 2025					
Name	Ratio of female employees in managerial positions (%) (Note 1)	Take-up rate for eligible male employee childcare leave (%) (Notes 2 and 3)	Gender wage gap (%) (Notes 1, 3, 5 and 6)		
			Total workers	Regular workers	Non-regular workers
Sekisui House, Ltd.	3.8	109.0	56.1	60.0	40.3

(Notes) 1. Calculated based on the provisions of the Act on Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015, hereinafter as the "Act on Promotion of Women's Participation and Advancement").

2. The rate of childcare leave adoption is calculated as set forth in Article 71-6, item (1) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991, hereinafter as the "Ordinance for Enforcement of the Child Care and Nursing Care Leave Act") in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991, hereinafter as the "Child Care and Nursing Care Leave Act").

3. The applicable period for the take-up rate for eligible male employee childcare leave and the gender wage gap is the fiscal year under review (February 1, 2024 to January 31, 2025).

4. Seconded employees are counted as employees of the company from which they have been seconded.

5. The breakdown of wages includes items such as base salary, remuneration for overtime work, and bonuses, while excluding commuting allowance.

6. Non-regular workers are temporary employees (rehired employees, contracted employees and part-timers). Figures for part-timers are calculated based on the wages actually paid and not converted into the equivalent for full-time employees.

<Supplemental explanation of the gender wage gap>

The gender wage gap for all of Sekisui House Ltd.'s workers is 56.1% and the gap for regular workers is 60.0%. The ratio of regular workers among total workers is around 90%. The ratio of main career track employees is over 70%, which has a significant impact on the gender wage gap. Therefore, the following details primarily concern main career track employees.

1) Wage gap for each job grade

Wages for individuals in the same job grade are equal. The Company sets wage standards for each occupation and job grade. The gender gap in base monthly salary for main career track employees is as detailed below.

		Average female base salary/ Average male base salary
Managerial positions		98.5%
Non-managerial positions	P5	96.6%
	P4	99.9%
	P3	99.8%
	P2	99.9%
	P1	98.9%

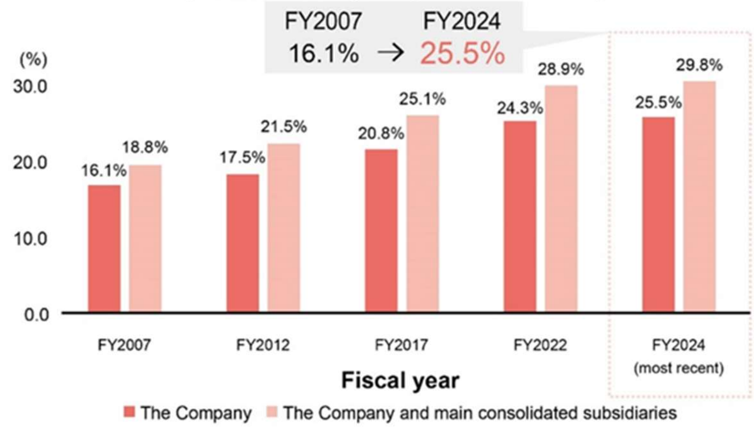
* There are five job grades for non-managerial positions (P5–P1).

2) Current initiatives and progress

We have been aware of issues related to promoting the participation of women in the workplace for the past 20 years. Since 2005, we have actively hired women for main career track positions, and established a specialized department, now the Diversity and Inclusion Promotion Department, to promote the development and retention of female employees. Additionally, we have improved various support systems such as enhancing flexible work

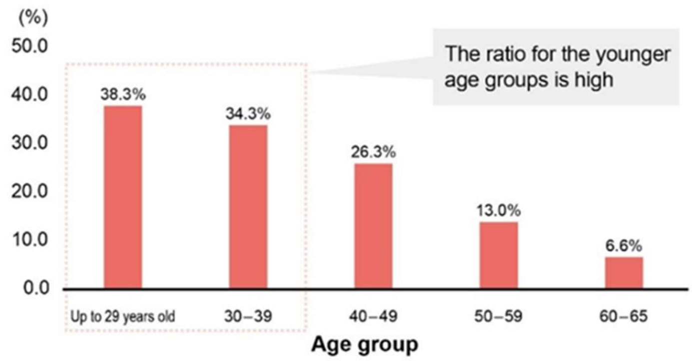
arrangements to help employees balance work with child-rearing and nursing care.
These initiatives have been successful, resulting in a 220% increase in the average years of service for women (4.6 years to 10.0 years), and a 120% increase for men (15.8 years to 19.5), from 2007 to 2024. The percentage of full-time female employees has also been growing by year: 16.1% in FY2007, 17.5% in FY2012, 20.8% in FY2017, 24.3% in FY2022, and 25.5% in FY2024. The breakdown of full-time female employees in FY2024 by age group is as follows: 38.3% in their 20s, 34.3% in their 30s, 26.3% in their 40s, and 13.0% in their 50s. This indicates an increasing ratio of younger female employees in their 20s and 30s.

<Changes in the Ratio of Full-Time Female Employees
(FY 2024 and every five years since FY2007)>



(Note) Main consolidated subsidiaries are Sekisui House Real Estate Group companies, Sekisui House Construction Group companies, Sekisui House Remodeling, Ltd., Sekisui House noie Limited.

<Ratio of Full-Time Female Employees by Age Group in FY2024>



3) Future outlook based on analyzing differences and successes

Since the average term of service for women and men in the main career track differs by about ten years (10.0 for women, 19.5 for men), the number of female candidates for managerial positions is small compared to their male counterparts. As a result, only 3.8% of the Company's managerial positions are held by women (as of January 31, 2025), revealing a significant gender gap in managerial positions. This gap contributes to differences in treatment between men and women and, therefore, also affects wage differences.

To address this issue, we are implementing measures such as training programs for female managerial candidates, in addition to actively promoting female employees to managerial positions. We also revised our qualification and grading systems in 2022 and, since then, have conducted evaluations based on 9–10 indicators, creating a system where employees can become managers in as little as five years after joining the Company.

Additionally, among the five job grades for non-managerial positions set by the Company, P4 and P5 are considered future managerial position candidates. In FY2024, the number of female candidates for managerial positions was 545, making up 16.0% of the total. As the pool of female candidates for managerial positions among younger employees gradually increases, the ratio of female employees in managerial positions will also increase over time.

The ratio of non-standard wages (such as performance bonuses) to total wages is especially high for sales representatives and the ratio of women among sales representatives is low at 13%. This also factors into the wage discrepancies between men and women employees. However, we believe this wage gap will decrease as the ratios mentioned above improve.

For details of initiatives to promote the participation of women in the workplace, please refer to "II. Overview of Business, 2. Disclosure of Sustainability-Related Financial Information, (4) Initiatives related to human capital."

ii. Domestic group and main consolidated subsidiaries (Notes 6 and 9)

Fiscal year ended January 31, 2025					
Name	Ratio of female employees in managerial positions (%) (Note 2)	Take-up rate for eligible male employee childcare leave (%) (Note 3)	Gender wage gap (%) (Notes 2, 7 and 8)		
			Total workers	Regular workers	Non-regular workers
Reporting company and domestic consolidated subsidiaries (Notes 1, 4 and 5)	5.0	108	51.9	53.9	37.3
Main domestic group and consolidated subsidiaries					
Sekisui House Real Estate Group	3.2	118	51.7	52.1	42.4
Sekisui House Construction Group	7.0	114	78.4	78.6	53.4
Sekisui House Remodeling, Ltd.	43.8	122	87.1	84.5	35.6
Konoike Construction Co., Ltd. (Note 4)	0.5	82	56.7	57.4	61.1

(Notes) 1. This refers to companies that are consolidated companies as stipulated in Article 2, item (5) of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976), excluding overseas consolidated subsidiaries.

2. Calculated based on the provisions of the Act on Promotion of Women’s Participation and Advancement.
3. The rate of childcare leave adoption is calculated as set forth in Article 71-6, item (1) of the Ordinance for Enforcement of the Child Care and Nursing Care Leave Act in accordance with the provisions of the Child Care and Nursing Care Leave Act.
4. The ratio of female employees in managerial positions at Konoike Construction Co., Ltd. is based on the end of the latest fiscal year (as of the end of December 2024), and the applicable period for the take-up rate for eligible male employee childcare leave and the gender wage gap is the latest fiscal year (January 1, 2024 to December 31, 2024).
5. When calculating the metrics, if the fiscal year of each company included in the domestic consolidated subsidiaries differs from that of the reporting company, the figures are aggregated for each fiscal year of each company.
6. Seconded employees are counted as employees of the company from which they have been seconded.
7. The breakdown of wages includes items such as base salary, remuneration for overtime work, and bonuses, while excluding commuting allowance.
8. Non-regular workers are temporary employees (rehired employees, contracted employees and part-timers). Figures for part-timers are calculated based on the wages actually paid and not converted into the equivalent for full-time employees.
9. The ratio of female employees in managerial positions based on the Act on Promotion of Women’s Participation and Advancement, etc., the take-up rate for eligible male employee childcare leave, and the gender wage gap at consolidated subsidiaries included in the main domestic group, as well as the ratio of female employees in managerial positions based on the Act on Promotion of Women’s Participation and Advancement, etc., the take-up rate for eligible male employee childcare leave, and the gender wage gap at domestic consolidated subsidiaries other than the main consolidated subsidiaries, are described in “VII. Reference Information of Reporting Company, 2: Other Reference Information.”

II. Overview of Business

1. Management Policy, Business Environment, Issues to Address

Matters in the text concerning the future are based on the judgment of the Group as of January 31, 2025.

(1) Fundamental policy for managing the company

The Sekisui House Group's corporate philosophy consists of the fundamental philosophy of "Love of Humanity," our stance of "Truth & Trust," our goal of "Deliver the highest quality and technology," and the meaning of our business of "Create enriching homes and environments."

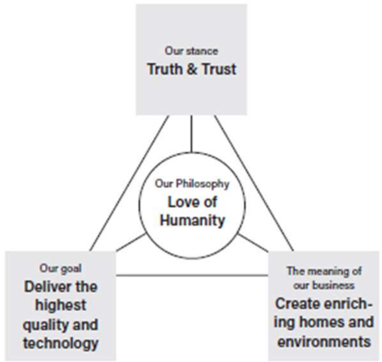
The fundamental philosophy of "Love of Humanity" is "With an awareness that each and every human being is precious and irreplaceable, we will wish for the happiness of others, make their joy our own, and act with integrity and in the spirit of service." The Sekisui House Group, rooted in this "Love of Humanity," with the aim of "Truth & Trust," through the delivery of "the highest quality and technology," will carry out its mission of "Create enriching homes and environments."

Based on this corporate philosophy, since our founding in 1960, we have focused on providing housing with "safety and peace of mind," protecting our customers' lives and property, during Phase 1 until 1990, with 30 years as a milestone. In Phase 2, which continued until 2020, we proposed housing that pursues the comfort of residents and more environmental consideration, and created new value.

In Phase 3 towards 2050, which began in 2020, we have set out the global vision "Make Home the Happiest Place in the World" and three sub-visions which are "Propose happiness through the integration of technologies, lifestyle design and service," "Make Sekisui House technologies the global de facto standard," and "Become a leading company in ESG management," and we will pursue "health, connectedness, and learning" that lead to the happiness of residents, aim to create value for residents in the era of the 100-year lifespan and realize a sustainable society, and steadily transform ourselves into a global company that provides technologies, lifestyle design, and services that are integrated centered on housing.

In addition, in 2024, we introduced SEKISUI HOUSE-SHIP as a guiding light for Sekisui House Group employees to navigate their actions with pride and responsibility, which consists of five elements: "Creating new value through innovation," "Fostering ideas through effective communication and collaboration," "Taking proactive and independent action," "Continually refining our technology and sense of beauty," and "Committing as professionals to making home the happiest place in the world." Along with Sekisui House Group employees worldwide, we will continue creating value while delving even deeper into SEKISUI HOUSE-SHIP to achieve our Global Vision.

Corporate Philosophy



Global Vision

SEKISUI HOUSE-SHIP

Creating new value through innovation.

Fostering ideas through effective communication and collaboration.

Taking proactive and independent action.

Continually refining our technology and sense of beauty.

Committing as professionals to making home the happiest place in the world.

(2) Business and financial issues that should be addressed with priority, as well as the company's medium- to long-term management strategy

Looking at the global economy, declining inflation rates and gradual cuts in policy interest rates in various countries are expected to act as a boost to the economy. However, it will likely remain necessary to closely monitor the effects of economic policy trends in the United States, foreign exchange rate fluctuations, and geopolitical risks on energy and raw material prices and procurement costs.

In the domestic housing market, soaring construction costs, driven by rising material and labor costs, are placing downward pressure on demand. Yet demand for high-quality housing, including those with high energy-saving performance and those that balance safety and peace of mind as well as comfort and eco-friendliness, is expected to grow against the backdrop of the advent of the era of the 100-year lifespan, the diversification of lifestyles and values, increasingly severe natural disasters under climate change, and the review of the long-life quality housing certification system and the revision of the Building Energy Efficiency Act. In light of this, there is a growing need to respond to the diversifying demands of customers.

Looking at the US housing market, new housing starts are in an adjustment phase due to the impact of mortgage rates that remain at high levels. However, latent demand is strong due to stable population growth and a shortage in the supply of high-quality housing. Therefore, it is required to respond to the emergence of demand for new houses, which is expected to recover as the prices and interest rate levels stabilize.

Based on our recognition of these business issues, the Company formulated and announced the Sixth Mid-Term Management Plan (fiscal 2023 to 2025) in March 2023 with "Stable Growth in Japan and Proactive Growth Overseas" as its basic policies toward achieving our Global Vision of "Make Home the Happiest Place in the World" by the year 2050.

The Group will work to deepen and expand its existing businesses leveraging its core competence covering three strengths (technical capabilities, construction capabilities, and customer base) and our unique value chain in which the Group undertakes all processes related to homebuilding, from product and technology development to sales, design, construction work, and after-sales services.

We will also expand business overseas by transplanting Sekisui House technologies cultivated in Japan, and develop and expand new businesses by adapting to changes in society and the business environment and making use of digital technologies.

In Japan, the three-brand strategies* have been enhanced with a view to enhancing the detached housing brand, and initiatives have been implemented for the “SI Business” to strengthen the 1st range. We will also focus on stable growth of our domestic businesses by building on the high value-added “Sha Maison” brand based on a comprehensive area strategy, as well as expanding our business domains through strengthening our corporate real estate (CRE) and public real estate (PRE) businesses. We will also continue promoting the creation of new businesses, such as promoting the “Platform House Concept,” which was launched with the Fifth Mid-Term Management Plan and makes home a platform for happiness focusing on health, connectedness and learning, as well as utilizing IoT. New efforts will also be made to incorporate services and management operations utilizing DX, with the view to expanding new businesses by leveraging Sekisui House technologies in the overseas business.

In February 2025, to strengthen the expertise of each business, the Company reorganized the group companies of Sekisui House Real Estate, a consolidated subsidiary, into Sekisui House Real Estate, Ltd., which specializes in the real estate and brokerage business, and Sekisui House Sha Maison companies, which specialize in the rental business. Furthermore, the after-sales service business of the Company was spun off and taken over by Sekisui House Support Plus, Ltd., establishing a structure aimed at actively enhancing added value in after-sales services.

In this way, the Sixth Mid-Term Management Plan will focus on implementing both domestic and overseas growth strategies as we implement a two-pronged approach of “exploiting and exploring businesses” in order to further enhance corporate value.

Furthermore, through initiatives such as support for independent career formation of our employees, alignment of efforts and the promotion of diversity and inclusion, we will enhance the value of our Group's human resources and accelerate growth as a global company.

Looking at finances, based on our recognition of the importance of maintaining a balance between financial soundness and capital efficiency-conscious investment for growth, we aim to improve our corporate value by achieving synergies between the promotion of ESG management and ROE enhancement through strengthening capabilities for generation of cash return.

In addition, with regard to investments for growth, we will aggressively carry out investments in real estate in Japan and overseas, and in foundations for growth, including human resources, IT, DX, R&D, and M&A.

Although the Company’s financial health is temporarily under strain due to the acquisition of M.D.C. Holdings, Inc. (“MDC”) (Headquarters: Colorado, United States), completed in April 2024, we will aim to further strengthen our financial base to support our growth strategy by utilizing the increased cash flow gained through the acquisition of MDC.

The bridge loan used to fund the acquisition of MDC was fully refinanced by February 2025. A portion of this refinancing included issuance of publicly offered subordinated bonds, 50% of which were recognized as capital by credit rating agencies to support our long-term credit rating. We are also working to diversify our funding sources, including through the issuance of foreign currency-denominated straight bonds. We will continue to manage our finances with a basis on financial soundness and credit ratings, and focus on balancing our growth and financial strategies.

Looking at shareholder returns, we are aiming to achieve a medium-term average dividend payout ratio of 40% or more, and to further implement stable shareholder returns, we have set the minimum annual dividend per share for the period of the Sixth Mid-Term Management Plan at 110 yen (FY2022 results), as well as seek to boost shareholder value through flexible implementation of share repurchases.

*Three-brand strategies: Divide the price range into three ranges, and implement strategies and measures that match the price range and specifications of each range.

■Business policies and strategies for each business model

In order to address the business and financial issues described above, we have reviewed our segment structure from FY2023 for the purpose of improving the linkage between business strategies and organizations and increasing capital efficiency, and have formulated the business strategies (Note 1) as follows.

Reportable segment		Business policies and strategies
Built-to-Order Business	Detached Houses Business	Strengthening our detached house brands by enhancing our strategies for each price range ■ Enhancing our three-brand strategy ■ Promoting CRM (Note 2) strategy ■ Integrating our technologies, lifestyle design and services
	Rental Housing and Commercial Buildings Business	Striving to supply high value-added properties based on the area strategy and enhancing the Sha Maison brand ■ Strengthening area marketing ■ High value-added Sha Maison ■ Strengthening CRE (corporate) and PRE (public organization) businesses (Note 3)
	Architectural/Civil Engineering Business	Constructing a stable foundation to create sustainable value for customers and society driven by eco-friendly measures and technical capabilities ■ Architectural construction: Expanding and enhancing our channels for receiving orders ■ Civil engineering: Differentiating through eco-friendly measures and technical capabilities
Supplied Housing Business	Rental Housing Management Business	Practicing property management that offers enhanced services to owners and tenants ■ For owners: Maximize asset value ■ For residents: Strengthen service
	Remodeling Business	Proposals to extend the life of our robust housing stock, backed by our track record in supplying a cumulative total of 2.5 million units, and to enhance its asset value ■ Detached houses: Strengthen large-scale remodeling ■ Rental housing: Promote asset value-enhancing renovation
Development Business	Real Estate and Brokerage Business Condominiums Business Urban Redevelopment Business	Developing cities and rural areas through sophisticated area marketing and investment decisions from a medium- to long-term perspective ■ Urban redevelopment in four of the largest metropolitan areas in Japan Residential (Grande Maison and Prime Maison), and non-residential (offices, hotels, commercial facilities) ■ Development business that contribute to regional revitalization Development of residential land for detached houses (house sales and brokerage), regional revitalization facilities

Reportable segment	Business policies and strategies
Overseas Business	To move from a development business-centered portfolio to one supported by the dual pillars of the development business and the homebuilding business, we will maintain a proactive growth strategy for homebuilding business. We aim to achieve a supply of 10,000 units overseas by 2025 in the homebuilding business in the United States, Australia. In the development business, we aim to maximize profit and achieve stability by diversifying partners and strengthening alliances with them. ■ The United States Homebuilding business, Master-planned community business: Expanding our sales area through M&A and comprehensively promoting the transfer of technologies, including product and lifestyle proposals. Multifamily business: Promoting new development while diversifying business areas and partnerships. ■ Australia Developing our operations into the second largest pillar of the overseas business through the execution of area strategies and the establishment of our brand presence. ■ Singapore Securing close partnerships with prominent corporations in Asia ■ United Kingdom Executing M&A to transfer our technologies and expand into new business fields

(Notes) 1. For details of the Sixth Mid-Term Management Plan, please refer to the Company's website.
Mid-Term Management Plan
https://www.sekisuihouse.co.jp/english/company/financial/plan/

2. CRM: Customer Relationship Management; Management systems and methods that aim to build and maintain good customer relations, create value and enhance earnings by centrally managing data gained from customers and utilizing it in a timely and appropriate manner.

3. CRE and PRE businesses: These refer to Corporate Real Estate and Public Real Estate, and are businesses that propose the effective use of real estate owned by corporations, companies, public organizations, and government agencies.

(3) Targeted management metrics

i. Three-year performance targets at the time of the formulation of the Sixth Mid-Term Management Plan (announced on March 9, 2023)

(Unit: Billions of yen)

	FY2023	FY2024	FY2025	Total for three years
Net sales	3,080.0	3,270.0	3,676.0	10,026.0
Operating profit	265.0	275.0	318.0	858.0
Ordinary profit	259.0	269.0	311.0	839.0
Profit attributable to owners of parent	193.0	196.0	214.0	603.0
ROE (Return on Equity)	11.6%	Stable at 11% or more		

* Target indicators for financial soundness

The Company will strive to maintain a balance between aggressive growth investment and financial soundness, with the aim of achieving a D/E ratio of around 0.5 times and a debt repayment period (Net Debt/EBITDA ratio) of less than 1.5 years, in order to secure a long-term credit rating of AA from domestic credit rating agencies and A from international credit rating agencies.

ii. Results for the fiscal years ended January 31, 2024 and January 31, 2025, and performance targets for the fiscal year ending January 31, 2026

(Unit: Billions of yen)

	FY2023 Actual results	FY2024 Actual results	FY2025 Plan (Note 1)	Total for three years
Net sales	3,107.2	4,058.5	4,500.0	11,665.8
Operating profit	270.9	331.3	362.0	964.3
Ordinary profit	268.2	301.6	339.0	908.8
Profit attributable to owners of parent	202.3	217.7	232.0	652.0
EPS (Earnings per share)	¥309.29	¥335.95	¥357.97	—
ROA (Ratio of profit to total assets)	8.7%	8.3%	7.9%	—
ROE (Return on Equity)	11.9%	11.7%	11.9%	—
Dividends per share	¥123.00	¥135.00	¥144.00	—
Dividend payout ratio	39.8%	40.2%	40.2%	—
D/E ratio (Note 2)	0.44 times	0.86 times	0.84 times	—
Debt repayment period (Net Debt/EBITDA ratio) (Note 2)	1.57 years	3.54 years	3.20 years	—

(Notes) 1. Figures for the FY2025 Plan are based on the consolidated financial results forecast announced on March 6, 2025.

2. D/E ratio and Debt repayment period (Net Debt/EBITDA ratio) are figures that take into account the 100 billion yen that was recognized as capital by credit rating agencies for the amount procured from the publicly offered subordinated bonds issued in July 2024.

2. Disclosure of Sustainability-Related Financial Information

The Group's approach to and initiatives for sustainability are as follows.

Matters in the text concerning the future are based on the judgment of the Group as of January 31, 2025.

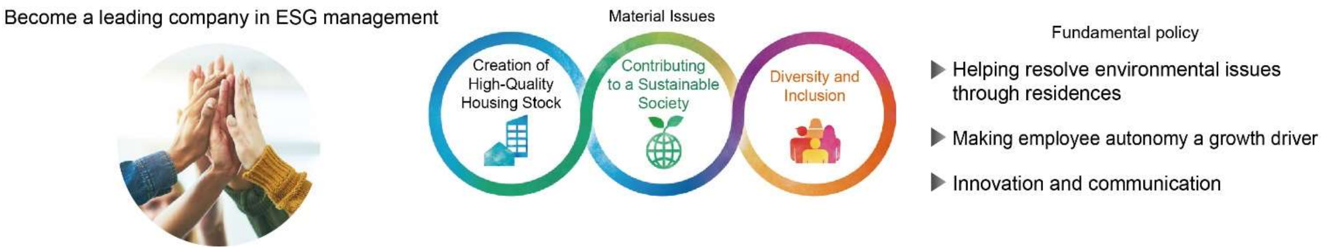
Our Sustainability Policy

At the heart of the Sekisui House Group's ESG management is our fundamental philosophy of "Love of Humanity." We strive to address the challenges faced by our customers and society through our business activities while strengthening our governance. To lead in the realm of ESG management, we have established a sub-vision of "becoming a leading company in ESG management."

To realize this vision, we believe it is essential for each employee to think and act on their own initiatives. Since 2020, we have focused on involving all employees in our ESG efforts. Through meaningful dialogue, we have fostered mutual understanding of each other's perspectives and values, deepening our commitment to ESG. Moreover, we have been dedicated to creating programs and nurturing a workplace culture that promotes autonomy and encourages independent, proactive action among employees.

In 2022, the Group reviewed its material issues for a sustainable future to clarify the mission it should fulfill. In the 1960s, the Group contributed to securing housing during the period of rapid economic growth, and establishing the basic performance of housing. Since then, we have been consistently pursuing "safety and peace of mind" and "comfort and environmental consideration" in housing, and working to advance technologies. Recognizing that our efforts themselves are material issues, we have positioned the three areas as paramount material issues of management: "Creation of High-Quality Housing Stock," "Contributing to a Sustainable Society," and "Diversity and Inclusion" in achieving happiness through housing in the era of the 100-year lifespan.

In the Sixth Mid-Term Management Plan (FY2023–FY2025), the basic policy of ESG management has been set as "deepening ESG management focused on material issues." We are promoting initiatives that focus on "contributing to environmental solutions through housing," "empowering employee autonomy as a growth driver," and "fostering innovation and communication."



(1) Common sustainability initiatives

i. Governance

The Group has established the ESG Promotion Committee, which includes at least two external members with expertise and abilities, as an advisory body to the Board of Directors, and enhances its effectiveness through the exchange of opinions on the progress and issues of ESG management initiatives.

The ESG Promotion Committee meets once every three months, and the content of the meeting is reported to and deliberated by the Board of Directors.

The ESG Promotion Committee has established three subcommittees to promote ESG management initiatives: the Environmental Subcommittee, the Social Improvement Subcommittee, and the Governance Subcommittee. The Company designates a leader for each of the three subcommittees who is responsible for their respective area, and sets targets and KPIs.

These three subcommittees work closely with various departments and group companies both domestically and internationally to lead our ESG efforts and implement effective initiatives. They also work to ensure that all employees understand and commit to our ESG initiatives through both progress reports and feedback on issues and improvement proposals for promoting the initiatives.

The ESG Management Promotion Headquarters plans, develops, and implements our core ESG policies, and further promotes ESG management, through pushing forward with initiatives, gathering and analyzing information, communicating insights both internally and externally, and operating the ESG Promotion Committee.

ESG Management Promotion Structure

- Environmental Subcommittee

We are dedicated to planning and implementing an environmental management system focused on decarbonization, biodiversity conservation, and resource circulation across the entire Group. We monitor environmental data annually and share this information to raise awareness and reduce environmental impact among both internal and external stakeholders.

Guided by our Global Vision, "Make Home the Happiest Place in the World," we believe that environmental initiatives are essential. We will continue to pursue innovative approaches to reduce environmental impact and business risks while creating new business opportunities.

- Social Improvement Subcommittee

Our mission is to elevate corporate value by improving human capital and addressing social issues through our business and various initiatives. Based on the idea that human capital value is derived from the multiplication of employee autonomy and alignment of efforts, we strive to plan and implement measures to ensure the happiness of every employee and the company that is their "home." With regard to social value, we focus on initiatives that consider children, the environment, human rights, and regional revitalization, contributing to societal well-being. We closely monitor the policies and progress of these initiatives to maximize the happiness of our customers, society, and employees.

- Governance Subcommittee

To enhance Group governance, we prioritize fostering robust communication between our corporate headquarters and our domestic and international Group companies. We are dedicated to improving information sharing and collaboration.

Our efforts to strengthen governance at the business management level include enhancing corporate functions across our Group companies, developing and strategically placing governance specialists, and raising compliance awareness. Through understanding current conditions and engaging in discussions for improvement, we aim to build a stronger governance framework.

*For the main agenda of the ESG Promotion Committee during the fiscal year ended January 31, 2025, please refer to "IV. Information About Reporting Company, 4. Corporate Governance, (1) Outline of corporate governance, i. Corporate governance system, ESG Promotion Committee."

ii. Strategy

The Group analyzes the risks and opportunities associated with changes in the external environment, and considers what value we can provide to realize the happiness of our stakeholders which are customers, society, and employees, and we are promoting sustainability initiatives based on three material issues: “Creation of High-Quality Housing Stock,” “Contributing to a Sustainable Society,” and “Diversity and Inclusion.” We have established KPIs for each of these in the Sixth Mid-Term Management Plan.

Risks and opportunities, and key themes

The Sekisui House Group has sought to analyze medium- to long-term issues that affect value creation, identify risk factors associated with changes in the external environment, and position risks as opportunities for future business development. These inputs are, in turn, utilized to formulate business strategies.

	Changes in the external environment	Risks	Opportunities	Key themes
Society and Life	- The coming era of the 100-year lifespan - The COVID-19 pandemic and the “New Normal” - Increasing health consciousness - Declining population and number of households	- Increased frequency rate of accidents within residences - Increasing complexity and difficulties with asset inheritance - Inadequate responses to changes in lifestyles and values - Inadequate support for advanced health-related technologies - Decrease in the number of new housing starts and worsening problem of unoccupied houses - Inadequate response to changes in circumstance, such as an increase in foreign visitors to Japan	- Diversification of lifestyles and values - Need for circulation of existing housing and real estate management trusts - Increased demand for health-conscious housing, etc. - Increased demand for quality housing - Need for new housing	- Safety, peace of mind and comfort - Asset value creation - Extended useful life of housing
Housing and Urban Areas	- Obligation to comply with energy saving standards - Acceleration of compact cities - Construction worker shortages - Shift to long-life quality housing and greater earthquake resistance for wooden-frame housing	- Decreased demand due to higher construction costs - Decline of rural areas - Decrease in supply capacity due to shortages of construction capacity, and discontinuity in transfer of construction skills	- Increased demand for housing with high energy-saving performance, etc. - Need for regional revitalization - Job satisfaction for construction workers - Increased demand for highly durable housing, etc.	- Decarbonization - Coexistence with local communities - Occupational health and safety / supply chain - Extended useful life of housing
Environment and Resources	- Promotion of net zero - Biodiversity conservation - Promotion of a circular economy - More frequent natural disasters	- Increasing severity and frequency of natural disasters caused by climate change - Increased costs due to introduction of carbon pricing - Deforestation and damage to biodiversity - Increase in social issues due to mass waste disposal - Increased severity of natural disasters	- Increased demand for housing with high energy-saving performance, etc. - Increased use of renewable energy - Business opportunities based on natural capital and biodiversity conservation - Business opportunities based on a recycling-oriented society - Increased demand for highly durable housing, etc.	- Decarbonization - Biodiversity conservation - Resource recycling - Extended useful life of housing

	Changes in the external environment	Risks	Opportunities	Key themes
Economy and Distribution	- Geopolitical risk concerns - Rapid rises in raw material prices - Rising energy costs - Rising interest rates and fluctuations in foreign exchange rates	- Unstable supply of raw materials - Decreased demand due to higher construction costs - Inadequate response to declining demand and fluctuating rents	- Opportunities for sustainable growth by reviewing business and structure - Business opportunities through government housing-related policies and taxation - Business opportunities to respond to regional and customer needs	- Asset value creation - Extended useful life of housing
Business and Labor	- Respecting diverse human resources - Supporting employee autonomy and career advancement - Balancing work and family life with child rearing and nursing care - Acceleration of globalization	- Decreased productivity due to worsening psychological safety - Loss of opportunities to acquire human capital and outflow of human capital - Slowing growth potential - Increased political and economic uncertainty - Decline in social reputation due to human rights issues	- Value creation through diverse human resources - Value creation through self-motivated employees - Increased demand for childcare and nursing care facilities - Increase in demand for high-quality housing overseas	- Promoting diversity - Employee health and happiness - Diverse workstyles / job satisfaction / human resource development / self-directed career development - Occupational health and safety / supply chain - Safety, peace of mind and comfort
Technology and Science	- Diversifying IT technologies - Development of energy storage technologies and shift to electric vehicles (EVs) - Legacy system renewal - Application of advanced technologies	- Decline in social reputation due to occurrence of information security incidents	- Business opportunities using digital technology	- Asset value creation

Material issues corresponding to key themes

Key themes	Material issues
- Safety, peace of mind and comfort - Asset value creation - Extended useful life of housing	Creation of High-Quality Housing Stock
- Decarbonization - Biodiversity conservation - Resource recycling - Coexistence with local communities - Occupational health and safety / supply chain	Contributing to a Sustainable Society
- Promoting diversity - Employee health and happiness - Diverse workstyles / job satisfaction - Human resource development / self-directed career development	Diversity and Inclusion

Our mission and key policies by material issues

Material issues	Our mission	Key policy
Creation of High-Quality Housing Stock	In our commitment to delivering homes that blend functionality with beauty, we offer valuable homes designed to endure for generations.	We regard housing as a vital form of social capital, similar to roads, railways, gas, electricity and water. As social capital, it is our mission to preserve and provide quality housing that can be lived in for the long term and passed on to future generations.
Contributing to a Sustainable Society	We are pioneering a future where people can continue to live with greater happiness by actively advancing environmental impact reduction and renewable energy utilization, and fostering cooperation with local communities.	We strive to foster harmony between people, communities and the planet, while working toward achieving a sustainable society through our business activities, including those in the supply chain.
Diversity and Inclusion	We are committed to creating work environments that honor diverse perspectives and values, where each individual can confidently engage in self-development and advancement, while harnessing their traits and skills to excel in their roles.	We champion the autonomy of our employees and the continuous initiative of our organization to undertake new endeavors, with the aim of establishing workplaces that are truly a “second home” for our employees, fostering comfort and happiness.

iii. Risk management

With sustainability at the core, the Group analyzes medium- to long-term challenges that could affect value creation, identifies risk factors, and positions risk as an opportunity for future business creation, leading to the formulation of medium- to long-term business strategies. The progress and challenges of ESG management initiatives are examined by the ESG Promotion Committee, an advisory body to the Board of Directors, and then reported to the Board of Directors. The Board of Directors receives reports from the ESG Promotion Committee and deliberates and supervises the Group's sustainability-related initiatives.

For details on risk management related to each sustainability agenda, please refer to "(2) Initiatives related to climate change, etc., (3) Initiatives related to natural capital and biodiversity, (4) Initiatives related to human capital, and (5) Initiatives related to respect for human rights."

For information on risk management other than these, refer to "II. Overview of Business, 3. Business Risks."

iv. Metrics and targets

In the Sixth Mid-Term Management Plan, the Group has set KPIs for each theme related to initiatives for material issues. The main KPIs, including ESG management metrics related to performance share units (PSU) (Note 1), are as follows. For other KPIs, refer to the Value Report 2024 published in July 2024. The results for other KPIs during the fiscal year ended January 31, 2025 will be reported in the ESG Fact Book 2025, which is scheduled to be published in June 2025.

Material issues	KPI	FY2023	FY2024	FY2025
		Results	Results	Targets
Creation of High-Quality Housing Stock	Percentage of detached houses certified as Long-Life Quality Housing (Note 2)	92.3%	91.7%	90% or higher
	Rental housing units renovated (Note 3)	7,058	5,756	6,300
Contributing to a Sustainable Society	Ratio of detached house ZEH (Note 4)	95%	96%	90%
	Ratio of ZEH units for rent (Note 5)	76%	77%	75%
	Rate of CO_2 emissions reduction from business operations (Note 6)	56.3%	62.3%	75% by FY2030
Diversity and Inclusion	Number of female managers (Note 7)	342 persons	415 persons	380 persons or more
	Take-up rate for eligible male employee childcare leave (Note 8)	100%	100%	100%
	Annual paid leave take-up rate (Note 9)	80.3%	79.9%	70%

(Notes) 1. For details of ESG management metrics related to performance share units (PSU), refer to "IV. Information About Reporting Company, 4. Corporate Governance, (4) Remuneration, etc. for officers, i. Policies on determination of the amount and the calculation method of remuneration, etc. for officers, (iii) Performance-related stock remuneration (the ESG management indicators-linked portion which is equivalent to 20% of the number of share units granted)."

2. Total is for the Company. This indicator shows the portion of the detached houses contracted by the Company during the fiscal year that received official certification as meeting the standards of the Japanese government's Long-Life Quality Housing. Period is from April 1, 2024 to March 31, 2025.

3. Total is for Sekisui House Real Estate Group. This indicator shows the number of rental housing units subject to contracts for interior or facility renovation work that involves changes in layouts and is expected to result in higher asset value.

   Starting from FY2024, the Company has shifted its focus from the number of housing units to quality, placing primary emphasis on creating high-quality housing stock and conducting renovations that contribute to customer happiness. Consequently, the Company has revised its target figures for FY2025.

4. Total is for the Company. This indicator shows the portion of detached houses (excluding contracted and for-sale housing in Hokkaido) that the Company built during the fiscal year that were ZEH (Net Zero Energy House). Period is from April 1, 2024 to March 31, 2025.

5. Total is for the Company. This indicator shows the portion of Sha Maison rental housing contracted during the fiscal year that were ZEH units (certified as ZEH Ready or above and limited to ZEH units that allow residents to sell excess electricity).

6. Total is for the Group. This indicator shows the rate of reduction in CO_2 emissions directly attributable to the Group's business operations (Scope 1) or indirectly attributable through purchased electricity and other energy (Scope 2) compared with FY2013.

7. Total is for the Company, Sekisui House Real Estate Group, Sekisui House Construction Group, Sekisui House noie Limited, Sekisui House Remodeling, Ltd., Konoike Construction Co., Ltd. and its domestic

consolidated subsidiaries for FY2023, the Company and its domestic consolidated subsidiaries for FY2024 and FY2025.

8. Total is for the Company, Sekisui House Real Estate Group, Sekisui House Construction Group, Sekisui House noie Limited, and Sekisui House Remodeling, Ltd. This indicator corresponds to the “take-up rate for eligible male employee childcare leave on a Group basis” as set out in the Sekisui House’s Action Plan for the Promotion of Active Participation by Women and is calculated as the portion of male employees with children less than three years old who take at least one month of childcare leave.
9. Total is for the Company, Sekisui House Real Estate Group, and Sekisui House Remodeling, Ltd. This indicator shows the rate of annual paid leave usage among Group employees, in order to promote efforts to encourage the use of five days of leave mandated by the Act on the Arrangement of Related Acts to Promote Work Style Reform and reduce total working hours. Period is from March 11, 2024 to March 10, 2025.

(2) Initiatives related to climate change (disclosure in line with the TCFD recommendations)

i. Governance

The Group has positioned climate change response as one of the important agenda items of the ESG Promotion Committee. The Committee evaluates the appropriateness of action policies and progress, and reports important matters to the Board of Directors.

Under the ESG Promotion Committee, the Environmental Subcommittee has been established, which mainly consists of head office department heads involved in environmental management and individuals in charge of environmental management in each business division. The Subcommittee meets once every three months to take action to ensure that the organization as a whole is working for alignment of efforts, including share information related to the environment and examination of proposals to be tabled, such as activity policies.

In addition, the Environmental Subcommittee broadly disseminates the decisions of the ESG Promotion Committee throughout the Group, including affiliated companies.

In order to ensure the effectiveness of monitoring the management through the ESG Promotion Committee, the promotion of initiatives is conducted through daily reports and instructions to the Director of the Board in charge of each business and other managers, thereby ensuring timely monitoring and supervising functions.

ii. Strategy

The Group aims for steady progress toward the overall decarbonization of its businesses. Accordingly, to clarify the appropriateness of the Group's strategy and issues, we anticipate various situations that may occur in the future, then conduct a scenario analysis while taking into consideration the specific circumstances of business activities and resources, as well as physical risks, including assumed business activities, duration and the useful life of assets.

We also evaluate transition risks based on potential scenarios for legislation, technological development and market conditions, and identify and address climate-related risks (physical and transition risks) and opportunities for our business activities.

In February 2025, Japan sets new greenhouse gas emission reduction targets of 60% and 73% from FY2013 levels by FY2035 and FY2040, respectively, for achieving net zero. Based on these targets, directions have also been indicated for the housing industry, such as "Aiming to ensure energy-saving capability at the level of Net Zero Energy House (ZEH) and Net Zero Energy Building (ZEB) standards in 2050, we will aim to ensure energy-saving capability at the level of ZEH and ZEB standards for housing and buildings constructed after FY2030," and "From the viewpoint of promoting the non-fossil conversion and demand response (DR) of the residential sector, we will accelerate the energy conservation and non-fossil conversion of hot water heaters, which account for about 30% of energy consumption in the residential sector, promote the provision of functions necessary for DR, and promote measures on the regulatory side, such as strengthening the efforts of energy supply companies through disclosure."

For this reason, we have conducted a large-scale scenario analysis for all of our businesses and are reviewing our strategies.

The following are the major risks and opportunities identified through the scenario analysis, which are assumed to have a significant financial impact, and the responses to them.

Scenario Analysis Assumptions

Reference scenarios	- IPCC (Note 1) SSP1-1.9 (countries adopt ambitious climate policies to achieve 1.5°C or lower and net zero CO_2 emissions by 2050) - IPCC SSP3-7.0 (CO_2 emissions will not begin to decline even in 2050, resulting in high temperatures, heavy rainfall, storms and other impacts) - IEA (Note 2) SDS (the Paris Agreement and other targets will be achieved through the development of energy policies and investments; many countries and companies will achieve 2050 net zero) - IEA NZE2050 (aimed at achieving net zero globally by 2050) - NGFS (Note 3) Delayed Transition (due to the slow introduction of new climate policies and different levels of action in each country, emissions will not begin to decline until 2030, and then move toward net zero) - The Japanese government and councils: "Reduce Japan's greenhouse gas emissions by 46% from the 2013 levels by 2030, with net zero emissions by 2050," "Reduce Japan's greenhouse gas emissions by 60% and 73% from FY2013 levels by FY2035 and FY2040, respectively," "Reduce greenhouse gas emissions in the residential sector by 66% from the 2013 levels by 2030," "Reduce greenhouse gas emissions in the residential sector by 71~81% from the 2013 levels by 2040," "Ensure energy-efficiency at the level of the ZEH standard for new houses built in FY2030 and beyond," and "By 2050, popularize houses throughout the entire housing stock that can contribute to carbon neutrality." We have considered the above scenarios published by various international organizations, as well as announcements by the Japanese government and related councils. Our model for transition risk assumes that the IPCC SSP1-1.9, IEA SDS, and IEA NZE2050 scenarios of a 50% reduction in global CO2 emissions by 2030 and a reduction to zero by around 2050 will require government policies, including a high carbon tax and a market transition to decarbonization. In addition, the following scenarios and figures have been used as assumptions for physical risks. • NGFS Delayed Transition scenario, continuing public and corporate initiatives to reduce CO_2 emissions under existing governmental measures until 2030 is inconsistent with the 1.5°C scenario. • The best temperature increase estimate, stated in the IPCC SSP3-7.0, is a 2.1°C rise over the medium term (from 2041 to 2060).
Subject companies and businesses	All existing businesses of the Sekisui House Group companies (including the entire upstream and downstream of value chain) including overseas subsidiaries in the United States, etc.

(Notes) 1. IPCC: Intergovernmental Panel on Climate Change

2. IEA: International Energy Agency

3. NGFS: Network for Greening the Financial System on Climate-related Financial Risks

The financial impact and assumed time period are defined as follows.
Financial impact - Large: ¥30.0 billion or more; medium: ¥10.0 billion or more; small: less than ¥10.0 billion
Assumed time period - Short term: 3 years from 2024; medium term: up to 2030; long term: up to 2050

Major transition risk / physical risk

Risk		Impact	Response	Financial impact	Assumed time
Transition risk	Introduction of carbon pricing	Carbon pricing has been widely adopted around the world. In Japan, the government is considering the introduction of emissions trading (GX-ETS), and it may be introduced relatively soon. If introduced, there is a possibility of increased direct and indirect business costs, as well as a decline in competitiveness.	The Group as a whole and its suppliers have a long way to go in order to decarbonize their business activities in the medium term, and if a carbon tax or emissions trading unit price of around 10,000 yen/t-CO_2 is imposed, the impact will be significant. We have already started a variety of initiatives throughout the value chain, including the promotion of RE100, energy conservation in offices and production facilities, and reduction of CO_2 emissions in the building materials manufacturing stage through collaborative efforts such as questionnaires and seminars with suppliers, and we are considering reducing this impact as quickly as possible.	High	Short-term
	Rising housing prices and a shrinking market	In the long term, the new construction market itself may shrink as housing prices soar due to the need to comply with stricter regulations required for net zero, and as the number of houses with poor energy efficiency and seismic resistance decreases, and more high-quality housing stock is being circulated in the market. Overseas as well, the impact of soaring costs may be particularly significant for low-priced products targeted at first-time homebuyers.	The impact of regulatory tightening in the short to medium term on the Company is expected to be small. However, in response to further regulatory tightening in the long term, we will need to work systematically on the development of cost-competitive decarbonized housing. In addition, we are considering strengthening our supplied housing business, in preparation for the contraction of the new construction market.	High	Long-term
	Decline in rental business revenues due to market changes	Managed properties that do not have sufficient decarbonization performance will lose competitiveness, leading to lower occupancy rates and rents.	We will strive to increase the ratio of ZEH units in managed properties and promote decarbonization remodeling of non-ZEH units in order to maintain and increase the value of rental housing that appeals to renters.	High	Long-term
	Decline in rental business revenues from managed properties with higher disaster risk	Managed properties in disaster-prone areas will have lower occupancy rates and rents due to the increase in climate change-related disasters (floods due to rivers overflowing, landslides, etc.).	We recognize this as an issue, and are continuing to study this issue by checking government hazard maps and understanding the hazards in areas where construction is planned.	High	Long-term

Risk		Impact	Response	Financial impact	Assumed time
Physical risk	Damage to Company-owned assets due to weather-related disasters	Nationwide weather disasters could damage assets owned by the Group (factories, office buildings and other business locations, production facilities, vehicles, etc.), making it impossible to continue operations and incurring significant repair or replacement costs.	The Group operates throughout Japan, with the exception of Okinawa Prefecture, and has already established a system that allows its business to continue through support from undamaged areas in the event of a disaster in some areas, including the head office functions. Such business continuity planning (BCP) measures are properly managed by the Risk Management Committee and updated as necessary. The amount of damage to the five factories in Japan was calculated based on the assumed inundation depths using river flooding hazard maps or internal flooding simulations, and it was found that for the four of these factories other than the Hyogo Factory, there is the potential to suffer inundation damage. A more detailed analysis based on the IPCC RCP 8.5 scenario was conducted for the Kanto Factory, which is expected to suffer the most damage, and the expected damage has been confirmed to be within the coverage of the insurance policy that is already in place. Assuming, however, an increase in the severity of natural disasters in the future and the simultaneous occurrence of large-scale disasters throughout Japan, our business is expected to suffer extensive damage, and we will continue to examine ways to strengthen our disaster resilience.	High	Medium-term

Major opportunities

Opportunity	Impact	Response	Financial impact	Assumed time
Increase in ZEH/ZEB orders	The Japanese government has set goals that include reducing greenhouse gas emissions in the residential sector by 66% compared with the FY2013 baseline by 2030, positioning ZEH and ZEB as key measures. In addition, demand for ZEH and ZEB is expected to increase in the future, as consumers become more ethically conscious and businesses further decarbonize. Moreover, we anticipate increasing demand for ZEH specification products overseas.	The ratio of our detached house ZEH exceeds 90%, and ZEH is already a standard specification. Currently, we are also beginning to actively promote ZEH in rental housing and condominiums. We will expand ZEH and ZEB orders for the entire Group by leveraging our track record of receiving the largest number of ZEH orders in Japan. In addition, if the installation of solar panels and storage batteries becomes compulsory overseas, since the Company has already responded to the standardization of ZEH, it will have an advantage in terms of procurement, etc., and it will be able to appeal to customer benefits such as maintaining high resale values in the future.	High	Medium-term
Increase in rental business revenues by converting managed rental properties to ZEH	The Japanese government intends to require ZEH-level energy efficiency in all new buildings constructed in and after 2030. In addition, ZEH conversion of rental housing will eventually become more common, so the need for ZEH rental housing could increase dramatically as consumers become more ethically conscious.	Since completing Japan's first rental housing that meets the ZEH standard for all units in 2018, we have been working to promote ZEH units that can appeal to residents. The Company has steadily increased its number of orders and is preparing for a future expansion of demand for rental ZEH units, especially among ethically conscious consumers.	High	Medium-term
Increase in orders for decarbonization remodeling	The government's goal of reducing greenhouse gas emissions in the residential sector by 66% compared with 2013 by 2030 requires energy-saving renovations to housing stock. For this reason, various remodeling support policies are being implemented and orders for decarbonization remodeling are proceeding well.	Orders for insulation retrofitting, power generation and storage cells are on the rise as a result of customer requests and remodeling proposals. In particular, *Idocoro Dan-netsu*, a partial insulation improvement concept centered on areas where residents spend the most time, has been well received because of the small burden of the cost and construction period for the customer. These remodeling proposals also highlight enhancing disaster resilience. We are considering continuing to promote remodeling proposals that are realistically feasible for widespread use.	High	Medium-term

iii. Risk management

As part of the Group-wide risk management process, the Group conducts assessments to determine climate change-related risks and opportunities based on the TCFD recommendations. Risks and opportunities are identified for the entire Group, led by the principal department of each business, and the results are aggregated by the Environmental

Subcommittee, which conducts a financial impact assessment. Major risks and opportunities that are identified based on this process are reviewed by the ESG Promotion Committee, a consultative body to the Board of Directors, before being reported to the Board of Directors, which considers risk mitigation, transfer, acceptance and control, as required. Matters related to operational risks and hazard risks are also shared with the Risk Management Committee, and are examined and managed within the Group's overall risk management system.

iv. Metrics and targets

In 2008, the Group declared its Vision 2050, which aims to achieve zero CO_2 emissions from housing by 2050. The Group has already begun various initiatives to achieve net zero in all business activities, including the use of renewable energy.

As a milestone toward achieving this goal, by 2030, compared with FY2013 levels, we aim to reduce Scope 1 (direct emissions: fuels consumed for factories, offices, vehicles, etc.) and Scope 2 (indirect emissions: energy consumed by the Company, such as electricity) by 75%, and Scope 3, Category 11 (use of sold products) by 55%. These have been set as targets consistent with the 1.5°C trajectory of the SBTi (Note 4). In addition, currently, we have set equivalent reduction targets using the results for FY2023 as the base year, and we have also set a net zero target for the entire value chain by 2050, and we have been approved for each of these targets by the Science Based Targets initiative. We have revised the targets for Scope 1 and Scope 2 reductions upward to a more ambitious target for FY2030 after meeting the 50% reduction target in FY2022.

(Note) 4. SBTi (Science Based Targets initiative): A joint initiative established in 2015 by WWF, CDP, the World Resources Institute (WRI), and the United Nations Global Compact.

Results for GHG emissions (Scope 1 and 2) (t-CO_2e)

Scope	Results		Boundary of calculation	
	FY2023	FY2024	FY2023	FY2024
Scope 1	50,371	42,919	Sekisui House, Ltd., main domestic and overseas consolidated subsidiaries (43 companies)	Sekisui House, Ltd., main domestic and overseas consolidated subsidiaries (40 companies)
Scope 2	22,502	19,895	Same as above	Same as above
Total	72,873	62,814	Same as above	Same as above

Results for GHG emissions (Scope 3, Category 11) (t-CO_2e) (Note 5)

Scope	Results		Boundary of calculation	
	FY2023	FY2024	FY2023	FY2024
Scope 3 Category 11	8,300,245	8,162,118	Sekisui House, Ltd., Konoike Construction Co., Ltd., Sekisui House noie Limited, Sekisui House Construction Group, Sekisui House Real Estate Group, housing sales subsidiaries under Sekisui House US Holdings, LLC, Sekisui House Australia Holdings, Pty Ltd.	Same as left

(Note) 5. Emissions associated with the use of sold products (during the use stage of supplied housing and non-housing buildings). CO_2 emissions are calculated based on energy consumed during the use of all housing and non-housing buildings supplied during the year. Service life is assumed to be 60 years. For housing (in Japan), primary energy consumption is calculated using an energy consumption performance calculation program used for ZEH(*1) calculations that complies with the Act on the Improvement of Energy Consumption Performance of Buildings, and then converted into CO_2 emissions. CO_2 emission factors refer to those specified in the Act on Promotion of Global Warming Countermeasures(*2). For non-housing buildings (in Japan), primary energy consumption is calculated by multiplying floor area by energy consumption per unit floor area for each building use, or by a process analogous to that for housing using the abovementioned program, and then converted to CO_2. Energy consumption per unit floor area by building type and energy type primary energy composition rate are based on the 2021 SDGs-compliant version of CASBEE for New Construction (Institute for Built Environment and Carbon Neutral for SDGs). For housing (U.S.), residential energy consumption simulation results published by the Department of Energy (DOE)(*3) are converted to CO_2 emissions. The CO_2 emission factor is the value published by the Environmental Protection Agency (EPA)(*4). For housing (Australia), data on residential energy consumption published by the energy regulator (AER)(*5) is converted into CO_2 emissions. CO_2 emission factor uses the values published by the Department of Climate Change, Energy, the Environment and Water (DCCEEW)(*6).

*1 Housing designed with the aim of achieving net zero annual primary energy consumption by significantly improving the insulation performance of the external skin and using high-efficiency systems to greatly reduce energy use while maintaining the quality of the indoor environment, as well as utilizing renewable energy, etc.

*2 Electricity emission factors are based on the national averages of the factors by electric utility in "Emission Factors by Electric Utility (for Calculation of Greenhouse Gas Emissions by Specific Emitters) FY2023 Results" (Ministry of the Environment and Ministry of Economy, Trade and Industry; March 18, 2025). For city gas emission factors, use the alternative emission factors (ministerial ordinance emission factors) from the "Emission Factors by Gas Supplier (for Calculation of Greenhouse Gas Emissions by Specific Emitters) FY2023 Supply Results" (Ministry of the Environment and Ministry of Economy, Trade and Industry; June 28, 2024).

*3 DOE: United States Department of Energy

*4 EPA: Environmental Protection Agency

*5 AER: Australian Energy Regulator

*6 DCCEEW: Department of Climate Change, Energy, the Environment and Water

* The Group has been disclosing detailed information in line with the TCFD recommendations in the Value Report 2024, published in July 2024. Please refer to the Company's website.

Value Report

https://www.sekisuihouse.co.jp/english/company/financial/library/annual/

The ESG Fact Book 2025 is scheduled to be published in June 2025, and this report will provide more detailed information disclosure in line with the TCFD recommendations. In addition, the GHG emissions for Scope 1, Scope 2, and Scope 3 Category 11 in the table above are provisional values as of the time of the preparation of the annual securities report, and the final values, calculation standards, and GHG emissions for other Scope 3 categories will be disclosed in the ESG Data Book 2025 (final version), which is scheduled to be published at the end of May 2025.

(3) Initiatives related to natural capital and biodiversity (disclosure in line with the TNFD recommendations)

i. Governance

In our group, the ESG Promotion Committee has positioned the response to nature-related issues as one of the important agenda items as well as climate change responses. The Committee evaluates the appropriateness of action policies and progress, and reports important matters to the Board of Directors.

In addition, the Sekisui House Group Human Rights Policy respects international norms, such as the International Bill of Human Rights, the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, and Guiding Principles on Business and Human Rights, and supports the Ten Principles of the United Nations Global Compact. Additionally, the CSR Procurement Guidelines and the Wood Procurement Guidelines have established policies and standards aimed at preventing human rights violations. By following these policies and guidelines, we strive to have zero human rights violations in our business activities and procurement. In particular, the Wood Procurement Guidelines stipulate that FPIC (Note 1) of stakeholders including all indigenous peoples near procurement sites be followed. Additionally, we have established and are implementing wood procurement policies that do not allow for any conflicts in the supply chain.

(Note) 1. FPIC (Free, Prior, and Informed Consent): Consent that is given freely, prior to any activity, and based on full and adequate information.

ii. Strategy

As with climate change, regarding biodiversity and natural capital, the Group works to clarify the appropriateness of its strategy and issues therein by anticipating various situations that may occur in order to make steady progress toward a world where people live in harmony with nature.

The Company considers risks and opportunities related to nature as well as assesses their impact and dependency based on the LEAP approach (Note 2) in the TNFD (Figure 1). First, locating and evaluating impacts and dependencies on nature in the housing business, which is the main business of the Company, were conducted (1-1). Then, the Company organized initiatives and evaluated the priority level of responses to these risks and opportunities according to the scenario analysis (3-1). Secondly, we conducted an advanced analysis of wood procurement in the material procurement process, which is one of the four stages of housing business (material procurement, manufacturing and processing, construction, and demolition) and has a high impact and dependency on nature, using biodiversity big data possessed by Think Nature Inc. After we identified points of contact with nature and evaluated impacts and dependencies that were particularly important for the Company (1-2, 2-1, 2-2), we assessed the qualitative financial impacts of risks (3-2). Furthermore, in FY2024, we expanded our impact and dependency location and evaluation to the direct operations of all our businesses (1-3), and identified risks and opportunities and assessed quantitative financial impacts in all businesses (3-3, 3-4). 1-3, 3-3, and 3-4 will be disclosed in the ESG Fact Book 2025 (Note 3), which is scheduled to be published in June 2025.

(Note) 2. LEAP approach: An integrated assessment method for identifying nature-related issues such as an organization's interfaces with nature, dependencies, impacts, risks, and opportunities. Following scoping, the process consists of the four steps of "Locate," "Evaluate," "Assess," and "Prepare" to evaluate impacts and make disclosures accordingly.

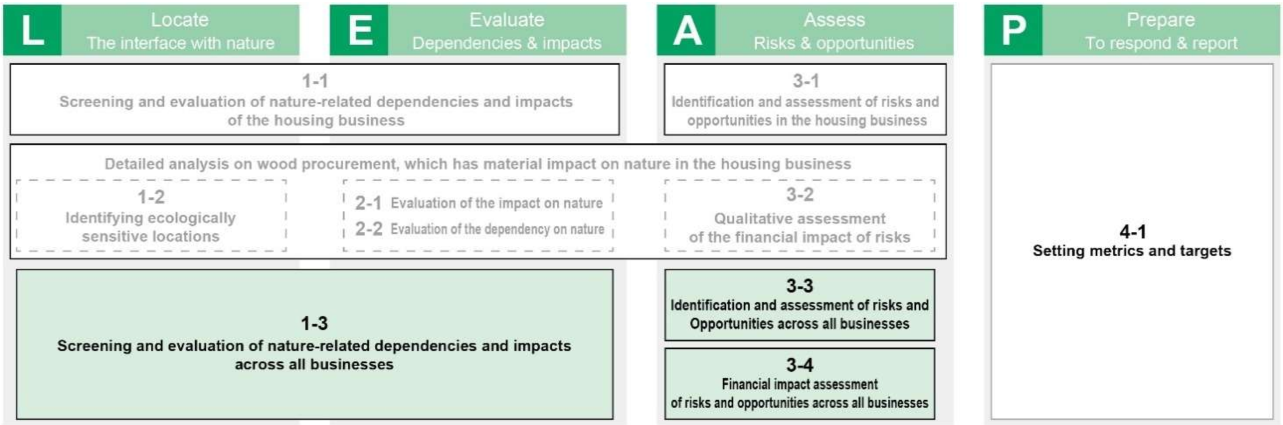


Figure 1: Nature-related management approach in line with the TNFD LEAP

1-1 Locating and evaluating impacts and dependencies of the housing business on nature (Locate/Evaluate)

We located potential impacts and dependencies using ENCORE and other such methods on procurement data for the housing business (detached houses and rental housing). As a result, we found that our material procurement process is potentially dependent on many ecosystem services. We also confirmed the potential impacts on nature due to land use change in terrestrial, freshwater and ocean areas in lumber harvested and mineral resource mining as well as atmospheric, water, soil and waste pollution. For details, please refer to the Value Report 2024 (Note 3).

1-2 Identifying ecologically sensitive locations (Locate)

We evaluated the biodiversity importance and the biodiversity integrity of natural forests, focusing on the top 11 countries that accounted for 90% of our wood procurement in FY2022. In artificial forests, we only evaluated the biodiversity importance. Our findings revealed that, out of the 11 countries evaluated, the highest conservation priority areas for natural forests are Indonesia and Malaysia, and the highest conservation priority areas for artificial forests are Indonesia, Malaysia, Japan and Vietnam. Understanding the impact in these areas is therefore of the utmost importance. For details, please refer to the Value Report 2024 (Note 3).

1-3 Locating and evaluating impacts and dependencies of all businesses on nature (Locate/Evaluate)

We assessed impacts and dependencies on nature of direct operations in all business areas of the Group, using ENCORE, by portfolio category. As a result, we found that many of our direct operations are connected to ecosystem services related to the water cycle and soil.

2-1, 2-2 Evaluation of impacts and dependencies of wood procurement on nature (Evaluate)

We analyzed the forestry-related factors as evaluated by ENCORE, which are terrestrial ecosystem use, soil stabilization and erosion control, and pest control, for the top 11 countries from which we procure wood. For details, please refer to the Value Report 2024 (Note 3).

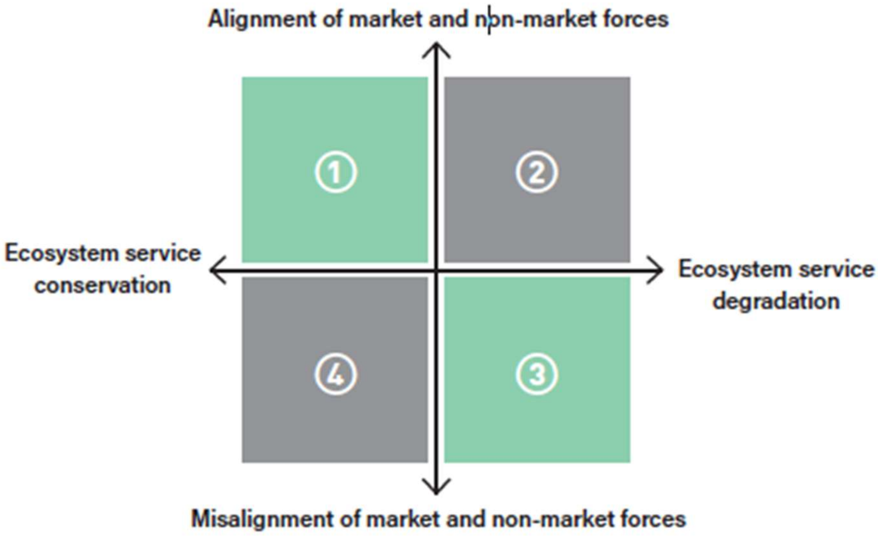
3-1, 3-2 Identifying and assessing risks and opportunities in the housing business, and qualitative financial impact assessment of risks

Details of the activities conducted in 3-1 and 3-2 have been omitted, as they are incorporated into the expanded scope of 3-3 and 3-4 for the fiscal year ended January 31, 2025.

3-3 Identifying and assessing risks and opportunities in all businesses (Assess)

We organized a list of potential risks and opportunities related to items that have high impacts and dependencies on nature in our Group's direct operations (1-3), and potential risks and opportunities related to the material procurement process, which were identified as having high impacts and dependencies on nature in the housing business (1-1). After that, we identified the specific risks and opportunities by sorting out those that are particularly important to the Group from the list. As part of the process of identifying these key risks and opportunities, we established a cross-divisional working group with 52 persons from 23 departments related to the scope of each business within the Group, and held workshops a total of 16 times to create a forum for discussing future risks and opportunities related to nature and resilience.

In holding the workshop, we constructed exploratory scenarios. In the four-quadrant scenario (Figure 2) consisting of two uncertainties as recommended by the TNFD, we titled Scenario 1 as "A World of Sustainable Systems" and Scenario 3 as "A World Headed for Ruin," and based on perspectives of the state of nature in terms of the condition of biodiversity and rise in temperatures (horizontal axis) as well as global trends in technology, society, regulations and politics (vertical axis), we set the short term as three years from 2024, the medium term as up to 2030, and the long term as up to 2050. At the workshop, we discussed the risks and opportunities that the Company could face under each scenario.



Note: Created based on the TNFD v1.0 "Guidance on scenario analysis"

Figure 2: Four-quadrant scenario consisting of two uncertainties as recommended by the TNFD

In constructing the scenarios, we used WWF's Living Planet Report 2022 and IPCC's Sixth Assessment Report (2021) as references to set fixed conditions regarding the state of nature in 2040. In Scenario 1, with the horizontal axis representing the state of nature, the ecosystem is gradually recovering and the global environment is projected to improve due to the achievement of the 1.5°C scenario. The vertical axis represents market and non-market principles moving in the same direction. That is to say, it supposes a world where society, laws, regulations and the economy are all moving in a way that is beneficial for the environment. Scenario 3, on the other hand, envisions a world where ecosystems degrade and climate change-induced rises in temperature continue. The vertical axis shows market and non-market principles running counter to each other and society, laws, regulations and the economy moving in a way that is detrimental or has no impact on the global environment.

3-4 Financial impact assessment of risks and opportunities (Assess)

We calculated the key risks and opportunities and their potential financial impact, which were identified through scenario analysis at company-wide workshops. The major risks and opportunities which were assessed to have large financial impacts are shown below. Going forward, we will further deepen our internal discussions, and after grasping detailed information on impacts and dependencies on nature related to each risk and opportunity, closely examining the priority areas and considering approaches, we will consider action policies for matters that require further responses, and we will also further examine the financial impact.

The financial impact and assumed time period are defined as follows.

Financial impact - Large: ¥30.0 billion or more; medium: ¥10.0 billion or more; small: less than ¥10.0 billion
Assumed time period - Short term: 3 years from 2024; medium term: up to 2030; long term: up to 2050

Major transition risks and physical risks

Risk classification		Impact/ Dependency	Impact of the factors/ Type of dependency	Explanation	Financial impact	Scenario	Assumed time		
							Short term	Medium term	Long term
Transition	Reputational	Impact	Contaminated soil and water from spills and waste accumulation	As interest in ecosystem conservation grows, dishonest environmental responses lead to a loss of trust, and the resulting reputational risk causes projects to be canceled, sales to shrink, and stock prices to fall.	Large	i.		●	
Physical	Acute	Dependency	Protection from floods, storms, landslides and soil erosion	As a result of the degradation of nature caused by development activities, landslides, storm damage and floods occur, and development activities are associated with disasters, resulting in liability for compensation.	Large	iii.			●
	Chronic	Dependency	Sourcing of building materials	As ecosystems decline, it becomes difficult to procure raw materials related to the habitats of endangered species and supply chain products with high environmental impacts, and the price of all raw materials soars, which has a complex impact on the supply capacity of housing.	Large	iii.			●
	Chronic	Dependency	Sourcing of building materials	The occurrence of forest fires impacts the stable procurement of timber, and the procurement price of materials soars.	Large	iii.		●	

Major opportunities

Risk classification		Impact/ Dependency	Impact of the factors/ Type of dependency	Explanation	Financial impact	Scenario	Assumed time		
							Short term	Medium term	Long term
Sustainability performance	Resource use	Impact	General	Through initiatives such as the reuse of buildings, recognition as a leading company implementing a circular economy strategy increases, and its reputation among customers and in the market also improves.	Large	i.	●		
Business/ Sustainability performance	Products/ Services	Impact	Land cultivation Habitat fragmentation and degradation	By utilizing the know-how and technology of the *Gohon no Ki* Project, we will promote greening in residential environments and improve the value of green spaces in urban areas, leading to the development of new businesses.	Large	i.		●	
Business performance	Market/ Reputation	Impact	Production of building materials	By replacing virgin raw materials with alternative products made from waste and loss, the company's reputation as an environmentally conscious company is enhanced, and its business partners also become more environmentally aware. This will lead to the development of new business and an increase in sales.	Large	i.	●	●	

iii. Risk and impact management

As part of the Group-wide risk management process, the Group conducts assessments to determine nature-related risks and opportunities as well as impact and dependency evaluations based on the TNFD's LEAP approach. First, activities that have potential nature-related impacts or dependencies throughout the entire organized value chain are identified. Using detailed procurement information on wood, we identified geographic points of interface with ecologically sensitive locations. After identifying impacts and dependencies, we evaluated importance based on qualitative and quantitative analyses.

Risks and opportunities are identified using scenario analysis for the entire Group, led by the principal department of each business, and the results are aggregated by the Environmental Subcommittee, which conducts a financial impact assessment. Major risks and opportunities that are identified based on this process are reviewed by the ESG Promotion Committee, a consultative body to the Board of Directors, before being shared with the Board of Directors, which considers risk mitigation and responses, as required. Matters related to operational risks and hazard risks are also shared with the Risk Management Committee, and are examined and managed within the Group's overall risk management system.

Furthermore, we will continue to strengthen our engagement with main stakeholders, including suppliers involved in business activities of the Company.

iv. Metrics and targets

The Group aims to properly evaluate and manage risks and opportunities that have high nature-related impacts and dependencies. To achieve this, we establish appropriate assessment metrics in line with recommendations from the TNFD and disclose actual results, mainly focused on core global disclosure metrics in disclosure metrics. For actual results for FY2024, refer to the ESG Fact Book 2025 (Note 3) to be published in June 2025.

Going forward, we will continue to calculate actual results for additional disclosure metrics that include core global disclosure metrics that have not been disclosed this time and important assessment metrics. We are considering setting targets and monitoring them, centered on the metrics related to the risks and opportunities that we have identified from assessment metrics in the future. Furthermore, as a target other than the metrics, we have set the zero deforestation ratio as a KPI since FY2023 to manage progress toward achieving zero deforestation in natural forests by 2030 as stated in the Wood Procurement Policy. In order to achieve our targets, we are promoting a variety of initiatives, including strengthening supplier engagement, conducting detailed on-site due diligence, and switching raw materials by specification changes.

Category	Metric No.	Overview of TNFD metrics	Company-established metrics
Climate change		GHG emissions	Results for GHG emissions (Scope 1 and 2) (t-CO2e)
Land/freshwater/ ocean-use change	C1.0	Total spatial footprint	Total area of manufacturing sites
			Area of Nationally Certified Sustainability Managed Natural Sites
	C1.1	Area of land/freshwater/ocean-use change	Construction area over a certain period of time
Pollution/ pollution removal	C2.0	Pollutants released to soil split by type	Hazardous waste discharged into the environment (including soil) from direct operations
	C2.1	Wastewater discharged	Wastewater volume and its concentration of pollutants Group-wide
	C2.2	Waste generation and disposal	Quantity of waste generated in manufacturing and processing, construction, demolition and office-related activities
			Quantity and rate of recycling in manufacturing and processing, construction, demolition and office-related activities
			Recycling rate in new construction
	C2.3	Plastic pollution	Material recycling rate of plastics in new construction
	C2.4	Non-GHG air pollutants	Quantity of non-GHG air pollutants from manufacturing and processing activities
Resource use/ replenishment	C3.0	Water withdrawal and consumption from areas of water scarcity	Quantity of water withdrawal and consumption from water-stressed areas in manufacturing and processing activities
	C3.1	Quantity of high-risk natural commodities sourced from land/ocean/freshwater	Quantity of wood procured from tree species other than those at risk, such as threatened species (Sustainable wood procurement amount)
Invasive alien species and other	C4.0	Placeholder indicator: Measures against unintentional introduction of invasive alien species (IAS)	Risk of IAS introduction through implementation of the *Gohon no Ki* Project

Category	Metric No.	Overview of TNFD metrics	Company-established metrics
State of nature	C5.0	Placeholder indicator: Ecosystem condition	Areas with high impacts and dependencies on wood production
			Increase in the biodiversity integration index for Japan's big three metropolitan areas as a result of the *Gohon no Ki* Project

(Note) 3. The Group has been disclosing detailed information in line with the TNFD recommendations in the Value Report 2024, published in July 2024. Please refer to the Company's website.
Value Report
https://www.sekisuihouse.co.jp/english/company/financial/library/annual/
In addition, the ESG Fact Book 2025 is scheduled to be published in June 2025, and this report will provide more detailed information disclosure in line with the TNFD recommendations.

(4) Initiatives related to human capital

i. Governance

Important matters related to human capital policies are discussed, based on content, by the Personnel Affairs and Remuneration Committee, the ESG Promotion Committee or the Risk Management Committee, all advisory bodies to the Board of Directors. The results are then presented at the Management Meetings or the Board of Directors meetings, and Company-wide measures are implemented and managed. To promote our human resources strategy, the Human Resources and General Affairs Department, the Human Resources Development Department, the Diversity and Inclusion Promotion Department, and other related departments of the Company implement policies and manage KPI progress. Coordination between departments is fostered through discussions in the Social Improvement Subcommittee, which operates under the ESG Promotion Committee. We have also created a Group-wide system in which the aforementioned relevant departments receive reports on the issues and progress of KPIs for each group company, thereby managing the entire group comprehensively.

ii. Strategy

Fundamental mindset to implementing the fundamental policy for human resource development and the policy for developing working environments

Employee autonomy relies on each individual utilizing the resources of our Group, taking proactive steps, and continuously focusing on their career development. Accordingly, we are focused on building systems and environments that support sustainable growth for both employees and the Company. We also promote the creation of environments and systems that enable individuals to fully develop and utilize their abilities while working in their own way, regardless of age, gender, nationality, or disability. We continue to proactively implement and operate highly flexible working systems suitable for various workstyles. While systematically nurturing high-integrity leaders, we also strive to recruit the talent necessary for our business strategies and ensure they are appropriately allocated.

Fundamental policy for human resource development

To achieve the Sekisui House Group’s global vision of “Make Home the Happiest Place in the World,” with its policy of “maximizing the value of human capital and driving business growth through D&I of knowledge and experience,” we will promote initiatives aimed at talent development.

Policy for developing working environments

In order to realize the global vision, we believe it is important that Sekisui House, where our employees, who are the driving force, gather, is the happiest company in the world. Aiming to become a company where everyone can feel their work is meaningful and satisfactory, we will develop a working environment that encourages the promotion of key themes such as support for self-directed career development, promotion of D&I and diverse workstyles, and building a foundation for well-being.

Human capital management strategy of the Sixth Mid-Term Management Plan (FY2023 to FY2025)

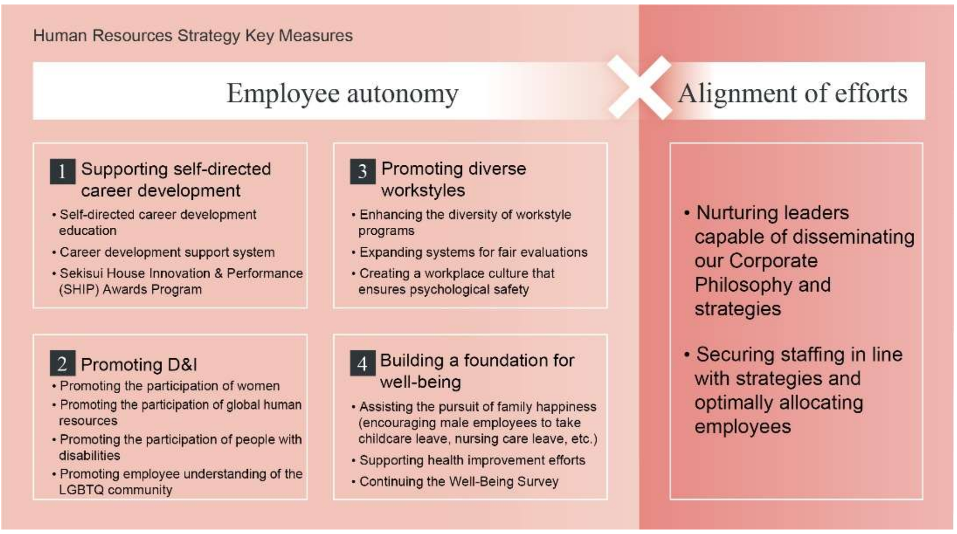
Improving human capital value is a driver of corporate growth.

We believe that enhancing human capital value comes from employee autonomy (Note 1) and an alignment of efforts (Note 2), and we have organized the key themes of the human capital management strategy as shown in the following diagram.

Based on the four themes: 1. Supporting self-directed career development, 2. Promoting D&I, 3. Promoting diverse workstyles, and 4. Building a foundation for well-being, we will support and promote employee autonomy while strategically implementing measures such as reforming systems, building corporate culture, and promoting relevant initiatives. Moreover, in order for the autonomous employees created through these initiatives to empathize with the direction that the Sekisui House Group is aiming for and to take action on their own, we will nurture leaders capable of promoting and implementing our Corporate Philosophy and strategies, and secure and optimally allocate employees in line with strategies.

With regard to “Improvement in human capital value = employee autonomy × alignment of efforts,” it is important to understand that this is a multiplication process, and by aiming for a high standard in both employee autonomy and alignment of efforts, human capital value will be further improved, and the value provided to society will also increase. What the Company wants to achieve is to maximize the value provided to society, and we will steadily invest in the human resources that support this.

(Notes) 1. Employee autonomy: Each employee thinks and acts independently.
2. Alignment of efforts: The company’s vision and strategy are understood and embraced by employees.



[Initiatives for employee autonomy]

1. Supporting self-directed career development

Under the slogan “Innovation & Communication,” we support the career autonomy of each individual by cultivating a corporate culture of innovation and performance in which employees generate new innovations through exchanging ideas and active communication, and by creating opportunities for employees to demonstrate their own initiative. Various training programs to cultivate an awareness of career autonomy, which began in 2003, have been attended by a total of 21,110 employees (as of January 31, 2025), and are increasing motivation for career development that takes into account the entire life, not just work. In addition to disclosing to employees the job descriptions that define the scope of responsibility, the duties and the knowledge and skills required for managerial positions, we also provide support for acquiring major qualifications required for their work.

Examples of recent initiatives

- 2021: Launch of Sekisui House Innovation & Performance (SHIP) Awards
- 2022: Renewal of the internal job posting program
- 2023: Launch of advanced learning support leave to support autonomous learning, such as MBAs, and self-directed career development leave, and expansion of the self-directed career development course
- 2024: Launch of trial of online learning services, career coach qualification program for those in managerial positions, English learning program, and visualization of skills and experience through My Career Sheet

2. Promoting D&I (Note 3)

i) Promoting the participation of women

The mission of the Group is to continue to provide new value to our customers and society as partners in happiness, and we believe that the participation of women in all fields is essential in the creation of homes, which require diverse values, a sense of beauty and perspectives. Based on this, we recognized the need to support the participation of women as a management issue, and in 2006, we established the Diversity Development Team (currently the Diversity and Inclusion Promotion Department) within the Corporate Management Planning Department, and have continued to implement the following measures to support the participation of women in recruitment, retention, and training.

As part of measures to retain female sales representatives, we have implemented measures tailored to the issues faced by each type of job, and have held the Nationwide Women's Sales Representative Conference since 2007 to create a network among female sales representatives. As the high turnover rate among female sales representatives during their first three years of employment was an issue, in addition to on-the-job training, we introduced interviews with the Diversity and Inclusion Promotion Department for all female sales representatives during their first three years of employment. Through this, we provide close individualized support and work to identify problems faced by female sales representatives early and make improvements as necessary. For female onsite supervisors, we have held the Company-wide Women's Onsite Supervisor Meetings every year since 2014, and since 2015 we have also implemented the Female Onsite Supervisor Support Program, promoting the expansion of job categories, and for female designers, who account for over 30% of the designer positions, we are supporting the development of diverse careers by strengthening their expertise and horizontally deploying role models for balancing work and childcare throughout the country. In February 2025, we established the "Women's Participation and Advancement Index" as one of the ESG indicators for business site awards, and we will work to further promote the participation of women.

The Group set the target of appointing at least 310 female employees in managerial positions (Note 4) by FY2025 in the action plan (formulated in 2021) based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and has also focused on training female managerial candidates. The Sekisui House Women's College, serving as training for managerial candidates, has been held since 2014. Every year, we provide a practical program of on-the-job training and organizational problem solving for about two years to 20 participants who have been selected through self-endorsements and recommendations from their managers, and this leads to their development and promotion that match the individual goals of our employees. From the start of the course, the representative director of the Board has personally had the opportunity to conduct direct dialogues with participants in the program, and since 2018, a female outside director of the Board has also participated in the program to directly encourage participants, which has become a great boost to the development of female managers. As a result of our efforts to recruit, retain and train female employees, in FY2024, newly hired female graduates made up 23.6% and 27.4% of hires for sales representative positions and technical positions, respectively, in the Company and its domestic consolidated subsidiaries. In addition, the ratio of full-time female employees in the Company and its main domestic subsidiaries (excluding Konoike Construction, Note 5) was 29.8%, nearly twice that of the average in the construction industry (Note 6). Of the 170 female employees who have graduated from the Sekisui House Women's College, 122 are currently working in managerial positions, and the number of women in managerial positions in the Company and its domestic consolidated subsidiaries was 415 (as of January 31, 2025).

As a result of continuing to implement various measures to promote the participation of women, the number of full-time female employees and the number of female managerial candidates have been increasing, and we will continue to strongly promote various initiatives and work to reduce the gender wage gap among employees.

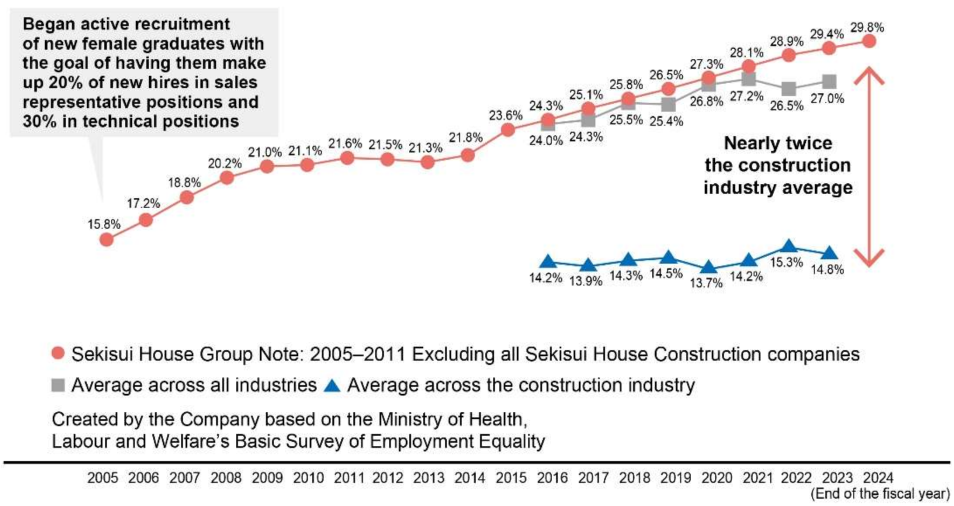
(Notes) 3. The Group had previously used the term "DE&I" in its human capital strategy under the Sixth Mid-Term Management Plan formulated in March 2023. However, in light of international variations in the perception of the concept of "Equity" and to ensure consistency with the Group's materiality issue "Diversity and Inclusion," we have decided to use the term "D&I."

4. Appointing at least 310 female employees in managerial positions was the target at the time of

formulating the plan. The target as of the submission date is 380 persons or more.

5. Total is for the Company, Sekisui House Real Estate Group companies, Sekisui House Construction Group companies, Sekisui House noie Limited, and Sekisui House Remodeling, Ltd.
6. Source: FY2023 Basic Survey of Employment Equality, Appendix Statistical Table, Survey of Companies, Table 1: Percentage of Full-Time Employees by Gender and Job Type (the Ministry of Health, Labour and Welfare)

Ratio of the Group's Full-time Female Employees



*The ratio of full-time female employees is for the companies shown in Note 5.

ii) Promoting the participation of global human resources

We are promoting the recruitment of human resources regardless of nationality and the appointment of employees based on their abilities and aptitudes. At overseas subsidiaries, we are actively hiring locally in order to strengthen the personnel structure, and promote capable locally-hired employees to important positions.

iii) Promoting the participation of people with disabilities

As of January 31, 2025, the employment rate of people with disabilities at the Company was 3.08%, and the rate at the 27 domestic consolidated subsidiaries (including the Company) legally mandated to hire people with disabilities was 3.07%. Although we are currently exceeding the legally mandated 2.50%, we will continue to actively promote the employment of people with disabilities, aiming to achieve the legally mandated hiring figures at each headquarters of Sekisui House, Ltd. (non-consolidated) and at each Group company. As part of initiatives to support their activities, we have held annual diversity meet-and-greet events since 2015 for employees with disabilities, their supervisors and colleagues with the aim of establishing a network that transcends departmental boundaries, building relationships that facilitate mutual communication and consultation, and improving our work environments. In 2024, the event was held at two locations, Tokyo and Osaka. As part of initiatives for customers who require special considerations, we have created guidelines for customer service and for the design of each facility (housing exhibition sites, showrooms, offices, etc.), and we have promoted the dissemination of these guidelines and understanding of disabilities through various training programs and practical training at housing exhibition sites and showrooms nationwide. We have also formulated and published the Web Accessibility Policy on our website and in our TV commercials to improve accessibility, and have incorporated subtitles (closed captioning) in our TV commercials.

iv) Promoting employee understanding of the LGBTQ community

In order to promote LGBTQ+ understanding within the Company, we have incorporated LGBTQ+-related themes into the annual Human Relations Training every year since 2014, and we continue to study and discuss the topic. We hold regular seminars and events, and the number of allies who understand and support this community is increasing within the Company. In addition, under the leadership of allies, we have continued to send out messages to promote understanding in society, and have received the Gold certification in the PRIDE Index for seven consecutive years. We have also received the Rainbow Certification for three consecutive years. We aim to create a society where all individuals can feel secure and free to work in their own manner.

3. Promoting diverse workstyles

To ensure that each employee can work to their fullest potential, we promote diverse working styles that allow for flexibility and autonomy, free from constraints of time and place. In order to promote diverse working styles, it is first necessary to establish a workplace culture that provides peace of mind and safety based on a relationship of trust, and we are working to create a workplace culture that ensures high psychological safety by providing opportunities for all employees, regardless of their position or employment status, to interact in small groups. Furthermore, since 2024, line care training has been provided for personnel responsible for general affairs and managers, and we monitor these initiatives using the score for Workplace Happiness in the Well-Being Survey, which the Company conducts.

We have also developed various systems to support employees' work-life balance and provided relevant information, such as the work-from-home system that allows employees to work from anywhere and the sliding work schedule (working hour arrangements) that allows employees to work at different times of the day, in order to ensure that employees can work with peace of mind without compromising their careers due to child-rearing, nursing care, or medical treatment.

4. Building a foundation for well-being

i) Supporting the pursuit of family happiness

In order to ensure the happiness of employees and their families, since 2018, we have encouraged male employees to take at least one month of childcare leave (Note 7). As a result of activities such as reforming consciousness throughout the Company, developing systems, and developing communication tools for use with family and the workplace, since the full-scale implementation of the program in February 2019, all eligible employees who reached the deadline (3,187 employees as of January 31, 2025) have taken at least one month of childcare leave (all employees of Group companies have taken leave since April 2021), and the rate of spousal satisfaction with male employees who took childcare leave has grown to 99.0%, proving that this program contributes to the happiness of families. We have also actively shared information with the outside of the Company since 2019, with the aim of creating a society that makes paternity leave the norm in Japan. In 2024, we shared information together with 154 companies and organizations that support our initiatives, and contributed to creating momentum for promoting the taking of paternity leave.

(Note) 7. Male employees with children under the age of three taking childcare leave for one month or more.

ii) Supporting health improvement efforts

The Group believes that the source of employee happiness is the maintenance and promotion of health, and we have named this Happiness Health Management to strategically address activities aimed at maintaining and promoting health as an important management issue. Based on the annual targets and plans approved by the ESG Promotion Committee under the Board of Directors, a working group formed across related departments cooperates with health insurance unions, industrial physicians, etc. to identify issues, formulate Company-wide policies, and plan specific measures, and works with each business office to promote awareness and understanding of these measures among all employees.

As a result of working on Happiness Health Management, including the use of an AI-based service that utilizes medical checkup results and the implementation of seminars for employees by subject matter, the Group has been certified as a Health and Productivity Management Outstanding Organization (White 500) for five consecutive years (2020-2024).

iii) Continuing the Well-Being Survey

In order to realize the happiness of each and every employee, we have conducted the Well-Being Survey for all employees since November 2020, and the fifth survey was completed in November 2024. Under the supervision of Professor Takashi Maeno, Dean of the Faculty of Well-Being at Musashino University and Professor Emeritus at Keio University, a leading expert in business administration focused on employee well-being, we became the first company in Japan to undertake and analyze the multilateral measurement of employee and workplace well-being, and to visualize happiness. We review the results of this survey and use them to implement specific measures, such as discussions on well-being in the workplace.

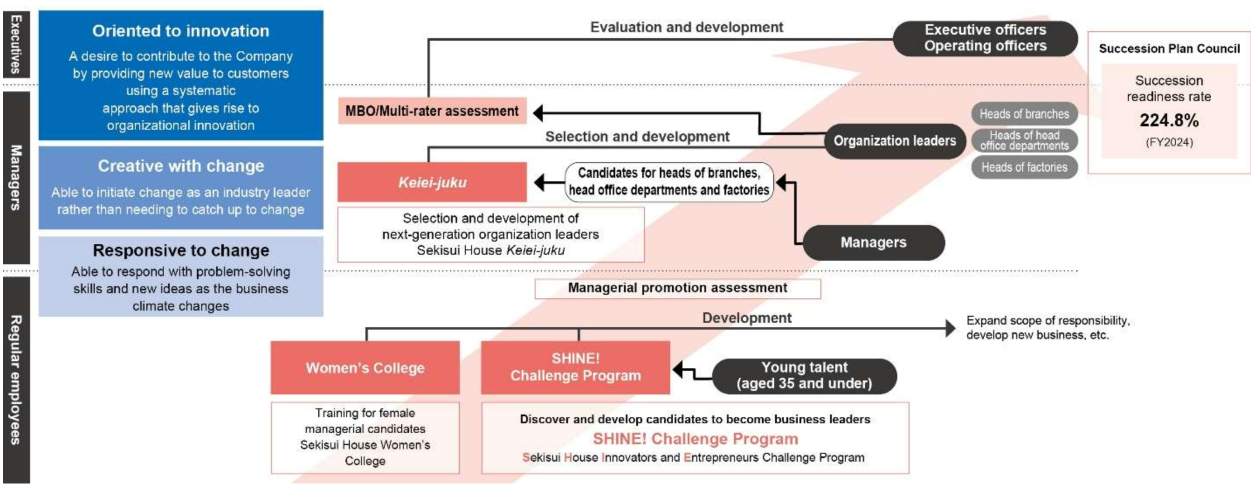
[Initiatives for alignment of efforts]

- Nurturing leaders capable of disseminating our Corporate Philosophy and strategies

In order for the Group to deliver happiness to our customers and society, it is essential to spread the corporate philosophy and business strategies to the autonomous employees and to have leaders who can create organizational strength, and it is necessary to systematically nurture such leaders for the sustainable growth of the company.

We provide training for management by position to strengthen organizational performance-generating capabilities, human resource development capabilities, and organizational revitalization capabilities. In addition, we are continuing to create a foundation for systematically producing the next generation of business leaders through the *Keiei-juku* management training program, which has been held since 2018 with the aim of selecting and developing candidates for organizational leadership positions such as heads of branches, head office departments and factories, and the SHINE! Challenge Program, which was launched in 2019 to train young leader candidates (at the age of 35 or younger). Since 2021, we have held the Succession Plan Council to identify candidates for executive officers, operating officers, and others in key positions. The council aims to deliberate the nomination of these candidates in a highly transparent manner from a diverse, Company-wide perspective. Specifically, the council prepares individual training plans for all candidates, conducts periodic progress checks to further enhance our leadership pipeline, and monitors the succession readiness rate (Note 8). We also conduct the multi-rater assessment of all managers at the group leader level and above. Based on the results of the feedback, we prepare action plans for reforming management behavior, and we are working to improve management skills through regular coaching and self-reflection.

Leadership Pipeline for Cultivating the Next Generation of Business Leaders



(Note) 8. Succession readiness rate = (number of candidates ÷ number of leadership positions) × 100

- Securing staffing in line with strategies and optimally allocating employees

We are working to secure the human resources capable of developing existing businesses and taking on the challenge of new businesses, while also identifying the human resource needs of each business unit based on their business strategies and systematically recruiting and training the human resources needed for sustainable growth in order to achieve optimal allocation. In particular, under the policy of strengthening diversity and expertise, we are focusing on mid-career recruitment as part of the overall employee recruitment, and the number of mid-career hires has been steadily increasing. In particular, in response to the major change of expanding the overseas business, we have strengthened the recruitment of human resources, mainly in the corporate division, and have hired 37 people as global staff in the past 12 months. We plan to further examine the scale and skills required for globalization in the future.

As a new initiative, we also launched the Welcome Home Program (alumni program, Note 9) in 2024. We are working to strengthen our recruitment capabilities by utilizing a variety of methods and channels, including referral recruitment (Note 10).

In FY2024, 679 mid-career hires were hired, and the percentage of mid-career hires to the total number of hires was 40.9% (Note 11). We have expanded the onboarding program (Note 12) to support employees' active participation from the time they join the company to support their early success.

(Notes) 9. A rehiring system that allows former employees to be re-employed.
10. A hiring system based on referrals or recommendations from current employees.
11. Total is for the Company and its domestic consolidated subsidiaries.
12. A framework to support newly hired employees in adapting to the company's culture and work environment so they can succeed early on.

iii. Risk management

As for risks and opportunities related to human capital, the related departments, such as the Human Resources Development Department, the Human Resources and General Affairs Department, and the Diversity and Inclusion Promotion Department, analyze risks and opportunities and consider countermeasures, and the Social Improvement Subcommittee under the ESG Promotion Committee holds discussions and then promotes cross-divisional cooperation. When risks and opportunities are determined to be especially important through this process, the ESG Promotion Committee, an advisory body to the Board of Directors, reviews them before making a report to the Board in connection with our medium- to long-term strategic plans. The Company monitors the risk maps prepared by each group company, and after reporting on important matters to the Risk Management Committee, such as those related to securing human resources, they conduct studies and management through the Group-wide risk management structure.

For our group to achieve sustainable growth, it is essential to secure excellent human resources both in Japan and overseas who are capable of developing existing businesses and taking on challenges in new businesses. If the recruitment competitiveness declines or the outflow of human resources due to job turnover worsens, the growth potential may be weakened and the social reputation may decline. By formulating our human resources plan, we further clarify the human resources necessary to execute our business strategies. We are proactively enhancing our branding as an employer of choice, diversifying our recruitment pipeline and selection methods, and employing human resources regardless of age, gender, nationality, or disability.

iv. Metrics and targets

In order to accelerate the improvement of human capital value, we have set the following targets for each key theme and are working towards them.

Initiatives to accelerate the improvement of human capital value (objectives)		Metrics	FY2024 targets	FY2024 results	FY2025 targets
Supporting self-directed career development	Cultivating and spreading an awareness of self-directed career development	Cumulative number of participants in career autonomy training (Note 1)	20,505 persons	21,110 persons	22,030 persons
	Implementation of Sekisui House Innovation & Performance (SHIP) Awards	SHIP registration rate (Note 2)	33%	30.7%	36%
		SHIP number of posts (Note 2)	2,700	2,537	3,000
	Promoting the acquisition of major qualifications required for the work	Number of workers who have acquired major qualifications (Notes 1 and 3)	24,600 persons	25,068 persons	25,100 persons
Promoting D&I	Promoting measures to support the participation of women	Number of female directors of the Board (Note 1)	3 persons or more	3 persons	3 persons or more
		Number of female managers (Note 2)	350 persons	415 persons	380 persons
		Ratio of full-time female employees (Note 4)	29.5%	29.8%	29.8%
		Ratio of female new graduates hired (Note 5)	40%	35.9%	40%
	Promoting the participation of people with disabilities	Employment rate of persons with disabilities (the Company) (Note 1, 12)	2.97%	3.08%	2.72%
		Employment rate of persons with disabilities (domestic consolidated companies) (Note 6, 12)	2.86%	3.07%	2.66%
Promoting diverse workstyles	Promoting and monitoring the creation of workplaces with high psychological safety	Well-Being Survey “Workplace Happiness” (Notes 7 and 8)	—	67.44pt	—
Caring for our employees’ well-being	Supporting and monitoring the pursuit of family happiness	Take-up rate for eligible male employee at least one month of childcare leave (Note 4)	100%	100%	100%
		Rate of spousal satisfaction with male employees who took childcare leave (Notes 4, 8 and 9)	—	99.0%	—
	Quantifying employee happiness through Well-Being Survey	Well-Being Circle total score (Notes 8 and 10)	—	66.57pt	—
Alignment of efforts	Expanding the leadership pipeline through the Succession Plan Council	Succession readiness rate for key positions (Notes 1 and 8)	—	224.8%	—
Investment in human resource development		Educational and training expenses (Note 11)	¥1,478 million	¥1,994 million	¥2,400 million

(Notes)
1. Total is for the Company.
2. Total is for the Company and its domestic consolidated subsidiaries.
3. Eleven qualifications required for work, including first-class architects, building operation and management engineers, second-class financial planners, and registered real estate transaction agents.
4. Total is for the Company, Sekisui House Real Estate Group, Sekisui House Construction Group, Sekisui House noie Limited, Sekisui House Remodeling, Ltd.
5. Total is for the Company, Sekisui House Real Estate Group companies, Sekisui House Construction Group companies, Sekisui House noie Limited, Sekisui House Remodeling, Ltd., Konoike Construction Co., Ltd. and its domestic consolidated subsidiaries.
6. The total is for the Company and its 27 domestic consolidated subsidiaries legally mandated to hire people with disabilities.
7. The total is for the Company and its domestic consolidated subsidiaries (excluding Konoike Construction Co., Ltd. and its domestic consolidated subsidiaries). The average values for the culture of safety and security, an atmosphere of workplace trust, an atmosphere that encourages challenge, and willingness to recommend the current workplace, in the Well-Being Circle, which measures and quantifies diverse happiness from multiple perspectives.
8. Only the results are disclosed.
9. The percentage of respondents who answered "good" or "fairly good" in the spouse survey out of all respondents to the survey.
10. The total is for the Company and its domestic consolidated subsidiaries (excluding Konoike Construction Co., Ltd. and its domestic consolidated subsidiaries). The average of the 34 items in the Well-Being Circle.
11. Total is for the Group.
12. The targets for fiscal 2025 have been set in consideration of the legal revision in April 2025 that will reduce the exclusion rate for the construction industry from 20% to 10%.

(5) Initiatives related to respect for human rights

i. Governance

As set forth in the Sekisui House Group Human Rights Policy (hereafter, the “Human Rights Policy”) announced in April 2020, at the Group, the Board of Directors oversees compliance with and initiatives related to the policy. The Management Meetings, ESG Promotion Committee and Risk Management Committee all exist under the Board of Directors and function organically in creating a Group-wide promotion structure for respecting human rights.

Guided by the ESG Promotion Committee, the Social Improvement Subcommittee determines key issues and policies related to human rights within the Group. The Social Improvement Subcommittee has established the Human Rights Due Diligence Meeting (hereafter, the “Human Rights DD Meeting,” secretariat: Human Rights and Compliance Promotion Department) that involves multiple related departments. These related departments work together to share information and exchange opinions, etc., in order to promote respect for human rights within the Group.

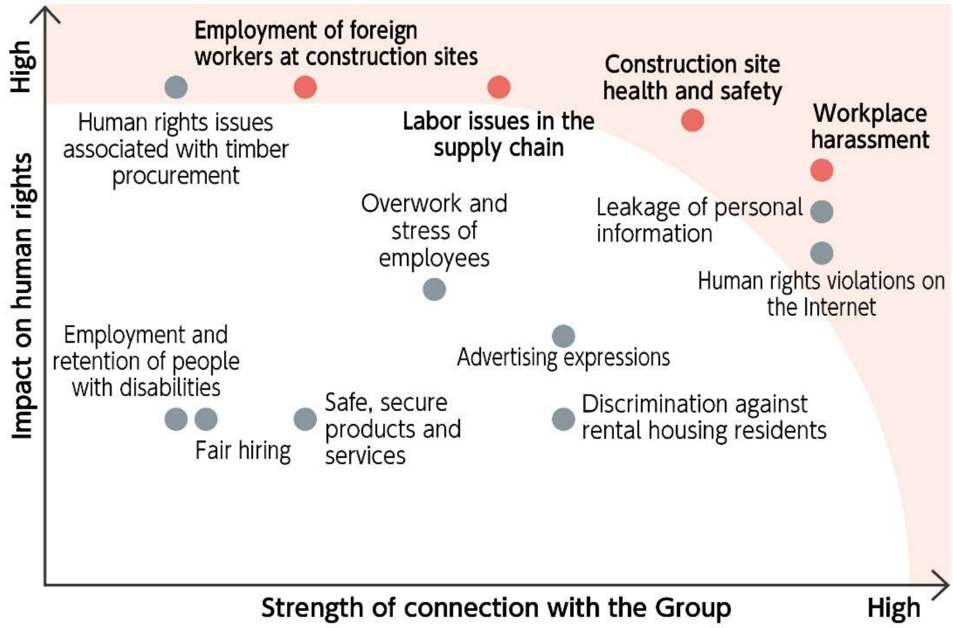
Initiatives to promote respect for human rights are also regularly reported to the Risk Management Committee. The Risk Management Committee discusses topics related to human rights, mainly strategic initiatives related to the labor and health of Group employees, harassment and work-related accidents, all from the perspective of risk management.

ii. Strategy

In the Human Rights Policy, the Group expresses its commitment to respecting the human rights of all stakeholders, including employees and suppliers, who may be affected by its business activities. In addition, at the Human Rights DD Meeting, we identify important human rights issues through the creation of a map of human rights risks every year, and we regularly verify them.

The red points on the map below indicate the key issues that were identified in FY2024.

Map of Human Rights Risks Related to Group Businesses



Identified key issues: 1. Workplace harassment
2. Construction site health and safety
3. Labor issues in the supply chain
4. Employment of foreign workers at construction sites

In order to address the identified key issues, the Group is promoting the following initiatives.

1. Workplace harassment

For the Group, where many employees work, the development of an appropriate working environment that ensures psychological safety is one of the priority issues we must address.

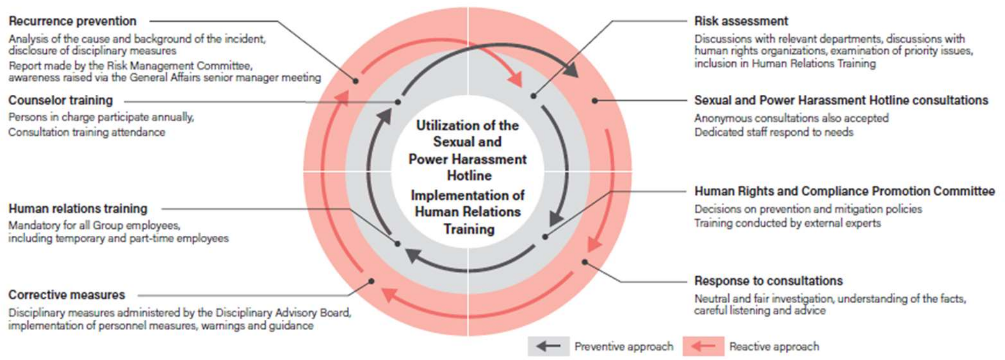
The Group has established the Sexual and Power Harassment Hotline to ensure a safe and secure working environment for employees, and conducts investigations and takes corrective, remedial and recurrence prevention measures as necessary. The hotline provides a wide range of consultations regarding all kinds of human rights issues. We promptly respond to these consultations, conducting investigations and taking corrective, remedial and recurrence prevention measures as necessary. The verification results of these consultations are reflected in the themes of the Human Relations Training for all employees to prevent harassment.

* Expansion of the scope of the Sexual and Power Harassment Hotline

The Sekisui House Group's whistleblowing and counseling hotline systems were revised in June 2024. In line with the revisions, the scope of reception for the Sexual and Power Harassment Hotline, which had been available to officers and employees of the Company and its domestic consolidated subsidiaries (Note 1), was extended to include business partners, and we conducted awareness-raising activities about the details of changes at health and safety conventions nationwide. Although no serious human rights violations were confirmed in the consultations received in FY2024, we will continue to conduct awareness-raising activities in order to disseminate the whistleblowing hotline, which can be used with a sense of security. The total number of consultations received has been set as a KPI for the awareness and improvement of the reliability of the whistleblowing hotline, and we expect it to increase for the time being.

(Note 1) We have set up the Sekisui House Global Helpline for our overseas subsidiaries to receive consultations.

Due Diligence Concerning Workplace Harassment



2. Construction site health and safety

Construction site work environments are hazardous and missteps can readily lead to life-threatening accidents. Accordingly, occupational health and safety are the highest priorities of the Group. We have various measures in place to ensure that construction workers can work in a safe environment.

The Company has established the Health and Safety Management Regulations based on occupational health and safety laws and regulations and its Rules of Employment. These regulations set out the Company's fundamental tenets of health and safety management and are designed to help create a pleasant work environment and ensure health and safety at workplaces. For partner building constructors and construction workers, the Construction Management Department administers system operations. The Construction Management Department formulates Company-wide annual health and safety plans and also implements occupational accident prevention measures as needed.

3. Labor issues in the supply chain

The Group recognizes that “human rights and labor” in our supply chain are also important issues. We have announced the Human Rights Policy and expressed our expectations that our business partners will understand and support this human rights policy. We are promoting initiatives to expand the circle of respect for human rights in the supply chain.

Upon signing the United Nations Global Compact in 2018, the Company joined the supply chain subcommittee of the Global Compact Network Japan (GCNJ). We established the CSR Procurement Guidelines, which are compliant with the GCNJ’s self-assessment questionnaire (SAQ). The CSR Procurement Guidelines state that with regard to respect for human rights, discrimination based on nationality or race, inhumane treatment, forced or compulsory labor, and child labor, etc. are prohibited, and appropriate management of employee health and safety is also required.

Since then, we have asked main suppliers to submit a signed agreement to confirm their understanding and compliance with the purpose and content of the guidelines, as well as cooperation with checks regarding their efforts, etc., and have shared the significance and importance of CSR procurement with them at our annual action policy briefings held each February.

4. Employment of foreign workers at construction sites

Construction sites employ many construction workers of all nationalities and genders, but the Group places particular emphasis on improving the work environment for foreign workers with different backgrounds in terms of culture, language, etc. We particularly focus on supporting technical trainees in both their education and livelihood. For Sekisui House Construction Group companies, Sekisui House Construction partner companies, and primary work constructors, we assign a mentor (technical training supervisor, technical training instructor, and living instructor) to provide support after the trainee has been accepted. These support systems have been created through direct dialogue with foreign workers, including regular face-to-face interviews and surveys in both Vietnamese and Japanese about their lives and work. We will utilize these to prevent issues in the workplace and daily life, and work to further improve the working environment.

iii. Risk management

Relevant departments, offices, Group companies, etc. (hereinafter, “relevant departments, etc.”) are responsible for conducting human rights due diligence for each human rights issue, and they identify human rights risks and implement raising awareness and measures based on information collected from dialogue with stakeholders, as well as information and advice provided by experts and human rights organizations. Information on human rights due diligence is shared and integrated by each business division from relevant departments, etc., and the content is verified at the Human Rights DD Meeting, etc., and it is integrated and deployed for the extraction of Company-wide issues, raising awareness, and improvement efforts.

These initiatives are also reported to the Risk Management Committee, which is an advisory body to the Board of Directors.

iv. Metrics and targets

The Group has set the following KPIs as metrics for addressing the key issues identified in the risk map.

Human Rights Inquiries on Public Website

	FY2022	FY2023	FY2024
Number of inquiries	21	32	10

* Since the Human Rights Policy was formulated in April 2020, we accept both internal and external inquiries related to human rights via our public website. We have looked into and responded to all inquiries received, and we did not identify any potential human rights violations that would affect the Company’s business.

Sexual and Power Harassment Hotline (Note 2)

	FY2022	FY2023	FY2024
Total number of consultations received	213	253	258
Of which, cases regarding harassment complaints	125	131	150
Of which, cases involving corrective action (Note 3)	66	76	83

(Note) 2. The total is for the Company and its domestic consolidated subsidiaries.

3. The number of cases in which we responded to a consultation after hearing the details of the consultation and the intentions of the person making the consultation, and deciding that it was a problem that the organization should respond to. In addition to this, we also provide support such as advice to the person making the consultation, depending on the content.

3. Business Risks

◆Risk Management Structure

The Group has established a structure to accurately identify major risks that may arise in our business activities and to take appropriate measures to reduce the impact of such risks on the Group's business in the event that they materialize.

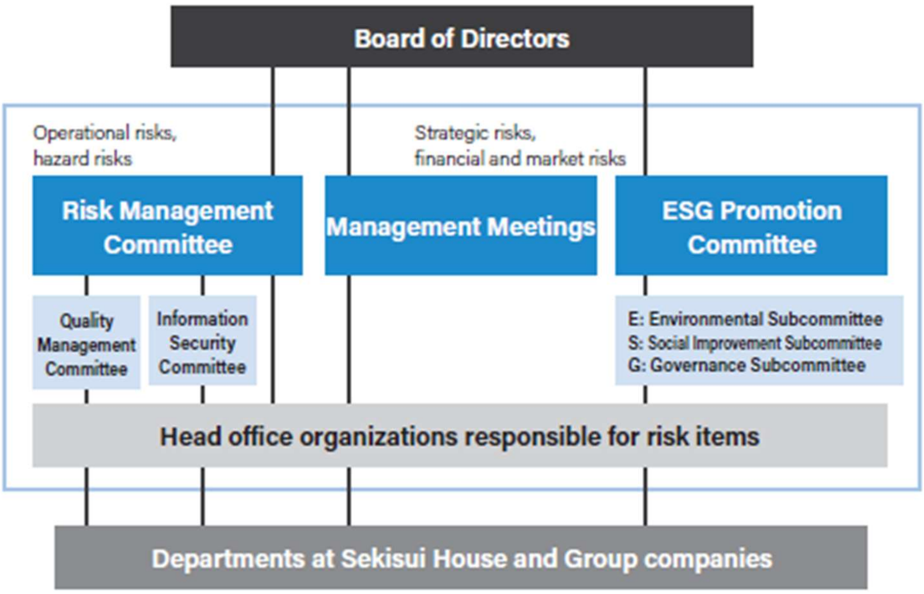
'Strategic risks' and 'financial and market risks' are reviewed at the Board of Directors meetings, Management Meetings, and meetings of other bodies responsible for discussing management policies, management strategies, and important business execution. In addition, 'operational risks' and 'hazard risks' are monitored by the Risk Management Committee, chaired by the Representative Director of the Board, Executive Vice President and Executive Officer. This committee has been established as an advisory body to the Board of Directors to continuously oversee the status of risk management.

The Risk Management Committee mainly consists of members appointed via a resolution by the Board of Directors and meets once a month, in principle. To address the material risk items it has identified, the Risk Management Committee monitors risk management status at organizations responsible for such risk items, including specialized departments at the head office and various meeting bodies. Through these endeavors, the committee summarizes and verifies the development status of the Company's risk management structure, with reference to findings from the monitoring mentioned above, while giving necessary advice. Also, the committee reports on its deliberations to the Board of Directors semi-annually. Members of the committee include representatives from the Internal Audit Division to coordinate its activities with the content of periodic audits.

Moreover, in line with our recognition of the importance of quality control and information security, we established the Quality Management Committee and the Information Security Committee within the Risk Management Committee. These committees take a professional, cross-divisional approach to reviewing risks as well as countermeasures, and report their response policies and deliberations to the Risk Management Committee three times each year.

For details on risk management related to ESG management, please refer to "2. Disclosure of Sustainability-Related Financial Information."

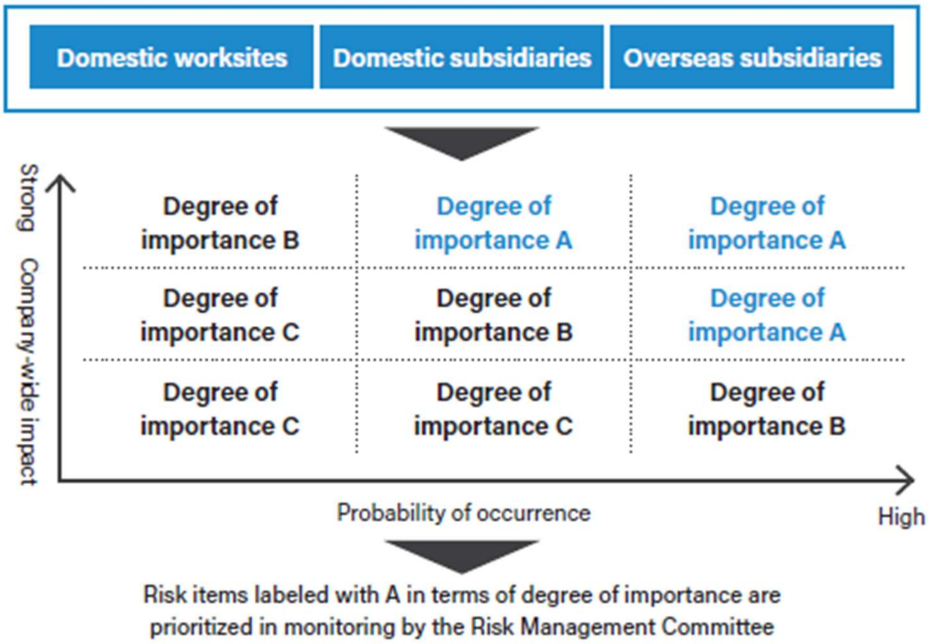
Risk Management System Diagram



◆Risk Management Process

"Strategic risks" and "financial and market risks" identified by departments responsible for such risks at the Group companies are deliberated on by the Board of Directors and at Management Meetings, as well as by other bodies in conjunction with agenda items related to the Company's overall business strategies, including its Mid-Term Management Plan, as well as discussions regarding individual projects. These bodies conduct risk evaluation and formulate countermeasures while exercising monitoring aimed at detecting an incident that could materially impact the Company's business operations.

The Risk Management Committee identifies risk issues, especially those associated with operational risks and hazard risks, by drawing on findings from monitoring conducted in the preceding fiscal year over Group business bases in Japan and domestic and overseas subsidiaries as well as from interviews with each head office department. The Risk Management Committee then evaluates these risk issues to determine the probability of occurrence and degree of their impact on the Group, and based on this evaluation, a risk map is prepared to select material risk items. The departments and meeting bodies responsible for each important risk theme formulate a basic risk management plan at the beginning of each fiscal year, report on progress to the Risk Management Committee, and make improvements based on the opinions and advice offered by the committee, in this way using a PDCA cycle for risk management.



With regard to risk management for Group companies, we have clarified administrative departments charged with overall business management for each Group member as well as specialized departments charged with taking a cross-sectional approach to risk management in each field of specialty. Under this structure, we promote matrix-based risk management. To obtain risk information from sources across the Group, we also strive to develop a governance network that will, in turn, help strengthen check-and-balance functions provided by individuals responsible for general affairs at each domestic and overseas Group company and invigorate information sharing involving specialized departments at the head office. As for key business subsidiaries, we require them to acquire the approval of the Company or a resolution of the Board of Directors when they make decisions on the execution of businesses that involve a certain degree of importance. Furthermore, these key Group companies prepare risk maps similar to those prepared by the Company, with the aim of evaluating important risks. In order to understand risk recognition at these companies, the content of their risk maps is shared by and discussed at the Risk Management Committee.

If an incident that could impact the overall operations of the Company occurs, the head office administrative department reports to the Risk Management Committee in accordance with the Crisis Response Manual. As soon as such reports are delivered, the Risk Management Committee determines the crisis level of said incident based on standards set forth in the manual. When the incident is considered to entail a degree of seriousness that exceeds the crisis level threshold defined by the manual, the Crisis Countermeasure Headquarters will, upon judgment by the chairperson of the Risk Management Committee, be launched. The headquarters will act as a dedicated team responsible for preventing any additional fallout from the incident and developing a structure aimed at formulating specific countermeasures in order to ensure early resolution. In addition, crisis response drills are periodically conducted to verify the manual and improve its content.

◆**Individual Risk**

Among the items related to the sections of Overview of Business and Financial Information as stated in the annual securities report, the following are items that may have a significant impact on investor decisions.
These were judged as of the filing date.

Strategic risks/Financial and market risks

1. Risk related to changes in the housing market environment

Risk scenario

The Sekisui House Group is engaged in business activities centered on the provision of housing in Japan and overseas. Accordingly, the Group's business performance is highly susceptible to changes in personal consumption, interest rates, land prices, material prices and labor costs, housing-related government policies and taxation systems as well as rent prices that may fluctuate due to the aforementioned factors, along with regional economic trends. Going forward, if the business environment evolves upon these changes, the Group's operating results could be materially affected.

Countermeasures

To counter the risks described above, the Group pursues the flexible implementation of various measures aimed at adapting to changes in the market environment. To that end, meeting bodies led by heads of business headquarters and sales administration headquarters help ensure that all relevant individuals are on the same page about the status of progress in measures undertaken to counter market trends as well as issues identified in the course of frontline operations, while formulating fresh measures aligned with the evolving situation based on conclusions from their discussions. In addition, measures considered to be particular importance are also discussed robustly at the Management Meetings.

We also maintain ongoing informational coordination between each overseas business base and the Company's head office to update the latter about the market environment in countries in which we pursue business expansion. Based on input afforded by this coordination, specialized departments engage in market analysis and strategic planning.

2. Risk related to corporate acquisition and business reorganization

Risk scenario

Based on its strategies for domestic and overseas operations, the Group is expanding the scale of its business by, for example, acquiring corporations and businesses and reorganizing its corporate structure. However, if these measures fail to yield expected outcomes in the course of or following the execution of organizational integration procedures, or if profit arising from these measures falls short of the estimate due to unpredictable changes in the business environment, the Group's operating results and financial position could be materially affected by factors such as the recording of impairment losses on intangible assets including goodwill.

Countermeasures

When considering acquisition, reorganization and other similar measures, specialized departments conduct preliminary due diligence and stock price evaluation in collaboration with external experts in order to appropriately assess such matters as the corporate value of the potential acquiree and the feasibility of its business plans. To inform judgment on an acquisition, the potential deal is then discussed at Management Meetings and by the Board of Directors, as well as by other meeting bodies. Then, after an acquisition is completed, each specialized department promotes post-merger integration (PMI) to ensure that the acquired business is smoothly integrated into the Group while maximizing synergies. After the objective of the PMI is fulfilled, administrative departments take the lead in pursuing synergies as part of efforts to realize sustainable improvement in corporate value for the entire Group.

In April 2024, we acquired M.D.C. Holdings, Inc. in the United States. After the acquisition, in order to promote PMI including existing Group builders in the United States, we are working to build a system to promote the U.S. homebuilding business, in which the U.S. Homebuilding Steering Committee, consisting of officers and managers from related departments of the Company, formulates Group-wide policies and strategies and then the locally-established SHRH Committee Integration Management Office ensures the policies and strategies are applied to each Group builder. As such, we are promoting measures to maximize synergies.

3. Risk related to assets held by the Group

Risk scenario

The Sekisui House Group holds real estate for sale, non-current assets, investment securities and other business assets in Japan and overseas. The Group may record impairment losses or valuation losses in connection with these assets due to plunges in their market value or other reasons. Fluctuations in foreign exchange rates could also affect the value of these assets. The Group's operating results and financial position could therefore be impacted by changes in asset value.

In particular, real estate for sale may take a long time from acquisition to delivery, and it takes a certain amount of time to recover the investment. During the course of the project, there is a possibility that unexpected expenses may arise, or that the development schedule may be delayed or canceled due to changes in the real estate market, delays in obtaining permits and licenses, rises in materials prices and labor costs, natural disasters, or other unforeseen events.

Countermeasures

When the value of an investment project in Japan or overseas exceeds a certain amount, the Group carefully considers whether to invest by evaluating the business potential and risks of each project through the approval process at Sekisui House's head office, as well as deliberations at the Management Meetings and the Board of Directors. For projects that require a long time to recover the investment, the internal rate of return (IRR) is used as the key metric.

With regard to real estate, we endeavor to stably manage it by acquiring excellent properties and enhancing the asset turnover ratio. As for cross-shareholdings, we maintain a basic policy of restricting the volume of such shareholdings to a bare minimum level from the perspective of improving capital and asset efficiency. The appropriateness of such shareholdings is annually verified by the Board of Directors. At the same time, we strive for the phased reduction of cross-shareholdings under quantitative targets. To mitigate the impact of foreign exchange fluctuations, we utilize forward exchange contracts and other hedging procedures as necessary. In addition, we conduct periodic assessments of the risk of impairment or valuation losses associated with our asset holdings and ensure that the occurrence of such losses is properly accounted for as necessary.

4. Risk related to fundraising costs

Risk scenario

The Sekisui House Group procures funds through borrowings from financial institutions, the issuance of bonds and other measures. Fundraising costs may possibly increase upon the occurrence of such events as major fluctuations in market interest rates, turmoil in financial markets or the radical downgrading of the Company's ratings by rating agencies. This could, in turn, impact the Group's operating results and financial position.

Countermeasures

To address these risks, we focus on practicing financial discipline and maintaining our ratings at an appropriate level, with the aim of reducing fundraising costs. We also endeavor to mitigate interest rate fluctuation risks by pursuing the diversification of fundraising vehicles and the dispersion of their maturities.

5. Risk related to retirement benefit obligations

Risk scenario

Retirement benefit obligations and expenses associated with the Sekisui House Group employees are calculated based on such actuarial assumptions as the discount rate and expected return on pension assets. If these assumptions are revised, or if actual conditions differ widely from such assumptions, the Group's operating results and financial position could be materially affected.

Countermeasures

The Group periodically verifies and reviews its estimates on retirement benefit obligations based on the past track record. Taking heed of advice from external consultants, the Group engages in pension asset management via dispersed investment encompassing multiple asset classes with differing risk-return characteristics and employing diverse asset management styles. Moreover, the effectiveness of this dispersed investment is evaluated via the periodic risk-return analysis targeting the

Group's pension assets as a whole. Having announced the adoption of the Stewardship Code in the area of corporate pension fund management, the Group is stepping up its monitoring of asset managers. In addition, the Asset Management Committee, which serves as a consultative body specialized in this area, holds periodic discussions regarding the market environment, asset management status and other topics.

Operational risks, hazard risks

1. Risk related to laws and regulations

Risk scenario

In Japan, the Group obtains permits and licenses based on major laws and regulations such as the Real Estate Brokerage Act, the Construction Business Act, the Act on Architects and Building Engineers, and the Housing Quality Assurance Act. At the same time, we conduct business activities based on administrative regulations, as well as laws and other regulations related to construction, labor, the environment and other matters involved in executing business. Our overseas operations are similarly subject to laws and regulations enforced in each country. Violation of laws and regulations related to construction in particular could incur significant expenses for remediation or administrative sanctions, such as suspension of business that could affect the Group's business performance.

Countermeasures

In the domestic contracting business, measures to prevent compliance violations include a legal and regulatory check system to verify mistakes and omissions of procedures for design, according to the Building Standard Law, and we have structured a double check system for business bases and the head office to prevent the occurrence of mistakes for type approval. In addition, to ensure the effective assignment of full-time supervising technicians under the Construction Business Act, specialized departments are checking their assignment status and are continuing to secure qualified personnel and improve their skills. Also, each specialized department is engaged in information gathering and analysis to stay up-to-date with the latest trends in legal regulations in Japan and overseas and, if necessary, relays its insight to relevant departments within the Group in order to support an appropriate response to such trends.

2. Risk related to quality control

Risk scenario

The Group takes all possible measures to ensure the quality of design, production and construction. It also implements a long-term warranty system and regular inspection service for our detached houses and multi-unit buildings, which are our core products. If serious quality problems occur due to unexpected human errors or other factors during our long support period, substantial costs could be incurred or the reputation of the Group could be severely damaged, which may affect the business performance of the Group.

Countermeasures

The Quality Management Committee within the Risk Management Committee promotes unified quality management as an organization that brings together five study groups for products, design, production, construction, and customer satisfaction. In particular, the Quality Management Committee helps prevent construction quality defects through improvements to the quality control priorities that are based on the annual construction quality management plan formulated at the beginning of each fiscal year. This committee also deliberates the verification of product safety, inspection of production sites, compliance with quality-related legal regulations and the enhancement of customer services while delivering periodic reports on the status of its discussions to the Risk Management Committee.

3. Risk related to the decline in the number of construction professionals in Japan

Risk scenario

In the domestic construction industry, the aging of construction professionals and the decline in the number of young workers have been progressing, and the upper limit on overtime work was applied on April 1, 2024. If we are unable to secure the necessary construction professionals and find it difficult to maintain the construction system, there is a possibility that the Group's business performance will be affected mainly due to delays in the start of construction of ordered properties, prolonged construction periods, and soaring labor costs.

Countermeasures

We have instituted a responsible construction system through the Sekisui House Association, consisting of all Sekisui House Construction companies, our Group companies, and partner building constructors, where we intend to maintain a construction environment that nurtures high quality and fosters the advancement of construction techniques. In addition, aiming to ensure construction capacity, we are taking a multi-faceted approach, including equalizing the amount of work, improving worksite productivity through the promotion of DX, and actively training construction professionals.

4. Risk related to initiatives to strengthen information security

Risk scenario

Infection by computer viruses and advanced cyberattacks could allow personal information and confidential information to leak or be tampered with, or cause system shutdowns. This could possibly result in the filing of claims for damage from customers or other stakeholders, the loss of market confidence in the Company or other negative consequences that would, in turn, affect the Group's business performance.

Countermeasures

To counter the risks described above, the Information Security Committee within the Risk Management Committee discusses and implements information security and information management measures based on the Group's fundamental Information Security Policy, as well as internal regulations regarding the management of confidential information. In addition, we strengthen our systems for controlling internal and external access to safeguard ourselves from cyberattacks such as computer viruses and to prevent the leakage or tampering of confidential information. We also strive to raise IT literacy among employees by implementing drills on targeted email attacks and otherwise providing them with training in addition to conducting information security audits. Moreover, the CSIRT is in place within the Information Security Systems Office of the IT Design Department to serve as a dedicated team to counter security incidents. To raise our incident response capabilities and ensure full preparedness for an emergency, we also implement drills in which each department participates on the assumption that a security incident has occurred.

Although we have taken various measures so far, following the cyberattack case announced on May 24, 2024, we again take an inventory of information assets throughout the Group, and have been working to further strengthen security by conducting vulnerability assessments and implementing measures to strengthen defenses with the support of a third party (major security specialized company). In addition, we have established a defense line based on internal controls and are working to build an internal system. Furthermore, we undergo periodic security assessments undertaken by external organizations to strengthen our security governance systems.

We also manage customer information based on our Privacy Policy, with each organizational unit assigning a manager responsible for handling personal information, implementing safety measures, and establishing a system to thoroughly inform all employees. At the same time, through periodic online courses, we teach employees how to handle personal information, and we raise awareness of the roles and responsibilities of each employee regarding the protection of personal information.

Also, the Information Security Promotion Subcommittee is placed within the Information Security Committee to enhance security awareness among employees at each business base and Group company. This subcommittee strives to raise each employee's security awareness, starting from those in senior management positions, and thoroughly implement security measures.

5. Risk related to accident in the course of construction work

Risk scenario

At construction sites, accidents could occur due to flaws in operational environment, procedures and methods. If such accidents involve fatalities or other serious consequences, the Company may be held liable for resulting damages and thus lose society's trust, in addition to being affected by the suspension of construction work or the prolongation of the construction period.

Countermeasures

To prevent the occurrence of accidents at construction sites, each organizational unit holds construction work health and safety committee meetings to implement periodic inspections of accident prevention measures, conduct safety patrols, examine actual cases of accidents, formulate fresh measures aimed at preventing recurrences and promote other activities. In addition, the Division of Technology and Production cooperates to improve the work environment by setting up and maintaining unique safety temporary materials, etc. A particular emphasis at construction sites is creating a safe and secure work environment based on the annual Company-wide construction health and safety plan formulated at the beginning of each fiscal year. Under the direction of the Construction Headquarters at the head office, we also endeavor to reduce high-frequency accidents with serious consequences through such counter-measures as sharing case studies to prevent similar accidents, and strengthening guidance on compliance with operational methods and worksite confirmation systems through the promotion of DX.

6. Risk related to labor management

Risk scenario

Long working hours for employees can lead to non-compliance with various labor-related laws, the violation of the "three-six agreement" and other agreements between the Company and the labor union, as well as the development of health problems, including mental illness, which occasionally lead to extended leaves of absence. In some cases, this could also result in labor disputes.

Countermeasures

To curb total working hours, each department has set its target for monthly average total working hours per employee, while each business base strives to improve workstyles. In addition, we promote Group-wide initiatives aimed at enabling the planned utilization of annual paid leave as part of efforts to create a workplace environment supportive of autonomous workstyles. Moreover, we have made it a rule to confirm the status of work at the head office, factories and offices every month. In addition, the Human Resources and General Affairs Department promotes effective labor management by implementing monitoring and labor management training as necessary.

7. Risk related to suspension of raw material supply

Risk scenario

If the Group's suppliers sustain damage from a major natural disaster or social disorder (war, terrorism, infectious disease pandemic, geopolitical risk, etc.), the Group may be forced to suspend construction underway and delay the contracted construction period as these phenomena could make it difficult for them to maintain the supply of materials. The Group could be confronted by similar consequences when the procurement of raw materials is outpaced by growth in the volume of orders.

Countermeasures

To counter these risks, the Sekisui House Group promotes preparatory measures from three aspects described below, assuming such scenarios as a major disaster and the resulting disruption of supply from a certain supplier, and an order volume increase.

- Supply chain: We strive to secure multiple lineups of components, utilize multiple suppliers and establish multiple production bases while strengthening our domestic supply bases. We have also established a system for sharing information on orders and supplies with each department.
- Specifications: We promote a shift to materials that are readily available. For example, we incorporate components made using general-purpose materials. We also endeavor to revise product specifications to ease material procurement.
- Information: We develop a supplier database to secure a structure supporting swift response to emergencies.

Furthermore, we have created a risk map based on analyses of risks associated with raw material procurement and their magnitude in order to strengthen specific risk countermeasures, with the aim of clarifying targets of risk management activities. This map also helps employees to raise their risk awareness. In addition, we ask our suppliers to strengthen their own supply chains. This, in turn, makes our entire supply chain more resilient, with a growing number of suppliers striving to secure their preparedness against emergencies.

8. Risk related to large scale natural disasters, etc.

Risk scenario

Delays in the initial response due to unclear response plans during large scale natural disasters, infectious disease pandemics or other emergencies could impair business continuity at our locations. This could, in turn, affect the Group's business performance.

Countermeasures

The Group maintains preparedness by establishing the Sekisui House Group Basic Policy Concerning Business Continuity Planning. This policy informs the development of our procedures and systems designed to ensure proper response to emergencies impacting business continuity. In this way, we strive to ensure that our core operations remain ongoing in the face of an emergency or can be restored at the earliest possible date, even when suspended.

The Group has also formulated the Sekisui House Group Basic Policy Concerning Disaster Countermeasures. A disaster manual has also been released to every organizational unit, and we are prepared to ensure business continuity at all business sites in the event of a disaster. In the event that a large-scale disaster hits the head office and makes it hard to maintain its ongoing functions, we have prepared an initial response manual stipulating the launch of the head office Disaster Countermeasure Headquarters and other measures, and we promote the preparations for continuing important business operations at substitute bases such as the Tokyo office (Akasaka, Minato-ku, Tokyo) and using a telework environment.

We do business overseas, which puts the employees of overseas subsidiaries and employees on international business trips at risk from natural disasters, terrorist attacks and riots. We have created response manuals based on country-specific factors with a system for prompt information sharing. We have also contracted with a specialized overseas crisis response support company to have a support system in place for our local employees in the event of an emergency.

* Risk related to climate change, risk related to natural capital and biodiversity, risk related to securing human resources, and risk related to human rights, which are related to sustainability, are described in “2. Disclosure of Sustainability-Related Financial Information.”

4. Management Analysis of Financial Position, Operating Results and Cash Flows

(1) Overview of operating results, etc.

The following is an overview of the financial position, operating results and cash flows (hereinafter, "operating results, etc.") of the Group for the fiscal year ended January 31, 2025.

i. Financial position and operating results

During the fiscal year ended January 31, 2025, the global economy remained generally steady, with the U.S. economy continuing to expand driven mainly by domestic demand, such as increased consumer spending and capital investment, although the situation continues to require close attention to the price situation against the backdrop of each country's monetary policy, developments in international financial and capital markets, and the impact of geopolitical risks. The Japanese economy has been moderately recovering, partly due to improvements in the employment and income environment amid continued improvement in overall business confidence among companies, while some weakness has been observed in personal consumption.

In the housing market, the number of new housing starts in Japan remains weak, partly due to the impact of stubbornly high construction costs, but starts of owner-occupied houses and rental houses show signs of strength. On the other hand, in the United States, although housing starts are still in an adjustment phase and inventories of pre-owned homes continue to decline amid mortgage rates remaining at a high level, there is strong latent demand for housing against the backdrop of a chronic shortage of housing supply for a growing population, and there are signs of a pickup in the housing market.

In such a business environment, to achieve the Group's Global Vision for 2050 "Make Home the Happiest Place in the World," the Group has actively promoted various high-value-added proposals and other initiatives that integrate technologies, lifestyle design and service, based on the Sixth Mid-Term Management Plan (FY2023 to FY2025), which sets "Stable Growth in Japan and Proactive Growth Overseas" as its fundamental policy. In the United States, we made M.D.C. Holdings, Inc. ("MDC"), a company that has supplied high-quality homes for over the past 50 years, a wholly-owned subsidiary in April 2024 to expand areas for our homebuilding business.

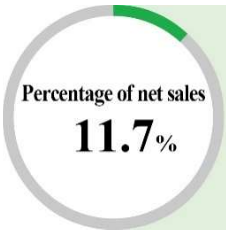
As a result, in the fiscal year ended January 31, 2025, consolidated orders received were ¥4,052,604 million (up 26.8% year on year), and consolidated net sales were ¥4,058,583 million (up 30.6% year on year).

In terms of profits, consolidated operating profit was ¥331,366 million (up 22.3% year on year), consolidated ordinary profit was ¥301,627 million (up 12.4% year on year), and profit attributable to owners of parent was ¥217,705 million (up 7.6% year on year).

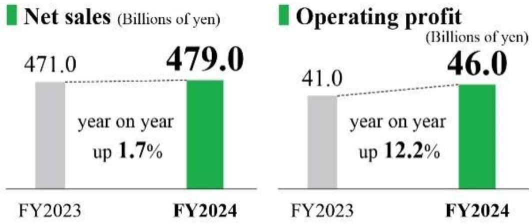
	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
74th FY2024	¥4,058,583 million	¥331,366 million	¥301,627 million	¥217,705 million
	Up 30.6% year on year	Up 22.3% year on year	Up 12.4% year on year	Up 7.6% year on year
73rd FY2023	¥3,107,242 million	¥270,956 million	¥268,248 million	¥202,325 million

The operating results by segment are as follows.

Effective from the fiscal year ended January 31, 2025, some of the segments of consolidated subsidiaries that were previously classified as "Other" segment have been reclassified into "Development Business" segment, and comparisons and analyses for the fiscal year ended January 31, 2025 are based on the reclassified reportable segments.



Detached Houses Business

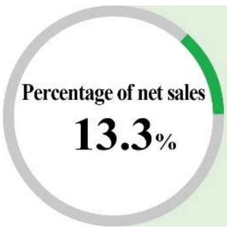


The Detached Houses Business recorded net sales of ¥479,091 million (up 1.7% year on year), and operating profit of ¥46,069 million (up 12.2% year on year), for the fiscal year ended January 31, 2025.

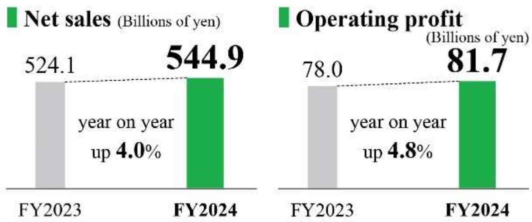
In addition to the homebuilding that resonate with each customer's sense of beauty through "life knit design," a new system for proposing designs, which has been implemented nationwide since the previous fiscal year, we focused on expanding the sale of 2nd- and 3rd- range mid- to high-end products by promoting the branding, etc. of detached houses led by the DESIGN OFFICE team consisting of experts in each field. Proposals for high-value-added houses and services such as the Green First ZERO for net zero energy houses (ZEH), the Family Suite with a large living room, the next-generation Indoor environment control system SMART-ECS, and the PLATFORM HOUSE touch, smart home service linked to floor plans, were well received, and orders remained strong.

As for the SI* Business, a joint construction business to improve the seismic resistance of wooden houses, which was launched in the previous fiscal year, our network of partner companies in each region is steadily expanding. We are promoting the creation of high-quality housing stock in Japan as well as enhancing 1st range products, by making our safety and peace of mind technologies, including our unique seismic resistance technology, the "direct joint construction method," open to the public and having the Sekisui House Construction Group companies undertake the construction of the foundations and structural frame-work of wooden houses built by partner companies.

* SI: "S" refers to skeleton or structural frame-work and "I" refers to infill or exterior and interior.



Rental Housing and Commercial Buildings Business

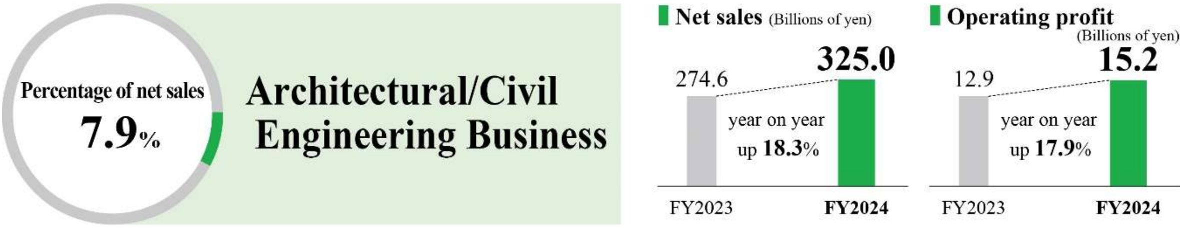


The Rental Housing and Commercial Buildings Business recorded net sales of ¥544,934 million (up 4.0% year on year), and operating profit of ¥81,796 million (up 4.8% year on year), for the fiscal year ended January 31, 2025.

We focused on expanding the sale of three- to four-story rental housing builds created using our original construction method and adoption of net zero energy rental housing Sha Maison ZEH by expanding business in urban areas (S and A areas) where occupancy demand is expected to increase over the long term, based on our unique area marketing. In addition, our price leader strategies to realize high occupancy rates and rental rate levels have been successful, leading to strong orders for rental housing. In particular, in Sha Maison ZEH, where photovoltaic panels are connected to each residential unit, the system of selling excess electricity by residents was well received, which takes into consideration the savings in utility costs that residents can realize the benefits of, as well as meets their ethical orientation. As a result, the proportion of orders for ZEH residential units across all of our rental housing orders reached 77%.

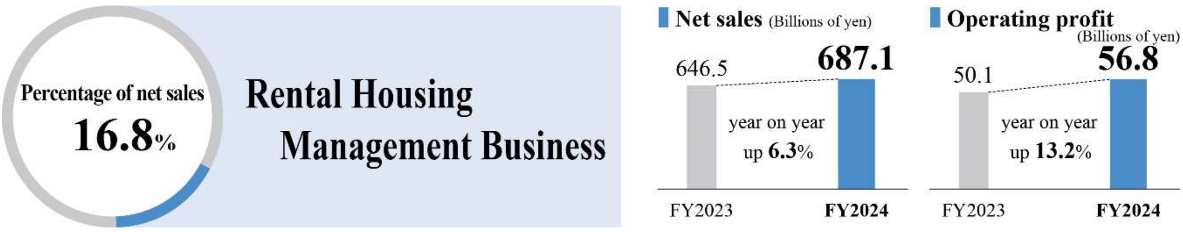
Orders in the corporate real estate (CRE) and public real estate (PRE) businesses also remained strong due to the acquisition of land for increasing income-producing real estate and strengthened proposals for ESG solutions.

We are promoting the enhancement of proposals in non-residential construction such as "Green First Office," a net zero energy building (ZEB), which leverages our expertise and technologies developed in the detached houses business for office spaces, etc.



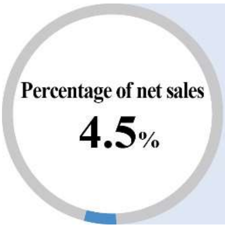
The Architectural/Civil Engineering Business recorded net sales of ¥325,024 million (up 18.3% year on year), and operating profit of ¥15,218 million (up 17.9% year on year), for the fiscal year ended January 31, 2025.

Although costs of construction work are on an upward trend, both architectural and civil engineering businesses saw a steady increase in construction work on hand against the backdrop of strong construction demand that has continued since the previous fiscal year and favorable progress in large-scale construction projects ordered from the previous fiscal year through the consolidated fiscal year under review, which contributed to an increase in earnings. In addition, we worked on improving proposal capabilities in competitive projects and other strategic initiatives, leading to orders remaining strong.

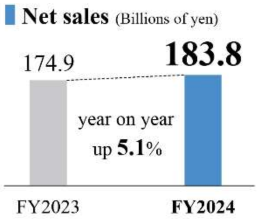


The Rental Housing Management Business recorded net sales of ¥687,119 million (up 6.3% year on year), and operating profit of ¥56,804 million (up 13.2% year on year), for the fiscal year ended January 31, 2025.

The number of housing units under management steadily increased due to continued orders for high-quality, high-performance Sha Maison rental housing supplied in prime locations, mainly in the S and A areas, and improved communication with owners. For existing managed properties, we conduct strategic leasing and other activities aimed at increasing the rent at the time of tenant change and shortening the duration of vacancies. With the aim of ensuring a resident-first perspective, we expanded services that meet tenants' needs by promoting DX, including consolidating all pre- and post-move procedures and inquiries online through the tenant app, and one-stop handling of move-in and move-out procedures using blockchain technology. In this way, we enjoyed a high occupancy rate and rent level, which contributed to an increase in earnings.



Remodeling Business

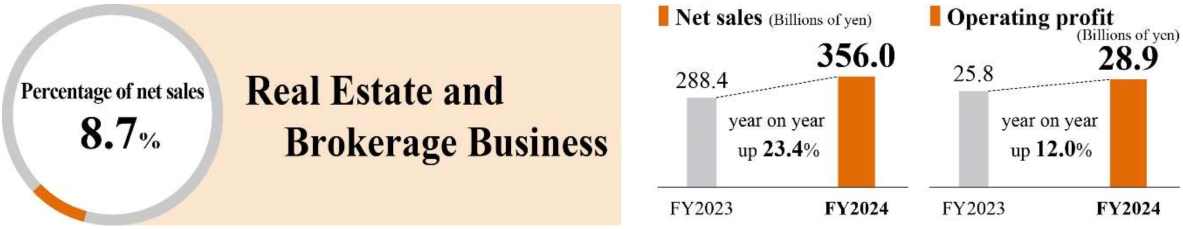


The Remodeling Business recorded net sales of ¥183,868 million (up 5.1% year on year), and operating profit of ¥26,624 million (up 13.4% year on year), for the fiscal year ended January 31, 2025.

To increase the asset value and prolong longevity of the housing stock, the detached houses business focused on lifestyle proposal remodeling that meets changes in family structure and lifestyles as well as energy efficient remodels such as insulation renovations and introducing the latest energy-efficiency, energy-generation and energy-storing equipment. In particular, as for energy efficient remodels, we strengthened our proposal for Idocoro Dan-netsu thermal insulation upgrades, which are focused on areas of the home where customers spend the most time, as well as remodels improving insulation near doors and windows of properties with next-generation energy-saving standard specifications established in 1999. For rental housing, we focus on improving communication with owners and renovation proposals that capture residents' needs based on our market analysis. As a result of these efforts, orders remained strong.

Development Business

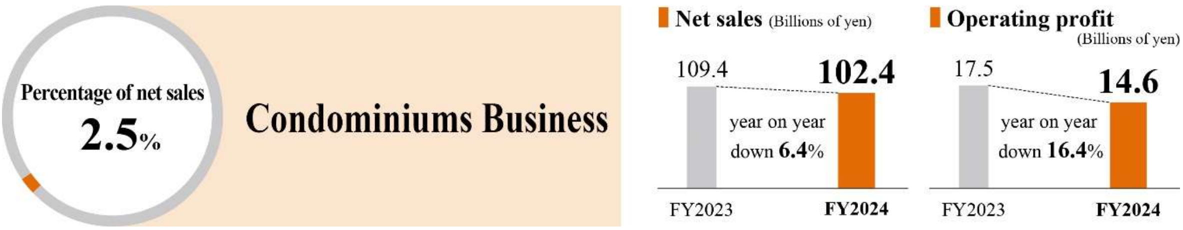
The Development Business recorded net sales of ¥582,576 million (up 9.3% year on year), and operating profit of ¥70,285 million (up 6.7% year on year), for the fiscal year ended January 31, 2025. The operating results of the Real Estate and Brokerage Business, the Condominiums Business, and the Urban Redevelopment Business integrated into the Development Business were as follows.



The Real Estate and Brokerage Business recorded net sales of ¥356,060 million (up 23.4% year on year), and operating profit of ¥28,971 million (up 12.0% year on year), for the fiscal year ended January 31, 2025.

In particular, Sekisui House Real Estate companies continued to expand and deepen channels for inquiries from business corporations, financial institutions, and other organizations and focused on stepping up purchases of high-quality real estate for sale and expanding sales channels. As a result, the sale of real estate for sale, particularly land for housing, progressed steadily.

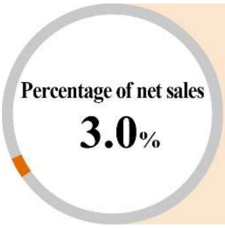
The brokerage business also remained steady through the use of the Group's nationwide network and diverse sales channels.



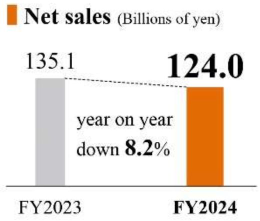
The Condominiums Business recorded net sales of ¥102,494 million (down 6.4% year on year), and operating profit of ¥14,648 million (down 16.4% year on year), for the fiscal year ended January 31, 2025.

Despite a decrease in earnings partly due to the off-season for property delivery, the delivery of property sold progressed as planned, with the completion of delivery of Grande Maison Daikan-yama The Park (Shibuya-ku, Tokyo) and smooth progress in the delivery of Grande Maison Kitahorie Residence (Nishi-ku, Osaka City).

For the Grande Maison high-value-added condominiums, which are intensively developed in the central areas of Tokyo, Nagoya, Osaka, and Fukuoka as strategic areas, we have carefully selected lands for development to further enhance their brand value, and pursued design based on the lifelong housing concept, as well as actively adopted advanced environmentally friendly technologies including ZEH specifications for all units to contribute to the decarbonization of the residential sector. These efforts were highly valued, and the sale of Grande Maison Musashi-kosugi no Mori (Nakahara-ku, Kawasaki City), Grande Maison Fukuoka Kourokan-mae (Chuo-ku, Fukuoka City) and other condominiums remained strong. In addition, GRAND GREEN OSAKA THE NORTH RESIDENCE (Kita-ku, Osaka City), a condominium under construction in GRAND GREEN OSAKA, a joint development project by nine JV companies, has also sold out.



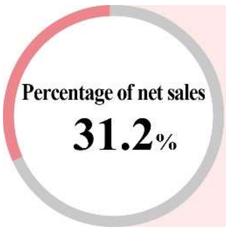
Urban Redevelopment Business



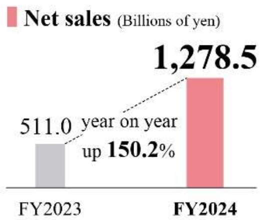
The Urban Redevelopment Business recorded net sales of ¥124,021 million (down 8.2% year on year), and operating profit of ¥26,665 million (up 18.8% year on year), for the fiscal year ended January 31, 2025.

We sold nine Prime Maison rental condominiums including Prime Maison Yushima (Bunkyo-ku, Tokyo) to Sekisui House Reit, Inc. In addition, we aggressively proceeded with the sale of hotel properties, including an interest in W OSAKA hotel (Chuo-ku, Osaka City) on the back of investors' strong appetite for investment. As for the properties we continue to own, the occupancy rate of Prime Maison and other properties remained steady.

Furthermore, AKASAKA GREEN CROSS (Minato-ku, Tokyo), a high-rise office building developed with Nippon Life Insurance Company as a joint venture project, was completed in May 2024, and GRAND GREEN OSAKA (Kita-ku, Osaka City), a large-scale mixed-use development project of approximately 9.1 hectares adjacent to JR Osaka Station that has been promoted by nine JV companies, had its preliminary opening in September 2024.



Overseas Business



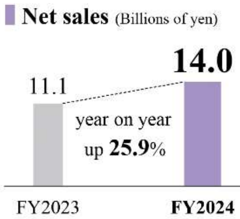
The Overseas Business recorded net sales of ¥1,278,511 million (up 150.2% year on year), and operating profit of ¥78,945 million (up 61.4% year on year), for the fiscal year ended January 31, 2025.

In the United States, for the homebuilding business, orders and deliveries by existing builders remained strong as a result of increased demand for new housing caused by a shortage of pre-owned homes in inventory due to high mortgage rates. In addition, we made MDC a wholly-owned subsidiary in April 2024 to further expand areas for business development in the United States. As a result, earnings of the homebuilding business increased. Our master-planned community business also performed well, resulting in increased earnings. In the multifamily business, we strengthened our exit strategy and completed the delivery of "The Ivey on Boren" (Seattle) and part of "City Ridge" (Washington, D.C.) to the SPCs formed by Sekisui House Reit, Inc. as a new purchaser, leading to increased earnings.

In Australia, while orders for detached houses continued to improve, and in the apartment & mixed-use developments business, the sale of a portion of the interest in Melrose Park, an apartment for sale near Sydney, was completed in September 2024, earnings fell due to the effect of delivering large-scale development projects in the previous fiscal year.

Percentage of net sales
0.4%

Other Businesses



Other Businesses recorded net sales of ¥14,066 million (up 25.9% year on year), and operating profit of ¥2,466 million (up 51.3% year on year), for the fiscal year ended January 31, 2025.

The Group, aiming to become a leading company in ESG management, is engaging in ESG management that prioritizes the participation of all employees, which is unique to the Sekisui House Group, with “helping solve environmental issues through residences,” “making employee autonomy a growth driver,” and “innovation and communication” as fundamental policies in our Sixth Mid-Term Management Plan.

In terms of the environment, the cumulative number of detached houses sold since the launch of Green First ZERO, which conforms to ZEH standards, exceeded 80,000, and the ratio of new detached ZEH homes reached a record high of 95% in FY2023. We have also promoted the conversion to ZEH in multiunit housing complexes such as Sha Maison rental housing and Grande Maison condominiums as well as the conversion to ZEB in non-housing buildings. In the housing logistics field, we also started collaborating with Senko Co., Ltd., Asahi Kasei Homes Corporation, and Sekisui Chemical Co., Ltd. to address the driver shortage stemming from the so-called “2024 problem” and such challenges in contributing to a decarbonized society. As an initiative to conserve biodiversity, we have promoted the Gohon no Ki Project, which proposes planting native tree species well-suited to local climates, birds and butterflies through our housing business. In addition, together with Think Nature Inc., a company with which we have promoted co-creation to achieve the international goals of nature positive, we developed a “biodiversity visualization proposal tool (tentative name)” in June 2024 to propose trees and other plants that can maximize the effect of biodiversity conservation in customers’ gardens. In addition, with the aim of a shift to a circular economy in the housing industry, in December 2024, we announced a concrete action plan, “Circular Design from House to House,” along with goals to be achieved by 2050. As a result of these initiatives, the Company was selected by the international environmental non-profit organization CDP to receive the highest A List rating in the forests category for the third consecutive year and in the water security category for the second consecutive year.

In terms of improving social value, in promoting the participation of women, one of our key management strategies, we have been operating Sekisui House Women’s College, a training program targeting female candidates for managerial positions that began in 2014, for ten years. As a result of efforts to support women in developing their career paths and create an environment conducive for women to take leadership, the number of female managers has steadily increased. In September 2024, together with Sekisui House Innovation & Communication, Ltd., we opened the InnoCom Square, an open innovation center, within Akasaka Green Cross, to further accelerate business creation and human resource development for solving social issues related to housing and living. Moreover, the second Sekisui House Carpentry Competition WAZA 2024 was held in November 2024 to formally express our respect to the carpenters who support our construction capabilities, one of the Group’s core competencies, and to proactively spotlight their advanced skills and the appeal of their work.

Regarding governance, under the policies of the Sixth Mid-Term Management Plan, which aims to promote further improvements to governance in terms of both senior management and business management, the Board of Directors had more opportunities to have discussions from the perspective of global-level group management and finances in light of the results of a third-party evaluation of effectiveness in FY2023 and MDC becoming a wholly-owned subsidiary, and also made progress in discussions on digital transformation (DX), IT, and security. We are rolling out group governance on a global basis in our U.S. homebuilding business, as we have built a system to promote MDC’s PMI in cooperation with the various departments of the head office, including existing Group builders in the United States.

ii. Cash flows

Cash and cash equivalents (hereafter as "cash") for the fiscal year ended January 31, 2025 increased by ¥62,885 million from operating activities and ¥720,967 million from financing activities, and decreased by ¥697,687 million from investing activities. As a result, cash increased by ¥97,405 million compared to the end of the previous fiscal year, and the balance of cash as of January 31, 2025 was ¥390,307 million.

Cash flows from operating activities

Net cash provided by operating activities was ¥62,885 million (an increase of ¥47,202 million year on year). Cash increased mainly due to the recording of profit before income taxes of ¥305,586 million.

Cash flows from investing activities

Net cash used in investing activities was ¥697,687 million (a decrease of ¥628,562 million year on year). Cash decreased mainly due to the purchase of shares of subsidiaries associated with the acquisition of MDC and other companies of ¥557,022 million (a decrease of ¥542,403 million year on year).

Cash flows from financing activities

Net cash provided by financing activities was ¥720,967 million (an increase of ¥714,483 million year on year). Cash increased mainly due to the proceeds from long-term borrowings of ¥464,564 million (an increase of ¥409,028 million year on year) and proceeds from issuance of bonds of ¥352,540 million (an increase of ¥322,540 million year on year).

iii. Production, orders received and sales

(a) Production

The business activities of the Group (the Company and its consolidated subsidiaries) are diverse, and since it is difficult to define production results, “Production” is not stated.

(b) Orders received

Orders received by reportable segment in the fiscal year ended January 31, 2025 were as follows.

Reportable segment	Orders received		Order backlogs	
	Amount (Millions of yen)	Year-on-year change (%)	Amount (Millions of yen)	Year-on-year change (%)
Detached Houses Business	479,113	2.9	230,018	0.0
Rental Housing and Commercial Buildings Business	592,370	7.7	563,887	9.2
Architectural/Civil Engineering Business	324,732	8.1	401,005	(0.1)
Rental Housing Management Business	687,119	6.3	—	—
Remodeling Business	186,012	7.5	36,749	6.2
Development Business	637,165	12.7	206,947	35.8
(Real Estate and Brokerage Business)	367,617	19.8	72,376	19.0
(Condominiums Business)	136,075	12.4	122,570	37.7
(Urban Redevelopment Business)	133,471	(3.1)	12,000	370.6
Overseas Business	1,172,423	125.4	338,070	43.2
Total of reportable segments	4,078,937	26.6	1,776,679	13.1
Other	14,007	25.8	1,037	78.9
Eliminations and back office	(40,340)	—	(23,138)	—
Total	4,052,604	26.8	1,754,577	13.1

(c) Sales

Sales by reportable segment in the fiscal year ended January 31, 2025 were as follows.

Reportable segment	Amount (Millions of yen)	Year-on-year change (%)
Detached Houses Business	479,091	1.7
Rental Housing and Commercial Buildings Business	544,934	4.0
Architectural/Civil Engineering Business	325,024	18.3
Rental Housing Management Business	687,119	6.3
Remodeling Business	183,868	5.1
Development Business	582,576	9.3
(Real Estate and Brokerage Business)	356,060	23.4
(Condominiums Business)	102,494	(6.4)
(Urban Redevelopment Business)	124,021	(8.2)
Overseas Business	1,278,511	150.2
Total of reportable segments	4,081,126	30.2
Other	14,066	25.9
Eliminations and back office	(36,610)	—
Total	4,058,583	30.6

(Note) Sales results by major customer have been omitted since the percentage of the relevant sales results to total sales results was less than 10/100.

* Classification of some of reportable segments of consolidated subsidiaries has been changed from the fiscal year ended January 31, 2025, and the year-on-year change has been calculated by reclassifying the figures for the previous year after the segment change.

* Figures for M.D.C. Holdings, Inc. and its subsidiaries, which became the Company's consolidated subsidiaries in the fiscal year ended January 31, 2025, are included in each indicator of "Overseas Business."

* Figures for Ohtori Consultants Co., Ltd., which became the Company's consolidated subsidiary in the fiscal year ended January 31, 2025, are included in "Other" of each indicator.

(Reference) The status of orders received, net sales, and orders brought/carried forward for each business of the reporting company was as follows.

Fiscal year	Business name	Orders brought forward from the previous fiscal year (Millions of yen)	Orders received for the fiscal year ended January 31, 2025 (Millions of yen)	Total (Millions of yen)	Net sales for the fiscal year ended January 31, 2025 (Millions of yen)	Orders carried forward to the following fiscal year (Millions of yen)
						Amount on hand
73rd From February 1, 2023 to January 31, 2024	Housing built to order business	710,690	1,004,705	1,715,395	983,525	731,870
	Real estate business	97,321	314,989	412,310	299,908	112,402
	Total	808,011	1,319,695	2,127,706	1,283,433	844,272
74th From February 1, 2024 to January 31, 2025	Housing built to order business	731,870	1,071,055	1,802,926	1,016,650	786,275
	Real estate business	112,402	338,017	450,419	295,522	154,897
	Total	844,272	1,409,073	2,253,346	1,312,172	941,173

(Notes) 1. For orders received prior to the previous fiscal year whose contract amount has changed due to renewal of the contract, the increase or decrease amounts are included in "Orders received for the fiscal year ended January 31, 2025" and "Net sales for the fiscal year ended January 31, 2025."

2. In the statement of income, the housing built to order business is shown as "Net sales of completed construction contracts" and the real estate business is shown as "Sales in real estate business."

(2) Analysis and review of operating results, etc., from the perspective of management

The following is a recognition, analysis and review of the Group’s operating results, etc. from the perspective of management.

i. Operating results

Consolidated net sales for the fiscal year ended January 31, 2025 increased by ¥951,341 million year on year to ¥4,058,583 million (up 30.6% year on year), as a result of increased net sales in all business models.

Consolidated operating profit increased by ¥60,410 million year on year to ¥331,366 million (up 22.3% year on year) due to improved profit margins in the Built-to-Order Business, continued revenue growth effect of the Supplied Housing Business, and steady sales of real estate for sale in the Development Business, as well as the contribution of proactive growth of the Overseas Business, driven by the existing U.S. homebuilding business and the consolidation of MDC.

Consolidated ordinary profit increased by ¥33,379 million year on year to ¥301,627 million (up 12.4% year on year) mainly due to an increase in consolidated operating profit, despite an increase in interest expenses related to interest-bearing debt associated with the acquisition of MDC.

Profit attributable to owners of parent increased by ¥15,379 million year on year to ¥217,705 million (up 7.6% year on year) mainly due to the recording of gain on sale of investment securities in extraordinary income based on the policy of reducing cross-shareholdings, as well as the recording of expenses related to the acquisition of MDC in extraordinary losses.

(Reference) Consolidated net sales and consolidated operating profit by business model and segment are as follows.

<table>
<tr><th colspan="2" rowspan="3"></th><th colspan="3">Net sales</th><th colspan="3">Operating profit</th></tr>
<tr><th>FY2023</th><th>FY2024</th><th rowspan="2">Year-on-year change (%)</th><th>FY2023</th><th>FY2024</th><th rowspan="2">Year-on-year change (%)</th></tr>
<tr><th>Amount (Millions of yen)</th><th>Amount (Millions of yen)</th><th>Amount (Millions of yen)</th><th>Amount (Millions of yen)</th></tr>
<tr><td rowspan="4">Built-to-Order Business</td><td>Detached Houses Business</td><td>471,056</td><td>479,091</td><td>1.7</td><td>41,065</td><td>46,069</td><td>12.2</td></tr>
<tr><td>Rental Housing and Commercial Buildings Business</td><td>524,121</td><td>544,934</td><td>4.0</td><td>78,016</td><td>81,796</td><td>4.8</td></tr>
<tr><td>Architectural/Civil Engineering Business</td><td>274,653</td><td>325,024</td><td>18.3</td><td>12,904</td><td>15,218</td><td>17.9</td></tr>
<tr><td>Subtotal</td><td>1,269,832</td><td>1,349,050</td><td>6.2</td><td>131,986</td><td>143,084</td><td>8.4</td></tr>
<tr><td rowspan="3">Supplied Housing Business</td><td>Rental Housing Management Business</td><td>646,588</td><td>687,119</td><td>6.3</td><td>50,180</td><td>56,804</td><td>13.2</td></tr>
<tr><td>Remodeling Business</td><td>174,996</td><td>183,868</td><td>5.1</td><td>23,482</td><td>26,624</td><td>13.4</td></tr>
<tr><td>Subtotal</td><td>821,584</td><td>870,988</td><td>6.0</td><td>73,663</td><td>83,429</td><td>13.3</td></tr>
<tr><td rowspan="4">Development Business</td><td>Real Estate and Brokerage Business</td><td>288,456</td><td>356,060</td><td>23.4</td><td>25,857</td><td>28,971</td><td>12.0</td></tr>
<tr><td>Condominiums Business</td><td>109,450</td><td>102,494</td><td>(6.4)</td><td>17,532</td><td>14,648</td><td>(16.4)</td></tr>
<tr><td>Urban Redevelopment Business</td><td>135,131</td><td>124,021</td><td>(8.2)</td><td>22,454</td><td>26,665</td><td>18.8</td></tr>
<tr><td>Total of Development Business</td><td>533,039</td><td>582,576</td><td>9.3</td><td>65,845</td><td>70,285</td><td>6.7</td></tr>
<tr><td colspan="2">Overseas Business</td><td>511,055</td><td>1,278,511</td><td>150.2</td><td>48,898</td><td>78,945</td><td>61.4</td></tr>
<tr><td colspan="2">Other</td><td>11,171</td><td>14,066</td><td>25.9</td><td>1,630</td><td>2,466</td><td>51.3</td></tr>
<tr><td colspan="2">Eliminations and back office</td><td>(39,440)</td><td>(36,610)</td><td>—</td><td>(51,067)</td><td>(46,844)</td><td>—</td></tr>
<tr><td colspan="2">Consolidated</td><td>3,107,242</td><td>4,058,583</td><td>30.6</td><td>270,956</td><td>331,366</td><td>22.3</td></tr>
</table>

ii. Financial position

Assets, liabilities and net assets

Total assets as of January 31, 2025 increased by 43.4% year on year to ¥4,808,848 million. Current assets increased to ¥3,712,106 million (up 48.7% year on year) due to an increase in real estate for sale associated with the acquisition of MDC. Non-current assets increased to ¥1,096,742 million (up 28.1% year on year) mainly due to an increase in goodwill.

Total liabilities as of January 31, 2025 increased by 79.0% year on year to ¥2,790,249 million mainly due to an increase in long-term borrowings and issuance of bonds.

Net assets increased to ¥2,018,599 million (up 12.5% year on year) mainly due to an increase in retained earnings through the recording of profit attributable to owners of parent of ¥217,705 million.

iii. Cash flows

An analysis of cash flows for the fiscal year ended January 31, 2025 is as described in "(1) Overview of operating results, etc., ii. Cash flows."

iv. Financial resources for capital and liquidity of funds

The Group mainly requires funds for working capital as well as for investments such as the acquisition and development of real estate (including inventories). The acquisition of MDC was completed in April 2024, to further expand the U.S. homebuilding business into new areas based on the Sixth Mid-Term Management Plan (FY2023–FY2025), which sets “stable growth in Japan and proactive growth overseas” as its fundamental policy.

To meet these fund requirements, working capital comes from internal funds, borrowings or commercial paper, while funds for investment are mainly raised through bonds payable and borrowings. By selecting the most suitable funding method from these diverse options, we secure stable financial resources and reduce financing costs. For long-term funds, we reduce refinancing risk by avoiding a concentration of redemption amounts by fiscal year. In addition, the acquisition of MDC also made use of borrowings from government-affiliated financial institutions.

We have also entered into commitment line contracts and overdraft contracts with multiple financial institutions, thereby ensuring sufficient liquidity of funds.

v. Management policies and strategies, objective metrics for determining the status of achievement of management targets, etc.

Management policies and strategies, objective metrics for determining the status of achievement of management targets, etc. are described in “II. Overview of Business, 1. Management Policy, Business Environment, Issues to Address, (3) Targeted management metrics.”

For the fiscal year ended January 31, 2025, the results were ¥4,058.5 billion in consolidated net sales, ¥331.3 billion in consolidated operating profit, ¥301.6 billion in consolidated ordinary profit, and ¥217.7 billion in profit attributable to owners of parent, compared to the performance targets for the fiscal year ended January 31, 2025, which was revised upward in September 2024, (¥4,000.0 billion in consolidated net sales, ¥320.0 billion in consolidated operating profit, ¥288.0 billion in consolidated ordinary profit, and ¥209.0 billion in profit attributable to owners of parent), thus exceeding the targets. EPS was ¥335.95 (target ¥322.56), ROA was 8.3% (target 8.2%), ROE was 11.7% (target 11.7%), dividends per share were ¥135.00 (target ¥129.00), and the dividend payout ratio was 40.2% (target 40.0%). We will continue to achieve the target figures.

vi. Significant accounting estimates and assumptions used in making such estimates

The consolidated financial statements of the Group are prepared in accordance with accounting principles generally accepted in Japan.

In preparing these consolidated financial statements, when there is uncertainty about the reported amounts of assets, liabilities, income and expenses, estimates and assumptions are used to calculate reasonable amounts based on information available at the time of preparation, but the figures based on these estimates and assumptions may differ from actual results.

The accounting estimates and assumptions used in the preparation of the consolidated financial statements, particularly those that are material, are as stated in “(1) Notes to consolidated financial statements (Significant accounting estimates),” in “V. Financial Information, 1. Consolidated Financial Statements, etc.”

5. Material Contracts, etc.

(1) Contract for license of use of the mark (reporting company)

i. Counterparty	Sekisui Chemical Co., Ltd.
ii. Details of the contract	Licensed to use certain marks (including trademarks) owned by the above company.
iii. Period	Three years from August 1, 1990. However, unless there are special circumstances, it will continue for another three years after the period expires, and thereafter it will be as in this example.
iv. Consideration	A certain amount of consideration is paid to the above company.

(2) Contracts related to borrowings

At the meeting of the Board of Directors held on January 18, 2024, the Company resolved to acquire all of the shares of M.D.C. Holdings, Inc. (Headquarters: Colorado, United States; CEO: David D. Mandarich; listed on the New York Stock Exchange: MDC; hereinafter as “MDC”), which is engaged in the homebuilding business in the United States, through SH Residential Holdings, LLC (“SHRH”), a subsidiary of Sekisui House US Holdings, LLC. (“SHUSH”), the Company’s wholly owned subsidiary (hereinafter referred to as the “Acquisition”). The relevant merger agreements for the Acquisition were entered into with MDC on January 18, 2024 (January 17, 2024 (Denver time)), and the acquisition was completed on April 19, 2024.

In order to procure the necessary funds for the Acquisition, the Company resolved at the Board of Directors meetings held on March 21, 2024 and April 12, 2024 to enter into loan agreements, and executed the loan on April 16, 2024 and April 17, 2024 as follows.

1) Lenders: MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd.
2) Amount borrowed: (Note) JPY ¥418,250 million
USD $1,550 million
3) Interest rate: Base interest rate + spread
4) Repayment date: April 3, 2025
5) Collateral/guarantee: Unsecured, unguaranteed
6) Use of funds: Capital increase of SHUSH and lending to SHRH in relation to the acquisition of MDC

(Note) The amount borrowed was fully repaid on February 28, 2025 before maturity, with prepayments made as needed using funds procured through publicly offered subordinated bonds, USD-denominated straight bonds, borrowings from government-affiliated financial institutions, and yen-denominated straight bonds.

6. Research and Development Activities

The Group (the Company and its consolidated subsidiaries) believes that our mission is to conduct housing research and development that integrates technologies, lifestyle design and services, with the aim of realizing our Global Vision, “Make Home the Happiest Place in the World.” Based on the foundation of the safety, security and comfort technologies we have accumulated since our founding, we will promote design research and development, environmental technology development and original technology development, and also expand into new research and development fields, focusing on the values that should be provided in 2030, namely “health, connectedness, and learning” that lead to the happiness of residents.

As well as being personal property, a house is also a form of social capital, and in order for residences to be passed on to the next generation, it is essential to pursue sustainability, environmental consideration and beauty. To this end, we are actively engaged in research aimed at achieving a decarbonized society by 2050, including the promotion of net zero energy houses (ZEH) and net zero energy buildings (ZEB), as well as research into designs that match the sense of beauty and values of residents, such as townscapes that coexist with nature.

We will then develop these research and development results for both domestic and overseas businesses, and promote Sekisui House technologies to become the de facto standard in the world through the creation of happy homes.

In addition, the Company’s strengths in research and development include the building of evidence through the thorough technical verification of the Comprehensive Housing R&D Institute, as well as the ability to propose a happy living that is conscious of the time axis through the SHIAWASE SUMAI Institute. With the highest technology and quality at the core of technological development, we are conducting research and development with a focus on management strategy as an industry leader.

The Family Suite, which realizes the happiness of families through the integration of technologies and lifestyle design, is one of the results of the Company’s research and development. The original construction method, Dynamic Frame System, is the Company’s own technology that eliminates the need for pillars and supports a large living space with a maximum span of 7 meters. This system is used in more than 60% of new Family Suite detached houses. In addition, the adoption rate of the next-generation indoor environment system SMART-ECS, which takes into consideration pollutants such as viruses and pollens, exceeds 70%.

The Research & Development Headquarters of the Group is working to further promote technological development by managing matters related to the planning of design, product development and intellectual property strategies based on housing, in addition to research and development of new construction technologies and human lives by the Comprehensive Housing R&D Institute and the SHIAWASE SUMAI Institute.

We will continue to expand the R&D domain, collect and analyze information in all fields centered on housing, and strengthen the system for promoting research and development while digging deeper into a single event and acquiring a large amount of evidence. Therefore, it is necessary to effectively utilize not only internal resources but also external resources, and we will promote the strengthening of exchanges and collaboration with companies in the same and different industries through open innovation, M&A, etc.

The following is an overview of research and development activities and results for the fiscal year ended January 31, 2025, and the total amount of research and development expenses was ¥10,581 million. The research and development activities carried out by the Group are common to all of its businesses and cannot be classified into reportable segments. For this reason, the overview of research and development activities is stated by research and development item as follows.

(1) Product development

- The new design proposal system “life knit design,” which was launched in June 2023, aims to create a recycling-oriented society where people can live in good quality houses for longer periods of time with fondness, in an era of the 100-year lifespan, and provides housing that values the sense of beauty of customers that do not go in and out of fashion. As a place where customers can actually experience the six fields of sense of beauty that are the basis of the interior design concept of “life knit design” and discover their own sense of beauty, we opened 6 HOUSES, six interior design houses with the same floor plan in real size, for a limited period from August to October 2024 at COMMON STAGE MIDORINO II (Tsukuba-shi, Ibaraki).
- In September 2024, we opened the model house HUE, a collaboration with Akira Minagawa, the founder and designer of minä perhonen, which was the first of its kind in western Japan, as a model house for proposing a lifestyle at the Company’s Tomorrow’s Life Museum Yamaguchi, a hands-on museum of housing. The first collaboration model house with minä perhonen, the Komazawa SHAWOOD exhibition HUE, which opened in April 2023, received the iF Design Award in the Architecture category of the iF Design Award 2024, an international design award hosted by iF International Forum Design GmbH.

- The ratio of new ZEH detached houses of the Company in FY2024 was 96% (excluding Hokkaido), and the cumulative number of houses supplied since 2013, when supply began, was 89,352 units (as of March 31, 2025). In addition, in the multi-unit buildings, we have developed rental ZEH under the Sha Maison brand, and the number of orders received in FY2024 was 14,722 units, with the ratio of ZEH unit of 77%, exceeding the FY2024 target of 73% in the Sixth Mid-Term Management Plan, and the cumulative number of housing units was 57,284. Furthermore, in the rental ZEH, we are promoting the installation of EV charging stands that are dedicated to each unit, thereby contributing to the reduction of CO_2 emissions in mobility.

- The SHIAWASE SUMAI Institute, the former name of the "Human Life R&D Institute," is located at the InnoCom Square, an open innovation center that opened in September 2024. The institute believes that further pursuit of happiness in our lives is important in the era of the 100-year lifespan that we will face in the future, and is working on research into "housing where the longer you live, the happier you become" with an awareness of the time axis.
- The Kitchen Table, launched in June 2023, that makes it possible to not only "eat" but also "cook" as a time for communication, and that combines a table and a stove into a single unit that can be sat around, received the Minister of State for Gender Equality Award at the 18th Kids Design Awards announced in September 2024.

(2) Technological development

- In order to contribute to the creation of a high-quality housing stock in Japan, we developed the foundation direct joint construction method based on performance specifications in September 2023, and introduced it into the industry's first joint construction business, the "Skeleton and Infill (SI) Business." In January 2025, the version was upgraded to improve the strength of the shear walls, roof and floor, ensuring seismic resistance and achieving greater flexibility in the floor plan.
- In the Flexible ß System, which combines the strength of heavy steel frames with design flexibility, the ßIII foundation specification (double reinforcement, foundation rise width 300) was launched in November 2024 to further enhance seismic resistance.
- Based on the joint research project with the Center for Preventive Medical Sciences at Chiba University, which began in April 2022, we aim to create environments that foster healthy lifestyle habits without requiring conscious health effort, known as "zero-order prevention housing environment," by studying the causal relationship between housing environments and health from an epidemiological perspective.
- Through the verification conducted at the experimental verification building in the Comprehensive Housing R&D Institute since June 2023, we have confirmed the usefulness of a system that produces hydrogen from excess solar power and water, stores it in alloys, and generates power using hydrogen when necessary, thereby grasping the potential for offline power generation.
- In May 2024, with Bridgestone Corporation, we began horizontal recycling of scraps of resin pipes for water and hot water supply generated during the construction of new housing into materials of the same product.
- The University of Tokyo x Sekisui House International Architectural Education Platform (SEKISUI HOUSE - KUMA LAB), launched in June 2020, is continuing research into the development of next-generation human resources and the realization of housing innovation, utilizing the research facility T-BOX (began operations in October 2021).
- The cumulative number of trees planted under the Gohon no Ki Project, which involves planting mainly local native tree species in consideration of the ecosystem in gardens, etc., has reached 20.69 million (as of January 31, 2025).
- In the joint research regarding biodiversity and health (begun in December 2022) with Professor Masashi Soga of Graduate School of Agricultural and Life Sciences, the University of Tokyo, which utilized the Company's planting results data and a questionnaire survey of residents, we announced in July 2024 an analytical result indicating that the planting of mainly native species, which incorporated the Gohon no Ki Project, improved the well-being of residents by increasing the frequency of contact with familiar living creatures, and that it also helped residents to become more aware of the value of nature and to develop a greater awareness of environmental consideration.
- In July 2023, an agreement was concluded with Think Nature Inc., a startup company launched by Professor Yasuhiro Kubota of University of the Ryukyus, on the joint promotion of biodiversity net gain, and we are working to create new value for the Gohon no Ki Project with the aim of achieving nature-positive by 2030.
- In order to promote the overseas transfer of Sekisui House technologies, we launched sales of SHAWOOD homes in Sommers Bend, located in southern California, in January 2024. Also, in Australia, we are promoting brand recognition by providing comfortable Japanese-quality housing using our unique SHAWOOD construction method, which is tailored to the local climate, culture and needs, and by expanding development areas in the suburbs of Sydney.

III. Information About Facilities

1. Overview of Capital Expenditures

The amount of capital expenditures for the fiscal year ended January 31, 2025 by the Group (the Company and its consolidated subsidiaries) was 99,891 million yen.

The reporting company made active capital expenditures in the development business, and also made capital expenditures centered on component production equipment in order to improve production efficiency in the detached houses business and the rental housing and commercial buildings business.

The breakdown of capital expenditures (on a basis of figures for property, plant and equipment and intangible assets recorded) for the fiscal year ended January 31, 2025 was as follows.

Reportable segment	Fiscal year ended January 31, 2025 Amount (Millions of yen)	Ratio of increase/decrease (%)
Detached Houses Business	3,342	214.8
Rental Housing and Commercial Buildings Business	269	(17.1)
Architectural/Civil Engineering Business	1,802	6.2
Rental Housing Management Business	726	76.1
Remodeling Business	202	40.0
Development Business	65,676	(4.5)
Overseas Business	5,434	64.5
Other	104	(44.3)
Total	77,560	2.2
Corporate (common)	22,331	106.0
Total	99,891	15.2

2. Major Facilities

The major facilities of the Group (the Company and its consolidated subsidiaries) are as follows.

(1) Reporting company

As of January 31, 2025

Office name (location) and details of facilities	Reportable segment	Book value (Millions of yen)							Number of employees (Persons)
		Buildings and structures	Machinery, equipment and vehicles	Land		Tools, furniture and fixtures	Leased assets	Total	
				Area (1,000 m^2)	Amount				
Head office Umeda Sky Building *1 (Kita-ku, Osaka)	Corporate (common)	10,073	32	19	21,769	131	-	32,006	1,258
Factories *2 (5 locations)	Corporate (common)	6,144	8,211	862 (71)	9,775	400	198	24,730	921
Comprehensive Housing R&D Institute (Kizugawa-shi, Kyoto)	Corporate (common)	1,829	5	28	2,083	20	-	3,937	62
Real estate for leasing, etc. *3 (96 locations)	Development Business	61,779	504	160 (10)	154,705	885	-	217,875	64

*1 The Umeda Sky Building includes the portion leased to companies other than consolidated companies.

*2 The breakdown of factories is as follows.

As of January 31, 2025

Office name (location)	Reportable segment	Book value (Millions of yen)							Number of employees (Persons)
		Buildings and structures	Machinery, equipment and vehicles	Land		Tools, furniture and fixtures	Leased assets	Total	
				Area (1,000 m^2)	Amount				
Kanto Factory (Koga-shi, Ibaraki)	Corporate (common)	2,154	3,505	215 (41)	2,821	131	189	8,803	302
Yamaguchi Factory (Yamaguchi-shi, Yamaguchi)	Corporate (common)	597	1,583	232 (4)	2,150	123	-	4,454	214
Shizuoka Factory (Kakegawa-shi, Shizuoka)	Corporate (common)	1,664	2,088	246 (2)	2,734	47	6	6,541	300
Hyogo Factory (Kato-shi, Hyogo)	Corporate (common)	608	756	59 (4)	1,032	84	-	2,481	43
Tohoku Factory (Shikama-cho, Kami-gun, Miyagi)	Corporate (common)	1,118	277	107 (19)	1,036	13	2	2,448	62

*3 The number of employees refers to the number of people engaged in the development business segment.
The main breakdown of real estate for leasing is as follows.

As of January 31, 2025

Details of facilities	Reportable segment	Location	Book value (Millions of yen)
Apartment buildings for leasing	Development Business	31 locations	48,601
Office for leasing, commercial buildings, etc.	Development Business	21 locations	168,153

(2) Domestic subsidiaries

As of January 31, 2025

Company name	Details of facilities	Reportable segment	Book value (Millions of yen)							Number of employees (Persons)*
			Buildings and structures	Machinery, equipment and vehicles	Land		Tools, furniture and fixtures	Leased assets	Total	
					Area (1,000 m^2)	Amount				
Sekisui House Real Estate Tokyo, Ltd.	Real estate for leasing (129 locations)	Development Business	30,711	156	38 (96)	19,223	165	-	50,256	1,095
Sekisui House Real Estate Chubu, Ltd.	Real estate for leasing (121 locations)	Development Business	12,864	94	53 (84)	8,830	74	-	21,865	712
Sekisui House Real Estate Kansai, Ltd.	Real estate for leasing (101 locations)	Development Business	14,778	76	76 (47)	9,285	0	129	24,270	780
Sekisui House Real Estate Chugoku & Shikoku, Ltd.	Real estate for leasing (70 locations)	Development Business	9,768	72	10 (84)	3,069	0	-	12,911	338

*The number of employees at each company is listed.

(Notes) 1. The balance of construction in progress is not included.
2. The figures in parentheses in the "Area" column of the land indicate the area leased from other than consolidated companies.
3. The book values of leasehold interests in land are as follows.

Reporting company	Sekisui House, Ltd. Real estate for leasing	1,608	million yen
Domestic subsidiaries	Sekisui House Real Estate Tokyo, Ltd. Real estate for leasing	425	million yen

4. In addition to the above, the following are the main facilities used under a lease contract (finance leases that do not transfer ownership).

As of January 31, 2025

Name	Quantity	Contract period	Lease payments (annual) (Millions of yen)	Outstanding lease balance (Millions of yen)
Company vehicles	5,629 cars	5 to 7 years	2,290	5,570

3. Planned Addition, Retirement, and Other Changes of Facilities

The following are the plans for the addition and renovation of significant facilities as of January 31, 2025. There are no plans for retirement, sale, etc. of significant facilities.

(1) Addition

Company name	Reportable segment	Details of facilities, etc.	Budget (Millions of yen)	Amount already paid (Millions of yen)	Financing method	Date work started	Planned date of completion
Sekisui House, Ltd.	Development Business	Offices and other real estate for leasing, etc.	27,377	—	Own funds and borrowings	February 2025	January 2026

(2) Renovation, etc. (reporting company)

Office name	Reportable segment	Details of facilities, etc.	Budget (Millions of yen)	Amount already paid (Millions of yen)	Financing method	Date work started	Planned date of completion
Kanto Factory	Corporate (common)	Expansion and rationalization of factory facilities	19,721	2,410	Own funds	March 2024	December 2034
Yamaguchi Factory	Corporate (common)	Expansion and rationalization of factory facilities	10,414	594	Own funds	May 2023	February 2033
Shizuoka Factory	Corporate (common)	Expansion and rationalization of factory facilities	18,923	1,218	Own funds	July 2024	May 2034
Hyogo Factory	Corporate (common)	Expansion and rationalization of	11,120	245	Own funds	July 2024	July 2028

		factory facilities					
Tohoku Factory	Corporate (common)	Expansion and rationalization of factory facilities	3,369	208	Own funds	December 2023	January 2029

IV. Information About Reporting Company

1. Company’s Shares, etc.

(1) Total number of shares

i. Total number of shares

Class	Total number of shares authorized (Shares)
Common stock	1,978,281,000
Total	1,978,281,000

ii. Total number of shares issued

Class	Number of shares issued as of the end of the fiscal year (Shares) (January 31, 2025)	Number of shares issued as of the filing date (Shares) (April 22, 2025)	Name of financial instruments exchange on which the Company is listed or names of authorized financial instruments firms associations to which the Company is registered	Description
Common stock	662,996,866	662,996,866	Tokyo Stock Exchange (Prime Market) Nagoya Stock Exchange (Premier Market)	The number of shares per unit is 100 shares.
Total	662,996,866	662,996,866	—	—

(Notes) 1. Of the shares issued as of the filing date, 84,400 shares were issued as restricted stock remuneration in the form of a contribution in kind with monetary remuneration claims (¥301 million) as the purpose of the contribution.

2. Of the shares issued as of the filing date, 49,800 shares were issued as performance share units in the form of a contribution in kind with the monetary remuneration claims (¥178 million) as the purpose of the contribution.

(2) Share acquisition rights

i. Stock options

(No. 7 Share Acquisition Rights (Stock compensation-type stock option))

Date of resolution	May 17, 2012
Category and number of eligible persons (Persons)	Directors of the Board and Executive Officers of the Company: 33
Number of share acquisition rights (Units)*	6 (Note 1)
Class, description and number of shares to be issued upon exercise of share acquisition rights (Shares)*	Common stock: 6,000
Amount to be paid upon exercise of share acquisition rights (Yen)*	1 per share (Note 2)
Exercise period for share acquisition rights*	From June 14, 2012 to June 13, 2032
Issue price of share and amount to be incorporated into the stated capital in the event of issuing shares upon exercise of share acquisition rights (Yen)*	Issue price: 496 Amount to be incorporated into the stated capital: 248
Conditions for exercising share acquisition rights*	(Note 3)
Matters concerning the transfer of share acquisition rights*	When transferring share acquisition rights, approval from the Board of Directors is required.
Matters concerning the issuance of share acquisition rights in connection with organization restructuring actions*	(Note 4)

* The contents as of January 31, 2025 are stated. The statements pertaining to the end of the month preceding the filing date (March 31, 2025) are omitted since there were no changes in the content to be stated from that as of January 31, 2025.

(Notes) 1. The number of shares for each share acquisition right (hereinafter, the "number of shares granted") is 1,000 shares. However, in the event that the Company conducts a stock split (including the allotment of shares of the Company's common stock without consideration; hereinafter the same shall apply to the description of stock splits) or a reverse stock split, the number of shares granted shall be adjusted in accordance with the following formula.

Adjusted number of shares granted = Number of shares granted before adjustment × Ratio of split / reverse split

Adjusted number of shares granted shall be applied on the day following the record date in the case of a stock split, and on the effective date in the case of a reverse stock split. However, if a stock split is conducted on the condition that a proposal to increase share capital or legal capital surplus by reducing the amount of retained earnings is approved at a General Meeting of Shareholders of the Company, and if the record date for the stock split is set as a date prior to the date of the conclusion of the General Meeting of Shareholders, the adjusted number of shares granted shall be applied retroactively to the day following the record date, from the day following the conclusion of the General Meeting of Shareholders.

In addition to the above, if unavoidable events that require adjustment of the number of shares granted arise, the number of shares granted shall be adjusted within reasonable limits.

2. The amount of property to be contributed upon the exercise of each share acquisition right shall be the amount obtained by multiplying the amount to be paid per share to be delivered upon the exercise of the share acquisition right by the number of shares to be granted, with the amount to be paid per share being one yen.

3. Conditions for exercising share acquisition rights

(1) The holders of share acquisition rights may exercise their rights from the day following the day on which they lose their position as a Director of the Board (including an executive officer in the event that the Company transitions to a company with nominating committee, etc. in the future), Audit and Supervisory Board Member or Executive Officer of the Company or its consolidated subsidiaries (hereinafter, the "commencement date of exercise of rights") within the exercise period of the share acquisition rights described above.

(2) Notwithstanding (1) above, the holders of share acquisition rights may exercise their share acquisition rights only within the period specified in (i) or (ii) below (however, in the case of (ii), this shall not apply in the case where share acquisition rights of the company subject to reorganization are granted to the holders of share acquisition rights in accordance with 4. below).

(i) In the event that the holder of the share acquisition rights does not reach the commencement date of

exercise of rights by June 13, 2031
From June 14, 2031 to June 13, 2032

(ii) In the event that a proposal for approval of an agreement for a merger in which the Company will be the disappearing company, or a proposal for approval of a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, is approved at a General Meeting of Shareholders of the Company (or in the event that a resolution of the Board of Directors of the Company is made in the case where a resolution of the General Meeting of Shareholders is not required)
15 days from the day following the date of the relevant approval

(3) If the holder of the share acquisition rights waives the share acquisition rights, those share acquisition rights may not be exercised.
(4) One share acquisition right may not be exercised in a divided manner.
(5) Other conditions shall be as stipulated in the "Agreement on allocation of share acquisition rights" concluded between the Company and the person to whom the share acquisition rights are allocated.

4. Policy on the expiration of share acquisition rights in the event of organizational restructuring and the determination of the features of the issuance of share acquisition rights by the company subject to restructuring

In the event that the Company conducts a merger (limited to cases where the Company disappears in a merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (hereinafter collectively referred to as the "organization restructuring actions"), the Company shall deliver share acquisition rights of a stock company provided for in Article 236, Paragraph 1, Item (8), Subitems (a) to (e) of the Companies Act (hereinafter, the "reorganized company") to the holders of share acquisition rights who hold share acquisition rights that remain immediately before the effective date of the organization restructuring actions (the effective date of the absorption-type merger for absorption-type mergers, the day of formation of the company incorporated in the consolidation-type merger for consolidation-type mergers, the effective date of the absorption-type company split for absorption-type company splits, the day of formation of the company incorporated in the incorporation-type split for incorporation-type company splits, the effective date of the share exchange for share exchanges, and the incorporation date of wholly-owning parent company incorporated in a share transfer for share transfer) (hereinafter, the "residual share acquisition rights"), in each case, based on the following conditions. In this case, the residual share acquisition rights shall be expired and the reorganized company shall newly issue share acquisition rights. However, this shall be limited to cases where the delivery of share acquisition rights of the reorganized company in accordance with the following conditions is stipulated in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan.

(1) Number of share acquisition rights of the reorganized company to be delivered
The same number as the number of the residual share acquisition rights held by the holder of the share acquisition rights shall be delivered.
(2) Class of shares of the reorganized company to be issued upon exercise of stock acquisition rights
Common stock of the reorganized company
(3) Number of shares of the reorganized company to be issued upon exercise of stock acquisition rights
Taking into account the conditions of the organization restructuring actions, the decision will be made in accordance with 1. above.
(4) The amount of property to be contributed upon the exercise of share acquisition rights
The amount of property to be contributed upon the exercise of each share acquisition right to be issued shall be the amount obtained by multiplying the amount to be paid in after the reorganization as set forth below by the number of shares of the reorganized company to be issued upon the exercise of the relevant share acquisition rights as determined in accordance with (3) above. The amount to be paid in after the reorganization shall be one yen per share of the shares of the reorganized company that may be delivered by exercising each of the share acquisition rights to be delivered.
(5) Period during which the share acquisition rights may be exercised
From the later of the commencement date of the exercise period of share acquisition rights and the effective date of the organization restructuring actions, as described above, until the expiration date of the exercise period of the share acquisition rights, as described above.
(6) Matters concerning the share capital and legal capital surplus to be increased in the event of issuing shares upon the exercise of share acquisition rights.
The decision shall be made in accordance with the following.

(i) The amount of share capital to be increased when shares are issued upon the exercise of share acquisition rights shall be half the maximum amount of increase in share capital, etc., calculated in accordance with

Article 40, Paragraph 1 of the Regulations for Corporate Accounting, with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen.

(ii) The amount of legal capital surplus to be increased when shares are issued upon the exercise of share acquisition rights shall be the amount obtained by subtracting the amount of share capital to be increased as set forth in (i) above from the maximum amount of increase in share capital, etc. as set forth in (i) above.

(7) Restrictions on the acquisition of share acquisition rights through transfer
The acquisition of share acquisition rights through transfer shall require approval by resolution of the Board of Directors of the reorganized company.

(8) Terms and conditions for acquisition of share acquisition rights
The decision shall be made in accordance with the following.
In the event that the following proposal (i) , (ii), (iii), (iv) or (v) is approved at a General Meeting of Shareholders of the Company (or in the event that a resolution of the Board of Directors of the Company is made in the case where a resolution of the General Meeting of Shareholders is not required), the Company may acquire the share acquisition rights without consideration on a date separately determined by the Board of Directors.

(i) Proposal to approve the merger agreement in which the Company will be the disappearing company.

(ii) Proposal to approve the company split agreement or company split plan in which the Company is the split company.

(iii) Proposal to approve the share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary.

(iv) Proposal to approve the amendment to the Articles of Incorporation to include a provision that the acquisition of the relevant shares through transfer requires the approval of the Company as the content of all shares issued by the Company.

(v) Proposal for approval of the amendment to the Articles of Incorporation to include a provision that the acquisition of the relevant shares through transfer requires the approval of the Company as the content of the shares to be issued upon the exercise of the share acquisition rights or that the Company may acquire all of the relevant class of shares by resolution of the General Meeting of Shareholders.

(9) Other conditions for exercising share acquisition rights
The decision shall be made in accordance with 3. above.

(No. 8 Share Acquisition Rights (Stock compensation-type stock option))

Date of resolution	May 16, 2013
Category and number of eligible persons (Persons)	Directors of the Board and Executive Officers of the Company: 32
Number of share acquisition rights (Units)*	3 (Note 1)
Class, description and number of shares to be issued upon exercise of share acquisition rights (Shares)*	Common stock: 3,000
Amount to be paid upon exercise of share acquisition rights (Yen)*	1 per share (Note 2)
Exercise period for share acquisition rights*	From June 14, 2013 to June 13, 2033
Issue price of share and amount to be incorporated into the stated capital in the event of issuing shares upon exercise of share acquisition rights (Yen)*	Issue price: 1,072 Amount to be incorporated into the stated capital: 536
Conditions for exercising share acquisition rights*	(Note 3)
Matters concerning the transfer of share acquisition rights*	When transferring share acquisition rights, approval from the Board of Directors is required.
Matters concerning the issuance of share acquisition rights in connection with organization restructuring actions*	(Note 4)

* The contents as of January 31, 2025 are stated. Since there were no changes in the details to be stated as of the end of the month preceding the filing date (March 31, 2025) from those as of January 31, 2025, the details as of the end of the month preceding the filing date are omitted.

(Notes) 1. Same as (Note 1) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

2. Same as (Note 2) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

3. Conditions for exercising share acquisition rights

(1) The holders of share acquisition rights may exercise their rights from the day following the day on which they lose their position as a Director of the Board (including an executive officer in the event that the Company transitions to a company with nominating committee, etc. in the future), Audit and Supervisory Board Member or Executive Officer of the Company or its consolidated subsidiaries (hereinafter, the "commencement date of exercise of rights") within the exercise period of the share acquisition rights described above.

(2) Notwithstanding (1) above, the holders of share acquisition rights may exercise their share acquisition rights only within the period specified in (i) or (ii) below (however, in the case of (ii), this shall not apply in the case where share acquisition rights of the company subject to reorganization are granted to the holders of share acquisition rights in accordance with 4. below).

(i) In the event that the holder of the share acquisition rights does not reach the commencement date of exercise of rights by June 13, 2032
From June 14, 2032 to June 13, 2033

(ii) In the event that a proposal for approval of an agreement for a merger in which the Company will be the disappearing company, or a proposal for approval of a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, is approved at a General Meeting of Shareholders of the Company (or in the event that a resolution of the Board of Directors of the Company is made in the case where a resolution of the General Meeting of Shareholders is not required)
15 days from the day following the date of the relevant approval

(3) If the holder of the share acquisition rights waives the share acquisition rights, those share acquisition rights may not be exercised.

(4) One share acquisition right may not be exercised in a divided manner.

(5) Other conditions shall be as stipulated in the "Agreement on allocation of share acquisition rights" concluded between the Company and the person to whom the share acquisition rights are allocated.

4. Same as (Note 4) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

(No. 9 Share Acquisition Rights (Stock compensation-type stock option))

Date of resolution	May 15, 2014
Category and number of eligible persons (Persons)	Directors of the Board and Executive Officers of the Company: 34
Number of share acquisition rights (Units)*	11 (Note 1)
Class, description and number of shares to be issued upon exercise of share acquisition rights (Shares)*	Common stock: 11,000
Amount to be paid upon exercise of share acquisition rights (Yen)*	1 per share (Note 2)
Exercise period for share acquisition rights*	From June 14, 2014 to June 13, 2034
Issue price of share and amount to be incorporated into the stated capital in the event of issuing shares upon exercise of share acquisition rights (Yen)*	Issue price: 975 Amount to be incorporated into the stated capital: 488
Conditions for exercising share acquisition rights*	(Note 3)
Matters concerning the transfer of share acquisition rights*	When transferring share acquisition rights, approval from the Board of Directors is required.
Matters concerning the issuance of share acquisition rights in connection with organization restructuring actions*	(Note 4)

* The contents as of January 31, 2025 are stated. Since there were no changes in the details to be stated as of the end of the month preceding the filing date (March 31, 2025) from those as of January 31, 2025, the details as of the end of the month preceding the filing date are omitted.

(Notes) 1. Same as (Note 1) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

2. Same as (Note 2) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

3. Conditions for exercising share acquisition rights

(1) The holders of share acquisition rights may exercise their rights from the day following the day on which they lose their position as a Director of the Board (including an executive officer in the event that the Company transitions to a company with nominating committee, etc. in the future), Audit and Supervisory Board Member or Executive Officer of the Company or its consolidated subsidiaries (hereinafter, the "commencement date of exercise of rights") within the exercise period of the share acquisition rights described above.

(2) Notwithstanding (1) above, the holders of share acquisition rights may exercise their share acquisition rights only within the period specified in (i) or (ii) below (however, in the case of (ii), this shall not apply in the case where share acquisition rights of the company subject to reorganization are granted to the holders of share acquisition rights in accordance with 4. below).

(i) In the event that the holder of the share acquisition rights does not reach the commencement date of exercise of rights by June 13, 2033
From June 14, 2033 to June 13, 2034

(ii) In the event that a proposal for approval of an agreement for a merger in which the Company will be the disappearing company, or a proposal for approval of a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, is approved at a General Meeting of Shareholders of the Company (or in the event that a resolution of the Board of Directors of the Company is made in the case where a resolution of the General Meeting of Shareholders is not required)
15 days from the day following the date of the relevant approval

(3) If the holder of the share acquisition rights waives the share acquisition rights, those share acquisition rights may not be exercised.

(4) One share acquisition right may not be exercised in a divided manner.

(5) Other conditions shall be as stipulated in the "Agreement on allocation of share acquisition rights" concluded between the Company and the person to whom the share acquisition rights are allocated.

4. Same as (Note 4) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

(No. 10 Share Acquisition Rights (Stock compensation-type stock option))

Date of resolution	May 21, 2015
Category and number of eligible persons (Persons)	Directors of the Board and Executive Officers of the Company: 34
Number of share acquisition rights (Units)*	8 (Note 1)
Class, description and number of shares to be issued upon exercise of share acquisition rights (Shares)*	Common stock: 8,000
Amount to be paid upon exercise of share acquisition rights (Yen)*	1 per share (Note 2)
Exercise period for share acquisition rights*	From June 13, 2015 to June 12, 2035
Issue price of share and amount to be incorporated into the stated capital in the event of issuing shares upon exercise of share acquisition rights (Yen)*	Issue price: 1,508 Amount to be incorporated into the stated capital: 754
Conditions for exercising share acquisition rights*	(Note 3)
Matters concerning the transfer of share acquisition rights*	When transferring share acquisition rights, approval from the Board of Directors is required.
Matters concerning the issuance of share acquisition rights in connection with organization restructuring actions*	(Note 4)

* The contents as of January 31, 2025 are stated. Since there were no changes in the details to be stated as of the end of the month preceding the filing date (March 31, 2025) from those as of January 31, 2025, the details as of the end of the month preceding the filing date are omitted.

(Notes) 1. Same as (Note 1) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

2. Same as (Note 2) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

3. Conditions for exercising share acquisition rights

(1) The holders of share acquisition rights may exercise their rights from the day following the day on which they lose their position as a Director of the Board (including an executive officer in the event that the Company transitions to a company with nominating committee, etc. in the future), Audit and Supervisory Board Member or Executive Officer of the Company or its consolidated subsidiaries (hereinafter, the "commencement date of exercise of rights") within the exercise period of the share acquisition rights described above.

(2) Notwithstanding (1) above, the holders of share acquisition rights may exercise their share acquisition rights only within the period specified in (i) or (ii) below (however, in the case of (ii), this shall not apply in the case where share acquisition rights of the company subject to reorganization are granted to the holders of share acquisition rights in accordance with 4. below).

(i) In the event that the holder of the share acquisition rights does not reach the commencement date of exercise of rights by June 12, 2034
From June 13, 2034 to June 12, 2035

(ii) In the event that a proposal for approval of an agreement for a merger in which the Company will be the disappearing company, or a proposal for approval of a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, is approved at a General Meeting of Shareholders of the Company (or in the event that a resolution of the Board of Directors of the Company is made in the case where a resolution of the General Meeting of Shareholders is not required)
15 days from the day following the date of the relevant approval

(3) If the holder of the share acquisition rights waives the share acquisition rights, those share acquisition rights may not be exercised.

(4) One share acquisition right may not be exercised in a divided manner.

(5) Other conditions shall be as stipulated in the "Agreement on allocation of share acquisition rights" concluded between the Company and the person to whom the share acquisition rights are allocated.

4. Same as (Note 4) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

(No. 11 Share Acquisition Rights (Stock compensation-type stock option))

Date of resolution	May 19, 2016
Category and number of eligible persons (Persons)	Directors of the Board and Executive Officers of the Company: 35
Number of share acquisition rights (Units)*	12 [10] (Note 1)
Class, description and number of shares to be issued upon exercise of share acquisition rights (Shares)*	Common stock: 12,000 [10,000]
Amount to be paid upon exercise of share acquisition rights (Yen)*	1 per share (Note 2)
Exercise period for share acquisition rights*	From June 15, 2016 to June 14, 2036
Issue price of share and amount to be incorporated into the stated capital in the event of issuing shares upon exercise of share acquisition rights (Yen)*	Issue price: 1,357 Amount to be incorporated into the stated capital: 679
Conditions for exercising share acquisition rights*	(Note 3)
Matters concerning the transfer of share acquisition rights*	When transferring share acquisition rights, approval from the Board of Directors is required.
Matters concerning the issuance of share acquisition rights in connection with organization restructuring actions*	(Note 4)

* The contents as of January 31, 2025 are stated. For matters that were changed between January 31, 2025 and the end of the month preceding the filing date (March 31, 2025), the details as of the end of the month preceding the filing date are shown in [ ] and for other matters, there were no changes in the details from January 31, 2025.

(Notes) 1. Same as (Note 1) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

2. Same as (Note 2) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

3. Conditions for exercising share acquisition rights

(1) The holders of share acquisition rights may exercise their rights from the day following the day on which they lose their position as a Director of the Board (including an executive officer in the event that the Company transitions to a company with nominating committee, etc. in the future), Audit and Supervisory Board Member or Executive Officer of the Company or its consolidated subsidiaries (hereinafter, the "commencement date of exercise of rights") within the exercise period of the share acquisition rights described above.

(2) Notwithstanding (1) above, the holders of share acquisition rights may exercise their share acquisition rights only within the period specified in (i) or (ii) below (however, in the case of (ii), this shall not apply in the case where share acquisition rights of the company subject to reorganization are granted to the holders of share acquisition rights in accordance with 4. below).

(i) In the event that the holder of the share acquisition rights does not reach the commencement date of exercise of rights by June 14, 2035
From June 15, 2035 to June 14, 2036

(ii) In the event that a proposal for approval of an agreement for a merger in which the Company will be the disappearing company, or a proposal for approval of a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, is approved at a General Meeting of Shareholders of the Company (or in the event that a resolution of the Board of Directors of the Company is made in the case where a resolution of the General Meeting of Shareholders is not required)
15 days from the day following the date of the relevant approval

(3) If the holder of the share acquisition rights waives the share acquisition rights, those share acquisition rights may not be exercised.

(4) One share acquisition right may not be exercised in a divided manner.

(5) Other conditions shall be as stipulated in the "Agreement on allocation of share acquisition rights" concluded between the Company and the person to whom the share acquisition rights are allocated.

4. Same as (Note 4) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

(No. 12 Share Acquisition Rights (Stock compensation-type stock option))

Date of resolution	May 18, 2017
Category and number of eligible persons (Persons)	Directors of the Board and Executive Officers of the Company: 35
Number of share acquisition rights (Units)*	12 [11] (Note 1)
Class, description and number of shares to be issued upon exercise of share acquisition rights (Shares)*	Common stock: 12,000 [11,000]
Amount to be paid upon exercise of share acquisition rights (Yen)*	1 per share (Note 2)
Exercise period for share acquisition rights*	From June 15, 2017 to June 14, 2037
Issue price of share and amount to be incorporated into the stated capital in the event of issuing shares upon exercise of share acquisition rights (Yen)*	Issue price: 1,416 Amount to be incorporated into the stated capital: 708
Conditions for exercising share acquisition rights*	(Note 3)
Matters concerning the transfer of share acquisition rights*	When transferring share acquisition rights, approval from the Board of Directors is required.
Matters concerning the issuance of share acquisition rights in connection with organization restructuring actions*	(Note 4)

* The contents as of January 31, 2025 are stated. For matters that were changed between January 31, 2025 and the end of the month preceding the filing date (March 31, 2025), the details as of the end of the month preceding the filing date are shown in [ ] and for other matters, there were no changes in the details from January 31, 2025.

(Notes) 1. Same as (Note 1) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

2. Same as (Note 2) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

3. Conditions for exercising share acquisition rights

(1) The holders of share acquisition rights may exercise their rights from the day following the day on which they lose their position as a Director of the Board (including an executive officer in the event that the Company transitions to a company with nominating committee, etc. in the future), Audit and Supervisory Board Member or Executive Officer of the Company or its consolidated subsidiaries (hereinafter, the "commencement date of exercise of rights") within the exercise period of the share acquisition rights described above.

(2) Notwithstanding (1) above, the holders of share acquisition rights may exercise their share acquisition rights only within the period specified in (i) or (ii) below (however, in the case of (ii), this shall not apply in the case where share acquisition rights of the company subject to reorganization are granted to the holders of share acquisition rights in accordance with 4. below).

(i) In the event that the holder of the share acquisition rights does not reach the commencement date of exercise of rights by June 14, 2036
From June 15, 2036 to June 14, 2037

(ii) In the event that a proposal for approval of an agreement for a merger in which the Company will be the disappearing company, or a proposal for approval of a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, is approved at a General Meeting of Shareholders of the Company (or in the event that a resolution of the Board of Directors of the Company is made in the case where a resolution of the General Meeting of Shareholders is not required)
15 days from the day following the date of the relevant approval

(3) If the holder of the share acquisition rights waives the share acquisition rights, those share acquisition rights may not be exercised.

(4) One share acquisition right may not be exercised in a divided manner.

(5) Other conditions shall be as stipulated in the "Agreement on allocation of share acquisition rights" concluded between the Company and the person to whom the share acquisition rights are allocated.

4. Same as (Note 4) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

(No. 13 Share Acquisition Rights (Stock compensation-type stock option))

Date of resolution	May 17, 2018
Category and number of eligible persons (Persons)	Directors of the Board and Executive Officers of the Company: 32
Number of share acquisition rights (Units)*	20 (Note 1)
Class, description and number of shares to be issued upon exercise of share acquisition rights (Shares)*	Common stock: 20,000
Amount to be paid upon exercise of share acquisition rights (Yen)*	1 per share (Note 2)
Exercise period for share acquisition rights*	From June 15, 2018 to June 14, 2038
Issue price of share and amount to be incorporated into the stated capital in the event of issuing shares upon exercise of share acquisition rights (Yen)*	Issue price: 1,284 Amount to be incorporated into the stated capital: 642
Conditions for exercising share acquisition rights*	(Note 3)
Matters concerning the transfer of share acquisition rights*	When transferring share acquisition rights, approval from the Board of Directors is required.
Matters concerning the issuance of share acquisition rights in connection with organization restructuring actions*	(Note 4)

* The contents as of January 31, 2025 are stated. The statements pertaining to the end of the month preceding the filing date (March 31, 2025) are omitted since there were no changes in the content to be stated from that as of January 31, 2025.

(Notes) 1. Same as (Note 1) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

2. Same as (Note 2) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

3. Conditions for exercising share acquisition rights

(1) The holders of share acquisition rights may exercise their rights from the day following the day on which they lose their position as a Director of the Board (including an executive officer in the event that the Company transitions to a company with nominating committee, etc. in the future), Audit and Supervisory Board Member or Executive Officer of the Company or its consolidated subsidiaries (hereinafter, the "commencement date of exercise of rights") within the exercise period of the share acquisition rights described above.

(2) Notwithstanding (1) above, the holders of share acquisition rights may exercise their share acquisition rights only within the period specified in (i) or (ii) below (however, in the case of (ii), this shall not apply in the case where share acquisition rights of the company subject to reorganization are granted to the holders of share acquisition rights in accordance with 4. below).

(i) In the event that the holder of the share acquisition rights does not reach the commencement date of exercise of rights by June 14, 2037
From June 15, 2037 to June 14, 2038

(ii) In the event that a proposal for approval of an agreement for a merger in which the Company will be the disappearing company, or a proposal for approval of a share exchange agreement or share transfer plan in which the Company will become a wholly owned subsidiary, is approved at a General Meeting of Shareholders of the Company (or in the event that a resolution of the Board of Directors of the Company is made in the case where a resolution of the General Meeting of Shareholders is not required)
15 days from the day following the date of the relevant approval

(3) If the holder of the share acquisition rights waives the share acquisition rights, those share acquisition rights may not be exercised.

(4) One share acquisition right may not be exercised in a divided manner.

(5) Other conditions shall be as stipulated in the "Agreement on allocation of share acquisition rights" concluded between the Company and the person to whom the share acquisition rights are allocated.

4. Same as (Note 4) of (No. 7 Share Acquisition Rights (Stock compensation-type stock option))

ii. Rights plans

Not applicable.

iii. Other share acquisition rights

Not applicable.

(3) Exercises of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in total number of shares issued, share capital and legal capital surplus

Date	Changes in total number of shares issued (Thousands of shares)	Balance of total number of shares issued (Thousands of shares)	Changes in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Changes in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
April 24, 2020 (Note 1)	(6,000)	684,683	―	202,591	―	258,344
April 26, 2023 (Note 1)	(22,000)	662,683	―	202,591	―	258,344
June 7, 2023 (Note 2)	179	662,862	263	202,854	263	258,608
June 5, 2024 (Note 3)	134	662,996	239	203,094	239	258,847

(Notes) 1. Decrease due to cancellation of treasury shares.

2. This is due to the issuance of new shares as restricted stock remuneration and performance share units, which was resolved at the Board of Directors meeting held on May 19, 2023.

   Issue price ¥2,938.50

   Amount to be incorporated into the stated capital ¥1,469.25

3. This is due to the issuance of new shares as restricted stock remuneration and performance share units, which was resolved at the Board of Directors meeting held on May 17, 2024.

   Issue price ¥3,575.00

   Amount to be incorporated into the stated capital ¥1,787.50

(5) Shareholding by shareholder category

As of January 31, 2025

Category	Share distribution (Trading unit: 100 shares)								Status of shares less than one unit (Shares)
	National and local governments	Financial institutions	Securities companies	Other Japanese corporations	Foreign corporations, etc.		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (Persons)	―	164	57	1,412	900	442	205,343	208,318	―
Number of shares held (Unit)	―	2,461,601	424,627	323,243	2,139,444	960	1,264,909	6,614,784	1,518,466
Shareholding ratio (%)	―	37.21	6.42	4.89	32.34	0.02	19.12	100	―

(Notes) 1. Out of 14,729,962 treasury shares, 147,299 units are included in “Individuals and others” and 62 shares are included in “Status of shares less than one unit.”

2. “Other Japanese corporations” includes 24 units held in the name of Japan Securities Depository Center, Incorporated. “Status of shares less than one unit” includes 41 shares held in the name of Japan Securities Depository Center, Incorporated.

3. Number of shareholders includes the number of shareholders (68,829 persons) who own only shares of less than one unit.

(6) Major shareholders

As of January 31, 2025

Name	Address	Number of shares held (Thousands of shares)	Percentage of shares held to the total number of shares issued (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-ku, Tokyo	108,847	16.79
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	49,529	7.64
Sekisui House Ikushikai	1-1-88, Oyodonaka, Kita-ku, Osaka	21,378	3.30
Sekisui Chemical Co., Ltd.	2-4-4, Nishitemma, Kita-ku, Osaka	14,168	2.19
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo)	13,573	2.09
SMBC Nikko Securities Inc.	3-3-1, Marunouchi, Chiyoda-ku, Tokyo	13,350	2.06
JPMorgan Securities Japan Co., Ltd.	2-7-3, Marunouchi, Chiyoda-ku, Tokyo	10,943	1.69
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NY 10286, U.S.A. (2-15-1, Konan, Minato-ku, Tokyo)	10,270	1.58
Japan Securities Finance Co., Ltd.	1-2-10, Nihonbashi-Kayabacho, Chuo-ku, Tokyo	8,477	1.31
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AG FUND 2024-09 (LIMITED OT FINANC IN RESALE RSTRCT) (Standing proxy: Citibank, N.A., Tokyo Branch)	2-2-2 OTEMACHI, CHIYODA-KU, TOKYO, JAPAN (6-27-30, Shinjuku, Shinjuku-ku, Tokyo)	8,403	1.30
Total	—	258,942	39.94

(Notes) 1. In addition to those listed in the table above, the Company owns 14,729 thousand treasury shares.

2. Of the above number of shares held, the numbers of shares held in securities investment trusts and pension trusts are as follows.

The Master Trust Bank of Japan, Ltd. (Trust Account)	55,280 thousand shares
Custody Bank of Japan, Ltd. (Trust Account)	33,745 thousand shares

3. Sekisui House Ikushikai is the Company’s employee stockholders association.

4. THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS is the nominal holder of shares deposited for the purpose of issuing American Depositary Receipts (ADRs).

5. In the statements of large-volume holdings (change report) made available to the public on September 5, 2023, BlackRock Japan Co., Ltd. stated that it owned jointly 53,134 thousand shares (8.02%) as of August 31, 2023. However, the Company was unable to confirm the number of shares beneficially owned as of January 31, 2025, and therefore, the above table does not include this information. The details of the report are as follows.

Name of large shareholder	Number of shares held (Thousands of shares)	Percentage of shares held to the total number of shares issued (%)
BlackRock Japan Co., Ltd.	14,032	2.12
Aperio Group, LLC	2,147	0.32
BlackRock Financial Management, Inc.	1,734	0.26
BlackRock Investment Management LLC	727	0.11
BlackRock (Netherlands) BV	1,926	0.29
BlackRock Fund Managers Limited	1,870	0.28
BlackRock Asset Management Canada Limited	966	0.15
BlackRock Asset Management Ireland Limited	5,045	0.76
BlackRock Fund Advisors	13,826	2.09
BlackRock Institutional Trust Company, N.A.	9,917	1.50
BlackRock Investment Management (UK) Limited	939	0.14

6. In the statements of large-volume holdings made available to the public on February 20, 2024, Nomura Securities Co., Ltd. stated that it owned jointly 33,421 thousand shares (5.04%) as of February 15, 2024. However, the Company was unable to confirm the number of shares beneficially owned as of January 31, 2025, and therefore, the above table does not include this information. The details of the report are as follows.

Name of large shareholder	Number of shares held (Thousands of shares)	Percentage of shares held to the total number of shares issued (%)
Nomura Securities Co., Ltd.	2,022	0.31
Nomura International plc	391	0.06
Nomura Asset Management Co., Ltd.	31,007	4.68

7. In the statements of large-volume holdings (change report) made available to the public on July 29, 2024, Mitsubishi UFJ Financial Group, Inc. stated that it owned jointly 33,488 thousand shares (5.05%) as of July 22, 2024. However, except for MUFG Bank, Ltd., the Company was unable to confirm the number of shares beneficially owned as of January 31, 2025, and therefore, the above table does not include this information. The details of the report are as follows.

Name of large shareholder	Number of shares held (Thousands of shares)	Percentage of shares held to the total number of shares issued (%)
MUFG Bank, Ltd.	8,174	1.23
Mitsubishi UFJ Trust and Banking Corporation	16,872	2.54
Mitsubishi UFJ Asset Management Co., Ltd.	8,441	1.27

8. In the statements of large-volume holdings (change report) made available to the public on February 6, 2025, Sumitomo Mitsui Trust Bank, Limited stated that it owned jointly 35,487 thousand shares (5.35%) as of January 31, 2025. However, the Company was unable to confirm the number of shares beneficially owned as of January 31, 2025, and therefore, the above table does not include this information. The details of the report are as follows.

Name of large shareholder	Number of shares held (Thousands of shares)	Percentage of shares held to the total number of shares issued (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	19,701	2.97
Nikko Asset Management Co., Ltd.	15,786	2.38

(7) Voting rights

i. Number of shares issued

As of January 31, 2025

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	—	—	—
Shares with restricted voting rights (Treasury shares, etc.)	—	—	—
Shares with restricted voting rights (Other)	—	—	—
Shares with full voting rights (Treasury shares, etc.)	(Treasury shares) Common stock 14,729,900	—	—
	(Cross-held shares) Common stock 548,500	—	
Shares with full voting rights (Other)	Common stock 646,200,000	6,462,000	—
Shares less than one unit	Common stock 1,518,466	—	—
Total number of shares issued	662,996,866	—	—
Total number of voting rights held by all shareholders	—	6,462,000	—

(Note) The number of shares and voting rights in “Shares with full voting rights (Other)” includes 2,400 shares (24 voting rights) held in the name of Japan Securities Depository Center, Incorporated. “Shares less than one unit” includes 41 shares held in the name of Japan Securities Depository Center, Incorporated.

ii. Treasury shares, etc.

As of January 31, 2025

Name of shareholder	Address of shareholder	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total number of shares held (Shares)	Percentage of shares held to the total number of shares issued (%)
(Treasury shares) Sekisui House, Ltd.	1-1-88, Oyodonaka, Kita-ku, Osaka	14,729,900	—	14,729,900	2.22
(Cross-held shares) Almetax Manufacturing Co., Ltd.	1-1-30, Oyodonaka, Kita-ku, Osaka	548,500	—	548,500	0.08
Total	—	15,278,400	—	15,278,400	2.30

2. Acquisition and Disposal of Treasury Shares

Class of shares, etc. Acquisition of common stock in accordance with Article 155, Item 7 of the Companies Act

(1) Acquisition by resolution of the General Meeting of Shareholders

Not applicable.

(2) Acquisition by resolution of the Board of Directors

Not applicable.

(3) Acquisition not based on resolution at the General Meeting of Shareholders or the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired in the fiscal year ended January 31, 2025	5,143	18,367,409
Treasury shares acquired in the period after January 31, 2025	709	2,429,979

(Note) Treasury shares acquired in the period after January 31, 2025 does not include the number of shares acquired through the purchase of shares less than one unit from April 1, 2025 to the filing date of the annual securities report.

(4) Disposal of acquired treasury shares and number of treasury shares held

Category	Fiscal year ended January 31, 2025		Period after January 31, 2025	
	Number of shares (Shares)	Total amount of disposition (Yen)	Number of shares (Shares)	Total amount of disposition (Yen)
Treasury shares acquired for which subscribers were solicited	—	—	—	—
Treasury shares acquired that were cancelled	—	—	—	—
Treasury shares acquired that were transferred due to merger, share exchange, share issuance, or company split	—	—	—	—
Other (Treasury shares acquired that were transferred through the exercise of stock options)	14,000	38,765,673	3,000	8,307,241
Number of treasury shares held	14,729,962	—	14,727,671	—

(Notes) 1. The column “Total amount of disposition” shows the book value of the treasury shares that were disposed of.

2. The “Other” and “Number of treasury shares held” columns in the period after January 31, 2025 do not include transactions and other similar events that occurred between April 1, 2025 and the filing date of the annual securities report.

3. Dividend Policy

In addition to the policy of maintaining an average dividend payout ratio of at least 40% over the medium term, the minimum dividend per share will be set at 110 yen per year (the result for the fiscal year ended January 31, 2023) during the term of the Sixth Mid-Term Management Plan (FY2023 - FY2025) in order to further increase the stability of shareholder returns, while also aiming to enhance shareholder value through the flexible purchase of treasury shares.

The Company plans to use internal reserves to strengthen the management base in preparation for active business expansion in the future.

In addition, the Company's Articles of Incorporation stipulate that the Company may pay interim dividends as stipulated in Article 454, Paragraph 5 of the Companies Act, and it is our basic policy to pay dividends twice a year, with an interim dividend and a year-end dividend. The decision-making bodies for these dividends are the Board of Directors for the interim dividend and the General Meeting of Shareholders for the year-end dividend.

Dividends of surplus for the fiscal year ended January 31, 2025 were as follows, based on the profit situation and the policy of maintaining a medium-term average dividend payout ratio of 40% or more. The dividend payout ratio (consolidated) was 40.2%.

Date of resolution	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
September 5, 2024 Resolution at the Board of Directors	41,488	64
April 23, 2025 Resolution at the Ordinary General Meeting of Shareholders (scheduled)	46,026	71

4. Corporate Governance

(1) Outline of corporate governance

Basic approach to corporate governance

- The Group's fundamental philosophy is "Love of Humanity." In accordance with the corporate philosophy of "Truth & Trust," "Deliver the highest quality and technology," and "Create enriching homes and environments," we have positioned corporate governance as a key management challenge. In order to continuously improve corporate value while gaining the trust of all stakeholders, including shareholders and investors, the Group will work to improve the effectiveness of corporate governance, put in place a system that enables speedy and sincere management.
- Sekisui House, Ltd. Basic Policy on Corporate Governance, which lays out the fundamental concept and framework of the Company's corporate governance, is available on the Company's website for stakeholders' perusal.
  URL: https://www.sekisuihouse.co.jp/english/company/info/gov/

i. Corporate governance system

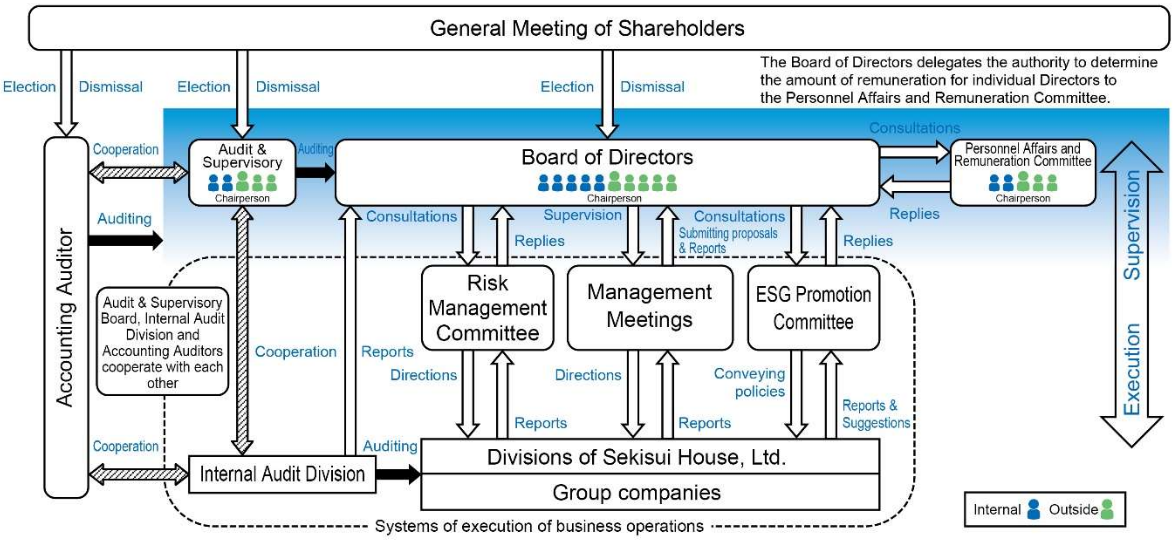
(a) Outline of the current corporate governance system

Reasons for choosing the current corporate governance system

- With respect to the organizational design stipulated in the Companies Act, the Company has adopted an Audit and Supervisory Board system, in which Audit and Supervisory Board Members and the Audit and Supervisory Board possess significant independence. In addition, to create a management system that speeds up management decisions and responds properly to rapidly changing economic and market conditions, we have established an executive officer system.

System and outline of corporate governance

- The Company's corporate governance system (as of the filing date) is as follows.



- In April 2021, we created four distinct tiers as part of reforms to the executive officer system: entrusted Executive Officers concurrently serving as Directors of the Board (President, Vice Chairman, Vice President, Senior Managing Officer), entrusted Executive Officers who are Director of the Board candidates (Senior Managing Officer, Managing Officer), employed Executive Officers who maintain their status of employee and therefore can be flexibly appointed, and operating officers who are candidates for the preceding position. We are strengthening the development of management personnel at each division and building a sustainable leadership pipeline through the clarification of roles, personnel requirements, and selection and dismissal processes.
- Also since April 2021, we have expanded the functions of the Management Meetings beyond deliberations on important agenda items to be brought up to the Board of Directors. Entrusted Executive Officers (managing officer and higher) share information and make decisions regarding individual business execution. Furthermore, Outside Directors of the Board and Audit and Supervisory Board Members are welcome to attend as observers.

- The Board of Directors, including Outside Directors of the Board, comes equipped with a skill matrix of diverse knowledge, experience and ability to create business strategies, management policies and plans, and remains responsible for medium-to-long-term execution of important business. We adopt the above structure aiming to secure moderate separation between management supervision functions and business executive functions by delegating short-term and segment specific business execution functions to Management Meetings and other like conferences.
- As of the filing date, the composition of each organization was as follows.

Organization	Composition	
Board of Directors	[Chairperson]	Toshifumi Kitazawa (Outside Director of the Board)
	(Internal Directors of the Board)	Yoshihiro Nakai, Yosuke Horiuchi, Satoshi Tanaka, Toru Ishii, Hiroshi Shinozaki
	(Outside Directors of the Board)	Yukiko Yoshimaru, Toshifumi Kitazawa, Yoshimi Nakajima, Keiko Takegawa, Shinichi Abe
	(Ten members, seven males and three females, including five Outside Directors of the Board)	
Audit and Supervisory Board	[Chairperson]	Ryuichi Tsuruta (Standing and Outside Audit and Supervisory Board Member)
	(Standing Audit and Supervisory Board Member)	Midori Ito, Takashi Ogino
	(Standing and Outside Audit and Supervisory Board Member)	Ryuichi Tsuruta
	(Outside Audit and Supervisory Board Member)	Takashi Kobayashi, Yoritomo Wada
	(Five members, four males and one female, including three Outside Audit and Supervisory Board Members)	
Personnel Affairs and Remuneration Committee	[Chairperson]	Yukiko Yoshimaru (Outside Director of the Board)
	[Committee members]	Yoshihiro Nakai, Satoshi Tanaka (Internal Directors of the Board) Yukiko Yoshimaru, Toshifumi Kitazawa, Keiko Takegawa (Outside Directors of the Board)
	(Five members including three Outside Directors of the Board)	
Management Meetings	[Chairperson]	Yoshihiro Nakai (Representative Director of the Board, President, Executive Officer)
	[Attendees] (Entrusted Executive Officers)	Yoshihiro Nakai, Yosuke Horiuchi, Satoshi Tanaka, Toru Ishii, Hiroshi Shinozaki, Yasushi Omura, Haruhiko Toyoda, Keizo Yoshimoto, Masaru Noma, Kohei Hirota, Osamu Minagawa, Takehisa Yanagi, Shinji Aoki, Takahiro Kondo, Toru Tsuji, Hiroaki Yoshida, Norio Adachi, Toru Fujita, Koya Matsumura, Kenji Konishi, Kazunori Ito
ESG Promotion Committee	[Chairperson]	Haruhiko Toyoda (Senior Managing Officer, in charge of Secretariat, External Affairs and ESG Management Promotion)
	(Outside members)	Katsuhiko Kokubu (Dean and Professor, Graduate School of Business Administration, Kobe University) Hidemi Tomita (Representative Director, General Incorporated Association Institute for Sustainability Management)
	(Internal members)	Haruhiko Toyoda, Hiroaki Oda, Miwa Yamada, Toshiya Chikada, Hideaki Yasunobu, Naoki Kawamura, Hiroyuki Kawabata, Yuki Isaka, Ayumi Yokoyama, Yukinori Matsuura
Risk Management Committee	[Chairperson]	Satoshi Tanaka (Representative Director of the Board, Executive Vice President, Executive Officer)
	[Vice Chairperson]	Keizo Yoshimoto
	(Members)	Satoshi Tanaka, Keizo Yoshimoto, Masaru Noma, Kohei Hirota, Osamu Minagawa, Toru Fujita, Takahiro Kishi, Naoki Kawamura, Kenji Okazawa, Kenichi Yamazaki

- The Company has proposed the "Election of 10 Directors of the Board" and the "Election of Two Audit and Supervisory Board Members" as proposals to be tabled at the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025. If these proposals are approved as originally proposed, the composition will be as follows. This includes proposals to be tabled at the meetings of the Board of Directors and the Audit and Supervisory Board scheduled to be held immediately after the said Ordinary General Meeting of Shareholders.

Organization	Composition	
Board of Directors	[Chairperson]	Toshifumi Kitazawa (Outside Director of the Board)
	(Internal Directors of the Board)	Yoshihiro Nakai, Satoshi Tanaka, Toru Ishii, Hiroshi Shinozaki, Yasushi Omura
	(Outside Directors of the Board)	Yukiko Yoshimaru, Toshifumi Kitazawa, Yoshimi Nakajima, Shinichi Abe, Yukiko Kuroda
	(Ten members, seven males and three females, including five Outside Directors of the Board)	
Audit and Supervisory Board	[Chairperson]	Ryuichi Tsuruta (Standing and Outside Audit and Supervisory Board Member)
	(Standing Audit and Supervisory Board Member)	Takashi Ogino, Osamu Minagawa
	(Standing and Outside Audit and Supervisory Board Member)	Ryuichi Tsuruta
	(Outside Audit and Supervisory Board Member)	Yoritomo Wada, Yuko Tamai
	(Five members, four males and one female, including three Outside Audit and Supervisory Board Members)	
Personnel Affairs and Remuneration Committee	[Chairperson]	Yukiko Yoshimaru (Outside Director of the Board)
	[Committee members]	Yoshihiro Nakai, Satoshi Tanaka (Internal Directors of the Board) Yukiko Yoshimaru, Toshifumi Kitazawa, Yukiko Kuroda (Outside Directors of the Board)
	(Five members including three Outside Directors of the Board)	
Management Meetings	[Chairperson]	Yoshihiro Nakai (Representative Director of the Board, President, Executive Officer)
	[Attendees] (Entrusted Executive Officers)	Yoshihiro Nakai, Satoshi Tanaka, Toru Ishii, Hiroshi Shinozaki, Yasushi Omura, Haruhiko Toyoda, Keizo Yoshimoto, Masaru Noma, Kohei Hirota, Takehisa Yanagi, Shinji Aoki, Takahiro Kondo, Toru Tsuji, Hiroaki Yoshida, Norio Adachi, Toru Fujita, Koya Matsumura, Kenji Konishi, Kazunori Ito
ESG Promotion Committee	[Chairperson]	Haruhiko Toyoda (Senior Managing Officer, in charge of Secretariat, External Affairs and ESG Management Promotion)
	(Outside members)	Katsuhiko Kokubu (Dean and Professor, Graduate School of Business Administration, Kobe University) Hidemi Tomita (Representative Director, General Incorporated Association Institute for Sustainability Management)
	(Internal members)	Haruhiko Toyoda, Hiroaki Oda, Miwa Yamada, Toshiya Chikada, Hideaki Yasunobu, Naoki Kawamura, Hiroyuki Kawabata, Yuki Isaka, Ayumi Yokoyama, Yukinori Matsuura
Risk Management Committee	[Chairperson]	Satoshi Tanaka (Representative Director of the Board, Executive Vice President, Executive Officer)
	[Vice Chairperson]	Keizo Yoshimoto
	(Members)	Satoshi Tanaka, Keizo Yoshimoto, Masaru Noma, Kohei Hirota, Toru Fujita, Takahiro Kishi, Naoki Kawamura, Kenji Okazawa, Junji Takeuchi, Kenichi Yamazaki, Keiko Yaguchi

Board of Directors

The Board of Directors consists of ten Directors of the Board (seven males and three females) including five Outside Directors of the Board and meets once a month in principle. To improve corporate value over the medium-to-long term, the Board of Directors shall be responsible mainly for establishing management policies, strategies and plans, and making decisions on the execution of important operations, as well as for supervising and evaluating the execution of duties by Directors of the Board and executive officers and for establishing systems, such as internal control and risk management, to ensure the soundness of management.

In addition, to promote the constructive exchange of opinions, we decided not to combine the positions of Chairperson of the Board of Directors and the convener. Therefore, from May 2021, Outside Director of the Board Toshifumi Kitazawa, has been appointed and currently serves as the Chairperson of the Board of Directors, while Representative Director of the Board, President, Executive Officer (Yoshihiro Nakai) currently serves as the convener.

The Board of Directors shall have the number of members that is considered appropriate for substantive deliberations, and independent Outside Directors of the Board shall be selected so that the ratio of independent outside directors on the Board of Directors is one-third or more. Moreover, we formulate a skill matrix based on business strategies and management plans to help ensure the Board of Directors shall have a well-balanced composition of members with full awareness of the skills required for the Board of Directors. Members shall include experts in finance, accounting, laws, compliance and other relevant areas, with consideration for knowledge, experiences, and ability; the number of years in office; and gender, ensuring both suitable diversity and proper headcount.

We have also established the Office of Directors of the Board as an organization for assisting Outside Directors of the Board in their duties, and assigned several employees to it, including full-time staff.

(Note) The Company has proposed the “Election of 10 Directors of the Board” as a proposal to be tabled at the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025. Even if the proposal is approved as originally proposed, the Board of Directors will continue to consist of 10 Directors of the Board (seven males and three females), including five Outside Directors of the Board, and the Chairperson of the Board of Directors and convener are expected to remain unchanged.

Activity status

During the fiscal year ended January 31, 2025, the Board of Directors was held 13 times, with each meeting lasting 2 hours and 5 minutes. The attendance at meetings of the Board of Directors was as follows.

Official title or position	Name	Rate of attendance at meetings of the Board of Directors during the fiscal year ended January 31, 2025
Representative Director of the Board, President, Executive Officer, CEO	Yoshihiro Nakai	100% (13/13)
Representative Director of the Board, Vice Chairman, Executive Officer	Yosuke Horiuchi	100% (13/13)
Representative Director of the Board, Executive Vice President, Executive Officer	Satoshi Tanaka	100% (13/13)
Director of the Board, Senior Managing Officer	Toru Ishii	100% (13/13)
Director of the Board, Senior Managing Officer	Hiroshi Shinozaki	100% (13/13)
Outside Director of the Board	Yukiko Yoshimaru	100% (13/13)
Outside Director of the Board	Toshifumi Kitazawa	92.3% (12/13)
Outside Director of the Board	Yoshimi Nakajima	100% (13/13)
Outside Director of the Board	Keiko Takegawa	92.3% (12/13)
Outside Director of the Board	Shinichi Abe	100% (13/13)

Number of agenda items and main contents

70 Resolutions: Board of Directors effectiveness evaluations for the 73rd fiscal year as well as external disclosure, financial results for the 73rd fiscal year, income plan for the 74th fiscal year, establishment of the business investment council, various financing related to the acquisition of MDC, organizational restructuring of Sekisui House Real Estate Group, spin-off of the after-sale service business, restructuring of the production and procurement operations system, revision of the Basic Policy on Corporate Governance, etc.

76 Reports: Personnel Affairs and Remuneration Committee status of activities, Risk Management Committee status of activities, Information Security Committee status of activities, audit policies and plans, Audit and Supervisory Board effectiveness evaluations, implementation of dialogue with institutional investors, implementation status of internal audits, reorganization of the whistleblowing and counseling hotline systems, status of PMI review for the U.S. homebuilding business, the Platform House Concept from a DX viewpoint, future vision of the rental business company and DX investment, verification of cross-shareholdings, status of initiatives regarding the Group’s capital cost management, summaries of Management Meetings, etc.

Results of evaluation of the effectiveness of the Board of Directors

1. Evaluation methods

As in the fiscal year ended January 31, 2024, the Company hired an independent third-party evaluation company to implement an evaluation for the fiscal year ended January 31, 2025 using the methods described below.

(1) Questionnaires for all Directors of the Board as well as all Audit and Supervisory Board Members (prepared, distributed and collected by the third-party evaluation agency)

(2) Interviews conducted by the third-party evaluation agency targeting all Directors of the Board as well as all Audit and Supervisory Board Members (around one hour per individual)

(3) Reviews of materials used in Board of Directors meetings and minutes of meetings

Questionnaire items

- Overall evaluation of the Board of Directors
- Composition of the Board of Directors

- Preparatory measures undertaken prior to meetings
- Operations of the Board of Directors
- Quality of discussions
- Effectiveness of the Personnel Affairs and Remuneration Committee
- Supervision over business execution
- Significance of each agenda item and the level of meaningfulness of relevant discussions

These results were evaluated, examined and compiled into a report by the third-party agency. The Board of Directors held discussions at a meeting held in February 2025 after receiving explanations on the report from said agency.

2. Outline of the evaluation

(1) Conclusions

The evaluation concluded that the Board of Directors' operations were effective at a sufficiently high level. In addition, it was confirmed that general progress was made concerning initiatives to address issues identified in the course of the previous fiscal year's evaluation of the effectiveness of the Board of Directors.

	Issues for the fiscal year ending Jan. 31, 2025	Initiatives / issues confirmed through the Board of Directors evaluation	Progress
1	Further enhancement of strategic discussions	○ Through a large-scale overseas M&A and post-merger integration (PMI), there were more opportunities to hold discussions from the perspective of global-level group management and finances, and significant progress was confirmed. Discussions on DX, IT, and information security also progressed. Main initiatives: ・While the acquisition of MDC, a strategic investment, required quick decision-making, decisions were made after thorough discussions through an extraordinary meeting attended by all Directors of the Board, with Independent Outside Directors of the Board leading the discussions. ・There were more opportunities to regularly discuss finances from the perspective of ROIC and balance sheets. ・Matters regarding DX, IT, and information security were regularly reported to the Board of Directors, and Director of the Board Mr. Abe provided advice to the executive team. ○ While overall improvement is still in progress, system reinforcement and further improvement in operations are expected in order to enhance strategic discussions in the future. ・For strategic decision-making, it is necessary to promptly share information with all Directors of the Board hold meetings for discussion , to ensure that the knowledge of Outside Directors of the Board is utilized, and secure enough opportunities for thorough and productive discussions. ・With regard to finances, CFO functions need to be strengthened to address agenda items for Company-wide strategies at the Board of Directors meetings and to oversee business execution from a financial perspective. ・CIO functions to oversee Group-wide IT needs to be established for DX, IT, and information security matters.	Improvement now under way
2	Further strengthening of secretariat functions	○ The secretariat functions are generally working well and is highly praised by members of the Board of Directors. Sincere efforts were made to make improvements in the issues pointed out last fiscal year, and progress was confirmed. Main initiatives: ・Frequently sharing internal information with Outside Directors of the Board fosters their understanding of the Company's activities. ・Reflected the points that were raised during the prior explanation of the materials for the Board of Directors meetings. ○ While overall improvement is still in progress, further efforts are needed to effectively operate the Board of Directors meetings in light of the increasing need to speed up the sharing of information from the executive side to the Board of Directors and to ensure sufficient time for important agenda items due to the increase in the number of proposals. ・Selection of important proposals in collaboration with the secretariat and preparation of materials focused on key points. ・Sharing information at an earlier stage to ensure that members of the Board of Directors are sufficiently prepared for discussions. ・Securing opportunities for Outside Directors of the Board to systematically deepen their understanding of the industry and the Company's business, amid ongoing transitions in Outside Directors of the Board.	Improvement now under way

(2) Strengths supporting the effectiveness of the Board of Directors

Based on results of evaluation by the third-party agency, the Board of Directors confirmed that its effectiveness has been supported by the “strengths” outlined below in 1 to 3.

	Strengths	Details (observations by the third-party agency)
1	Presence of leaders to ensure effective governance	・ Many Directors of the Board who play leadership roles, including President, Executive Vice President, and Chairperson, successfully balance supervision and business execution at a high level based on their own management experience.
2	Strong commitment of Independent Outside Directors of the Board	・ Proactive advice to the executive team based on the premise of “moderate separation of supervision and execution.” ・ Work with a deep understanding of not only individual agenda items but also the Company’s culture and challenges, and time commitment.
3	Proactive involvement of the Board of Directors secretariat	・ Active and prompt preparation and response by the Board of Directors secretariat. ・ Sincere attitude towards improvement after getting feedback. ・ Leadership of the officer in charge who makes the above response possible.

(3) Issues for further enhancing the effectiveness of the Board of Directors

As listed below, the Board of Directors identified issues to be addressed in the fiscal year ending January 31, 2026 based on the findings and proposals of the third-party agency. The Board also confirmed that it will consider the following initiatives going forward.

<table>
<tr><th></th><th>Issues for the fiscal year ending Jan. 31, 2026</th><th colspan="2">Details (observations by the third-party agency)</th><th>Initiatives to be considered</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Further strengthening of governance from a group/global perspective</td><td>a. Further enhancement of discussions on global and financial strategies</td><td>・There is a need for the Board of Directors to further enhance discussions on important themes, such as the acquisition of MDC and PMI, from the perspective of Company-wide strategies and improving corporate value.
・By strengthening the CFO functions centering on finance specialists, it is expected that discussions at the Board of Directors meetings will be enhanced, and business execution will be overseen from the perspective of Group-wide/global financial strategies (including the balance sheet).</td><td rowspan="2">・To increase opportunities for reporting and discussing Company-wide strategies (e.g., setting the annual schedule for agenda items, camps for formulating strategies).
・To enhance the CFO functions (e.g., team reinforcement, supervisory involvement in discussions).
・To share information promptly with all members of the Board of Directors (e.g., early delivery of materials, participation as an observer in the business investment council).
・To review criteria for submission of agenda items and utilize written resolutions.</td></tr>
<tr><td>b. Ensuring sufficient opportunities for discussion on strategic themes</td><td>・During discussions regarding the acquisition of MDC, there was a delay in sharing sufficient information with some Directors of the Board, including Outside Directors of the Board, due to information management, which is scope for improvement.
・As the number of agenda items at the Board of Directors meetings increases, operations of the Board of Directors need to be improved and reviewed from a broad perspective, to secure sufficient time for strategic themes.</td></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Enhancement of discussions on succession to ensure the continued high effectiveness of the Board of Directors</td><td>a. Deeper understanding of candidates</td><td>・The effectiveness of selecting the right candidate depends on members of the Personnel Affairs and Remuneration Committee (especially Outside Directors of the Board) deepening their understanding of the Company's internal human resources.
・It is expected that through future succession of internal and Outside Directors of the Board, the process will be further refined, leading to a more effective succession.</td><td rowspan="2">・To further increase direct contact between Outside Directors of the Board and talent candidate pool.
・To provide intensive onboarding support for new members of the Personnel Affairs and Remuneration Committee.</td></tr>
<tr><td>b. Smooth transition of leaders</td><td>・It is important to further develop an environment in which newly appointed Directors of the Board can fully utilize their knowledge and experience while gaining a deep understanding of the characteristics of the Company's governance so that the effectiveness of the Company's governance, which is supported by leaders, will be succeeded and developed.</td></tr>
</table>

Audit and Supervisory Board

The Audit and Supervisory Board has five members (four males and one female), of whom three are Outside Audit and Supervisory Board Members. It formulates audit plans and, based on those plans, receives reports from Directors of the Board, Executive Officers, key office heads, the directors of subsidiaries and others regarding risks and issues related to other issues pertaining to their assigned duties, requests explanations as necessary, and expresses opinions as appropriate. In addition, the Audit and Supervisory Board periodically exchanges opinions with the President, Representative Director of the Board and Outside Directors.

In addition, Audit and Supervisory Board Members exchange opinions and work closely with the internal audit division, hold regular meetings with the accounting auditor and engage in mutual cooperation to ensure that each auditing operation is carried out efficiently and effectively.

Furthermore, we established the Office of Audit and Supervisory Board Members as a dedicated organization to which several employees including full-time staff are assigned to assist in Audit and Supervisory Board Members' operations. Employees assigned concurrently to the Office of Audit and Supervisory Board Members shall maintain their independence, such as by ensuring that such employees must not be influenced by directions or orders from their own departments regarding their duties in the Office of Audit and Supervisory Board Members, and that the Audit and Supervisory Board Members' opinions shall be respected in terms of personnel-related decisions on such employees.

(Note) The Company has proposed the "Election of Two Audit and Supervisory Board Members" as a proposal to be tabled at the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025. If the proposal is approved as originally proposed, the Audit and Supervisory Board will continue to consist of five Audit and Supervisory Board Members (four males and one female), including three Outside Audit and Supervisory Board Members.

Personnel Affairs and Remuneration Committee

As a consultative body to the Board of Directors, the Personnel Affairs and Remuneration Committee provides opinions to the Board of Directors to ensure fairness and transparency with regard to the personnel affairs and remuneration of the Directors of the Board and Executive Officers. In addition, the committee, based on delegation from the Board of Directors, determines the amount of remuneration for individual Directors of the Board and entrusted Executive Officers.

The committee is chaired by an independent Outside Director of the Board and the majority of its membership consists of independent Outside Directors of the Board. As of the filing date, the committee members are comprised of two Representative Directors of the Board and three independent Outside Directors of the Board, with independent Outside Director of the Board (Yukiko Yoshimaru) serving as the chairperson.

For the activity status of the Personnel Affairs and Remuneration Committee, please refer to "4. Corporate Governance, (4) Remuneration, etc. for directors (and other officers), v. Details of activities of the Personnel Affairs and Remuneration Committee."

(Note) The Company has proposed the "Election of 10 Directors of the Board" as a proposal to be tabled at the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025. If the proposal is approved as originally proposed, the Personnel Affairs and Remuneration Committee will continue to consist of two Representative Directors of the Board and three Independent Outside Directors of the Board, and the Chairperson is expected to remain unchanged.

Management Meetings

This body was established to promote the active exchange of opinions for the purposes of holding prior deliberations on important matters to be submitted to the Board of Directors, making decisions on the execution of certain operation matters based on management policies and strategies, and sharing information on business execution policies and issues.

Management Meetings are participated by entrusted Executive Officers and also welcome the attendance of Outside Directors of the Board and Audit and Supervisory Board Members who act as observers. Additionally, depending on the matter at hand, the attendance of employed Executive Officers and Operating Officers is requested for an active exchange of opinions.

ESG Promotion Committee

The Company has set out the global vision “Make Home the Happiest Place in the World” and aims to becoming a “leading company in ESG (Environment, Society and Governance) management.”

The committee consists of at least two external committee members who bring specialist insight and skills, internal Directors of the Board, Executive Officers and others responsible for business execution. The committee thus enhances the effectiveness of ESG efforts through means such as exchanging opinions on the progress of ESG management initiatives and issues.

The committee was held four times during the fiscal year ended January 31, 2025 and discussed the following.

Date			Main agenda
17th meeting	2024	May	• ESG Management in the Sekisui House Real Estate Group • Results of the second round of judging for the 3rd “SHIP” (Sekisui House Innovation & Performance Awards) and the ESG dialogue policy • TNFD disclosure, results of the 4th Well-Being Survey • Results of the “Sekisui House Matching Program” (a corporate program to match employee donations) 2024 grants
18th meeting		July	• Implementation of the Urban Biodiversity Forum • Review of the 3rd “SHIP” and management policy for the 4th “SHIP” • Establishment and development of “SEKISUI HOUSE-SHIP” • Announcement of the publication of “Value Report 2024” and “Human Rights Report” for FY2024
19th meeting		October	• Progress report on KPIs related to materiality issues in the first half of the year • ESG management and initiatives in suburban housing complexes at Konoike Construction • Initiatives to enhance social value in the Trip Base *Michi-no-Eki* Stations Project • Activity report of the “Sekisui House Matching Program” 2024 grant program • Follow-up and horizontal deployment progress of the 3rd “SHIP”
20th meeting	2025	January	• Progress report and next term policy for the three ESG subcommittees • Progress of the 4th “SHIP” • Dialogue status of “SEKISUIHOUSE-SHIP” • Policy for the “Value Report 2025”

Risk Management Committee

As a consultative body to the Board of Directors, this committee strives to develop an appropriate risk management structure and secure the effectiveness of its operations. To this end, the Risk Management Committee gains an understanding of the risk management status of the entire Group and provides opinions to the Board of Directors as necessary. The committee’s risk assessment process includes risk mapping on the two axes of the frequency of risk materialization and the magnitude of impact on the Group. By doing so, the committee identifies important risk items and holds monthly meetings to monitor and verify these risk items.

Also, the Quality Management Committee and the Information Security Committee are placed under the Risk Management Committee to engage in discussions employing specialist viewpoints and report their conclusions to the Risk Management Committee.

(b) Other matters related to corporate governance

- Based on the Companies Act and the Regulation for Enforcement of the Companies Act, the Company developed and manages an internal control system, with basic polices deliberated by the Board of Directors, as follows.

Fundamental policies of the development of the internal control system

1) Systems to ensure that execution of duties by the Directors of the Board, Executive Officers, and employees of the Company and its subsidiaries comply with laws and regulations and the Articles of Incorporation

i. The Group (the Company and its consolidated subsidiaries) shall practice its Corporate Philosophy and Code of Conduct, which represent a public promise to take actions based on the Corporate Philosophy. The Group shall comply with laws and regulations, the Articles of Incorporation and other corporate ethics, and shall set forth specific compliance matters in its Corporate Ethics Guidelines. In addition to distributing booklets summarizing this information to all officers and employees (including through electronic means), the Group shall implement training to ensure thorough compliance with laws and regulations, the Articles of Incorporation and other corporate ethics. It shall also implement annual employee awareness surveys to ascertain the current situation. The Board of Directors of the Company shall evaluate the results of these surveys with an emphasis on the spread of the Corporate Philosophy and the Sekisui House Group Code of Conduct, etc.

ii. The Board of Directors of the Company shall formulate and revise fundamental policies of the development of the internal control system as stipulated by the Companies Act and supervise the status of implementation of these systems through various approaches such as leveraging the internal audit division.

iii. The Audit and Supervisory Board Members and the Audit and Supervisory Board of the Company shall audit the establishment and operation of internal control systems from an independent standpoint. To ensure the effectiveness of the above procedures, the Audit and Supervisory Board Members and the Audit and Supervisory Board shall make every effort to share information and cooperate with Outside Directors of the Board, the internal audit division, the accounting auditor, the Audit and Supervisory Board Members of the Company's subsidiaries, and others.

iv. Internal audit divisions of the Company and its subsidiaries shall regularly audit the operations of the Company and its subsidiaries.

v. The Board of Directors of the Company shall supervise the execution of duties by Directors of the Board and Executive Officers, and decide on personnel matters, including appointment and dismissal, the remuneration system and other matters for Directors of the Board and Executive Officers, based on the recommendations of the Personnel Affairs and Remuneration Committee, the majority of members of which are Outside Directors of the Board. Decisions on the amounts of remuneration paid to individual Directors of the Board and entrusted Executive Officers shall be made by the Personnel Affairs and Remuneration Committee, based on the delegation of authority by the Company's Board of Directors, to ensure the fairness and transparency of these decisions.

vi. The Board of Directors of the Company shall establish the ESG Promotion Committee, which includes outside experts, and promote ESG management with the aim of contributing to the building of a sustainable society.

vii. The Board of Directors of the Company shall establish an appropriate system for the whistleblowing system, shall receive reports on a regular basis, and appropriately oversee the management of the system.

2) Systems to maintain and control information regarding execution of duties by the Directors of the Board and Executive Officers

Directors of the Board and Executive Officers shall duly maintain and control the following documents (including electronic records; the same shall apply hereinafter) and relevant materials relating to the execution of duties upon condition that Directors of the Board and Audit and Supervisory Board Members, etc. may inspect them whenever necessary.

a. Minutes of the General Meeting of Shareholders, meetings of the Board of Directors, Management Meetings, and other important meetings

b. Important documents (approval documents, etc.) by which Directors of the Board and Executive Officers decided the execution of duties

c. Other important documents relating to execution of duties by Directors of the Board and Executive Officers

3) Systems to control risks for loss of the Company and its subsidiaries

i. The Board of Directors of the Company shall endeavor to supervise the establishment and effective operation of enterprise risk management systems, including through reports and recommendations by the Risk Management Committee, a consultative body, and reports by the internal audit division. The Risk Management Committee shall summarize and verify the status of the implementation of risk management systems within the Group, including issues related to internal control associated with the compliance and financial reporting, before reporting on this status to the Board of Directors and providing advice on the establishment and operation of risk management systems.

ii. The Company and its subsidiaries shall prepare response manuals and make them known to officers and employees with regard to the risk control system to deal with natural disasters or any emergency which may cause the company incurred material loss and damage.

iii. The Board of Directors of the Company shall establish an information security policy and an appropriate information asset management system in order to safely protect and manage information assets and to fulfill the trust of the Group's customers and other stakeholders.

4) Systems to ensure the efficient execution of duties by the Directors of the Board, etc. of the Company and its subsidiaries

i. Based on the understanding that its main role is establishing management policies, strategies and plans, the Board of Directors of the Company shall delegate decision-making on the execution of specific operations to Management Meetings, Directors of the Board and Executive Officers where possible.

ii. The Company shall establish Management Meetings composed of entrusted Executive Officers to deliberate, make decisions, and share information on certain operation matters.

iii. Before resolutions or approvals at the Boards of Directors of the Company and its subsidiaries, the Management Meetings of the Company shall actively exchange opinions on important matters to ensure appropriate decision-making.

iv. As for the approval, rules that maintain effective deliberation and swift decision-making function shall be established and operated.

v. The Company and its subsidiaries shall set forth internal regulations for segregation of duties to clarify duties and responsibilities.

5) Systems to report information regarding execution of duties by the Directors of the Board, etc. of the Company's subsidiaries to the Company

i. The Company shall determine the section responsible for the business management of each subsidiary, which manages and supervises its business activities, based on the business segment. The Company shall establish and operate a dual management system where a specialized department with relevant expertise provides assistance and also leads the management of any highly specialized business operations.

ii. The Company's subsidiaries shall report information regarding management status and execution of important duties to the Company as necessary or regularly, through the Directors of the Board or Audit and Supervisory Board Members dispatched from the Company.

iii. The Company's subsidiaries shall report to the Company immediately in an emergency.

6) Matters related to employees who assist duties of Audit and Supervisory Board Members of the Company and matters related to the independence of such employees from Directors of the Board of the Company

i. The Company shall establish the Office of Audit and Supervisory Board Members to which several employees including full-time staff are assigned to assist duties of Audit and Supervisory Board Members.

ii. The selection, etc. of employees to be assigned to the Office of Audit and Supervisory Board Members shall be determined upon mutual consultation, respecting the intentions of the Audit and Supervisory Board.

iii. Employees assigned concurrently to the Office of Audit and Supervisory Board Members shall maintain their independence, such as by ensuring that such employees must not be influenced by directions or orders from their own departments regarding their duties in the Office of Audit and Supervisory Board Members, and that the Audit and Supervisory Board Members' opinions shall be respected in terms of personnel-related decisions on such employees.

7) Systems to report to Audit and Supervisory Board Members of the Company

i. The Directors of the Board and Executive Officers of the Company shall report the status of execution of their duties at any time at the meetings of the Board of Directors and other important meetings of the Company attended by the Audit and Supervisory Board Members.

ii. The Directors of the Board, Executive Officers and employees of the Company shall immediately report to the Audit and Supervisory Board Members whenever finding any fact which might cause material loss and damage to the Company or its subsidiaries.

iii. The secretariat of the whistleblowing system shall immediately report to the Audit and Supervisory Board Members of the Company whenever receiving any report of finding any fact which might cause material loss and damage to the Company or its subsidiaries.

iv. The Company and its subsidiaries shall not treat disadvantageously any person who made a report as set forth in the preceding two items or the whistleblower for the reason of such report or whistleblowing.

v. The Company shall circulate to the Audit and Supervisory Board Members of the Company the approval documents, minutes of important meetings such as the Board of Directors meetings, audit reports prepared by the internal audit division, and other important documents related to the auditing operations of Audit and Supervisory Board Members.

8) Matters concerning policies for the procedure for expenses or liabilities incurred for the execution of duties by the Audit and Supervisory Board Members

The Company shall handle promptly the request for prepayment or reimbursement of the expenses or liabilities incurred for the execution of duties made by Audit and Supervisory Board Members, excluding when the expenses or liabilities are proved to be unnecessary for the execution of their duties.

9) Other systems to ensure that the audit work of Audit and Supervisory Board Members is conducted efficiently

i. Audit and Supervisory Board Members and the internal audit division shall maintain close cooperation through frequent exchange of opinions, and shall cooperate with each other to ensure that each auditing operation is conducted efficiently and effectively.

ii. Audit and Supervisory Board Members and the accounting auditor of the Company shall have meetings regularly and cooperate with each other to ensure that each auditing operation is conducted efficiently and effectively.

Status of operations of the internal control system

1) Initiatives for compliance and risk management

- Officers and employees of the Company and its subsidiaries have received training such as Compliance Training designed to build compliance awareness, and Human Relations Training to enhance knowledge and moral awareness related to human rights issues and improve workplace environments through dialogue.
- As whistleblowing systems, the Company has set up the Sekisui House Group Compliance Helpline for officers and employees of the Group and its regular trading partners, the Sekisui House Global Helpline for overseas subsidiaries, and the Sexual and Power Harassment Hotline as a contact point for sexual harassment, power harassment, and other human rights issues. The Human Rights and Compliance Promotion Department provides integrated management of these systems and promotes their widespread awareness and utilization.
- During the fiscal year ended January 31, 2025, the Risk Management Committee was held 11 times to monitor key risks at the Company and its subsidiaries. The Risk Management Committee also engaged in activities such as monitoring the Quality Management Committee and the Information Security Committee, placed under its umbrella, and conducted risk management training for senior management employees aimed at boosting their risk responsiveness. It reported on the status of these activities to the Board of Directors.

2) Initiatives for ensuring efficient execution of duties

- During the fiscal year ended January 31, 2025, the Management Meetings was held 13 times. Entrusted Executive Officers participated in these meetings, which were also attended by Outside Directors of the Board and Audit and Supervisory Board Members as observers on a voluntary basis. Executive Officers and others were also requested to attend based on the agenda items discussed. Participants actively exchanged opinions for the purposes of holding prior deliberations on important matters to be submitted to the Board of Directors, making decisions on the execution of certain operation matters based on management policies and strategies, and sharing information on business execution policies and issues.

3) Initiatives related to the management of Group companies

- We have identified the need to further clarify the Company's resolution and approval processes as an important issue. Therefore, we have established new Rules on Resolution and Approval Authority with the aim of clearly defining the principles governing all resolutions and approvals and clarifying a whole range of matters to be resolved or approved by the Board of Directors and each responsible member (outside the internal approval process) in a consistent manner.
- The Company convenes regular "Sekisui House Group Audit and Supervisory Board Collaborative Meeting" for the purposes such as exchanging information and sharing issues between the audit and supervisory board members of the Company's subsidiaries (including members concurrently serving as officers and employees of the Company).

Outline of liability limitation agreements

The Company has entered into liability limitation agreements with all Outside Directors of the Board and all Outside Audit and Supervisory Board Members. Under the agreement, even if they cause damage to the Company due to negligence in the execution of their duties as Outside Directors of the Board or Outside Audit and Supervisory Board Members, they shall be exempt from liability up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that they act in good faith without gross negligence in the execution of their duties.

Outline of directors and officers liability insurance agreements

The Company has entered into a directors and officers liability insurance agreement with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. All insurance premiums are to be borne by the Company. The insurance agreement covers damages that the insured Directors of the Board, Audit and Supervisory

Board Members, Executive Officers, etc. (including retired officers) of the Company are liable for the execution of their duties, or that are caused when their liabilities are questioned and claims are made. However, there are certain exemptions to ensure the appropriateness of the execution of duties by the insured person; for example, damage caused as a result of any criminal act of the insured shall not be covered.

ii. Outline of the provisions in the Articles of Incorporation of the Company (as of the filing date)

- In order to promote the delegation of authority regarding business execution, to promote constructive discussion and expedite decision-making at Board of Directors meetings, and to maintain an appropriate corporate governance system, it is stipulated that the number of Directors of the Board shall be no more than 12.
- Regarding the resolution to elect Directors of the Board at the General Meeting of Shareholders, it is stipulated that the resolution shall be made by a majority of the voting rights of the shareholders present at the meeting, where the shareholders holding one third or more of the voting rights of the shareholders who are entitled to exercise their voting rights are present, and that cumulative voting shall not be used.
- In order to enhance information sharing and maintain flexible auditing activities at the Audit and Supervisory Board, and also to ensure a balance with the maximum number of Directors of the Board, it is stipulated that the number of Audit and Supervisory Board Members shall be no more than seven.
- In order to enable implementation of flexible capital policies with regard to the purchase of treasury shares, it is stipulated that the Company may purchase treasury shares through market transactions, etc., based on a resolution of the Board of Directors in accordance with Article 165, Paragraph 2 of the Companies Act.
- In order to provide stable returns to shareholders, it is stipulated that the Board of Directors may resolve to pay an interim dividend with the record date of July 31st each year.
- In order to ensure the smooth operation of the General Meeting of Shareholders by relaxing the quorum requirement for special resolutions, it is stipulated that a resolution shall be adopted by a two-thirds majority of the voting rights of the shareholders present at the meeting, where the shareholders holding one-third or more of the voting rights of the shareholders who are entitled to exercise their voting rights are present.

(2) Directors (and other officers)

i. Directors of the Board and Audit and Supervisory Board Members

(a) Status of Directors and other officers as of the filing date

The status of Directors and other officers as of the filing date is as follows.

11 males and 4 females (Ratio of female Directors (and other officers) 26.7%)

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Representative Director of the Board, CEO, President, Executive Officer	Yoshihiro Nakai	April 30, 1965	Apr. 1988 Feb. 2012 Apr. 2014 Apr. 2016 Apr. 2016 Feb. 2018 Apr. 2021 Apr. 2025	Joined the Company Head of Corporate Management Planning Department of the Company Executive Officer, Acting Head of Corporate Management Planning Department of the Company Managing Officer of the Company, in charge of Corporate Management Planning and Accounting & Finance Director of the Board of the Company President, Representative Director of the Board of the Company Representative Director of the Board, President, Executive Officer, CEO of the Company In charge of Business Strategy Division and Division of Built-to-Order Business Representative Director of the Board, CEO, President, Executive Officer of the Company (current position)	(Note 3)	139

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Representative Director of the Board, Vice Chairman, Executive Officer	Yosuke Horiuchi	September 25, 1956	Apr. 1980 Feb. 2010 Apr. 2012 Apr. 2014 Apr. 2016 Dec. 2017 Apr. 2018 Aug. 2018 Feb. 2020 June 2020 Feb. 2021 Apr. 2021 Feb. 2022 Feb. 2023	Joined the Company Head of Tokyo Sha Maison Sales Administration Headquarters of the Company Executive Officer of the Company Managing Officer of the Company, in charge of Sha Maison Sales (East Japan) Director of the Board of the Company Acting Head of Tokyo Sha Maison Sales Administration Headquarters, Acting Head of Condominium Headquarters of the Company Senior Managing Officer of the Company In charge of Transaction Promotion Division, Acting Head of East Japan Building Sales Administration Headquarters In charge of Transaction Promotion Division and East Japan Building Sales Administration In charge of Investor Relations Division and Transaction Promotion Division In charge of ESG Management Promotion Division, Accounting & Finance Division and Transaction Promotion Division In charge of Division of Finance and ESG and TKC Project Representative Director of the Board, Vice Chairman, Executive Officer of the Company (current position) Acting Head of ESG Management Promotion Headquarters In charge of Division of Finance and ESG	(Note 3)	87

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Representative Director of the Board, Executive Vice President, Executive Officer, Managing Division of Finance, Division of Human Resources and Auditing, in charge of Division of Administration	Satoshi Tanaka	February 27, 1958	Apr. 1981	Joined MITSUI & CO., LTD.	(Note 3)	54
			Apr. 2004	General Manager of Investor Relations Division of MITSUI & CO., LTD.		
			Apr. 2007	General Manager of Corporate Planning & Strategy Division of MITSUI & CO., LTD.		
			July 2010	Deputy General Manager of Consumer Service Business Unit of MITSUI & CO., LTD.		
			Apr. 2011	Executive Officer; General Manager of Consumer Service Business Unit of MITSUI & CO., LTD.		
			Apr. 2013	Managing Officer; General Manager of Consumer Service Business Unit of MITSUI & CO., LTD.		
			Apr. 2015	Senior Managing Officer; President of Asia Pacific Business Unit of MITSUI & CO., LTD. and President of MITSUI & CO. (ASIA PACIFIC) PTE. LTD.		
			Apr. 2017	Vice President & Executive Officer; CAO (Chief Administrative Officer); CIO (Chief Information Officer); CPO (Chief Privacy Officer) of MITSUI & CO., LTD.		
			June 2017	Representative Director; Vice President and Executive Officer of MITSUI & CO., LTD.		
			June 2019	Counselor of MITSUI & CO., LTD.		
			Mar. 2020	Outside Director of Kuraray Co., Ltd. (current position)		
			Apr. 2020	Outside Director of the Board of the Company		
			Jan. 2021	Outside Director of IHH Healthcare Berhad (current position)		
			Apr. 2021	Representative Director of the Board, Executive Vice President, Executive Officer of the Company (current position) In charge of Division of Administration and Human Resources		
			Apr. 2025	Managing Division of Finance, Division of Human Resources and Auditing, in charge of Division of Administration (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director of the Board, Senior Managing Officer, in charge of Division of Development Business, Head of International Business Headquarters	Toru Ishii	November 3, 1966	Apr. 1990 May 2012 Apr. 2014 Apr. 2016 Feb. 2019 Feb. 2020 Apr. 2020 Apr. 2020 Feb. 2021 May 2024	Joined the Company Head of Development Department of the Company Executive Officer, Acting Head of Development Department of the Company Managing Officer of the Company In charge of Development Business, Acting Head of International Business Department In charge of Development and Condominiums Businesses, Acting Head of International Business Department Senior Managing Officer of the Company (current position) In charge of Development, Condominiums, and International Businesses Director of the Board of the Company (current position) In charge of Division of Development Business (current position) Acting Head of International Business Headquarters (current position)	(Note 3)	45
Director of the Board, Senior Managing Officer, Managing Building Sales Administration, in charge of TKC Project	Hiroshi Shinozaki	April 12, 1963	Apr. 1987 Feb. 2010 Aug. 2018 Apr. 2020 Feb. 2021 Apr. 2021 Feb. 2023 Apr. 2023 Apr. 2023 Apr. 2024 May 2024	Joined the Company Head of Tokyo-Tokken Building Projects Branch of the Company Head of East Japan Building Sales Administration Headquarters Executive Officer, Acting Head of East Japan Building Sales Administration Headquarters of the Company In charge of Building Sales Administration Managing Officer of the Company In charge of Building Sales Administration and TKC Project Executive Vice President, Director of the Board of Sekisui House Real Estate Holdings, Ltd. Senior Managing Officer of the Company (current position) Director of the Board of the Company (current position) President, Representative Director of the Board of Sekisui House Real Estate Holdings, Ltd. (current position) Managing Building Sales Administration, in charge of TKC Project (current position)	(Note 3)	21

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Outside Director of the Board	Yukiko Yoshimaru	February 1, 1960	Apr. 1982 Apr. 1998 Oct. 2004 Apr. 2008 June 2011 Apr. 2018 June 2019 June 2021 June 2024	Joined Oki Electric Industry Co., Ltd. Director of Oki America Inc., Head of New York Office of Oki Electric Industry Co., Ltd. Chief Manager of Diversity Development Office of NISSAN MOTOR CO., LTD. Joined Nifco Inc. Executive Officer of Nifco Inc. Outside Director of the Board of the Company (current position) Outside Director of Mitsui Chemicals, Inc. Outside Director of Daiwabo Holdings Co., Ltd. (current position) Outside Director of Nichirei Corporation (current position)	(Note 3)	9
Outside Director of the Board	Toshifumi Kitazawa	November 18, 1953	Apr. 1977 June 2008 June 2009 June 2010 June 2010 Apr. 2014 June 2014 Apr. 2016 June 2016 Apr. 2019 June 2019 June 2019 Apr. 2020 Apr. 2022	Joined Tokio Marine & Fire Insurance Co., Ltd. Managing Director of Tokio Marine & Nichido Anshin Life Insurance Co., Ltd. Senior Managing Director of Tokio Marine & Nichido Anshin Life Insurance Co., Ltd. President & Director of Tokio Marine & Nichido Anshin Life Insurance Co., Ltd. Director of Tokio Marine Holdings, Inc. Vice President & Director of Tokio Marine & Nichido Fire Insurance Co., Ltd. Vice President Executive Officer of Tokio Marine Holdings, Inc. President & Chief Executive Officer of Tokio Marine & Nichido Fire Insurance Co., Ltd. Director of Tokio Marine Holdings, Inc. Vice Chairman & Director of Tokio Marine & Nichido Fire Insurance Co., Ltd. Member of the Board of Directors (Outside) (Member of the Audit & Supervisory Committee) of MUFG Bank, Ltd. (current position) Outside Director of Mitsubishi Logistics Corporation (current position) Outside Director of the Board of the Company (current position) Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd. (current position)	(Note 3)	3

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Outside Director of the Board	Yoshimi Nakajima	December 16, 1956	Apr. 1980	Joined The Yasuda Trust & Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)	(Note 3)	2
			Feb. 1982	Joined AVON Products Co., LTD. (currently FMG & MISSION CO., LTD.)		
			May 1997	Vice President of Citibank, N.A.		
			June 2000	Senior General Manager of Societe Generale Securities Ltd.		
			Apr. 2002	Vice President of American Express International, Inc. (Japan)		
			Aug. 2011	Country Manager (President) of American Express International, Inc. (Singapore)		
			Feb. 2014	Senior Vice President of American Express International, Inc. (Japan)		
			Apr. 2014	President and Representative Director of American Express Japan Co., Ltd.		
			June 2017	Outside Director of Yamaha Corporation		
			June 2017	Outside Director of AEON Financial Service Co., Ltd. (current position)		
			June 2018	Outside Director of Japan Freight Railway Company (current position)		
			Sep. 2018	External Director of ULVAC, Inc. (current position)		
			Apr. 2021	Specially Appointed Professor of The Graduate School of Project Design (current position)		
			Apr. 2021	Outside Director of the Board of the Company (current position)		
Outside Director of the Board	Keiko Takegawa	April 23, 1958	Apr. 1981	Joined the Prime Minister's Office (currently Cabinet Office)	(Note 3)	5
			July 2006	Director of Policy Division for Universal Design, Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism		
			July 2008	Director-General for Policies on Cohesive Society and Minister's Secretariat of Cabinet Office		
			July 2009	Director-General for Gender Equality Bureau of Cabinet Office		
			Dec. 2012	Director-General of the Public Relations Office of Cabinet Office		
			July 2014	Director of the Gender Equality Bureau of Cabinet Office		
			Apr. 2019	Professor (currently Specially Appointed Professor) of Showa Women's University (current position)		
			June 2019	Outside Member of the Board of NIPPON TELEGRAPH AND TELEPHONE CORPORATION		
			June 2019	Outside Auditor of MITSUI MINING & SMELTING CO., LTD.		
			Apr. 2020	Dean of Faculty of Global Business of Showa Women's University		
			Apr. 2021	Outside Director of the Board of the Company (current position)		
			June 2021	Outside Director of MITSUI MINING & SMELTING CO., LTD. (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Outside Director of the Board	Shinichi Abe	August 7, 1968	May 1993 Nov. 1995 Jan. 1998 Nov. 2003 Apr. 2005 Dec. 2005 Aug. 2006 Feb. 2011 Jan. 2017 Apr. 2020 Apr. 2022	Joined Axiomatics Corporation Joined Asahi Audit Corporation Joined J.D. Edwards Japan K.K. Joined PeopleSoft Japan K.K. Director, International Business, Availvs Corporation Director, Applications Business Group, Oracle Information Systems Japan K.K. Vice President in charge of Applications Business Headquarters and General Manager of Global Strategic Accounts of Oracle Corporation Japan Managing Director, Enterprise Business, Google Japan, G.K. Managing Director of Google Cloud Japan, G.K. Representative Director, President and CEO of MNES Inc. (current position) Outside Director of the Board of the Company (current position)	(Note 3)	1
Standing Audit and Supervisory Board Member	Midori Ito	May 13, 1955	Apr. 1974 Feb. 2014 Apr. 2018 Feb. 2020 Apr. 2021	Joined the Company Diversity and Inclusion Promotion Lead, Diversity and Inclusion Promotion Office, Corporate Management Planning Department of the Company Executive Officer of the Company, Acting Head of Diversity and Inclusion Promotion Department of the Company In charge of Diversity and Inclusion Promotion Standing Audit and Supervisory Board Member of the Company (current position)	(Note 4)	20
Standing Audit and Supervisory Board Member	Takashi Ogino	November 25, 1959	Apr. 1982 Aug. 2014 Feb. 2020 Feb. 2021 Apr. 2021 Apr. 2022	Joined the Company Head of Utsunomiya Branch of the Company Deputy Head of Auditing Department of the Company Head of Auditing Department of the Company Operating Officer of the Company Standing Audit and Supervisory Board Member of the Company (current position)	(Note 5)	5

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Standing and Outside Audit and Supervisory Board Member	Ryuichi Tsuruta	November 24, 1954	Apr. 1978	Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)	(Note 5)	—
			Oct. 2000	Manager of IR Office of Corporate Finance & IR Group of Matsushita Electric Industrial Co., Ltd.		
			Apr. 2007	General Manager of Corporate International Affairs Group of Matsushita Electric Industrial Co., Ltd.		
			Jan. 2011	Chief Manager of Office of Audit and Supervisory Board Member of Panasonic Corporation		
			Nov. 2014	Corporate Advisor of Panasonic Corporation		
			May 2015	Outside Audit & Supervisory Board Member of ZUIKO CORPORATION		
			Apr. 2018	Outside Audit and Supervisory Board Member of the Company (current position)		
			Apr. 2018	Representative of CG Consulting (current position)		
			Jan. 2019	Special Instructor of The Graduate School of Project Design (current position)		
			Apr. 2022	Standing Audit and Supervisory Board Member of the Company (current position)		
Outside Audit and Supervisory Board Member	Takashi Kobayashi	March 23, 1951	Apr. 1976	Public Prosecutor	(Note 4)	—
			Jan. 2004	Chief Public Prosecutor of the Nara District Public Prosecutor's Office		
			Dec. 2004	Public Prosecutor of the Supreme Public Prosecutor's Office		
			Sep. 2005	Chief Public Prosecutor of the Maebashi District Public Prosecutor's Office		
			June 2007	Deputy Chief Public Prosecutor of the Osaka High Public Prosecutor's Office		
			July 2008	Public Safety Director of the Supreme Public Prosecutor's Office		
			Jan. 2010	Chief Public Prosecutor of the Osaka District Public Prosecutor's Office		
			Feb. 2011	Registered as lawyer (current position)		
			Apr. 2017	Outside Audit and Supervisory Board Member of the Company (current position)		
			June 2017	Outside Director of Sanyo Special Steel Co., Ltd.		
Outside Audit and Supervisory Board Member	Yoritomo Wada	October 23, 1955	Apr. 1978	Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)	(Note 6)	—
			June 1996	Partner of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)		
			June 2019	External Statutory Corporate Auditor of NIPPON SHOKUBAI CO., LTD.		
			Apr. 2020	Outside Audit and Supervisory Board Member of the Company (current position)		
			Mar. 2023	Outside Auditor of TRUSCO NAKAYAMA Corporation (current position)		
Total						395

(Notes) 1. Directors of the Board Ms. Yukiko Yoshimaru, Mr. Toshifumi Kitazawa, Ms. Yoshimi Nakajima, Ms. Keiko Takegawa, and Mr. Shinichi Abe are Outside Directors of the Board.

2. Audit and Supervisory Board Members Mr. Ryuichi Tsuruta, Mr. Takashi Kobayashi, and Mr. Yoritomo Wada are Outside Audit and Supervisory Board Members.
3. The term of office of the Directors of the Board is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended January 31, 2024 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended January 31, 2025.
4. The term of office of the Audit and Supervisory Board Members Ms. Midori Ito and Mr. Takashi Kobayashi is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended January 31, 2021 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended January 31,

2025.

5. The term of office of the Audit and Supervisory Board Members Mr. Takashi Ogino and Mr. Ryuichi Tsuruta is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended January 31, 2022 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending January 31, 2026.
6. The term of office of the Audit and Supervisory Board Member Mr. Yoritomo Wada is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended January 31, 2024 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending January 31, 2028.
7. "Number of shares held" does not include the number of shares purchased by the officers' shareholding association in April 2025.
8. As of the filing date, in addition to the Executive Officers who concurrently serve as Directors of the Board listed above, there are 39 full-time Executive Officers, and their positions, names and responsibilities are as follows.

Entrusted Executive Officers

Position	Name	Responsibilities
Senior Managing Officer	Yasushi Omura	Managing Detached Housing Business President, Representative Director of the Board of Sekisui House Construction Holdings, Ltd.
Senior Managing Officer	Haruhiko Toyoda	In charge of Secretariat, External Affairs and ESG Management Promotion
Senior Managing Officer	Keizo Yoshimoto	Head of Corporate Administration Headquarters
Senior Managing Officer	Masaru Noma	In charge of Division of Technology and Production
Managing Officer	Kohei Hirota	In charge of Corporate Management Strategy
Managing Officer	Osamu Minagawa	In charge of Division of Human Resources and Auditing
Managing Officer	Takehisa Yanagi	Head of International Development Department
Managing Officer	Shinji Aoki	Head of Saitama Tochigi Sales Administration Headquarters
Managing Officer	Takahiro Kondo	In charge of Detached Housing Business, Head of Kyushu Sales Administration Headquarters
Managing Officer	Toru Tsuji	In charge of U.S. homebuilding business, CEO of SH RESIDENTIAL HOLDINGS, LLC
Managing Officer	Hiroaki Yoshida	Head of Platform House Promotion Department
Managing Officer	Norio Adachi	Head of Communication Design Department
Managing Officer	Toru Fujita	In charge of Division of Finance
Managing Officer	Koya Matsumura	Head of Construction Headquarters
Managing Officer	Kenji Konishi	Executive Vice President, Director of the Board of Sekisui House Real Estate Holdings, Ltd.
Managing Officer	Kazunori Ito	President, Representative Director of the Board of Sekisui House Sha Maison PM Kansai, Ltd.

Employed Executive Officers

Position	Name	Responsibilities
Executive Officer	Yuji Yoshiyasu	In charge of Building Sales Administration
Executive Officer	Takumi Nukanobu	Head of Joshinetsu Sales Administration Headquarters
Executive Officer	Motomichi Shozu	Head of Chubu Daiichi Sales Administration Headquarters
Executive Officer	Ken Miyakoshi	Head of Chubu Daini Sales Administration Headquarters
Executive Officer	Hiroshi Asada	Head of Kansai Daiichi Sales Administration Headquarters
Executive Officer	Hiroaki Takahama	CEO of NORTH AMERICA SEKISUI HOUSE, LLC
Executive Officer	Naoki Tamori	Head of Development Department

Position	Name	Responsibilities
Executive Officer	Yoshiyuki Kamiya	Head of Corporate Management Strategy Headquarters
Executive Officer	Yoichi Komatsu	Head of IT Design Department
Executive Officer	Miwa Yamada	Head of ESG Management Promotion Headquarters
Executive Officer	Toshiya Chikada	In charge of Environment Improving, Deputy Head of ESG Management Promotion Headquarters
Executive Officer	Masahiro Kikuchi	Head of Group Administrative Department
Executive Officer	Hideaki Yasunobu	Head of Human Resources Development Department
Executive Officer	Naoki Kawamura	Head of Corporate Institutional Management Department
Executive Officer	Takahiro Kishi	Head of Auditing Department
Executive Officer	Hidehiko Nakayama	Head of Research & Development Headquarters
Executive Officer	Naoya Matsui	Deputy Head of Research & Development Headquarters, Head of Platform House Promotion Department
Executive Officer	Kenji Okazawa	Head of Technology Management Headquarters
Executive Officer	Hideaki Kono	Head of Technical Human Resources Development Department
Executive Officer	Atsushi Nakata	Head of Production and Procurement Headquarters
Executive Officer	Atsushi Yoshida	Director of the Board of Sekisui House Real Estate Holdings, Ltd., in charge of Accounting and Finance, Head of Accounting and Finance Department
Executive Officer	Ichiro Otaka	President, Representative Director of the Board of Sekisui House Real Estate, Ltd.
Executive Officer	Yoshitaka Iwata	Executive Vice President, Director of the Board of Sekisui House Remodeling, Ltd.

(b) Status of Directors and other officers after the Ordinary General Meeting of Shareholders

The Company has proposed the "Election of 10 Directors of the Board" and the "Election of Two Audit and Supervisory Board Members" as proposals to be tabled at the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025. If these proposals are approved as originally proposed, the composition will be as follows. This includes proposals to be tabled at the meetings of the Board of Directors and the Audit and Supervisory Board scheduled to be held immediately after the said Ordinary General Meeting of Shareholders.

11 males and 4 females (Ratio of female directors (and other officers) 26.7%)

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Representative Director of the Board, CEO, President, Executive Officer	Yoshihiro Nakai	April 30, 1965	Apr. 1988 Feb. 2012 Apr. 2014 Apr. 2016 Apr. 2016 Feb. 2018 Apr. 2021 Apr. 2025	Joined the Company Head of Corporate Management Planning Department of the Company Executive Officer, Acting Head of Corporate Management Planning Department of the Company Managing Officer of the Company, in charge of Corporate Management Planning and Accounting & Finance Director of the Board of the Company President, Representative Director of the Board of the Company Representative Director of the Board, President, Executive Officer, CEO of the Company In charge of Business Strategy Division and Division of Built-to-Order Business Representative Director of the Board, CEO, President, Executive Officer of the Company (current position)	(Note 3)	139

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Representative Director of the Board, Executive Vice President, Executive Officer, Managing Division of Finance, Division of Human Resources and Auditing, in charge of Division of Administration	Satoshi Tanaka	February 27, 1958	Apr. 1981	Joined MITSUI & CO., LTD.	(Note 3)	54
			Apr. 2004	General Manager of Investor Relations Division of MITSUI & CO., LTD.		
			Apr. 2007	General Manager of Corporate Planning & Strategy Division of MITSUI & CO., LTD.		
			July 2010	Deputy General Manager of Consumer Service Business Unit of MITSUI & CO., LTD.		
			Apr. 2011	Executive Officer; General Manager of Consumer Service Business Unit of MITSUI & CO., LTD.		
			Apr. 2013	Managing Officer; General Manager of Consumer Service Business Unit of MITSUI & CO., LTD.		
			Apr. 2015	Senior Managing Officer; President of Asia Pacific Business Unit of MITSUI & CO., LTD. and President of MITSUI & CO. (ASIA PACIFIC) PTE. LTD.		
			Apr. 2017	Vice President & Executive Officer; CAO (Chief Administrative Officer); CIO (Chief Information Officer); CPO (Chief Privacy Officer) of MITSUI & CO., LTD.		
			June 2017	Representative Director; Vice President and Executive Officer of MITSUI & CO., LTD.		
			June 2019	Counselor of MITSUI & CO., LTD.		
			Mar. 2020	Outside Director of Kuraray Co., Ltd. (current position)		
			Apr. 2020	Outside Director of the Board of the Company		
			Jan. 2021	Outside Director of IHH Healthcare Berhad (current position)		
			Apr. 2021	Representative Director of the Board, Executive Vice President, Executive Officer of the Company (current position) In charge of Division of Administration and Human Resources		
			Apr. 2025	Managing Division of Finance, Division of Human Resources and Auditing, in charge of Division of Administration (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director of the Board, Senior Managing Officer, in charge of Division of Development Business, Head of International Business Headquarters	Toru Ishii	November 3, 1966	Apr. 1990 May 2012 Apr. 2014 Apr. 2016 Feb. 2019 Feb. 2020 Apr. 2020 Apr. 2020 Feb. 2021 May 2024	Joined the Company Head of Development Department of the Company Executive Officer, Acting Head of Development Department of the Company Managing Officer of the Company In charge of Development Business, Acting Head of International Business Department In charge of Development and Condominiums Businesses, Acting Head of International Business Department Senior Managing Officer of the Company (current position) In charge of Development, Condominiums, and International Businesses Director of the Board of the Company (current position) In charge of Division of Development Business (current position) Acting Head of International Business Headquarters (current position)	(Note 3)	45
Director of the Board, Senior Managing Officer, Managing Building Sales Administration, in charge of TKC Project	Hiroshi Shinozaki	April 12, 1963	Apr. 1987 Feb. 2010 Aug. 2018 Apr. 2020 Feb. 2021 Apr. 2021 Feb. 2023 Apr. 2023 Apr. 2023 Apr. 2024 May 2024	Joined the Company Head of Tokyo-Tokken Building Projects Branch of the Company Head of East Japan Building Sales Administration Headquarters Executive Officer, Acting Head of East Japan Building Sales Administration Headquarters of the Company In charge of Building Sales Administration Managing Officer of the Company In charge of Building Sales Administration and TKC Project Executive Vice President, Director of the Board of Sekisui House Real Estate Holdings, Ltd. Senior Managing Officer of the Company (current position) Director of the Board of the Company (current position) President, Representative Director of the Board of Sekisui House Real Estate Holdings, Ltd. (current position) Managing Building Sales Administration, in charge of TKC Project (current position)	(Note 3)	21

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director of the Board, Senior Managing Officer, Managing Detached Housing Business	Yasushi Omura	December 1, 1968	Apr. 1991 Aug. 2008 Aug. 2009 Feb. 2014 Apr. 2018 Feb. 2019 Feb. 2021 Apr. 2021 Apr. 2023 Feb. 2024 Apr. 2025 Apr. 2025	Joined the Company Head of Tottori Branch of the Company Head of Okayama SHAWOOD-Home Branch of the Company Head of Okayama Branch of the Company Head of East Shikoku Branch of the Company Head of Kansai Daini Sales Administration Headquarters of the Company Head of Sekiwa Construction Business Headquarters of the Company Executive Officer, Acting Head of Sekiwa Construction Business Headquarters of the Company Managing Officer, Acting Head of Sekisui House Construction Business Headquarters of the Company President, Representative Director of the Board of Sekisui House Construction Holdings, Ltd. (current position) Senior Managing Officer, Managing Detached Housing Business of the Company (current position) Director of the Board of the Company (current position)	(Note 3)	16
Outside Director of the Board	Yukiko Yoshimaru	February 1, 1960	Apr. 1982 Apr. 1998 Oct. 2004 Apr. 2008 June 2011 Apr. 2018 June 2019 June 2021 June 2024	Joined Oki Electric Industry Co., Ltd. Director of Oki America Inc., Head of New York Office of Oki Electric Industry Co., Ltd. Chief Manager of Diversity Development Office of NISSAN MOTOR CO., LTD. Joined Nifco Inc. Executive Officer of Nifco Inc. Outside Director of the Board of the Company (current position) Outside Director of Mitsui Chemicals, Inc. Outside Director of Daiwabo Holdings Co., Ltd. (current position) Outside Director of Nichirei Corporation (current position)	(Note 3)	9

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Outside Director of the Board	Toshifumi Kitazawa	November 18, 1953	Apr. 1977	Joined Tokio Marine & Fire Insurance Co., Ltd.	(Note 3)	3
			June 2008	Managing Director of Tokio Marine & Nichido Anshin Life Insurance Co., Ltd.		
			June 2009	Senior Managing Director of Tokio Marine & Nichido Anshin Life Insurance Co., Ltd.		
			June 2010	President & Director of Tokio Marine & Nichido Anshin Life Insurance Co., Ltd.		
			June 2010	Director of Tokio Marine Holdings, Inc.		
			Apr. 2014	Vice President & Director of Tokio Marine & Nichido Fire Insurance Co., Ltd.		
			June 2014	Vice President Executive Officer of Tokio Marine Holdings, Inc.		
			Apr. 2016	President & Chief Executive Officer of Tokio Marine & Nichido Fire Insurance Co., Ltd.		
			June 2016	Director of Tokio Marine Holdings, Inc.		
			Apr. 2019	Vice Chairman & Director of Tokio Marine & Nichido Fire Insurance Co., Ltd.		
			June 2019	Member of the Board of Directors (Outside) (Member of the Audit & Supervisory Committee) of MUFG Bank, Ltd. (current position)		
			June 2019	Outside Director of Mitsubishi Logistics Corporation (current position)		
			Apr. 2020	Outside Director of the Board of the Company (current position)		
			Apr. 2022	Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd. (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Outside Director of the Board	Yoshimi Nakajima	December 16, 1956	Apr. 1980	Joined The Yasuda Trust & Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)	(Note 3)	2
			Feb. 1982	Joined AVON Products Co., LTD. (currently FMG & MISSION CO., LTD.)		
			May 1997	Vice President of Citibank, N.A.		
			June 2000	Senior General Manager of Societe Generale Securities Ltd.		
			Apr. 2002	Vice President of American Express International, Inc. (Japan)		
			Aug. 2011	Country Manager (President) of American Express International, Inc. (Singapore)		
			Feb. 2014	Senior Vice President of American Express International, Inc. (Japan)		
			Apr. 2014	President and Representative Director of American Express Japan Co., Ltd.		
			June 2017	Outside Director of Yamaha Corporation		
			June 2017	Outside Director of AEON Financial Service Co., Ltd. (current position)		
			June 2018	Outside Director of Japan Freight Railway Company (current position)		
			Sep. 2018	External Director of ULVAC, Inc. (current position)		
			Apr. 2021	Specially Appointed Professor of The Graduate School of Project Design (current position)		
			Apr. 2021	Outside Director of the Board of the Company (current position)		
Outside Director of the Board	Shinichi Abe	August 7, 1968	May 1993	Joined Axiomatics Corporation	(Note 3)	1
			Nov. 1995	Joined Asahi Audit Corporation		
			Jan. 1998	Joined J.D. Edwards Japan K.K.		
			Nov. 2003	Joined PeopleSoft Japan K.K.		
			Apr. 2005	Director, International Business, Availvs Corporation		
			Dec. 2005	Director, Applications Business Group, Oracle Information Systems Japan K.K.		
			Aug. 2006	Vice President in charge of Applications Business Headquarters and General Manager of Global Strategic Accounts of Oracle Corporation Japan		
			Feb. 2011	Managing Director, Enterprise Business, Google Japan, G.K.		
			Jan. 2017	Managing Director of Google Cloud Japan, G.K.		
			Apr. 2020	Representative Director, President and CEO of MNES Inc. (current position)		
			Apr. 2022	Outside Director of the Board of the Company (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Outside Director of the Board	Yukiko Kuroda	September 24, 1963	Apr. 1986 Jan. 1991 June 2010 Mar. 2011 Apr. 2012 June 2013 June 2015 June 2018 June 2018 June 2022 Aug. 2022 Apr. 2024 Apr. 2025	Joined Sony Corporation Representative Director of People Focus Consulting Co., Ltd. Outside Audit & Supervisory Board Member of Astellas Pharma Inc. Outside Director of CAC Co., Ltd. (currently CAC Holdings Corporation) Director and Founder of People Focus Consulting Co., Ltd. Outside Director of Marubeni Corporation Outside Director of Mitsui Chemicals, Inc. Outside Director of Seven Bank, Ltd. (current position) Independent Director of Terumo Corporation Independent Director of Obayashi Corporation (current position) Outside Director of ORACLE CORPORATION JAPAN (current position) Advisor and Founder of People Focus Consulting Co., Ltd. (current position) Outside Director of the Board of the Company (current position)	(Note 3)	—
Standing Audit and Supervisory Board Member	Takashi Ogino	November 25, 1959	Apr. 1982 Aug. 2014 Feb. 2020 Feb. 2021 Apr. 2021 Apr. 2022	Joined the Company Head of Utsunomiya Branch of the Company Deputy Head of Auditing Department of the Company Head of Auditing Department of the Company Operating Officer of the Company Standing Audit and Supervisory Board Member of the Company (current position)	(Note 4)	5
Standing Audit and Supervisory Board Member	Osamu Minagawa	September 19, 1962	Jan. 1991 Aug. 2004 Aug. 2009 Apr. 2012 Apr. 2018 Aug. 2019 Feb. 2021 Feb. 2022 Feb. 2025 Apr. 2025 Apr. 2025	Joined the Company Head of Tokyo Minami Branch Head of Tokyo Sales Administration Headquarters Executive Officer, Acting Head of Tokyo Sales Administration Headquarters of the Company Managing Officer of the Company In charge of administrative control of subsidiary & affiliated companies, Acting Head of Auditing Department In charge of Auditing, Human Resources and Real Estate In charge of Auditing, Human Resources Development, Human Resources and General Affairs and Real Estate In charge of Auditing, Human Resources Development and Human Resources and General Affairs In charge of Division of Human Resources and Auditing Standing Audit and Supervisory Board Member of the Company (current position)	(Note 6)	36

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Standing and Outside Audit and Supervisory Board Member	Ryuichi Tsuruta	November 24, 1954	Apr. 1978 Oct. 2000 Apr. 2007 Jan. 2011 Nov. 2014 May 2015 Apr. 2018 Apr. 2018 Jan. 2019 Apr. 2022	Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation) Manager of IR Office of Corporate Finance & IR Group of Matsushita Electric Industrial Co., Ltd. General Manager of Corporate International Affairs Group of Matsushita Electric Industrial Co., Ltd. Chief Manager of Office of Audit and Supervisory Board Member of Panasonic Corporation Corporate Advisor of Panasonic Corporation Outside Audit & Supervisory Board Member of ZUIKO CORPORATION Outside Audit and Supervisory Board Member of the Company (current position) Representative of CG Consulting (current position) Special Instructor of The Graduate School of Project Design (current position) Standing Audit and Supervisory Board Member of the Company (current position)	(Note 4)	—
Outside Audit and Supervisory Board Member	Yoritomo Wada	October 23, 1955	Apr. 1978 June 1996 June 2019 Apr. 2020 Mar. 2023	Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC) Partner of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) External Statutory Corporate Auditor of NIPPON SHOKUBAI CO., LTD. Outside Audit and Supervisory Board Member of the Company (current position) Outside Auditor of TRUSCO NAKAYAMA Corporation (current position)	(Note 5)	—
Outside Audit and Supervisory Board Member	Yuko Tamai	November 28, 1965	Apr. 1994 Sep. 2000 May 2001 Jan. 2003 June 2015 June 2017 June 2022 Apr. 2025	Joined Nagashima & Ohno (currently Nagashima Ohno & Tsunematsu) Worked at Covington & Burling LLP Returned to Nagashima Ohno & Tsunematsu Partner of Nagashima Ohno & Tsunematsu (current position) Outside Audit and Supervisory Board Member of Japan Bank for International Cooperation External Director of Mitsui Sugar Co., Ltd. (currently Mitsui DM Sugar Holdings Co., Ltd.) External Audit & Supervisory Board Member of MITSUI & CO., LTD. (current position) Outside Audit and Supervisory Board Member of the Company (current position)	(Note 6)	—
Total						336

(Notes) 1. Directors of the Board Ms. Yukiko Yoshimaru, Mr. Toshifumi Kitazawa, Ms. Yoshimi Nakajima, Mr. Shinichi Abe, and Ms. Yukiko Kuroda are Outside Directors of the Board.

2. Audit and Supervisory Board Members Mr. Ryuichi Tsuruta, Mr. Yoritomo Wada, and Ms. Yuko Tamai are Outside Audit and Supervisory Board Members.
3. The term of office of the Directors of the Board is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended January 31, 2025 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending January 31, 2026.
4. The term of office of the Audit and Supervisory Board Members Mr. Takashi Ogino and Mr. Ryuichi Tsuruta is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended January 31, 2022 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending January 31,

2026.

5. The term of office of the Audit and Supervisory Board Member Mr. Yoritomo Wada is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended January 31, 2024 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending January 31, 2028.
6. The term of office of the Audit and Supervisory Board Members Mr. Osamu Minagawa and Ms. Yuko Tamai is from the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended January 31, 2025 to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending January 31, 2029.
7. “Number of shares held” does not include the number of shares purchased by the officers’ shareholding association in April 2025.
8. In addition to the Executive Officers who concurrently serve as Directors of the Board listed above, there are 37 full-time Executive Officers, and their positions, names and responsibilities are as follows.

Entrusted Executive Officers

Position	Name	Responsibilities
Senior Managing Officer	Haruhiko Toyoda	In charge of Secretariat, External Affairs and ESG Management Promotion
Senior Managing Officer	Keizo Yoshimoto	Head of Corporate Administration Headquarters
Senior Managing Officer	Masaru Noma	In charge of Division of Technology and Production
Managing Officer	Kohei Hirota	In charge of Corporate Management Strategy
Managing Officer	Takehisa Yanagi	Head of International Development Department
Managing Officer	Shinji Aoki	Head of Saitama Tochigi Sales Administration Headquarters
Managing Officer	Takahiro Kondo	In charge of Detached Housing Business, Head of Kyushu Sales Administration Headquarters
Managing Officer	Toru Tsuji	In charge of U.S. homebuilding business, CEO of SH RESIDENTIAL HOLDINGS, LLC
Managing Officer	Hiroaki Yoshida	Head of Platform House Promotion Department
Managing Officer	Norio Adachi	Head of Communication Design Department
Managing Officer	Toru Fujita	In charge of Division of Finance
Managing Officer	Koya Matsumura	Head of Construction Headquarters
Managing Officer	Kenji Konishi	Executive Vice President, Director of the Board of Sekisui House Real Estate Holdings, Ltd.
Managing Officer	Kazunori Ito	President, Representative Director of the Board of Sekisui House Sha Maison PM Kansai, Ltd.

Employed Executive Officers

Position	Name	Responsibilities
Executive Officer	Yuji Yoshiyasu	In charge of Building Sales Administration
Executive Officer	Takumi Nukanobu	Head of Joshinetsu Sales Administration Headquarters
Executive Officer	Motomichi Shozu	Head of Chubu Daiichi Sales Administration Headquarters
Executive Officer	Ken Miyakoshi	Head of Chubu Daini Sales Administration Headquarters
Executive Officer	Hiroshi Asada	Head of Kansai Daiichi Sales Administration Headquarters
Executive Officer	Hiroaki Takahama	CEO of NORTH AMERICA SEKISUI HOUSE, LLC
Executive Officer	Naoki Tamori	Head of Development Department
Executive Officer	Yoshiyuki Kamiya	Head of Corporate Management Strategy Headquarters
Executive Officer	Yoichi Komatsu	Head of IT Design Department
Executive Officer	Miwa Yamada	Head of ESG Management Promotion Headquarters

Position	Name	Responsibilities
Executive Officer	Toshiya Chikada	In charge of Environment Improving, Deputy Head of ESG Management Promotion Headquarters
Executive Officer	Masahiro Kikuchi	Head of Group Administrative Department
Executive Officer	Hideaki Yasunobu	Head of Human Resources Development Department
Executive Officer	Naoki Kawamura	Head of Corporate Institutional Management Department
Executive Officer	Takahiro Kishi	Head of Auditing Department
Executive Officer	Hidehiko Nakayama	Head of Research & Development Headquarters
Executive Officer	Naoya Matsui	Deputy Head of Research & Development Headquarters, Head of Platform House Promotion Department
Executive Officer	Kenji Okazawa	Head of Technology Management Headquarters
Executive Officer	Hideaki Kono	Head of Technical Human Resources Development Department
Executive Officer	Atsushi Nakata	Head of Production and Procurement Headquarters
Executive Officer	Atsushi Yoshida	Director of the Board of Sekisui House Real Estate Holdings, Ltd., in charge of Accounting and Finance, Head of Accounting and Finance Department
Executive Officer	Ichiro Otaka	President, Representative Director of the Board of Sekisui House Real Estate, Ltd.
Executive Officer	Yoshitaka Iwata	Executive Vice President, Director of the Board of Sekisui House Remodeling, Ltd.

ii. Outside officers

(a) Outside Directors of the Board

As of the filing date, the Company has following five Outside Directors of the Board.

(Yukiko Yoshimaru)

- She has a wide range of global experience including management experience as a director of domestic and overseas companies and M&A experience at a U.S. subsidiary of the major Japanese company. In particular, she has a wealth of knowledge and experience in human resources management, diversity and corporate governance. The Company has appointed her as an Outside Director of the Board in order to utilize her extensive knowledge and experience to strengthen the management supervisory functions of the Company.
- She holds the Company's shares, and the number of shares held is stated in "i. Directors of the Board and Audit and Supervisory Board Members."

(Toshifumi Kitazawa)

- He has extensive knowledge and experience in areas including global business, M&A, risk management and compliance, as well as abundant achievements and experience as a manager gained from holding key positions at a major insurance company. The Company has appointed him as an Outside Director of the Board in order to utilize his extensive knowledge and experience to strengthen the management supervisory functions of the Company.
- He holds the Company's shares, and the number of shares held is stated in "i. Directors of the Board and Audit and Supervisory Board Members."

(Yoshimi Nakajima)

- She has abundant achievements and experience as a manager gained from holding key positions in domestic and overseas companies (in particular, she has extensive experience in financial strategy, M&A, and other areas by serving as the head of Asian and Japanese subsidiaries of global financial institutions). Also, she has embodied diversity in corporate management in an environment where diversity in senior management is considered to be natural. The Company has appointed her as an Outside Director of the Board in order to utilize her extensive achievements and experience to strengthen the management supervisory functions of the Company.
- She holds the Company's shares, and the number of shares held is stated in "i. Directors of the Board and Audit

and Supervisory Board Members."

(Keiko Takegawa)

- She has extensive knowledge and experience in the fields of diversity and compliance gained from holding key positions in the Cabinet Office, and her hard working to realize policies related to gender equality. The Company has appointed her as an Outside Director of the Board in order to utilize her extensive knowledge and experience to strengthen the management supervisory functions of the Company.
- She holds the Company's shares, and the number of shares held is stated in "i. Directors of the Board and Audit and Supervisory Board Members."

(Shinichi Abe)

- Having worked for an overseas consulting firm and software vendors, he was involved in the launch of Google's cloud business. At that business, he supervised its Asia-Pacific operations. As such, he has extensive experience in the global business environment in the IT and digital fields. The Company has appointed him as an Outside Director of the Board in order to utilize his extensive knowledge and experience to strengthen the management supervisory functions of the Company.
- He holds the Company's shares, and the number of shares held is stated in "i. Directors of the Board and Audit and Supervisory Board Members."

The Company has proposed the "Election of 10 Directors of the Board" as a proposal to be tabled at the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025. If the proposal is approved as originally proposed, Ms. Yukiko Yoshimaru, Mr. Toshifumi Kitazawa, Ms. Yoshimi Nakajima, and Mr. Shinichi Abe will be reappointed, and Ms. Yukiko Kuroda will newly assume the position of Outside Director of the Board in place of Ms. Keiko Takegawa, who will retire upon the expiration of her term of office. As a result, the Company will have five Outside Directors of the Board.

(Yukiko Kuroda)

- She has experience in consulting businesses such as organizational development, global human resource development, and diversity promotion as a manager, and she has also gained knowledge of corporate management in a wide range of industries and business types by serving as an outside director of multiple listed companies. The Company has appointed her as an Outside Director of the Board in order to utilize her extensive knowledge and experience to strengthen the management supervisory functions of the Company.

(b) Outside Audit and Supervisory Board Members

As of the filing date, the Company has following three Outside Audit and Supervisory Board Members.

(Ryuichi Tsuruta)

- The Company has appointed him as an Outside Audit and Supervisory Board Member in order to utilize his extensive knowledge and experience in areas such as finance and accounting, information disclosure, auditing, and overseas business, as well as his experience as an auditor at other companies, to strengthen the Company's auditing system.

(Takashi Kobayashi)

- The Company has appointed him as an Outside Audit and Supervisory Board Member in order to utilize his specialized knowledge and extensive experience as a prosecutor and lawyer to strengthen the Company's auditing system.

(Yoritomo Wada)

- The Company has appointed him as an Outside Audit and Supervisory Board Member in order to utilize his specialized knowledge in finance and accounting as a certified public accountant as well as his knowledge and experience as an outside auditor at other companies, to strengthen the Company's auditing system.

The Company has proposed the “Election of Two Audit and Supervisory Board Members” as a proposal to be tabled at the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025. If the proposal is approved as originally proposed, Ms. Yuko Tamai will newly assume the position of Outside Audit and Supervisory Board Member in place of Mr. Takashi Kobayashi, who will retire upon the expiration of his term of office. As a result, the Company will have three Outside Audit and Supervisory Board Members.

(Yuko Tamai)

- The Company has appointed her as an Outside Audit and Supervisory Board Member in order to utilize her specialized knowledge and extensive experience as a lawyer, to strengthen the Company’s auditing system.

(c) Independence standards for Outside Directors of the Board and Outside Audit and Supervisory Board Members

- Concerning the election of Outside Directors of the Board and Outside Audit and Supervisory Board Members, the Sekisui House, Ltd. Basic Policy on Corporate Governance sets out the standards for independence from the Company. In addition, as it can be objectively said that there is no risk of a conflict of interest with general shareholders in light of the criteria for the independent director/auditor system based on the rules of the Tokyo Stock Exchange, etc., all of Outside Directors of the Board and Outside Audit and Supervisory Board Members have been designated as independent officers and registered accordingly.

iii. Mutual cooperation between supervision or audits by Outside Directors of the Board or Outside Audit and Supervisory Board Members and internal audits, audits by Audit and Supervisory Board Members and accounting audits, as well as the relationship between supervision or audits by Outside Directors of the Board or Outside Audit and Supervisory Board Members and the internal control division

Outside Directors of the Board attend the Board of Directors meetings and play the role expected as Outside Directors of the Board in the decision-making of the Board of Directors and in supervising the business execution by Executive Officers and the internal control division, etc.

Outside Audit and Supervisory Board Members attend meetings of the Board of Directors and the Audit and Supervisory Board, receive reports on the status of business execution, work with the internal audit division and accounting auditor, and play the role expected as Outside Audit and Supervisory Board Members in monitoring the status of execution of duties by Directors of the Board. In principle, when holding meetings of the Board of Directors or other important meetings attended by Outside Audit and Supervisory Board Members, materials for the meeting are distributed to them in advance, and the Board of Directors secretariat provides a summary presentation.

(3) Audits

i. Status of audits by Audit and Supervisory Board Members

(a) Organization and personnel of audits by Audit and Supervisory Board Members

- The Company is a company with a board of auditors, and is composed of five Audit and Supervisory Board Members (four males and one female), including three Outside Audit and Supervisory Board Members who are a certified public accountant, a lawyer, and a person with specialized knowledge into corporate management and finance, etc.

Official title or position	Name	Date of appointment
Standing Audit and Supervisory Board Member	Midori Ito	April 2021
Standing Audit and Supervisory Board Member	Takashi Ogino	April 2022
Standing and Outside Audit and Supervisory Board Member	Ryuichi Tsuruta	April 2018 (Outside Audit and Supervisory Board Member) April 2022 (Standing Audit and Supervisory Board Member)
Outside Audit and Supervisory Board Member	Takashi Kobayashi	April 2017
Outside Audit and Supervisory Board Member	Yoritomo Wada	April 2020

(Note 1) The Company has proposed the “Election of Two Audit and Supervisory Board Members” as a proposal to be tabled at the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025. If the proposal is approved as originally proposed, Ms. Midori Ito and Mr. Takashi Kobayashi will retire, and Mr. Osamu Minagawa and Ms. Yuko Tamai are expected to newly assume the position of Audit and Supervisory Board Member.

(Note 2) For the career summary of each Audit and Supervisory Board Member, please refer to “IV. Information About Reporting Company, 4. Corporate Governance, (2) Directors (and other officers), i. Directors of the Board and Audit and Supervisory Board Members.”

Concerning the election of Outside Audit and Supervisory Board Members, we strive to ensure a balanced composition of Audit and Supervisory Board Members by selecting people with knowledge of legal affairs, finance and accounting, and corporate management, etc.

- As a system to assist the duties of Audit and Supervisory Board Members, the Office of Audit and Supervisory Board Members (9 members, including 5 full-time staff) has been established to assist with matters necessary for the execution of the duties of Audit and Supervisory Board Members, such as the operation of the secretariat of the Audit and Supervisory Board and the request for reports to Audit and Supervisory Board Members. For those who concurrently serve in the Office of Audit and Supervisory Board Members, highly specialized staff members from the Accounting Department, Corporate Institutional Management Department, International Business Headquarters, and Research & Development Headquarters are assigned. For matters such as personnel transfers of the relevant staff of the Office of Audit and Supervisory Board Members, including those who hold concurrent positions, the consent of Audit and Supervisory Board Members must be obtained to ensure such staff's independence from the business execution officers.

(b) Activity status of Audit and Supervisory Board Members and the Audit and Supervisory Board

The composition and activities of the Audit and Supervisory Board Members during the fiscal year under review are as follows.

Official title or position	Name	Experience, activities, etc.
Standing Audit and Supervisory Board Member	Midori Ito	After serving as a positive role model for female salespersons, she took the lead in the promotion of numerous measures as a leader of the Diversity Development Team, and after becoming an Executive Officer, she worked to facilitate widespread employee awareness of diversity. She has utilized her extensive experience in front-line sales and knowledge and experience cultivated in the course of formulating diversity measures, etc., to strengthen the audit system of the Company.
Standing Audit and Supervisory Board Member	Takashi Ogino	After serving in various positions in the Company's sales division, including as a branch manager, he worked to strengthen the internal audit division and build a governance system as the head of the Auditing Department. He has contributed to strengthening the audit system of the Company by providing recommendations and advice on governance, compliance, information security, etc., utilizing his information gathering capabilities cultivated in the internal audit division.
Standing and Outside Audit and Supervisory Board Member	Ryuichi Tsuruta	He has track record in a diverse range of operations, including finance and accounting, information disclosure, auditing and overseas business, as well as experience as an outside audit and supervisory board member at other companies. Although he is an Outside Audit and Supervisory Board Member, he also serves as the full-time chairperson of the Audit and Supervisory Board. He has contributed to strengthening the supervisory functions and ensuring transparency of the Board of Directors, etc., by providing unfettered opinions regarding ideals for the Company's corporate governance structure, etc. (Independent auditor, Chairperson of the Audit and Supervisory Board)
Outside Audit and Supervisory Board Member	Takashi Kobayashi	He has specialized knowledge of the judicial field as a prosecutor and lawyer and experience as an outside director at other company. He has contributed to the strengthening of the Company's management supervisory functions and the development of a stronger corporate governance structure by providing insightful opinions on the ideal form of governance system, etc., based on his sophisticated expertise and high moral bearing. (Independent auditor)
Outside Audit and Supervisory Board Member	Yoritomo Wada	He has specialist expertise in finance and accounting as a certified public accountant, background in an audit firm including overseas operations, and experience as an outside auditor at other companies. He has contributed to strengthening the supervisory functions and ensuring transparency of the Board of Directors by accurately spotting issues associated with the governance structure of the Group. (Independent auditor)

Main activities of Audit and Supervisory Board Members

- In accordance with audit policies and the assignment of duties, etc., determined by the Audit and Supervisory Board, Audit and Supervisory Board Members attend meetings of the Board of Directors and other important meetings, receive reports from Directors of the Board, Executive Officers, employees, etc., regarding the status of execution of their duties, request explanations as necessary, and express their opinions as appropriate. During the fiscal year ended January 31, 2025, exchanges of opinions were held five times with Representative Directors of the Board and three times with Outside Directors of the Board.
- Standing Audit and Supervisory Board Members conduct on-site audits of offices, subsidiaries, etc., based on the audit plan, etc., together with Outside Audit and Supervisory Board Members when necessary. During on-site audits, they receive reports on the status of execution of duties from Executive Officers, key employees, and Directors of the Board of subsidiaries, etc., request explanations as appropriate, and express their opinions. They also work to improve the effectiveness of audits by reviewing important approval documents, etc.
- For cooperation with the internal audit division, the Audit and Supervisory Board receives an audit results report

once a year, holds the “Three-Way Auditing Collaboration Meeting” four times, and Standing Audit and Supervisory Board Members receive an audit results report every month, and close exchange of information is conducted.

- For communication with the accounting auditor, Audit and Supervisory Board Members receive an explanation of the audit plan for the fiscal year, audit report for each quarter during the fiscal year, and an explanation of the audit results at the end of the fiscal year, and exchange opinions. With regard to key audit matters (KAM), Audit and Supervisory Board Members discuss with the accounting auditor, receive reports on the implementation status of the audit, and exchange opinions. In addition, in order to ensure that each auditing operation is conducted efficiently and effectively in cooperation with the internal audit division and the accounting auditor, the “Three-Way Auditing Collaboration Meeting” was held four times to promote mutual cooperation and strengthen collaboration through in-depth information exchange, etc. Audit and Supervisory Board Members actively exchanged opinions during interviews regarding audit services conducted by Ernst & Young ShinNihon LLC, the accounting auditor. The main communication opportunities between Audit and Supervisory Board Members and the accounting auditor are as follows.

Main communication opportunities with the accounting auditor	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Audit plan		○										
Audit report for each quarter		○			○			○				
Audit results report (Companies Act, Financial Instruments and Exchange Act)											○	○
Three-Way Auditing Collaboration Meeting				○			○		○			○
Group Company Audit and Supervisory Board Members Collaboration Meeting	○											
Interviews regarding audit services conducted by audit corporation					○							
Other (KAM, consultation on remuneration, etc.)					○		○	○	○		○	○

Activities of the Audit and Supervisory Board

- During the fiscal year ended January 31, 2025, the Audit and Supervisory Board was held 16 times, with each meeting lasting an average of 2 hours and 28 minutes. The attendances at meetings of the Audit and Supervisory Board and the Board of Directors were as follows, and Audit and Supervisory Board Members actively spoke at the Board of Directors meetings.

Official title or position	Standing Audit and Supervisory Board Member	Standing Audit and Supervisory Board Member	Standing and Outside Audit and Supervisory Board Member	Outside Audit and Supervisory Board Member	Outside Audit and Supervisory Board Member
Name	Midori Ito	Takashi Ogino	Ryuichi Tsuruta	Takashi Kobayashi	Yoritomo Wada
Audit and Supervisory Board	100% (16/16)	100% (16/16)	100% (16/16)	93.8% (15/16)	100% (16/16)
Board of Directors	100% (13/13)	100% (13/13)	100% (13/13)	92.3% (12/13)	100% (13/13)

- Number of agenda items and main contents at the Audit and Supervisory Board were as follows.

15 resolutions	Audit policies and plans, assignment of duties of Audit and Supervisory Board Members, election of chairperson of the Audit and Supervisory Board, remuneration for Audit and Supervisory Board Members (consultation), reappointment of the accounting auditor, consent to the audit remuneration for the accounting auditor, partial revision of internal rules regarding Audit and Supervisory Board Members, audit reports of the Audit and Supervisory Board
33 deliberations	Rationality of management decision-making at the Board of Directors, evaluation of internal control over financial reporting, report on the results of the accounting audit, evaluation of the accounting auditor, evaluation of the effectiveness of the Audit and Supervisory Board
62 reports	Audit activities by Audit and Supervisory Board Members (monthly), written confirmation of the execution of duties by Directors of the Board, disciplinary cases, prior approval of non-assurance services by the accounting auditor, contents of the corporate governance report, reports from the Information Security Committee

- Other activities were as follows.

Main activities		Frequency of events, etc.	Assignment of duties	
			Standing Audit and Supervisory Board Member	Outside Audit and Supervisory Board Member
Attendance at important meetings	Management Meetings	13 times	○	○
	Risk Management Committee	11 times	○	○
	Information Security Committee	6 times	○	
	Personnel Affairs and Remuneration Committee	9 times	○	
	ESG Promotion Committee	4 times	○	○
	Three-Way Auditing Collaboration Meeting	4 times	○	
Exchange of opinions with Outside Directors of the Board		3 times	○	○
Hearing with the heads of the main units on occasions other than the Audit and Supervisory Board		25 times	○	
Domestic audits		43 locations	○	
Overseas audits and inspection		2 countries	○	○
Report of internal audits (the Audit and Supervisory Board)		1 time	○	○
Monthly report of internal audits		12 times	○	
Accompanying and observing internal audits		10 locations	○	
Observing accounting audits		7 times	○	
Reports from the internal audit divisions of Group companies		15 times	○	
Reports from the Heads of Administration Divisions of Group companies		6 times	○	
Reports from Standing Audit and Supervisory Board Members of Group companies		11 times	○	
Group Company Audit and Supervisory Board Members Collaboration Meeting		2 times	○	○
Orientation for new Audit and Supervisory Board Members of Group companies		3 times	○	
Individual interviews with Audit and Supervisory Board Members of Group companies		29 times	○	

(c) Evaluation of effectiveness of the Audit and Supervisory Board

(Evaluation methods)

As in the fiscal year ended January 31, 2024, the Company hired an independent third-party agency to implement an evaluation for the fiscal year ended January 31, 2025 using the methods described below.

(1) Questionnaires for all Audit and Supervisory Board Members (prepared, distributed and collected by the third-party agency)

(2) Interview of all Audit and Supervisory Board Members, Chairperson of the Board of Directors (Outside Director of the Board), Director of the Board in charge of Division of Administration and Human Resources, Head of the Auditing Department, International Auditing Lead, and the accounting auditor, conducted by the third-party agency (around one hour per individual)

* In order to gain new insights based on the opinions of partners and audit targets, the Chairperson of the Board of Directors (Outside Director of the Board) and Director of the Board in charge of Division of Administration and Human Resources were added as interviewees for the fiscal year ended January 31, 2025.

(3) Examination of the materials and minutes of meetings of the Audit and Supervisory Board

In addition, following the results of the evaluation for the fiscal year ended January 31, 2024, Audit and Supervisory Board Members felt the need to discuss the vision for the medium- to long-term audits by Audit and Supervisory Board Members. Accordingly, for the fiscal year ended January 31, 2025, a third-party agency was used to conduct a questionnaire on this direction and set up opportunities for discussions among all Audit and Supervisory Board Members.

Main questionnaire items

- Audit policies and plans
- Recommendations to senior management and auditing of business execution
- Internal audit system
- Subsidiary audit system
- Fraud detection system
- Accounting audits system
- Three-way auditing coordination
- Audits of the establishment and operation of the internal control system
- Operation of the Audit and Supervisory Board, etc.

The results were evaluated, examined and compiled into a report by the third-party agency. The Audit and Supervisory Board held discussions at a meeting held in February 2025 after receiving explanations on the report from said agency.

Outline of results of the evaluation

(1) Conclusions

The Audit and Supervisory Board confirmed that a high level of effectiveness has been ensured for the auditing activities of the Audit and Supervisory Board and Audit and its members, based on analysis of the results of the questionnaire and interviews and the recommendations of the third-party agency.

Moreover, the Audit and Supervisory Board confirmed that progress had generally been made on the following issues indicated in the evaluation of the effectiveness of the Audit and Supervisory Board in the previous fiscal year, in addition to on the conventional audit activities.

	Issues for the fiscal year ended January 31, 2025	Initiatives / issues confirmed through the Audit and Supervisory Board evaluation	Progress
1	Strengthening the Group-wide auditing system	• It was confirmed that audits had been enhanced through cooperation between the Auditing Department and the accounting auditor through three-way auditing coordination. It was also confirmed that the Audit and Supervisory Board has been working to improve the auditing system for overseas businesses and to cooperate with U.S. subsidiaries.	Improvement now under way
2	Strengthening cooperation with Outside Directors of the Board	• While the discussion focused on the agenda items for Board of Directors meetings, the exchange of opinions on Group-wide topics also helped to share issues. It was also confirmed that cooperation had been further strengthened through efforts such as holding study sessions for Outside Directors of the Board and Audit and Supervisory Board Members.	Improved

(2) Strengths supporting the effectiveness of the Audit and Supervisory Board

Based on the evaluation made by the third-party agency, the Audit and Supervisory Board confirmed that its effectiveness has been supported by the strengths outlined below.

	Strengths	Details of strengths (based on the evaluation made by the third-party agency)
1	Exchange of opinions with and proposals to senior management	- Exchanges of opinions and proposals based on the relationship of trust between senior management and Audit and Supervisory Board Members have been taking place. - Audit and Supervisory Board Members provide advice based on the actual situation by communicating with on-site employees. - It was confirmed that Audit and Supervisory Board Members' questions and opinions, which came from an appropriate distance, provided an opportunity for senior management to become aware of the situation.
2	Cooperation with Outside Directors of the Board	- A shared understanding of the Group's issues is fostered by making more opportunities for communication, such as meetings between the Chairperson of the Board of Directors and Chairperson of the Audit and Supervisory Board as well as joint briefing sessions and study sessions by Outside Directors of the Board and Audit and Supervisory Board Members. - Outside Directors of the Board and Audit and Supervisory Board Members discussed their own roles in improving corporate value. - Outside Directors of the Board and Audit and Supervisory Board Members discussed ways to facilitate the execution side to address issues shared between them. - In addition to study sessions and opportunities for exchanging opinions, Outside Directors of the Board and Audit and Supervisory Board Members also deepened their mutual understanding through interactions at internal events, built relationships that enable the exchange of honest opinions and contributed to further strengthening cooperation.
3	Cooperation with the internal audit division and the accounting auditor	- At the regular Three-Way Auditing Collaboration Meetings, not only issues concerning domestic subsidiaries but also issues concerning overseas subsidiaries based on information provided by the International Auditing Office and accounting auditors at overseas locations were also shared, and discussions became more in-depth with each meeting. - In addition to the cooperation described above, the three parties also actively exchanged opinions at the site of the on-site audits, such as when they conducted on-site audits of overseas subsidiaries together.

(3) Issues for further enhancing the effectiveness of the Audit and Supervisory Board

Based on the issues for consideration to further improve the effectiveness indicated by the third-party agency, the Audit and Supervisory Board confirmed that the items shown below are key issues to be addressed in the future.

	Issues for the fiscal year ending Jan. 31, 2026	Details of issues	Initiatives to be considered
1	Confirmation of the sufficient controls in light of the future expansion of U.S. businesses	- Confirmation of the sufficient control level in light of the scale of the U.S. homebuilding business and the U.S. business practices, etc., while the U.S. businesses are expected to expand further going forward.	- By conducting interviews with the executive side, cooperating with the U.S. subsidiaries and gathering information on the U.S. homebuilding business, an understanding of the business environment, etc. will be deepened, and it will be confirmed whether a sufficient level of controls has been established.
2	Confirmation of the sufficient controls for systems and information security	- Confirmation of initiatives by the executive side regarding the development of human resources that can respond to issues related to system construction and information security (information security personnel).	- Closely monitor initiatives by the executive side to address the issues listed on the left. - Confirm the response of the executive side to utilize outside experts and other measures to maintain the level of controls, as it takes a certain amount of time to develop information security personnel.
3	Summarizing the skills and experience expected of future "Audit and Supervisory Board" members	- Summarizing the necessary and optimal combination of skills and experience for "Audit and Supervisory Board" Members for the future.	- Considering the medium- to long-term business expansion of the Group and changes in the organizational structure, etc., summarize the optimal combination of skills and experience required by the Audit and Supervisory Board and utilize this to develop future candidates for the position of Audit and Supervisory Board Member.

ii. Status of internal audits

(a) Organization and personnel

The Company has established the Auditing Department as an organization tasked with conducting internal audits, including internal audits of Group companies, to help optimize their operations. Employees equipped with robust knowledge and skills are assigned to this department as dedicated staff charged with internal auditing. In this way, we strive to develop a global auditing structure encompassing Group companies domestically and overseas.

The Company's Auditing Department consists of 54 employees (as of January 31, 2025; including 12 employees at the International Auditing Office) and is engaged in audits of the Company itself as well as domestic Group companies without internal auditing departments and overseas Group companies.

Internal auditing departments are also in place at Sekisui House Real Estate Holdings, Ltd., Sekisui House Construction Holdings, Ltd., Sekisui House Remodeling, Ltd., Konoike Construction Co., Ltd., and M.D.C. Holdings, Inc. (hereinafter, "MDC"). These departments conduct internal audits even as they share the status of audits with and otherwise act in cooperation with the Company's Auditing Department.

In addition, the Company is dispatching staff from the Auditing Department to the United States in line with its aim of "Enhancing our internal auditing structure for global auditing," as part of ESG strategies under the Sixth Mid-Term Management Plan.

The number of personnel in the internal audit divisions of the entire Group was 109 (as of January 31, 2025).

(b) Outline of activities

The Company defines internal audits as "objective assurance and consulting activities that add value to and improve the operation of the company," and as a professional internal auditing organization, evaluations and improvements of the effectiveness of risk management, control and governance processes are conducted in a disciplined and systematic manner.

The Company's Auditing Department conducts internal audits, once every two years in principle, in accordance with Internal Audit Guidelines and annual audit plans, targeting the Company's sales offices and other bases as well as domestic Group companies. Moreover, the department audits overseas Group companies every year in principle.

Sekisui House Real Estate Holdings, Ltd., Sekisui House Construction Holdings, Ltd., Sekisui House Remodeling, Ltd., Konoike Construction Co., Ltd., and MDC have also formulated Internal Audit Guidelines and annual audit plans, and conduct audits of each company's sales offices and other bases.

The implementation status for the fiscal year ended January 31, 2025 was as follows.

Internal audit divisions	Audit targets	Number of implementations, etc.
Auditing Department of the Company	Sales offices and other bases of the Company	74 locations
	Domestic Group companies	3 locations
	Overseas Group companies	2 countries
Auditing Department of Sekisui House Real Estate Holdings, Ltd.	Sales offices and other bases of Sekisui House Real Estate companies	104 locations
Auditing Department of Sekisui House Construction Holdings, Ltd.	Sales offices and other bases of Sekisui House Construction companies	5 locations
Auditing Department of Sekisui House Remodeling, Ltd.	Sales offices and other bases of Sekisui House Remodeling, Ltd.	13 locations
Auditing Office of Konoike Construction Co., Ltd.	Sales offices and other bases of Konoike Construction Co., Ltd.	69 locations
MDC Internal Audit	Sales offices and other bases of M.D.C. Holdings, Inc.	21 locations

In addition, the Auditing Department of the Company conducts an assessment of the effectiveness of internal controls over financial reporting based on the Financial Instruments and Exchange Act.

Furthermore, it conducts monthly, ongoing, Company-wide monitoring of important matters related to laws and regulations and financial statements based on data from internal systems, and focuses on early detection of operational deficiencies and timely instructions for improvement and guidance.

The results of the audit are reported in an audit report, which is reported to Directors of the Board, Audit and Supervisory Board Members and relevant departments in a timely manner, and is reported to the Board of Directors twice a year and to the Audit and Supervisory Board once a year. Important or urgent matters, in particular, are fed back to the relevant departments in a timely manner, and it works to prevent recurrences by quickly formulating improvement measures and sharing them horizontally.

(c) Cooperation with Audit and Supervisory Board Members and the accounting auditor

For cooperation between Audit and Supervisory Board Members and the accounting auditor, the Three-Way Auditing Collaboration Meeting is held four times a year, and the three-way auditing cooperation, such as sharing the audit reports, risk information, and audit schedules of Audit and Supervisory Board Members, the accounting auditor, and the Auditing Department, is firmly implemented.

In addition, Standing Audit and Supervisory Board Members are provided with monthly audit reports and timely reports on risk issues, etc., and the results of the audit are reported to the Audit and Supervisory Board once a year.

(d) Effectiveness of internal audits

In order to ensure the effectiveness of internal audits, the Auditing Department has established a follow-up process in which the Audit Department confirms what corrective measures have been taken by the relevant departments, etc. with regard to matters requiring improvement based on the results of internal audits, by receiving regular reports on the status of audit improvements after the audits have been conducted. In addition, re-audits and operational training are carried out as necessary based on the audit results.

Furthermore, by using the results of internal audits as one of the metrics for the President's business office commendation, we intend to strengthen the effectiveness of internal audits.

(e) Cooperation with the Risk Management Committee

The Head of Auditing Department participates as a member of the Risk Management Committee, and works to strengthen cooperation by reviewing the discussions and information from the committee.

iii. Status of accounting audits

(a) Name of audit corporation

Ernst & Young ShinNihon LLC

(b) Continuous audit period

Since August 1, 1970

(c) Engagement certified public accountants

Shin Ichinose

Yusaku Iriyama

Masashi Kobayashi

(d) Composition of assistants for auditing operations

The assistants for accounting audit work for the Company consisted of 23 certified public accountants and 44 other persons.

(e) Selection policy and reasons for selection of the audit corporation

The Audit and Supervisory Board of the Company has established the selection criteria for the accounting auditor, and the policy is to determine the appointment and reappointment of the accounting auditor based on a comprehensive evaluation of the quality control system, independence, professionalism, audit planning, audit system, and estimated audit fees, etc. of the accounting auditor.

If the accounting auditor is found to fall under any of the items of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Board shall dismiss the accounting auditor based on the unanimous consent of Audit and Supervisory Board Members. In addition, if it is deemed that there are reasons that the accounting auditor is unable to perform its duties, the Audit and Supervisory Board shall decide the content of the proposal for the dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders.

Based on the above, as a result of evaluating Ernst & Young ShinNihon LLC, the Audit and Supervisory Board has determined to reappoint them as the accounting auditor.

(f) Evaluation of the audit corporation by Audit and Supervisory Board Members and the Audit and Supervisory Board

The Company's Audit and Supervisory Board Members and the Audit and Supervisory Board evaluate the audit corporation. The Audit and Supervisory Board has established evaluation criteria for the accounting auditor, and it conducts a comprehensive evaluation by receiving reports on activities and details of audit from the audit corporation, receiving reports on the audit corporation from related departments of the Company, and having the Audit and Supervisory Board Members attend the audit corporation's audit and verify the audit procedures, etc.

iv. Details of audit fees, etc.

(a) Fees for the certified public accountants, etc.

Category	Fiscal year ended January 31, 2024		Fiscal year ended January 31, 2025	
	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)
Reporting company	205	52	208	38
Consolidated subsidiaries	94	—	135	—
Total	300	52	343	38

Fiscal year ended January 31, 2024 (From February 1, 2023 to January 31, 2024)

Non-audit services at the Company include advisory work related to promoting ESG management.

Fiscal year ended January 31, 2025 (From February 1, 2024 to January 31, 2025)

Non-audit services at the Company include advisory work related to promoting ESG management.

(b) Fees for organizations belonging to the same network as the certified public accountant, etc. (excluding (a)).

Category	Fiscal year ended January 31, 2024		Fiscal year ended January 31, 2025	
	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit services (Millions of yen)	Fees for non-audit services (Millions of yen)
Reporting company	—	2	—	4
Consolidated subsidiaries	182	74	490	47
Total	182	76	490	51

Fiscal year ended January 31, 2024 (From February 1, 2023 to January 31, 2024)

Non-audit services at the Company include tax advisory work related to transfer pricing taxation.
Non-audit services at consolidated subsidiaries include tax advisory work related to transfer pricing taxation.

Fiscal year ended January 31, 2025 (From February 1, 2024 to January 31, 2025)

Non-audit services at the Company include tax advisory work related to transfer pricing taxation.
Non-audit services at consolidated subsidiaries include tax advisory work related to transfer pricing taxation.

(c) Details of fees for other important audit services

Not applicable.

(d) Policy for determining audit fees

Audit fees to the accounting auditor are determined with the consent of the Audit and Supervisory Board, by taking into consideration the size and characteristics of the Company, the number of audit days, and other factors.

(e) Reasons for the Audit and Supervisory Board’s consent to the fees, etc. of the accounting auditor

The Audit and Supervisory Board determined that the fees, etc. of the accounting auditor was appropriate, and provided its consent as stipulated in Article 399, Paragraph 1 of the Companies Act, as a result of obtaining necessary materials and reports from Directors of the Board, relevant departments and the accounting auditor, and conducting necessary verification and deliberation on whether the content of the audit plan of the accounting auditor, the status of execution of duties of the accounting audit and the basis for calculating the estimated fees, etc. were appropriate.

(4) Remuneration, etc. for officers

i. Policies on determination of the amount and the calculation method of remuneration, etc. for officers

- The remuneration for Directors of the Board is determined in accordance with the following basic policies.

Basic remuneration policies

[1] To be fair to all the stakeholders, including shareholders, investors, customers and employees, in accordance with our philosophy of "Love of Humanity," a high degree of governance shall be applied in determining remuneration to ensure objectivity, transparency and full accountability.

[2] In order to become a leading company in ESG management, we shall focus on social significance and make a clear commitment to consistently executing innovative growth strategies, and our remuneration system shall provide sound incentives for consistently increasing corporate value over the long term.

[3] We shall emphasize the link between remuneration and the development and evaluation of the senior management team, motivate the next generation of managers to grow, and increase the organizational vitality of the Group over the long term.

- The Company has established the Personnel Affairs and Remuneration Committee as a consultative body to the Board of Directors for the purpose of ensuring fairness and transparency in the decision-making procedures on human resource matters such as the selection and dismissal of Directors of the Board and their remuneration.
- The Personnel Affairs and Remuneration Committee deliberates on basic policies regarding a remuneration system, remuneration structure, and other issues, and reports its findings to the Board of Directors. Based on the recommendations of the Committee, the Board of Directors, by its resolution, sets the amount of remuneration, etc. for each individual Director of the Board or the policy for determining such amount in the Officer Remuneration Rules. The Board of Directors confirms that the remuneration, etc. of Directors of the Board for the fiscal year has been determined in accordance with the Officer Remuneration Rules to determine whether the amount of remuneration, etc. for individual Directors of the Board is in line with the policy for determining such remuneration.
- In order to improve the objectivity and independence of the remuneration determination process, the Board of Directors, by its resolution, delegates the authority to determine the amount of remuneration for individual Directors of the Board to the Personnel Affairs and Remuneration Committee. The Personnel Affairs and Remuneration Committee engages in deliberations with a full grasp of the recent environment and public trends related to management remuneration, utilizing collected information and advice from external expert agencies with global experience and insight, from the perspective of enhancing the effective performance of the functions delegated to it by the Board of Directors while ensuring the independence of decision-making.

Composition, etc. of the Personnel Affairs and Remuneration Committee

<table>
<tr><td>Composition</td><td>The majority of the Committee members shall be independent Outside Directors of the Board and the Committee shall be chaired by an independent Outside Director of the Board.
<u>As of the filing date</u>
Five members (including three Outside Directors of the Board)
[Chairperson] (Outside Director of the Board) Yukiko Yoshimaru
[Committee members] (Outside Directors of the Board) Toshifumi Kitazawa and Keiko Takegawa
(Internal Directors of the Board) Yoshihiro Nakai, Representative Director of the Board, CEO, President, Executive Officer
Satoshi Tanaka, Representative Director of the Board, Executive Vice President, Executive Officer
<u>After the Ordinary General Meeting of Shareholders</u>
The Company has proposed the “Election of 10 Directors of the Board” as a proposal to be tabled at the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025. If the proposal is approved as originally proposed, the composition will be as follows. This also includes proposals to be tabled at the meeting of the Board of Directors scheduled to be held immediately after the said Ordinary General Meeting of Shareholders.
Five members (including three Outside Directors of the Board)
[Chairperson] (Outside Director of the Board) Yukiko Yoshimaru
[Committee members] (Outside Directors of the Board) Toshifumi Kitazawa and Yukiko Kuroda
(Internal Directors of the Board) Yoshihiro Nakai, Representative Director of the Board, CEO, President, Executive Officer
Satoshi Tanaka, Representative Director of the Board, Executive Vice President, Executive Officer</td></tr>
<tr><td>Authority</td><td>As a consultative body to the Board of Directors to ensure fairness and transparency, the Personnel Affairs and Remuneration Committee provides opinions on personnel matters relating to Directors of the Board and Executive Officers and their remuneration, and determines the amount of remuneration for each individual Director of the Board.</td></tr>
</table>

<u>Remuneration, etc. for Directors of the Board (excluding Outside Directors of the Board, hereinafter, “Directors of the Board who supervise business execution”)</u>

Remuneration level

For the remuneration level for Directors of the Board who supervise business execution, using objective remuneration market survey data from an external specialist organization, we select a group of companies to serve as a benchmark for remuneration and set the amount of remuneration at an appropriate level commensurate with the size of operations or financial results of the Group.

The group of companies to serve as a benchmark for remuneration are selected from among major domestic companies (excluding companies with significantly different industries or business environments) that are of a similar scale to the Group in terms of either net sales, ordinary profit, or market capitalization at the time of reference.

Overview of remuneration and incentive remuneration framework

Remuneration for Directors of the Board who supervise business execution consists of basic remuneration (fixed amount) and incentive remuneration (variable amount). The latter consists of three components: performance-related bonuses (linked with short term operating results), performance share units (linked with medium-term operating results) and restricted stock remuneration (linked with long-term operating results).

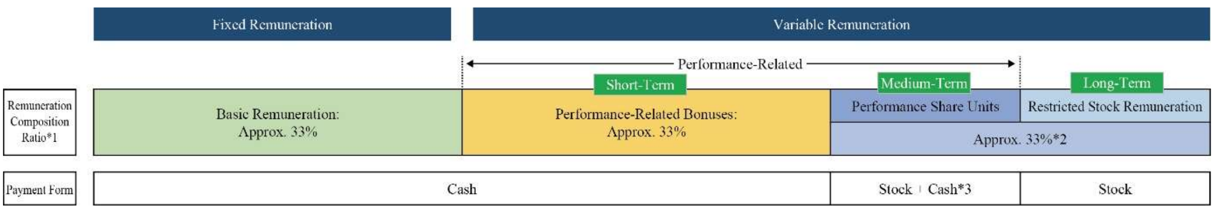
As for the remuneration composition ratio, with the aim of providing sound incentives to pursue long term, sustainable improvement of corporate value, in addition to single-year operating results targets, the specific ratio for each Director of the Board is set in line with their position-based roles and responsibilities. Based on this policy, the ratio of basic remuneration, performance-related bonuses and share-based remuneration for Representative Directors of the Board is set at about 1:1:1 (provided that the Company achieves base performance).

[Exhibit 1] Overview of remuneration and incentive remuneration framework for Directors of the Board who supervise business execution

Type of remuneration, etc.			KPI	Outline and reasons for selection of indicators for performance-related remuneration
Fixed	Basic remuneration		—	The amount shall be determined according to criteria including representation rights and position, and shall be paid on a monthly basis.
Variable	Short-term	Performance-related bonuses	Consolidated ordinary profit	The amount to be paid shall be calculated by multiplying consolidated ordinary profit, which is one of the key management indicators for each fiscal year, by a predetermined bonus coefficient for each position of Directors of the Board who supervise business execution. The bonuses shall not be paid if profit attributable to owners of parent is less than ¥120 billion.
	Medium-term	Performance-related stock remuneration (PSU)	ROE and ESG management indicators	ROE (a key financial indicator for the medium term) and non-financial ESG management indicators are used as performance indicators. The reference number of share units corresponding to predetermined standards for each position of Directors of the Board who supervise business execution shall be granted. The number of units to be granted shall depend on the degree of achievement of ROE and ESG management indicators during the evaluation period spanning three consecutive fiscal years. At the end of the evaluation period, the number of units to be granted shall be determined within the range of 0% to 150%. Half of the units granted shall be issued as shares and half in cash for tax payment. ROE and ESG management indicators shall have an 80:20 weighting in the evaluation, and ESG management indicators will be rigorously reviewed by the Personnel Affairs and Remuneration Committee to enhance the objectivity and transparency of the process of goal setting and evaluation.
	Long-term	Restricted stock remuneration (RS)	—	Shares of the Company's common stock (with transfer restrictions) shall be granted corresponding to the predetermined basic amount set for each position of Directors of the Board who supervise business execution. The transfer restrictions shall be lifted in the event that a Director of the Board or Executive Officer stops serving in his or her position.

(Note) PSU stands for Performance Share Units and RS for Restricted Stock.

[Exhibit 2] Image of remuneration composition ratio for Representative Directors of the Board at the base performance



*1 The remuneration composition ratio will vary depending on position, the Company's performance and the achievement of KPIs.

The remuneration composition ratio for Representative Directors of the Board at base performance is presented.

*2 The composition ratio of performance-related stock remuneration to restricted stock remuneration is approximately 1:1 (at base performance).

*3 50% of the performance-related stock remuneration will be paid in cash for the purpose of appropriation to funds for tax payments.

(Note) It is intended that a portion of the performance-related bonuses and performance-related stock remuneration (performance share units) for Directors of the Board who supervise business execution (the ROE-linked portion which is equivalent to 80% of the number of share units granted) shall be treated as performance-linked remuneration under the Corporation Tax Act, and the calculation method is as described in following (i) and (ii).

(i) Performance-related bonuses

The amount of the bonus shall be calculated by multiplying the consolidated ordinary profit for the fiscal year ending January 31, 2026 by a bonus coefficient for each position of the Director of the Board of the Company as determined in advance by the Board of Directors of the Company, and the details of the calculation formula are as follows.

Consolidated ordinary profit for the fiscal year ending January 31, 2026 is planned to be ¥339.0 billion.

(a) Eligible for payment

This plan is for the Director of the Board of the Company who is an "executive officer" as defined in Article 34, Paragraph 1, item (3) of the Corporation Tax Act (hereinafter, the "eligible director").

(b) Maximum total payment amount

The maximum amount shall be the smaller of 1) ¥918,000 thousand or 2) the total of the maximum individual bonus amount for each position as specified in the Table i below multiplied by the number of persons in each position (*) after the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025.

* The Company is proposing "Election of 10 Directors of the Board" as a proposal to be tabled (resolution item) for the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025. The number of persons in each position is shown, assuming that the proposal is approved, and that the Representative Directors of the Board will be selected at the Board of Directors meeting scheduled to be held immediately after the Ordinary General Meeting of Shareholders.

(c) Method for calculating the payment amount of individual bonuses

Payment amount of individual bonuses = consolidated ordinary profit x bonus coefficient for the position (Table i below)

[Table i] Bonus coefficient for the position and maximum individual bonus amount for each position

Position	Bonus coefficient for the position	Maximum individual bonus amount for each position (Thousands of yen)
Representative Director of the Board, CEO, President, Executive Officer	0.0308%	158,000
Representative Director of the Board, Executive Vice President, Executive Officer	0.0185%	95,000
Director of the Board, Senior Managing Officer	0.0123%	63,000

*1 If a fraction of less than one million yen arises, it will be rounded to the nearest million.

*2 If profit attributable to owners of parent for the fiscal year ending January 31, 2026 is less than ¥120 billion, the amount of the payment shall be zero.

*3 If an eligible director retires (or loses both positions of Director of the Board and Executive Officer of the Company) during the period for which performance-related bonuses are paid (the period from the day of the Ordinary General Meeting of Shareholders for the fiscal year ended January 31, 2025 to the day preceding the day of the Ordinary General Meeting of Shareholders for the fiscal year ending January 31, 2026), the performance-related bonus for the retired eligible director shall not be paid.

(ii) Performance-related stock remuneration (the ROE-linked portion which is equivalent to 80% of the number of share units granted)

Of the number of share units corresponding to the standard amount for the position of Director of the Board as determined in advance by the Board of Directors of the Company, with respect to the number of units corresponding to the ROE-linked portion, 80% of the number of share units (hereinafter, the "number of share units (ROE-linked portion)," the number of units to be granted shall be determined within the range of 0% to 150% at the end of the evaluation period, depending on the degree of achievement of the ROE target for the three consecutive fiscal years from the fiscal year ending January 31, 2026 to the fiscal year ending January 31, 2028 (hereinafter, the "target evaluation period"), and 50% of the number of units to be granted shall be delivered in the form of the Company's common stock (hereinafter, the "stock") and the remaining portion shall be paid in cash. The details of the calculation formula are as follows.

As part of the financial strategy of the Sixth Mid-Term Management Plan, the Company has announced that it will aim to achieve a stable ROE of 11% or more.

(a) Eligible for payment

This plan is for the Director of the Board of the Company who is an "executive officer" as defined in Article 34, Paragraph 1, item (3) of the Corporation Tax Act (hereinafter, the "eligible director").

(b) Maximum total number of shares to be delivered and maximum total amount of cash to be paid

The maximum total number of shares of the Company's common stock to be delivered shall be the smaller of 1) 108,000 shares or 2) the total of the individual maximum number of shares specified for each position in the Table ii below multiplied by the number of persons in each position (*) after the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025.

The maximum total amount of cash to be paid shall be the smaller of 1) ¥756,000 thousand or 2) the total of the individual maximum amount of cash to be paid specified for each position in the Table ii below multiplied by the number of persons in each position (*) after the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025.

* The Company is proposing "Election of 10 Directors of the Board" as a proposal to be tabled (resolution item) for the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025. The number of persons in each position is shown, assuming that the proposal is approved, and that the Representative Directors of the Board will be selected at the Board of Directors meeting scheduled to be held immediately after the Ordinary General Meeting of Shareholders.

[Table ii] Individual maximum number of shares to be delivered and individual maximum amount of cash to be paid

Position	Individual maximum number of shares to be delivered (Shares)	Individual maximum amount of cash to be paid (Thousands of yen)
Representative Director of the Board, CEO, President, Executive Officer	7,300	52,000
Representative Director of the Board, Executive Vice President, Executive Officer	4,400	31,000
Director of the Board, Senior Managing Officer	2,200	16,000

(c) Method for calculating individual number of shares to be delivered and individual amount of cash to be paid

At the start of the target evaluation period, the number of share units specified for each position in the table (A) below shall be granted. With respect to the number of share units (ROE-linked portion) equivalent to 80% of the number of share units, the number of units to be granted shall be determined within the range of 0% to 150% at the end of the target evaluation period, depending on the degree of achievement of the ROE target for each fiscal year during the target evaluation period. 50% of the number of units to be granted thus determined shall be calculated as the individual number of shares to be delivered, and the remaining portion shall be calculated as the individual amount of cash to be paid.

(A) The number of share units specified for each position (one share per unit)

Position	The number of share units (Shares)
Representative Director of the Board, CEO, President, Executive Officer	12,200
Representative Director of the Board, Executive Vice President, Executive Officer	7,300
Director of the Board, Senior Managing Officer	3,600

(B) Individual number of shares to be delivered

The number of share units × 80% × Payment ratio (*1) × 50%

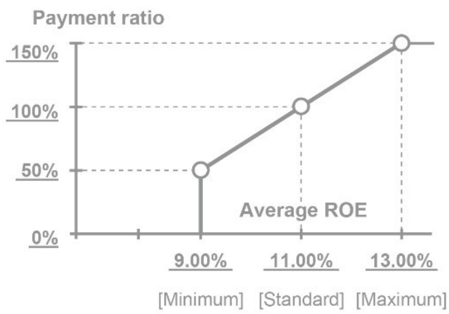
(C) Individual amount of cash to be paid

(The number of share units × 80% × Payment ratio (*1) − Individual number of shares to be delivered calculated in (B) above) × Stock price at the time of delivery (*2)

*1 The payment ratio is calculated using the following formula, which uses the average of the ROE results for each fiscal year during the target evaluation period (hereinafter, the "average ROE"). When calculating the ROE results and the average ROE, fractions less than two decimal places as a percentage are rounded down. In addition, when calculating the payment ratio, the first decimal place as a percentage is rounded off.

- When the average ROE is less than 9.00% : 0%
- When the average ROE is 9.00% to less than 11.00% : 50% + 50 x (average ROE-9.00)/2%
- When the average ROE is 11.00% to less than 13.00% : 100% + 50 x (average ROE-11.00)/2 %
- When the average ROE is 13.00% or more : 150%

[Exhibit 3] Average ROE and payment ratio



*2 The stock price at the time of delivery shall be the closing price of the Company's stock on the Tokyo Stock Exchange on the business day immediately prior to the date of the resolution by the Board of Directors of the Company concerning the issuance of new shares or disposal of treasury shares in connection with the delivery of shares under the performance-related stock remuneration plan after the end of the target evaluation period (if no transaction is made on that day, the closing price on the most recent trading day prior to that date).

(d) Procedures for the case where the eligible director retired during the target evaluation period

a. In the case of retirement for justifiable reasons

In the case of a justifiable reason such as the expiration of a term of office (excluding the case where it is a transfer to a competitor that has not received the approval of the Company), the calculation method (A) to (C) in (c) above shall be applied. This means that at the end of the target evaluation period, the payment ratio is calculated according to the calculation formula, and the shares shall be delivered and the cash shall be paid. However, if the period from the start of the first term to the time of retirement of the eligible director during the target evaluation period is less than one year, the number of units initially granted shall be prorated using the factor obtained by dividing the actual number of months of service until the time of retirement by 12 months, and the payment ratio shall be calculated at the end of the target evaluation period in accordance with the calculation formula. If the period is less than one month, it shall be calculated as one month.

b. In the case of retirement due to death

In the case of retirement due to death, instead of the shares and cash to be provided as performance-related stock remuneration, the amount of cash (rounded up to the nearest 100 yen) calculated based on the following calculation formula shall be paid to the heirs of the eligible director immediately after the date of retirement due to death. However, if the period from the start of the first term to the time of retirement of the eligible director during the target evaluation period is less than one year, the number of units initially granted shall be prorated using the factor obtained by dividing the actual number of months of service until the time of retirement by 12 months (hereinafter, the "number of share units prorated"). If the period is less than one month, it shall be calculated as one month. The maximum total amount of cash to be paid shall be the smaller of 1) ¥1,008,000 thousand or 2) the total of the individual maximum amount of cash to be paid specified for each position in the Table iii below multiplied by the number of persons in each position (*) after the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025.

* The Company is proposing "Election of 10 Directors of the Board" as a proposal to be tabled (resolution item) for the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025. The number of persons in each position is shown, assuming that the proposal is approved, and that the Representative Directors of the Board will be selected at the Board of Directors meeting scheduled to be held immediately after the Ordinary General Meeting of Shareholders.

The number of share units (or the number of share units prorated) × 80% × The Company's stock price (*)

* The closing price of the Company's stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the retirement (if no transaction is made on that day, the closing price on the most recent trading day prior to that date).

[Table iii] Individual maximum amount of cash to be paid in the case of retirement due to death

Position	Individual maximum amount of cash to be paid (Thousands of yen)
Representative Director of the Board, CEO, President, Executive Officer	69,000
Representative Director of the Board, Executive Vice President, Executive Officer	41,000
Director of the Board, Senior Managing Officer	21,000

c. In the case of retirement due to engaging in business that competes with the business of the Company or its subsidiaries, or due to assuming the position of an officer or employee of a corporation or other organization that competes with the Company (except in cases where prior written consent has been obtained from the Company), or in the case of dismissal due to disciplinary action

The initial number of units granted shall be entirely forfeited.

(e) Procedures for the case where organizational restructuring is implemented during the target evaluation period

In the event that a merger agreement in which the Company becomes the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other matters related to organizational restructuring, etc. are approved at the Company's General Meeting of Shareholders (or, in the case where approval by the Company's General Meeting of Shareholders is not required for the relevant organizational restructuring, etc., at the Board of Directors Meeting), the amount of cash (rounded up to the nearest 100 yen) calculated based on the following calculation formula shall be paid to the eligible directors instead of the shares and cash to be provided as performance-related stock remuneration, prior to the effective date of the relevant organizational restructuring, etc. However, if the period from the start of the first term to the time of retirement of the eligible director during the target evaluation period is less than one year, the number of units initially granted shall be prorated using the factor obtained by dividing the actual number of months of service until the time of retirement by 12 months (hereinafter, the "number of share units prorated"). If the period is less than one month, it shall be calculated as one month. The maximum total amount of cash to be paid shall be the smaller of 1) ¥1,501,200 thousand or 2) the total of the individual maximum amount of cash to be paid specified for each position in the Table iv below multiplied by the number of persons in each position (*) after the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025.

* The Company is proposing "Election of 10 Directors of the Board" as a proposal to be tabled (resolution item) for the Ordinary General Meeting of Shareholders scheduled to be held on April 23, 2025. The number of persons in each position is shown, assuming that the proposal is approved, and that the Representative Directors of the Board will be selected at the Board of Directors meeting scheduled to be held immediately after the Ordinary General Meeting of Shareholders.

The number of share units (or the number of share units prorated) × 80% × The payment ratio based on the evaluation from the start of the evaluation to the fiscal year preceding the fiscal year in which the effective date of the reorganization, etc. falls × The Company's stock price (*)

* The closing price of the Company's stock on the Tokyo Stock Exchange in the month immediately prior to the month in which the date when the matters related to organizational restructuring, etc. was approved at the Company's General Meeting of Shareholders (or, in the case where approval by the Company's General Meeting of Shareholders is not required for the relevant organizational restructuring, etc., at the Board of Directors Meeting) falls (if no transaction is made on that day, the closing price on the most recent trading day prior to that date).

[Table iv] Individual maximum amount of cash to be paid in the case of organizational restructuring, etc.

Position	Individual maximum amount of cash to be paid (Thousands of yen)
Representative Director of the Board, CEO, President, Executive Officer	103,000
Representative Director of the Board, Executive Vice President, Executive Officer	62,000
Director of the Board, Senior Managing Officer	31,000

(f) Other adjustments

If the total number of shares issued of the Company increases or decreases due to a reverse stock split or a stock split (including an allotment of shares without consideration) before the delivery of shares or payment of cash, the number of shares to be delivered and the maximum number of shares to be delivered, as well as the amount of cash to be paid and the maximum amount of cash to be paid, which are calculated based on the performance-linked share system, shall be adjusted by multiplying the ratio of the reverse stock split or the stock split.

(iii) Performance-related stock remuneration (the ESG management indicators-linked portion which is equivalent to 20%

of the number of share units granted)

With respect to the number of units linked to ESG management indicators, which is equivalent to 20% of the number of share units, same as (ii) the number of share units (ROE-linked portion), the number of units to be granted shall be determined within the range of 0% to 150% at the end of the evaluation period, depending on the degree of achievement of the ESG management indicators for the three consecutive fiscal years from the fiscal year ending January 31, 2026 to the fiscal year ending January 31, 2028, and 50% of the number of units to be granted thus determined shall be delivered in the form of the Company's common stocks, and the remaining portion shall be paid in cash. With respect to ESG management indicators, in order to improve the objectivity and transparency of the process for setting targets and conducting evaluations, a rigorous review is conducted by the Personnel Affairs and Remuneration Committee.

The ESG management indicators and target values for the performance-related stock remuneration, for which the evaluation period is the three consecutive fiscal years from the fiscal year ended January 31, 2025 to the fiscal year ending January 31, 2027, are as follows.

ESG management indicators	Target values (as of January 31, 2027)	Weighting
E (Environment)		40%
- Rate of reduced CO_2 emissions from business activities (Note 1)	62%	
- Ratio of detached house ZEH (Note 2)	95%	
- Ratio of Sha Maison ZEH (Note 2)	77%	
S (Social)		30%
- Number of female managers (Note 3)	410	
- Take-up rate for eligible male employee paternity leave (Note 4)	98%	
- Take-up rate for annual paid leave (Note 3)	70%	
G (Governance)		30%
- Establishment of governance and risk management systems in the U.S. homebuilding business	Based on the information provided by the U.S. Homebuilding Committee, relevant policies and measures have been implemented and are now in operation.	
- Establishment of governance and risk management systems in the international development business	Policies and measures for the international development business have been properly implemented and are in operation.	

(Notes) 1. Total is for the Group.
2. Total is for the Company.
3. Total is for the Company and domestic consolidated subsidiaries.
4. Total is for the Company, Sekisui House Real Estate Group, Sekisui House Construction Group, Sekisui House noie Limited, and Sekisui House Remodeling, Ltd.

Remuneration, etc. for Outside Directors of the Board

Remuneration, etc. for Outside Directors of the Board of the Company shall be composed of basic remuneration (fixed remuneration) and various allowances for positions including Chairperson of the Board of Directors, Chairperson or Member of the Personnel Affairs and Remuneration Committee, in light of the role to supervise the management of the Company from the objective and independent standpoint. The level of basic remuneration and allowances shall be set with reference to data such as objective remuneration market survey data from external specialized agencies.

Remuneration, etc. for Audit and Supervisory Board Members

Remuneration, etc. for Audit and Supervisory Board Members of the Company shall be only basic remuneration (fixed remuneration) in light of the role to supervise the management of the Company from the objective and independent standpoint. The level of basic remuneration shall be set in accordance with the duties and responsibilities of each Audit and Supervisory Board Member, with reference to data such as objective remuneration market survey data from external specialized agencies.

The basic policy of the remuneration system and remuneration structure for Audit and Supervisory Board Members, and the amount of remuneration paid to individual Audit and Supervisory Board Members, shall be determined upon consultation among the Audit and Supervisory Board Members within the limits established by resolution of the General Meeting of Shareholders.

Resolution of the General Meeting of Shareholders on remuneration, etc.

The upper limits of remuneration for the Company's Directors of the Board and Audit and Supervisory Board Members have been resolved as follows.

Type of remuneration, etc.	Internal Directors of the Board	Outside Directors of the Board	Audit and Supervisory Board Members
Basic remuneration	¥43 million or less per month (for 26 persons, resolved at the 43rd Ordinary General Meeting of Shareholders)		¥15 million or less per month (for 6 persons, resolved at the 67th Ordinary General Meeting of Shareholders)
Performance-related bonuses	Up to 0.18% of consolidated ordinary profit of each fiscal year (for 8 persons, resolved at the 69th Ordinary General Meeting of Shareholders)	—	—
Performance-related stock remuneration (PSU)	Up to the amount calculated by multiplying the upper limit of the number of share units defined of 270,000 shares per annum by the stock price at the time of delivery, and up to 135,000 shares per annum (for 8 persons, resolved at the 69th Ordinary General Meeting of Shareholders)	—	—
Restricted stock remuneration (RS)	Up to ¥180 million and 180,000 shares per annum (for 8 persons, resolved at the 69th Ordinary General Meeting of Shareholders)	—	—

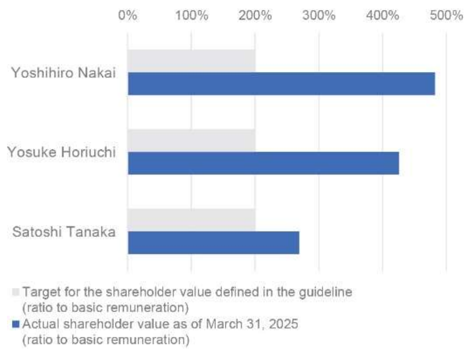
(Notes) 1. The 43rd, 67th, and 69th Ordinary General Meetings of Shareholders were held on April 27, 1994, April 26, 2018, and April 23, 2020, respectively.
2. The number in parentheses (persons) is the number of Directors of the Board or Audit and Supervisory Board Members eligible for the remuneration, etc. at the conclusion of the relevant General Meeting of Shareholders.

Shareholding guidelines

For the Company to become a leader in ESG management, the Company believes that in addition to setting a portion of the PSUs that reflect appraisals by ESG management indicators, it is important to guarantee the sharing of value with our shareholders in a long-term and sustainable manner. To do this, we established shareholding guidelines, and Directors of the Board who supervise business execution are, during their term in office as Directors of the Board of the Company, obliged to maintain ownership of Company shares equivalent to baseline monetary values (based on current stock price). In order to strengthen ownership of such shares among Directors of the Board, after reaching the baseline, we will require continuous ownership of Company shares over the baseline monetary values.

The baseline monetary value is twice annual basic remuneration for Representative Directors of the Board and equal to annual basic remuneration for other eligible directors (excluding Outside Directors of the Board).

[Exhibit 4] Status of shareholdings by Representative Directors of the Board



Stock Remuneration Return (Malus and Clawback Provisions)

In order to control excessive risk-taking by Directors of the Board who supervise business execution and to ensure sound management, we established malus and clawback provisions in the rules for officer remuneration. These provisions enable the Company to acquire shares or share units allotted to such directors as stock remuneration without consideration, forfeit such remuneration or demand the return of it in full or in part or the substantial amount of cash if the recipient was found to be involved in such serious events as fraudulent acts, violations of laws and regulations, etc., in the course of, or in connection with, the execution and other actions of his/her duties. The invocation of these provisions requires a resolution of the Board of Directors following deliberations by the Personnel Affairs and Remuneration Committee.

*Reference: Remuneration, etc. for Executive Officers who do not concurrently serve as Directors of the Board

The remuneration, etc. of Executive Officers of the Company who do not concurrently serve as Directors of Board shall be in accordance with the remuneration system for Directors of the Board who supervise business execution. However, in the case of performance-related bonuses (linked with short-term operating results), in addition to the evaluation based on consolidated ordinary profit, etc., which is the same as for Directors of the Board, the results of the performance evaluation of the department in charge and the individual performance evaluation shall be reflected to determine the amount of individual payment.

ii. Total amount of remuneration, etc. by category of officers, total amount of remuneration, etc. by type, and number of applicable officers of the Company

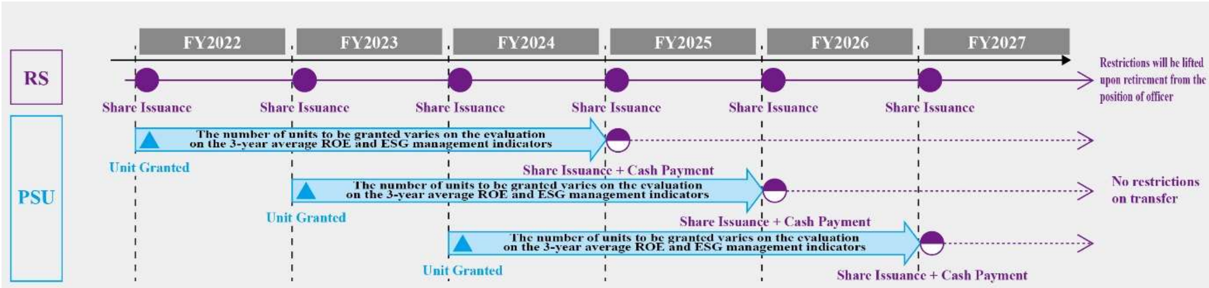
Category of officers	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by type (Millions of yen)				Number of applicable officers
		Basic remuneration	Performance-related bonuses	Performance-related stock remuneration	Restricted stock remuneration	
Directors of the Board (excluding Outside Directors of the Board)	879	271	285	196	125	7 Persons
Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members)	81	81	–	–	–	2 Persons
Outside Directors of the Board and Outside Audit and Supervisory Board Members	199	199	–	–	–	8 Persons

(Note) The above includes one Director of the Board who retired as of the conclusion of the 71st Ordinary General Meeting of Shareholders held on April 26, 2022, and one Director of the Board who retired as of the conclusion of the 72nd Ordinary General Meeting of Shareholders held on April 25, 2023.

iii. Targets and results for performance-related remuneration indicators

The amount of performance-related bonuses to be paid shall be calculated by multiplying consolidated ordinary profit by a predetermined bonus coefficient for each position of Directors of the Board who supervise business execution. The initial target for consolidated ordinary profit for the fiscal year ended January 31, 2024 was ¥262,000 million, and the result was ¥301,627 million.

Performance-related stock remuneration (PSU) shall be determined, depending on the degree of achievement of ROE and ESG management indicators during the evaluation period of three consecutive fiscal years. Since the payments of performance-related stock remuneration (PSU) are made for the evaluation period of three consecutive fiscal years, the value of performance indicators will be determined after the end of each evaluation period.



The targets and results for the third payment of performance-related stock remuneration (PSU) (evaluation period: from the fiscal year ended January 31, 2023 to the fiscal year ended January 31, 2025) were as follows.

KPI	Weighting	Changes in payment ratio	Target value		Results	Payment ratio by indicator
ROE (3-year average)	80%	0%–150%	Maximum	12.00%	11.84%	146%
			Standard	10.00%		
			Minimum	8.00%		
ESG management indicators	20%	0%–150%	*			138%

* The ESG management indicator used in the determination of the amount of PSU consists of targets determined for the following items; E (Environment): i. Ratio of detached house ZEH; ii. Ratio of Sha Maison ZEH units; S (Social): iii. Number of female managers; iv. Take-up rate for eligible male employee paternity leave; v. Monthly average working hours; G (Governance): vi. Enhancing response to the Corporate Governance Code; vii. Strengthening Group governance system. The degree of achievement in items named above was evaluated by the Personnel Affairs and Remuneration Committee. As a result, the payment ratio in relation to ESG management indicator was set at 138%.

iv. Total amount of consolidated remuneration, etc. by each officer

Name	Category of officers	Company name	Amounts of remuneration, etc. by type				Total amount of remuneration, etc.
			Basic remuneration	Performance-related bonuses	Performance-related stock remuneration	Restricted stock remuneration	
Yoshihiro Nakai	Director of the Board	Reporting company	82 million yen	93 million yen	65 million yen	43 million yen	285 million yen
Yosuke Horiuchi	Director of the Board	Reporting company	56 million yen	62 million yen	46 million yen	29 million yen	194 million yen
Satoshi Tanaka	Director of the Board	Reporting company	49 million yen	56 million yen	40 million yen	26 million yen	172 million yen
Toru Ishii	Director of the Board	Reporting company	41 million yen	37 million yen	20 million yen	13 million yen	111 million yen
Hiroshi Shinozaki	Director of the Board	Reporting company	41 million yen	37 million yen	17 million yen	13 million yen	108 million yen

(Note) This information is presented for those whose total consolidated remuneration, etc., was ¥100 million or more and who were Directors of the Board (excluding Outside Directors of the Board) of the reporting company as of January 31, 2025.

v. Details of activities of the Personnel Affairs and Remuneration Committee

The details of activities of the Personnel Affairs and Remuneration Committee for the 74th fiscal year were as follows.

(a) Number of meetings of the Personnel Affairs and Remuneration Committee: 10 (February 2024 to January 2025)

	Name	Attendance at committee meetings during FY2024
Chairperson	Yukiko Yoshimaru	100% (10/10)
Committee member	Yoshihiro Nakai	100% (10/10)
Committee member	Satoshi Tanaka	100% (9/9)
Committee member	Toshifumi Kitazawa	100% (10/10)
Committee member	Keiko Takegawa	100% (10/10)

* The number of meetings of the Personnel Affairs and Remuneration Committee includes CEO evaluation meetings (attended by the President, Executive Officer and CEO and outside committee members).

(b) Main subjects discussed

(related to nomination)

- CEO evaluation meetings
- Preparation of a selection plan for candidates for Directors based on a skills matrix
- Consideration of succession plans for Independent Outside Directors of the Board
- Holding of the CEO Succession Plan Council

(related to remuneration)

- Comparative verifications of the remuneration amount, with the amount of remuneration paid at external companies used as benchmarks
- Evaluation of officer performance for the 73rd fiscal year and the determination of bonuses to be paid to individual recipients
- Inclusion of 74th fiscal year performance-related bonuses and performance-related stock remuneration into deductible items for tax purposes
- Number of share units, etc. to be applied to the performance-related stock remuneration
- Determination of KPIs (ESG-related items) for the performance-related stock remuneration and target values for such indicators

(c) Composition of the Personnel Affairs and Remuneration Committee for the 74th fiscal year (from February 2024 to January 2025)

Chairperson: Yukiko Yoshimaru (Outside Director of the Board)

Committee members: Toshifumi Kitazawa (Outside Director of the Board), Keiko Takegawa (Outside Director of the Board), Yoshihiro Nakai (Representative Director of the Board, President, Executive Officer, CEO), Satoshi Tanaka (Representative Director of the Board, Executive Vice President, Executive Officer)

(d) Status of external advisors' involvement in the determination of remuneration

WTW external remuneration advisors were in attendance when comparative verifications of the remuneration amount were conducted using external benchmarks.

(5) Shareholdings

i. Criteria for and approach to classification of stocks for investment

The Company classifies stocks for investment into two categories: stocks for investment held for the pure investment purpose of earning profits from fluctuations in share value or dividends related to shares, and stocks for investment held for the pure investment purpose as well as for the purposes other than pure investment, which are judged to contribute to the improvement of corporate value in the medium to long term by maintaining and strengthening stable business relationships. In principle, we do not hold stocks for investment for pure investment purposes.

ii. Stocks for investment held for purposes other than pure investment

(a) Holding policy, method for verifying rationality of holdings, and details of verification by the Board of Directors, etc. of the appropriateness of holding individual issues

The Company shall not enter into cross-shareholdings with business partners unless it judges that it will be helpful to medium- and long-term increases in the corporate value through the stable maintenance and strengthening of relationships with them. In addition, the Company shall comprehensively verify the economic rationality of transactions with parties of cross-shareholdings to determine if it will continue these transactions. The Company shall analyze the appropriateness of cross-shareholdings at the meeting of the Board of Directors based on the minimum holdings required from a perspective of increasing capital and asset efficiency each year. At the meeting of the Board of Directors, members shall comprehensively analyze the medium- and long-term economic rationality of each individual stock based on holding objectives and risk and return. As a result, the Company shall sell any stock which is no longer meaningful to continue holding after considering the market environment. Even for stocks considered appropriate to hold, the Company may sell all or some shares after considering its capital policies and the market environment.

(b) Number of issues and balance sheet amount

	Number of issues (issues)	Total balance sheet amount (Millions of yen)
Unlisted stocks	30	4,867
Stocks other than unlisted stocks	14	54,908

Issues whose number of shares increased in the fiscal year ended January 31, 2025

	Number of issues (issues)	Total acquisition cost for increased shares (Millions of yen)	Reason for increase in number of shares
Unlisted stocks	—	—	—
Stocks other than unlisted stocks	—	—	—

Issues whose number of shares decreased in the fiscal year ended January 31, 2025

	Number of issues (issues)	Total sale amount for decreased shares (Millions of yen)
Unlisted stocks	1	546
Stocks other than unlisted stocks	6	23,114

(Note) The decrease due to the reclassification to shares of subsidiaries and associates is not included.

(c) Information on number of shares, balance sheet amount, etc. of specified investment shares and deemed holdings of shares by issues

Specified investment shares

Issues	Fiscal year ended January 31, 2025 Number of shares (Shares) Balance sheet amount (Millions of yen)	Fiscal year ended January 31, 2024 Number of shares (Shares) Balance sheet amount (Millions of yen)	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding, and reason for increase in number of shares	Shareholding in the Company
Sekisui Chemical Co., Ltd.	7,998,405 20,627	7,998,405 16,932	The purpose is to maintain and strengthen stable business relationships with the company as a major supplier of housing equipment in the future.	Yes
DAIKIN INDUSTRIES, LTD.	350,800 6,444	1,142,200 27,281	The purpose is to maintain and strengthen stable business relationships with the company as a supplier of housing equipment in the future.	Yes
TOTO LTD.	1,424,900 5,427	2,048,200 8,223	The purpose is to maintain and strengthen stable business relationships with the company as a major supplier of housing equipment in the future.	Yes
DAIHATSU DIESEL MFG. CO., LTD.	2,000,000 4,630	2,000,000 2,584	The company is a co-owner of the Umeda Sky Building (where the Company's head office is located) in Kita-ku, Osaka, and the purpose is to maintain and strengthen stable business relationships with the company in the future.	Yes
Mitsubishi UFJ Financial Group, Inc.	2,335,820 4,621	3,503,720 4,887	As a main financial institution, we receive cooperation in financial transactions and business promotion, centered on domestic and international fund procurement, and the purpose is to maintain and strengthen stable business relationships with the company in the future.	Yes (Note 1)
Sumitomo Mitsui Financial Group, Inc.	1,094,112 4,232	364,704 2,808	As a main financial institution, we receive cooperation in financial transactions and business promotion, centered on domestic and international fund procurement, and the purpose is to maintain and strengthen stable business relationships with the company in the future. The increase in the number of shares is due to a stock split.	Yes (Note 1)
SENKO Group Holdings Co., Ltd.	2,209,411 3,442	2,209,411 2,556	The purpose is to maintain and strengthen stable business relationships with the company as a major customer in housing-related logistics operations in the future.	Yes
Sekisui Jushi Corporation	991,516 1,950	991,516 2,531	The purpose is to maintain and strengthen stable business relationships with the company as a supplier of housing-related materials in the future.	Yes
TKC Corporation	400,000 1,526	400,000 1,534	We receive cooperation from the company in promoting business, such as the provision of customer and real estate information, and the purpose is to maintain and strengthen stable business relationships with the company in the future.	No
T&D Holdings, Inc.	444,600 1,318	684,000 1,686	As a major life insurance company, we receive cooperation in insurance transactions and business promotion in Japan, and the purpose is to maintain and strengthen stable business relationships with the company in the future.	Yes (Note 1)
Mizuho Financial Group, Inc.	72,426 311	72,426 195	As a main financial institution, we receive cooperation in financial transactions and business promotion, centered on domestic and international fund procurement, and the purpose is to maintain and strengthen stable business relationships with the company in the future.	Yes (Note 1)
MS&AD Insurance Group Holdings, Inc.	65,600 213	31,241 192	As a major non-life insurance company, we receive cooperation in insurance transactions and business promotion in Japan, and the purpose is to maintain and strengthen stable business relationships with the company in the future. The increase in the number of shares is due to a stock split.	Yes (Note 1)

Issues	Fiscal year ended January 31, 2025 Number of shares (Shares) Balance sheet amount (Millions of yen)	Fiscal year ended January 31, 2024 Number of shares (Shares) Balance sheet amount (Millions of yen)	Purpose of shareholding, overview of business alliance, quantitative effects of shareholding, and reason for increase in number of shares	Shareholding in the Company
Resona Holdings, Inc.	110,400	147,200	As a main financial institution, we receive cooperation in financial transactions and business promotion, centered on fund procurement in Japan, and the purpose is to maintain and strengthen stable business relationships with the company in the future.	Yes (Note 1)
	127	120		
Sekisui Kasei Co., Ltd.	100,000	100,000	The purpose is to maintain and strengthen stable business relationships with the company as a supplier of housing-related materials in the future.	Yes
	35	50		

(Notes) 1. Includes cases held by group companies of the issuing company.
2. The quantitative effects of shareholding are not stated because it is difficult to describe them from the perspective of information management and confidentiality in business relationships, etc. With respect to the rationality of holdings, we conducted a comprehensive examination of the significance of owning them based on the status of shareholding, risk and return (stock price divergence, dividend yields, ROE, credit rating, etc.), and the importance of the transaction.

Deemed holdings of shares

Not applicable.

iii. Stocks for investment held for pure investment

Not applicable.

iv. Stocks for investment reclassified from held for pure investment to held for purposes other than pure investment

Not applicable.

v. Stocks for investment reclassified from held for purposes other than pure investment to held for pure investment

Not applicable.

V. Financial Information

1. Basis of preparation of consolidated financial statements and non-consolidated financial statements

(1) Consolidated financial statements of the Company have been prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976, hereinafter as the "Regulation on Consolidated Financial Statements"), and recorded in accordance with the Regulations for Enforcement of the Construction Business Act (Ministry of Construction Order No. 14 of 1949).

(2) Non-consolidated financial statements of the Company have been prepared based on Article 2 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963), and in accordance with such Regulation and the Regulations for Enforcement of the Construction Business Act (Ministry of Construction Order No. 14 of 1949).

2. Note on independent audit

The Company's consolidated financial statements for the fiscal year from February 1, 2024 to January 31, 2025 and the non-consolidated financial statements for the fiscal year from February 1, 2024 to January 31, 2025 have been audited by Ernst & Young ShinNihon LLC in accordance with the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

3. Remarkable efforts to ensure fair presentation of consolidated financial statements, etc.

The Company has undertaken remarkable efforts to ensure the appropriateness of its consolidated financial statements, etc. Specifically, in order to develop a system that can properly understand the content of accounting standards and related rules, or accurately respond to changes in accounting standards and related rules, the Company has joined the Financial Accounting Standards Foundation and participates in seminars, etc., conducted by the Foundation, etc.

1. Consolidated Financial Statements, etc.

Consolidated financial statements

Consolidated balance sheet

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Assets		
Current assets		
Cash and deposits	¥ 293,152	¥ 390,559
Notes receivable, accounts receivable from completed construction contracts and others	*1 176,466	*1 211,114
Costs on construction contracts in progress	17,351	14,127
Buildings for sale	*4,*6,*8 774,297	*4,*6,*8 1,068,926
Land for sale in lots	*4,*6 856,404	*4,*6 1,374,237
Undeveloped land for sale	233,197	*4 396,123
Other inventories	*2 12,474	*2 12,164
Other	*5,*6 134,627	*5 245,867
Allowance for doubtful accounts	(1,026)	(1,013)
Total current assets	2,496,947	3,712,106
Non-current assets		
Property, plant and equipment		
Buildings and structures	*4,*6 321,467	*4,*6 346,487
Machinery, equipment and vehicles	*4 73,927	*4 76,430
Tools, furniture and fixtures	*4 40,740	*4 47,408
Land	*4,*6 252,548	*4,*6 258,559
Leased assets	23,313	27,826
Construction in progress	*4 52,173	*4 45,976
Other	–	5,855
Accumulated depreciation	(267,916)	(274,304)
Total property, plant and equipment	496,253	534,240
Intangible assets		
Goodwill	17,808	134,217
Industrial property	3,032	57,903
Leasehold interests in land	2,057	2,986
Software	*4 15,779	*4 25,198
Right to use facilities	*4 145	*4 130
Telephone subscription right	238	238
Other	1,326	1,199
Total intangible assets	40,388	221,873
Investments and other assets		
Investment securities	*3,*6 198,437	*3,*6 205,632
Long-term loans receivable	3,971	13,656
Retirement benefit asset	35,440	46,749
Deferred tax assets	20,242	10,643
Other	*5 62,989	*5 64,994
Allowance for doubtful accounts	(1,872)	(1,047)
Total investments and other assets	319,208	340,628
Total non-current assets	855,851	1,096,742
Total assets	¥ 3,352,798	¥ 4,808,848

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Liabilities		
Current liabilities		
Notes payable and accounts payable for construction contracts	¥ 134,026	¥ 195,028
Electronically recorded obligations – operating	103,266	79,360
Short-term bonds payable	–	40,000
Short-term borrowings	440,075	477,840
Current portion of bonds payable	16	8
Current portion of long-term borrowings	*6 21,611	*6, *8 252,793
Income taxes payable	39,777	44,652
Advances received on construction contracts in progress	*9 210,030	*9 220,645
Provision for bonuses	36,699	39,706
Provision for bonuses for directors (and other officers)	2,553	6,675
Provision for warranties for completed construction	6,152	14,073
Other	143,827	184,863
Total current liabilities	1,138,038	1,555,648
Non-current liabilities		
Bonds payable	50,008	620,121
Long-term borrowings	*6,*8 239,089	*6 456,321
Long-term leasehold and guarantee deposits received	*6 58,659	*6 52,626
Deferred tax liabilities	6,111	13,443
Provision for retirement benefits for directors (and other officers)	707	862
Retirement benefit liability	30,716	31,632
Other	35,415	59,593
Total non-current liabilities	420,707	1,234,601
Total liabilities	1,558,745	2,790,249
Net assets		
Shareholders' equity		
Share capital	202,854	203,094
Capital surplus	260,126	260,297
Retained earnings	1,132,275	1,266,985
Treasury shares	(40,979)	(40,957)
Total shareholders' equity	1,554,276	1,689,420
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	44,597	35,610
Deferred gains or losses on hedges	–	(123)
Foreign currency translation adjustment	132,895	215,217
Remeasurements of defined benefit plans	22,816	22,075
Total accumulated other comprehensive income	200,309	272,779
Share acquisition rights	100	87
Non-controlling interests	39,366	56,311
Total net assets	1,794,052	2,018,599
Total liabilities and net assets	¥ 3,352,798	¥ 4,808,848

Corresponding footnote items are included in Note 5 "Notes related to consolidated balance sheet."

Consolidated statement of income

(Millions of yen)

		Fiscal year ended January 31, 2024		Fiscal year ended January 31, 2025
Net sales	*1	¥ 3,107,242	*1	¥ 4,058,583
Cost of sales	*2,*6	2,483,496	*2,*6	3,272,590
Gross profit		623,745		785,993
Selling, general and administrative expenses				
Selling expenses	*3	58,936	*3	87,903
General and administrative expenses	*3,*6	293,852	*3,*6	366,723
Total selling, general and administrative expenses		352,789		454,626
Operating profit		270,956		331,366
Non-operating income				
Interest income		2,947		9,287
Dividend income		2,191		2,163
Foreign exchange gains		4,293		3,578
Share of gain of entities accounted for using equity method		1,900		–
Other		4,284		2,839
Total non-operating income		15,618		17,869
Non-operating expenses				
Interest expenses		12,371		33,634
Share of loss of entities accounted for using equity method		–		3,085
Other		5,954		10,887
Total non-operating expenses		18,325		47,607
Ordinary profit		268,248		301,627
Extraordinary income				
Gain on sale of investment securities		5,735		19,312
Gain on liquidation of subsidiaries and affiliates		9,778		3,456
Gain on sale of shares of subsidiaries and affiliates		10,519		1,540
Reversal of allowance for doubtful accounts		632		–
Total extraordinary income		26,666		24,309
Extraordinary losses				
Acquisition related expenses		–		18,232
Loss on sale and retirement of non-current assets	*5	1,398	*5	1,584
Loss on sale of shares of subsidiaries and affiliates		41		386
Impairment losses	*4	484	*4	147
Loss on liquidation of business	*7	4,023		–
Loss on valuation of investment securities		8		–
Total extraordinary losses		5,956		20,351
Profit before income taxes		288,958		305,586
Income taxes – current		79,648		84,687
Income taxes – deferred		1,784		(358)
Total income taxes		81,433		84,328
Profit		207,525		221,257
Profit attributable to non-controlling interests		5,199		3,552
Profit attributable to owners of parent		¥ 202,325		¥ 217,705

Corresponding footnote items are included in Note 6 “Notes related to consolidated statement of income.”

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Profit	¥ 207,525	¥ 221,257
Other comprehensive income		
Valuation difference on available-for-sale securities	4,408	(8,900)
Foreign currency translation adjustment	29,999	84,007
Remeasurements of defined benefit plans, net of tax	(932)	(723)
Share of other comprehensive income of entity accounted for using equity method	2,595	(1,824)
Total other comprehensive income	*1 36,071	*1 72,558
Comprehensive income	¥ 243,596	¥ 293,815
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	¥ 238,079	¥ 290,175
Comprehensive income attributable to non-controlling interests	5,517	3,640

Corresponding footnote items are included in Note 7 “Notes related to consolidated statement of comprehensive income.”

Consolidated statement of changes in equity

Fiscal year ended January 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥ 202,591	¥ 259,864	¥ 1,056,475	¥ (50,656)	¥ 1,468,274
Changes during period					
Issuance of new shares	263	263	–	–	526
Dividends of surplus	–	–	(76,864)	–	(76,864)
Profit attributable to owners of parent	–	–	202,325	–	202,325
Purchase of treasury shares	–	–	–	(40,018)	(40,018)
Disposal of treasury shares	–	–	(41)	75	34
Cancellation of treasury shares	–	–	(49,619)	49,619	–
Purchase of shares of consolidated subsidiaries	–	(1)	–	–	(1)
Change in treasury shares arising from change in equity in entities accounted for using equity method	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	263	261	75,799	9,676	86,002
Balance at end of period	¥ 202,854	¥ 260,126	¥ 1,132,275	¥ (40,979)	¥ 1,554,276

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	¥40,449	¥ 623	¥ 99,689	¥ 23,793	¥ 164,556	¥ 134	¥ 34,581	¥ 1,667,546
Changes during period								
Issuance of new shares	–	–	–	–	–	–	–	526
Dividends of surplus	–	–	–	–	–	–	–	(76,864)
Profit attributable to owners of parent	–	–	–	–	–	–	–	202,325
Purchase of treasury shares	–	–	–	–	–	–	–	(40,018)
Disposal of treasury shares	–	–	–	–	–	–	–	34
Cancellation of treasury shares	–	–	–	–	–	–	–	–
Purchase of shares of consolidated subsidiaries	–	–	–	–	–	–	–	(1)
Change in treasury shares arising from change in equity in entities accounted for using equity method	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	4,148	(623)	33,205	(977)	35,753	(33)	4,784	40,504
Total changes during period	4,148	(623)	33,205	(977)	35,753	(33)	4,784	126,506
Balance at end of period	¥44,597	¥ –	¥ 132,895	¥ 22,816	¥ 200,309	¥ 100	¥ 39,366	¥ 1,794,052

Fiscal year ended January 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥ 202,854	¥ 260,126	¥ 1,132,275	¥ (40,979)	¥ 1,554,276
Changes during period					
Issuance of new shares	239	239	–	–	479
Dividends of surplus	–	–	(82,968)	–	(82,968)
Profit attributable to owners of parent	–	–	217,705	–	217,705
Purchase of treasury shares	–	–	–	(18)	(18)
Disposal of treasury shares	–	–	(26)	38	12
Cancellation of treasury shares	–	–	–	–	–
Purchase of shares of consolidated subsidiaries	–	(68)	–	–	(68)
Change in treasury shares arising from change in equity in entities accounted for using equity method	–	–	–	1	1
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during period	239	171	134,710	21	135,143
Balance at end of period	¥ 203,094	¥ 260,297	¥ 1,266,985	¥ (40,957)	¥ 1,689,420

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	¥ 44,597	¥ –	¥ 132,895	¥ 22,816	¥ 200,309	¥ 100	¥ 39,366	¥ 1,794,052
Changes during period								
Issuance of new shares	–	–	–	–	–	–	–	479
Dividends of surplus	–	–	–	–	–	–	–	(82,968)
Profit attributable to owners of parent	–	–	–	–	–	–	–	217,705
Purchase of treasury shares	–	–	–	–	–	–	–	(18)
Disposal of treasury shares	–	–	–	–	–	–	–	12
Cancellation of treasury shares	–	–	–	–	–	–	–	–
Purchase of shares of consolidated subsidiaries	–	–	–	–	–	–	–	(68)
Change in treasury shares arising from change in equity in entities accounted for using equity method	–	–	–	–	–	–	–	1
Net changes in items other than shareholders' equity	(8,987)	(123)	82,322	(740)	72,470	(12)	16,945	89,403
Total changes during period	(8,987)	(123)	82,322	(740)	72,470	(12)	16,945	224,546
Balance at end of period	¥ 35,610	¥ (123)	¥ 215,217	¥ 22,075	¥ 272,779	¥ 87	¥ 56,311	¥ 2,018,599

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Cash flows from operating activities		
Profit before income taxes	¥ 288,958	¥ 305,586
Depreciation	27,745	35,235
Impairment losses	484	147
Increase (decrease) in retirement benefit liability	(2,143)	588
Decrease (increase) in retirement benefit asset	(702)	(12,086)
Interest and dividend income	(5,139)	(11,451)
Interest expenses	12,371	33,634
Share of loss (gain) of entities accounted for using equity method	(1,900)	3,085
Loss (gain) on sale of investment securities	(5,735)	(19,312)
Loss (gain) on valuation of investment securities	8	–
Loss (gain) on liquidation of subsidiaries and affiliates	(9,778)	(3,456)
Loss (gain) on sale of shares of subsidiaries and affiliates	(10,478)	(1,154)
Loss on liquidation of business	4,023	–
Reversal of allowance for doubtful accounts	(632)	–
Decrease (increase) in trade receivables	(19,109)	(32,741)
Decrease (increase) in inventories	(217,996)	(101,081)
Increase (decrease) in trade payables	8,303	(11,562)
Increase (decrease) in advances received on construction contracts in progress	17,056	5,048
Other, net	6,951	(21,494)
Subtotal	92,286	168,986
Interest and dividends received	5,764	10,680
Interest paid	(16,440)	(32,756)
Income taxes paid	(77,255)	(84,053)
Income taxes refund	11,327	28
Net cash provided by (used in) operating activities	15,683	62,885
Cash flows from investing activities		
Purchase of securities	–	(26,826)
Proceeds from redemption of securities	–	39,374
Purchase of property, plant and equipment	(76,937)	(76,693)
Proceeds from sale of property, plant and equipment	437	798
Purchase of investment securities	(6,820)	(25,229)
Proceeds from sale and redemption of investment securities	26,317	38,492
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(14,618)	*2 (557,022)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	74	122
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	3,718	–
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(841)	(854)
Loan advances	(749)	(76,849)
Proceeds from collection of loans receivable	3,343	2,191
Other, net	(3,050)	(15,191)
Net cash provided by (used in) investing activities	(69,124)	(697,687)
Cash flows from financing activities		
Net increase (decrease) in short-term bonds payable	–	40,000
Net increase (decrease) in short-term borrowings	155,886	(12,783)
Proceeds from long-term borrowings	55,536	464,564
Repayments of long-term borrowings	(85,621)	(38,875)

(Millions of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Proceeds from issuance of bonds	30,000	352,540
Redemption of bonds	(30,000)	(16)
Dividends paid	(76,864)	(82,968)
Purchase of treasury shares	(40,018)	(18)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(21)	(180)
Other, net	(2,412)	(1,295)
Net cash provided by (used in) financing activities	6,483	720,967
Effect of exchange rate change on cash and cash equivalents	7,112	11,240
Net increase (decrease) in cash and cash equivalents	(39,846)	97,405
Cash and cash equivalents at beginning of period	332,747	292,901
Cash and cash equivalents at end of period	*1 ¥ 292,901	*1 ¥ 390,307

Corresponding footnote items are included in Note 9 “Notes related to consolidated statement of cash flows.”

Notes to consolidated financial statements

1. Significant accounting policies for preparation of consolidated financial statements

(1) Scope of consolidation

376 consolidated subsidiaries

56 companies were newly included in the scope of consolidation mainly through new establishments and acquisitions. In addition, 22 companies were excluded due to liquidation, sale or other reasons.

Names of major non-consolidated subsidiaries

Otori Insurance Service Co., Ltd. and five other subsidiaries

Reason for exclusion from the scope of consolidation

Non-consolidated subsidiaries are excluded from the scope of consolidation, because they were all small in scale, and any total amount in terms of their total assets, net sales and profit or loss (amount corresponding to the Company's ownership interest) as well as retained earnings (amount corresponding to the Company's ownership interest) and others did not significantly affect the consolidated financial statements.

(2) Application of equity method

36 companies accounted for using equity method (All are affiliates of the Company)

One company to which the equity method was applied was newly added as investment. In addition, two companies were excluded due to sale.

Names of major non-consolidated subsidiaries and affiliates not accounted for using the equity method

Non-consolidated subsidiaries and affiliates: Otori Insurance Service Co., Ltd. and six other companies

Reason for not applying equity method

Non-consolidated subsidiaries and affiliates not accounted for using the equity method were excluded from the scope of application of equity method, because such exclusion had only an immaterial effect on the consolidated financial statements in terms of each company's profit or loss (amount corresponding to the Company's ownership interest) and retained earnings (amount corresponding to the Company's ownership interest), and they were not significant as a whole.

Names of other companies not recognized as affiliates even though the Company holds at least 20% and up to 50% of the voting rights on its own account

Shiei Community Service Co., Ltd. and three other companies

Reason for not being included in affiliates

Although the Company indirectly held at least 20% and up to 50% of voting rights of the companies above, they were excluded from the scope of affiliates since the Company had no substantial influence on their decision making.

(3) Fiscal years of consolidated subsidiaries

For three consolidated subsidiaries whose fiscal year ends on March 31, the subsidiaries prepare their financial statements based on provisional settlement of accounts as of January 31 to reflect in the consolidated financial statements.

For one other consolidated subsidiary whose fiscal year ends on March 31, the subsidiary prepares its financial statements based on provisional settlement of accounts as of December 31 to reflect in the consolidated financial statements. For material transactions during the period from January 1 and the consolidated balance sheet date, necessary adjustments have been implemented.

For five consolidated subsidiaries whose fiscal year ends on November 30 and 334 consolidated subsidiaries whose fiscal year ends on December 31, the Company uses their financial statements as of their respective fiscal year-end. For material transactions during the respective fiscal year-end and the consolidated balance sheet date, necessary adjustments have been implemented.

In addition, during the current fiscal year, MARUHON INC. and its subsidiary changed their fiscal year-end to January 31, which aligns with the consolidated fiscal year-end of the Company. Therefore, their accounting period for the current fiscal year was 13 months.

2. Accounting policies

(1) Basis and methods of valuation for significant assets

(a) Securities

(i) Bonds held to maturity

Stated at amortized cost (straight-line method)

(ii) Available-for-sale securities

Securities other than shares with no market price

Stated at fair value

(Valuation differences are recorded directly in a separate component of net assets, and cost of securities sold is determined by the moving-average method)

Shares with no market price

Stated at cost determined by the moving-average method

(b) Derivatives

Stated at fair value

(c) Inventories

Stated at cost (the carrying amounts are determined based on the method of writing down the book value based on a decline in profitability)

The moving-average method is used for semi-finished goods, raw materials, and work in process and supplies, while the individual cost method is used for costs on construction contracts in progress, buildings for sale, land for sale in lots and undeveloped land for sale.

(2) Accounting methods for depreciation and amortization of significant depreciable assets

(a) Property, plant and equipment (excluding leased assets)

The Company applies the straight-line method to buildings (excluding attached structures) and facilities attached to buildings and structures acquired on and after April 1, 2016, and applies the declining-balance method for other property, plant and equipment.

(b) Intangible assets (excluding leased assets)

Amortized by the straight-line method

(c) Leased assets

Leased assets in finance lease transactions that do not transfer ownership are depreciated using the straight-line method assuming that lease periods are useful lives and residual values are zero.

(3) Accounting policy for significant provisions

(a) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(b) Provision for bonuses

To provide payment of bonuses to employees, the estimated amount to cover the bonus payment for services provided by employees during the fiscal year is recognized.

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

To provide payment of bonuses to directors (and other officers), the amount expected to be paid as of the consolidated balance sheet date is recognized.

(d) Provision for warranties for completed construction

Provisions for losses and guarantee expenses due to defects recognized after delivery are recorded based on historical repair and other costs arising from completed structures and buildings for sale.

(e) Provision for retirement benefits for directors (and other officers)

To provide for retirement payments for directors (and other officers), the Company provides the required amount at the end of the fiscal year based on internal regulations.

(4) Accounting methods for retirement benefits

(a) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year on a benefit formula basis.

(b) Method of amortizing actuarial gains and losses and past service cost

Actuarial gains and losses are amortized from the fiscal year following the fiscal year in which they are incurred using the straight-line method over 5 to 14 years. Past service cost is amortized using the straight-line method over 5 to 13 years from the fiscal year in which such cost is incurred.

(5) Accounting policy for recognition of significant revenues and expenses

(a) Revenue from contracts with customers

Information about the main performance obligations in key businesses of the Company and its consolidated subsidiaries concerning revenue from contracts with customers and the typical timing for satisfying such performance obligations (that is, when revenue is recognized) is summarized as follows.

(i) Order-made contract transactions

For order-made contract transactions, the Company enters into a construction contract agreement with the customer, and has a performance obligation to perform building construction and deliver the completed building and others to the customer based on the agreement. For such contracts, the Company's performance obligation is deemed to be fulfilled over a certain period, and the Company recognizes revenue based on the degree of progress made in satisfying the performance obligation. As for the method of estimating progress, the degree of progress is calculated at the proportion of cost incurred to total cost of construction (input method).

For construction contracts with a very short construction period, an alternative treatment is applied whereby revenue is recognized when the performance obligation is fully satisfied.

(ii) Sale of real estate in lots

For the sale of real estate in lots, the Company has a performance obligation to deliver the property to the customer based on the real estate sales agreement entered into with the customer. For such contracts, the Company's performance obligation is deemed to be fulfilled when the property is delivered, and the Company recognizes revenue when the property is delivered to the customer.

(b) Other revenue

For real estate lease transactions, revenue is recognized over the lease term in accordance with the "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan ("ASBJ") Statement No. 13).

(6) Accounting policy for translation of significant foreign currency assets or liabilities into Japanese yen

Monetary receivables and payables in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated balance sheet date, and translation differences are recognized in profit or loss. Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate prevailing as of the balance sheet date of overseas subsidiaries, and their revenue and expenses are translated into Japanese yen at the average exchange rate during the year. Translation differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

(7) Method of significant hedge accounting

(a) Hedge accounting

Deferred hedge accounting is applied. For transactions involving forward foreign exchange contracts and currency swaps designation accounting treatment is applied if the requirements for the treatment are satisfied and they are recorded in Japanese yen by translation at the foreign exchange rate stipulated in the contract, For transactions involving interest rate-swap, exceptional accounting treatment is applied if the requirements for such treatment are satisfied.

(b) Hedging instruments and hedged items

(i) The Group hedges monetary receivables and payables in foreign currencies and forecast transactions with forward foreign exchange contracts and currency swaps.

(ii) The Group hedges loans with interest-rate swaps.

(c) Hedging policy

The Group uses derivative transactions with the aim of avoiding losses from fluctuations in exchange and interest rates. The use of forward foreign exchange contracts does not exceed the amount of foreign currency transactions. The assumed principal balance subject to interest-swap transactions does not exceed the relevant interest-bearing loans outstanding.

(d) Method of assessing hedge effectiveness

The Group assesses if the percentage changes of hedging instruments and hedged items approximately range from 80% to 125%. However, it does not assess the effectiveness of hedging for transactions under forward foreign exchange contracts which satisfy the requirements of designation accounting treatment and transactions involving interest rate-swap which satisfy the requirements of exceptional accounting treatment.

(8) Accounting method and period for amortization of goodwill

Goodwill is amortized over five years or ten years using the straight-line method, beginning in the fiscal year in which it arises, except for cases where the useful life can be estimated, in which case it is amortized over the estimated useful life based on a substantive analysis by the Company. Goodwill is charged to income as incurred if immaterial.

(9) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and deposits (excluding time deposits with maturities of more than three months) and short-term investments that are redeemable within three months from the acquisition date and that are easily converted into cash and only subject to insignificant risk in terms of price fluctuations.

(10) Other significant matters for preparing consolidated financial statements

(a) Accounting for consumption taxes

Non-deductible consumption taxes subject to non-current assets at consolidated subsidiaries whose main business is real estate leasing are recorded in “Other” under the “Investments and other assets” on the consolidated balance sheet and are amortized by the straight-line method over five years. Other non-deductible consumption taxes are expensed in the fiscal year in which they arise.

(b) Inclusion of interest expenses in acquisition cost

Overseas consolidated subsidiaries include interest expenses on borrowed funds for the real estate development business in the acquisition cost in conformity with the accounting standards in their countries of domicile. For the current fiscal year, interest expenses in the amount of ¥38,076 million, ¥26,862 million and ¥1,969 million are included in “Buildings for sale,” “Land for sale in lots” and “Undeveloped land for sale,” respectively. For the previous fiscal year, interest expenses in the amount of ¥24,967 million, ¥17,123 million and ¥494 million are included in “Buildings for sale,” “Land for sale in lots” and “Undeveloped land for sale,” respectively.

3. Significant accounting estimates

(1) Valuation of real estate for sale

(a) Amounts stated in the consolidated financial statements

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Buildings for sale	¥ 774,297	¥ 1,068,926
Land for sale in lots	856,404	1,374,237
Undeveloped land for sale	233,197	396,123
Loss on valuation (cost of sales)	4,231	17,520

(b) Information on significant accounting estimates for the identified item

(i) Calculation method for the amount stated in the consolidated financial statements as of January 31, 2025

If the net selling price for real estate for sale at the end of the fiscal year is below the book value, the book value is reduced to the net selling price and the difference is recorded as loss on valuation. When calculating the net selling price, estimates are made in accordance with the sales price for each individual property and future business plans.

(ii) Key assumptions

Key assumptions used in calculating the net selling price are future earnings and construction costs, with the business plans estimated in light of factors such as the project location, size, marketability, other transactions in similar real estate and the real estate market.

(iii) Impact on the consolidated financial statements for the next fiscal year

If the key assumptions have changed in the next fiscal year due to economic or market deterioration, additional loss on valuation may need to be recorded.

(2) Valuation of non-current assets

(a) Amounts stated in the consolidated financial statements

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Total property, plant and equipment	¥ 496,253	¥ 534,240
Total intangible assets	40,388	221,873
Impairment losses	484	147

(b) Information on significant accounting estimates for the identified item

(i) Calculation method for the amount stated in the consolidated financial statements as of January 31, 2025

The Group groups the assets of investment properties by project and groups other assets by operating unit which allows the Group to manage gains and losses in a rational manner. Based on the grouping, impairment can be determined for assets or asset groups that show indications of impairment due to factors such as continuous operating losses and negative cash flows, a pronounced drop in market price or change in usage. In the event impairment losses should be recognized, the book value is written down to the recoverable value and this decrease is recorded as impairment losses. Note that the recoverable value is the net selling value or the value in use, whichever is higher. The net selling value is calculated for major investment properties by obtaining the appraisal value from a real estate appraiser, while the net selling value for the other assets is calculated by using the appraisal value calculated by a method in line with the Real Estate Appraisal Standard, less the estimated cost of disposal. In addition, value in use is calculated at present value by discounting the estimated future cash flows.

(ii) Key assumptions

Key assumptions in estimating future cash flows and calculating the recoverable value are rent, ADR (Average Daily Rate for guest rooms), vacancy rate, operating rate, discount rate and cap rate. Rent, ADR, vacancy rate and operating rate are determined with comprehensive consideration to factors such as market trends, other transactions in similar real estate and past performance. The discount rate is determined in light of similar transactions and interest rate movements, etc. In addition, the cap rate for major investment properties is obtained from an independent real estate appraiser and applied.

(iii) Impact on the consolidated financial statements for the next fiscal year

If the key assumptions have changed in the next fiscal year due to economic or market deterioration, additional impairment losses may need to be recorded.

4. Accounting standards issued but not yet effective

"Accounting Standard for Current Income Taxes"

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)
- "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

These accounting standards and guidance establish the accounting classification for corporate taxes resulting from other comprehensive income that is subject to taxation, as well as the treatment of tax effects related to the sale of shares in subsidiaries when group taxation regime is applied.

(2) Scheduled date of adoption

These accounting standards and guidance will be adopted effective from the beginning of the fiscal year ending January 31, 2026.

(3) Impact of the adoption of the accounting standards

The impact of the adoption of the "Accounting Standard for Current Income Taxes" on the consolidated financial statements is currently under evaluation.

"Accounting Standard for Leases, etc."

- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024)

In addition, amendments to related Accounting Standards, Implementation Guidance, Practical Solutions, and Transferred Guidance

(1) Overview

The standards set forth treatment whereby lessees record assets and liabilities for all leases, etc. consistent with international accounting standards.

(2) Scheduled date of application

These accounting standards and guidance will be applied from the beginning of the fiscal year ending January 31, 2029.

(3) Impact of the application of the accounting standards

The impact of the application of the "Accounting Standard for Leases" on the consolidated financial statements is currently under evaluation.

5. Notes related to consolidated balance sheet

*1. "Notes receivable, accounts receivable from completed construction contracts and other" include the following receivables and contract assets arising from contracts with customers.

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Notes receivable – trade	¥ 2,802	¥ 2,580
Accounts receivable from completed construction contracts and others	30,268	30,901
Contract assets	142,138	176,262
Total	¥ 175,210	¥ 209,744

*2. The breakdown of "Other inventories" is as follows.

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Semi-finished goods	¥ 6,529	¥ 6,592
Work in process	963	901
Raw materials and supplies	4,981	4,670
Total	¥ 12,474	¥ 12,164

*3. Assets pertaining to non-consolidated subsidiaries and affiliates are as follows.

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Investment securities	¥ 86,605	¥ 109,467

*4. Change in holding purpose

As of January 31, 2024

¥2,921 million of real estate for sale recorded as "Buildings for sale" and "Land for sale in lots" as of January 31, 2023, has been reclassified as "Buildings and structures" and "Land," respectively. In addition, ¥114,865 million of investment properties, etc. recorded under "Buildings and structures" and "Land" as of January 31, 2023, has been reclassified under "Buildings for sale" and "Land for sale in lots," respectively.

As of January 31, 2025

¥4,187 million of real estate for sale recorded as "Buildings for sale" and "Land for sale in lots" as of January 31, 2024, has been reclassified as "Buildings and structures" and "Land," respectively. In addition, ¥37,002 million of investment properties, etc. recorded under "Buildings and structures" and "Land" as of January 31, 2024, has been reclassified under "Buildings for sale," "Land for sale in lots," etc.

*5. Assets deposited in accordance with the provisions of the "Act on Assurance of Performance of Specified Housing Defect Warranty" are as follows.

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Other (current assets)	¥ 236	¥ 230
Other (investments and other assets)	8,403	8,922
Total	¥ 8,639	¥ 9,152

*6. Collateralized assets and secured liabilities

Collateralized assets are as follows.

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Buildings for sale	¥ 18,011	¥ 35,800
Land for sale in lots	30,424	33,172
Other (current assets) (Note)	1	–
Buildings and structures	1,488	1,416
Land	5,043	4,488
Investment securities (Note)	345	345
Total	¥ 55,314	¥ 75,223

(Note) Other (current assets) and investment securities are provided as collateral against liabilities of investees.

Secured liabilities are as follows.

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Current portion of long-term borrowings	¥ 2,995	¥30,413
Long-term borrowings	27,415	19,948
Long-term leasehold and guarantee deposits received	816	630

*7. Contingent liabilities

(1) Guarantees for borrowings of clients from financial institutions are as follows.

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Housing purchasers, etc. using housing mortgages	¥ 132,925 [3,627 originations]	¥ 125,173 [3,404 originations]
Subsidiaries and affiliates	45,211	53,315

(2) The guarantees for repayment of advance receipt on sales contract of condominium to customer are as follows.

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
1 company	¥ 95	¥ –

*8. Non-recourse debt

(1) Non-recourse debt is as follows.

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Current portion of long-term borrowings	¥ –	¥ 25,491
Long-term borrowings	5,033	–
Total	¥ 5,033	¥ 25,491

(2) Assets corresponding to non-recourse debt are as follows.

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Buildings for sale	¥ 18,011	¥ 35,800

The above amounts are included in the amounts in "*6. Collateralized assets and secured liabilities."

*9. "Advances received on construction contracts in progress" include the following contract liabilities.

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Contract liabilities	¥ 159,309	¥ 167,770

*10. Commitment line contracts

The Group has entered into commitment line contracts with 25 financial institutions to effectively fund working capital.

The amount borrowed in accordance with these commitment line contracts and total unused amount are as follows.

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Total amount of commitment lines	¥ 570,925	¥ 838,607
Amount borrowed	362,972	421,302
Total unused amount	¥ 207,953	¥ 417,305

6. Notes related to consolidated statement of income

*1. Revenue from contracts with customers

Net sales are not separately presented for revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers is presented in “1. Information on breakdown of revenue from contracts with customers” under the note on “Revenue recognition” in the consolidated financial statements.

*2. The amount of inventories at the end of fiscal year is evaluated after write downs due to a decline in profitability and the following loss on revaluation of inventories is included in cost of sales.

(Millions of yen)

Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
¥ 4,231	¥ 17,520

*3. Major items and amounts of selling, general and administrative expenses are as follows.

(1) Selling expenses

(Millions of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Advertising expenses	¥ 23,940	¥ 30,446
Sales promotion expenses	34,916	56,598
Provision of allowance for doubtful accounts	79	857

(2) General and administrative expenses

(Millions of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Employees’ salaries and bonuses	¥ 124,865	¥ 161,888
Provision for bonuses	20,525	23,068
Provision for bonuses for directors (and other officers)	2,157	4,941
Retirement benefit expenses	6,135	2,465
Provision for retirement benefits for directors (and other officers)	200	216

*4. Impairment losses

The Group recorded impairment losses for the following asset groups.

Fiscal year ended January 31, 2024

Location	Usage	Type
Chuo-ku, Osaka City, etc.	Real estate for lease, etc.	Buildings, etc.

The Group groups investment properties by project and groups other assets by operating unit which allows us to manage gains and losses in a rational manner and considers recognition of impairment losses. For real estate for lease, etc., the book value was written down to the recoverable value as of January 31, 2024 and the amount of the decrease was recorded as impairment losses under extraordinary losses.

(Breakdown of impairment losses)

Type	Amount (Millions of yen)
Buildings and structures	¥ 293
Land	102
Machinery, equipment and vehicles	87
Other, net	0
Total	¥ 484

The recoverable value of such assets was calculated mainly on the net selling value. The net selling value is determined based on a method equivalent to the “Real Estate Appraisal Standard.”

Fiscal year ended January 31, 2025

Location	Usage	Type
Sano City, Tochigi, etc.	Business assets, etc.	Buildings, land, etc.

The Group groups investment properties by project and groups other assets by operating unit which allows us to manage gains and losses in a rational manner and considers recognition of impairment losses. For business assets, etc., the book value was written down to the recoverable value as of January 31, 2025 and the amount of the decrease was recorded as impairment losses under extraordinary losses.

(Breakdown of impairment losses)

Type	Amount (Millions of yen)
Buildings and structures	¥ 12
Land	123
Other, net	12
Total	¥ 147

The recoverable value of such assets was calculated mainly on the net selling value. The net selling value is determined based on the estimated disposal value.

*5. The breakdown of loss on sale and retirement of non-current assets is as follows.

(Millions of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Buildings and structures	¥ 1,018	¥ 1,027
Machinery, equipment and vehicles	36	43
Land	112	42
Other, net	231	469
Total	¥ 1,398	¥ 1,584

*6. The total amount of research and development expenses included in general and administrative expenses and manufacturing costs for the year

(Millions of yen)

Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
¥ 9,050	¥ 10,581

*7. Loss on liquidation of business

Fiscal year ended January 31, 2024
Losses related to termination of transport system Sky Rail (Aki-ku, Hiroshima City) operated by the Company’s consolidated subsidiary Sky Rail Service Co., Ltd. have been recorded.

Fiscal year ended January 31, 2025
Nothing to report

7. Notes related to consolidated statement of comprehensive income

*1. Reclassification adjustments and tax effects relating to other comprehensive income

(Millions of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Valuation difference on available-for-sale securities:		
Amount that arose in the current year	¥ 11,845	¥ 7,144
Reclassification adjustment amount	(5,342)	(19,195)
Before adjustment for tax effect	6,502	(12,051)
Amount of tax effect	(2,094)	3,151
Valuation difference on available-for-sale securities	4,408	(8,900)
Foreign currency translation adjustment:		
Amount that arose in the current year	39,777	87,463
Reclassification adjustment amount	(9,778)	(3,456)
Foreign currency translation adjustment	29,999	84,007
Remeasurements of defined benefit plans, net of tax:		
Amount that arose in the current year	1,318	9,214
Reclassification adjustment amount	(2,657)	(10,258)
Before adjustment for tax effect	(1,338)	(1,043)
Amount of tax effect	406	319
Remeasurements of defined benefit plans, net of tax	(932)	(723)
Share of other comprehensive income of entity accounted for using equity method:		
Amount that arose in the current year	2,573	3,589
Reclassification adjustment amount	22	(5,414)
Share of other comprehensive income of entity accounted for using equity method	2,595	(1,824)
Total other comprehensive income	¥ 36,071	¥ 72,558

8. Notes related to consolidated statement of changes in equity

Fiscal year ended January 31, 2024

1. Matters concerning the class and total number of issued shares and the type and number of treasury shares

	Number of shares as of February 1, 2023 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of January 31, 2024 (Shares)
Issued shares				
Ordinary shares (Note 1)	684,683,466	179,200	22,000,000	662,862,666
Total	684,683,466	179,200	22,000,000	662,862,666
Treasury shares				
Ordinary shares (Note 2)	22,557,150	14,385,679	22,031,156	14,911,673
Total	22,557,150	14,385,679	22,031,156	14,911,673

(Notes) Description of the reasons for the change

1. Breakdown of the number of increased shares is as follows.
   Increase due to issuance of new shares as restricted share awards and performance share unit awards 179,200 shares

   Breakdown of the number of decreased shares is as follows.
   Decrease due to the cancellation of treasury shares 22,000,000 shares
2. Breakdown of the number of increased shares is as follows.
   Increase due to the acquisition of treasury shares based on the provisions of the Articles of Incorporation pursuant to Article 165, paragraph (2) of the Companies Act 14,376,800 shares
   Increase due to repurchase of fractional shares 6,414 shares
   Increase due to acquisition of restricted shares 2,400 shares
   The Company's portion of treasury shares acquired by companies accounted for using equity method 65 shares

   Breakdown of the number of decreased shares is as follows.
   Decrease due to requests for additional purchases of fractional shares 156 shares
   Decrease due to exercise of share options 31,000 shares
   Decrease due to the cancellation of treasury shares 22,000,000 shares

2. Share acquisition rights

Company name	Breakdown	Class of shares issued on exercise of share acquisition rights	Number of shares issued on exercise of share acquisition rights (Thousands of shares)				Balance as of January 31, 2024 (Millions of yen)
			As of February 1, 2023	Increase	Decrease	As of January 31, 2024	
Sekisui House, Ltd.	Share acquisition rights as share options	–	–	–	–	–	¥ 100
Total			–	–	–	–	¥ 100

3. Dividends

(1) Dividends paid

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Dividend paid per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on April 25, 2023	Ordinary shares	¥ 38,413	¥ 58.00	January 31, 2023	April 26, 2023
Board of Directors meeting held on September 7, 2023	Ordinary shares	38,451	59.00	July 31, 2023	September 29, 2023

(2) Dividends whose record date falls in the current fiscal year but whose effective date falls in the next fiscal year

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Source of funds for dividends	Dividend paid per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on April 25, 2024	Ordinary shares	¥ 41,479	Retained earnings	¥ 64.00	January 31, 2024	April 26, 2024

Fiscal year ended January 31, 2025

1. Matters concerning the class and total number of issued shares and the type and number of treasury shares

	Number of shares as of February 1, 2024 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of January 31, 2025 (Shares)
Issued shares				
Ordinary shares (Note 1)	662,862,666	134,200	–	662,996,866
Total	662,862,666	134,200	–	662,996,866
Treasury shares				
Ordinary shares (Note 2)	14,911,673	5,153	14,614	14,902,212
Total	14,911,673	5,153	14,614	14,902,212

(Notes) Description of the reasons for the change

1. Breakdown of the number of increased shares is as follows.
   Increase due to issuance of new shares as restricted share awards and performance share unit awards 134,200 shares
2. Breakdown of the number of increased shares is as follows.
   Increase due to repurchase of fractional shares 5,143 shares
   The Company's portion of treasury shares acquired by companies accounted for using equity method 10 shares
   Breakdown of the number of decreased shares is as follows.
   Decrease due to exercise of share options 14,000 shares
   Decrease due to change in equity in entities accounted for using equity method 614 shares

2. Share acquisition rights

Company name	Breakdown	Class of shares issued on exercise of share acquisition rights	Number of shares issued on exercise of share acquisition rights (Thousands of shares)				Balance as of January 31, 2025
			As of February 1, 2024	Increase	Decrease	As of January 31, 2025	(Millions of yen)
Sekisui House, Ltd.	Share acquisition rights as share options	–	–	–	–	–	¥ 87
Total			–	–	–	–	¥ 87

3. Dividends

(1) Dividends paid

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Dividend paid per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on April 25, 2024	Ordinary shares	¥ 41,479	¥ 64.00	January 31, 2024	April 26, 2024
Board of Directors meeting held on September 5, 2024	Ordinary shares	41,488	64.00	July 31, 2024	September 30, 2024

(2) Dividends whose record date falls in the current fiscal year but whose effective date falls in the next fiscal year

The following matters are submitted as agenda items (resolution items) for the Ordinary General Meeting of Shareholders to be held on April 23, 2025.

Resolution	Classes of shares	Total amount of dividends	Source of funds for dividends	Dividend paid per share	Record date	Effective date
		(Millions of yen)		(Yen)		
Ordinary General Meeting of Shareholders to be held on April 23, 2025	Ordinary shares	¥ 46,026	Retained earnings	¥ 71.00	January 31, 2025	April 24, 2025

9. Notes related to consolidated statement of cash flows

*1. Reconciliation of ending balance of cash and cash equivalents with account balances on consolidated balance sheet

(Millions of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Cash and deposits	¥ 293,152	¥ 390,559
Time deposits with maturities of more than three months	(251)	(252)
Cash and cash equivalents	¥ 292,901	¥ 390,307

*2. Major components of assets and liabilities of consolidated subsidiaries acquired by purchase of shares

Fiscal year ended January 31, 2024

Not presented due to immateriality

Fiscal year ended January 31, 2025

The breakdown of the assets and liabilities at the time of initial consolidation of M.D.C. Holdings, Inc. and its subsidiaries through the purchase of shares as well as the relationship between the acquisition cost of shares and the expenditures for the acquisition (net) are as follows.

(Millions of yen)

Current assets	¥766,774
Non-current assets	78,203
Goodwill	125,389
Current liabilities	(64,850)
Non-current liabilities	(251,881)
Acquisition cost	653,635
Cash and cash equivalents of subsidiary	(136,905)
Expenditures for the acquisition, net	¥516,729

10. Leases

(As Lessee)

1. Finance leases

   Finance lease transactions that do not transfer ownership

   (i) Details of leased assets

   (a) Property, plant and equipment

   Mainly business use vehicles and business use servers

   (b) Intangible assets

   Software

   (ii) Method of depreciation for leased assets

   As described in significant accounting policies for preparation of consolidated financial statements "2. Accounting policies, (2) Accounting methods for depreciation and amortization of significant depreciable assets."

2. Operating leases

   Future minimum lease payments under non-cancelable operating leases

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Due within one year	¥ 8,123	¥ 8,601
Due after one year	61,773	56,998
Total	¥ 69,896	¥ 65,600

(As Lessor)

1. Finance leases

   (1) Breakdown of investments in leases

   Current assets

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Lease receivables	¥ 10,522	¥ 9,951
Residual value	–	–
Unearned interest income	(3,273)	(3,058)
Investments in leases	7,249	6,892

   (2) The scheduled collection amount of lease payments receivables related to lease receivables and investments in leases following the fiscal year-end

   Current assets

(Millions of yen)

	As of January 31, 2024					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Lease receivables	¥ 221	¥ 221	¥ 222	¥ 223	¥ 223	¥ 3,693
Investments in leases	496	492	490	490	490	8,061

(Millions of yen)

	As of January 31, 2025					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Lease receivables	¥ 221	¥ 222	¥ 223	¥ 223	¥ 224	¥ 3,468
Investments in leases	482	480	480	480	480	7,546

2. Operating leases

Future minimum lease payments under non-cancelable operating leases

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Due within one year	¥ 3,506	¥ 2,630
Due after one year	27,833	20,069
Total	¥ 31,339	¥ 22,700

3. Investments in leases and lease obligations under sublease transactions that are recorded in the consolidated balance sheet before interest deductions

(1) Investments in leases

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Current assets	¥ 3,752	¥ 3,540

(2) Lease obligations

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Current liabilities	¥ 223	¥ 223
Non-current liabilities	3,916	3,693

11. Financial instruments

1. Matters related to the status of financial instruments

(1) Policy with regard to financial instruments

The Group procures funds required for its business from internal funds to the extent possible. It procures additional necessary funds mainly through borrowings from banks and issuance of bonds, and procures short-term working capital through commercial paper, and other means. The Group manages its funds in highly stable financial assets.

The Group procures funds in Japanese yen-denominated or foreign-denominated currency, and with fixed or variable interest rates. The term of maturity of such funds are decided by comprehensively considering diversification of maturity dates and the financing environment, among other factors.

With regard to derivative transactions, the Group uses transactions to avoid the risks described below, and does not engage in transactions for speculative or trading purposes.

(2) Description of financial instruments and their risks

Notes receivable, accounts receivable from completed construction contracts and other are exposed to customers' credit risk.

Securities and investment securities, primarily stock and investments in special purpose companies (SPC) and partnerships, are exposed to the risk associated with issuing entities' credit and market value fluctuations.

Notes payable, electronically recorded obligations – operating, accounts payable for construction contracts, etc. are due mainly within one year.

Variable-interest-rate borrowings, foreign-currency-denominated borrowings, and foreign-currency-denominated bonds are exposed to risks associated with interest rate fluctuation and foreign exchange fluctuation.

With regard to derivative transactions, the Group uses forward foreign exchange contracts and currency swaps with the aim of hedging the risk associated with monetary receivables and payables in foreign currencies associated with export and import transactions and investment and loans for overseas subsidiaries. The Group also uses interest rate swaps to hedge interest rate fluctuation risk related to borrowings and bonds. Hedging instruments and hedged items, hedging policy, and method of assessing hedge effectiveness are described in significant accounting policies for preparation of consolidated financial statements "2. Accounting policies, (7) Method of significant hedge accounting."

(3) Risk management system for financial instruments

(i) Management of credit risk (counterparties' default risk, etc.)

The Accounting and Finance Departments of the Company, responsible accounting division of each subsidiary and management division of each branch monitor the collection, due dates and outstanding balances by customer. Also, they make efforts to identify at earliest and mitigate risks of default possibilities because of deterioration of financial condition, etc.

(ii) Management of market risk (fluctuation risk of stock price, foreign exchange rate, interest rate, etc.)

With regard to securities and investment securities, the Group continually reviews its status of holdings by periodically examining market prices and financial condition of the issuing entities (business partners).

With regard to foreign exchange fluctuation risk and interest rate fluctuation risk, the Group seeks matching of assets and procurement, and uses derivative transactions, such as currency swaps, interest rate-swap transactions, and forward foreign exchange contracts, as hedge instruments for individual contracts.

The Group executes and manages derivative transactions within the limits of established internal rules and regulations, and reduces credit risk by diversifying its transactions among financial institutions with high credibility.

(iii) Management of financing liquidity risk (the risk that the Group cannot pay its debt on the due date of payment)

Based on reports from each division of the Group's branch, the Finance Department of the Company and responsible finance division of each subsidiary prepare and update their cash flow plans on a timely basis and maintain appropriate liquidity levels to manage liquidity risk. They also have multiple methods of stable financing, such as entering into commitment line contracts or providing the overdraft. In addition, the Group has funding systems, such as the cash management system, to supply funds to the subsidiaries flexibly.

(4) Supplemental information on the fair value of financial instruments

The fair value of financial instruments includes the value based on market prices, and the reasonably calculated value when no market prices are available. Since such value calculations include variable factors, estimated value is subject to fluctuation due to changes in the underlying assumptions. Furthermore, with regard to contract price, etc. related to derivative transactions in the notes on “13. Derivatives,” prices themselves do not indicate market risks of derivative transactions.

2. Matters related to the fair value of financial instruments

Amounts stated in the consolidated balance sheet, fair values and their differences are as follows.

As of January 31, 2024

(Millions of yen)

	Amount stated in consolidated balance sheet	Fair value	Difference
Securities and investment securities			
Bonds held to maturity	¥ 120	¥ 120	¥ –
Securities of subsidiaries and affiliates	3,880	2,798	(1,081)
Available-for-sale securities	102,938	102,938	–
Total assets	106,938	105,856	(1,081)
Bonds payable	50,024	49,790	(234)
Long-term borrowings	260,700	256,794	(3,906)
Total liabilities	310,724	306,584	(4,140)
Derivatives (*3)	¥ [2,390]	¥ [2,390]	¥ –

(*1) Information about “Cash and deposits,” “Notes receivable, accounts receivable from completed construction contracts and other,” “Notes payable, accounts payable for construction contracts,” “Electronically recorded obligations – operating,” and “Short-term borrowings,” is not presented because these items are cash, and the market value approximates the book value mainly due to short-term settlement.

(*2) Shares, etc. with no market price

(Millions of yen)

Categories	As of January 31, 2024
Unlisted shares	¥ 73,779
Investment in special purpose companies, etc.	17,719

These financial instruments are not included in “Assets, Securities and investment securities.” Investment in special purpose companies, etc. is not subject to disclosure of fair value in accordance with paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

(*3) Derivatives are presented as the net amount of assets and liabilities arising from derivative transactions. Values in square parentheses [ ] indicate net liabilities in total.

As of January 31, 2025

(Millions of yen)

	Amount stated in consolidated balance sheet	Fair value	Difference
Securities and investment securities			
Bonds held to maturity	¥ 120	¥ 120	¥ –
Securities of subsidiaries and affiliates	3,127	2,230	(897)
Available-for-sale securities	87,011	87,011	–
Total assets	90,259	89,362	(897)
Bonds payable	620,129	610,995	(9,133)
Long-term borrowings	709,115	706,445	(2,669)
Total liabilities	1,329,244	1,317,441	(11,803)
Derivatives (*3)	¥ [3,386]	¥ [3,386]	¥ –

(*1) Information about "Cash and deposits," "Notes receivable, accounts receivable from completed construction contracts and other," "Notes payable, accounts payable for construction contracts," "Electronically recorded obligations – operating," "Short-term bonds payable," and "Short-term borrowings," is not presented because these items are cash, and the market value approximates the book value mainly due to short-term settlement.

(*2) Shares, etc. with no market price

(Millions of yen)

Categories	As of January 31, 2025
Unlisted shares	¥ 95,387
Investment in special purpose companies, etc.	19,985

These financial instruments are not included in "Assets, Securities and investment securities." Investment in special purpose companies, etc. is not subject to disclosure of fair value in accordance with paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

(*3) Derivatives are presented as the net amount of assets and liabilities arising from derivative transactions. Values in square parentheses [ ] indicate net liabilities in total.

(Note 1) The scheduled redemption amounts for monetary receivables and securities with fixed maturities following the fiscal year-end

As of January 31, 2024

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 293,152	¥ –	¥ –	¥ –
Notes receivable, accounts receivable from completed construction contracts and others	32,164	280	306	1,576
Securities and investment securities				
Bonds held to maturity				
Bonds payable	–	–	–	120
Total	¥ 325,317	¥ 280	¥ 306	¥ 1,696

As of January 31, 2025

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 390,559	¥ –	¥ –	¥ –
Notes receivable, accounts receivable from completed construction contracts and others	32,743	268	306	1,533
Securities and investment securities				
Bonds held to maturity				
Bonds payable	–	–	–	120
Total	¥ 423,302	¥ 268	¥ 306	¥ 1,653

(Note 2) The scheduled repayment amounts for short-term bonds payable, short-term borrowings, bonds payable and long-term borrowings following the fiscal year-end

As of January 31, 2024

(Millions of yen)

	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term borrowings	¥440,075	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds payable	16	8	20,000	–	30,000	–
Long-term borrowings	21,611	167,626	31,419	14,183	20,177	5,682
Total	¥461,703	¥167,634	¥51,419	¥14,183	¥50,177	¥5,682

As of January 31, 2025

(Millions of yen)

	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term bonds payable	¥ 40,000	¥ –	¥ –	¥ –	¥ –	¥ –
Short-term borrowings	477,840	–	–	–	–	–
Bonds payable	8	20,000	–	30,000	–	570,121
Long-term borrowings	252,793	172,799	93,302	21,158	9,059	160,001
Total	¥770,642	¥192,799	¥93,302	¥51,158	¥ 9,059	¥730,122

(Note 3) The amounts stated in the consolidated balance sheet and fair value relating to bonds payable and long-term borrowings include the current portion of bonds payable and the current portion of long-term borrowings.

3. Breakdown by level of fair values of financial instruments

Fair values of financial instruments are categorized into the following three levels on the basis of observability and significance of inputs used to measure fair value.

Level 1 fair value:	Fair values measured using quoted prices (unadjusted) of identical assets or liabilities in active markets
Level 2 fair value:	Fair values measured using directly or indirectly observable inputs other than Level 1 inputs
Level 3 fair value:	Fair values measured using significant unobservable inputs

When several inputs that have significant impact on the measurement of fair value are used, the fair value is categorized into the lowest hierarchy level for the measurement of fair value among those in which each of the inputs belongs.

(1) Financial instruments that are recorded at fair value in the consolidated balance sheet

As of January 31, 2024

(Millions of yen)

Categories	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Equity securities	¥ 102,938	¥ –	¥ –	¥ 102,938
Total assets	102,938	–	–	102,938
Derivatives				
Currency related	–	2,390	–	2,390
Total liabilities	¥ –	¥ 2,390	¥ –	¥ 2,390

As of January 31, 2025

(Millions of yen)

Categories	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Equity securities	¥ 87,011	¥ –	¥ –	¥ 87,011
Total assets	87,011	–	–	87,011
Derivatives				
Currency related	–	3,386	–	3,386
Total liabilities	¥ –	¥ 3,386	¥ –	¥ 3,386

(2) Financial instruments that are not recorded at fair value in the consolidated balance sheet

As of January 31, 2024

(Millions of yen)

Categories	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Bonds held to maturity				
Bonds payable	¥ –	¥ 120	¥ –	¥ 120
Securities of subsidiaries and affiliates	2,798	–	–	2,798
Total assets	2,798	120	–	2,918
Bonds payable	–	49,790	–	49,790
Long-term borrowings	–	256,794	–	256,794
Total liabilities	¥ –	¥ 306,584	¥ –	¥ 306,584

As of January 31, 2025

(Millions of yen)

Categories	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Bonds held to maturity				
Bonds payable	¥ –	¥ 120	¥ –	¥ 120
Securities of subsidiaries and affiliates	2,230	–	–	2,230
Total assets	2,230	120	–	2,350
Bonds payable	–	610,995	–	610,995
Long-term borrowings	–	706,445	–	706,445
Total liabilities	¥ –	¥ 1,317,441	¥ –	¥ 1,317,441

(Note) Explanation of valuation methods and inputs used to calculate fair value and matters related to securities

Securities and investment securities
The fair value of these securities for which quoted prices in an active market can be used is classified as Level 1. The fair value of bonds held to maturity is calculated using the discounted present value method based on the total amount of principal and interest at an interest rate which reflects the remaining term to maturity and credit risk involved, and classified as Level 2 fair value.
Please refer to the notes in “12. Securities” for matters concerning securities classified by holding purpose.

Derivatives
The fair value of derivative transactions is calculated based on the prices provided by counterparty financial institutions, and is classified as Level 2.

Bonds payable
The fair value is stated based on information such as publicly disclosed prices and yields by industry associations, etc., and classified as Level 2. In addition, the fair value of fixed-interest-rate bonds is calculated based on the present value which is the total principal and interest discounted by the interest rate corresponding to the remaining term, and classified as Level 2.

Long-term borrowings
Book value is stated for long-term borrowings with a floating rate interest because their fair value and book value are approximately identical. In addition, the fair value of fixed-interest-rate long-term borrowings is calculated based on the present value which is the total principal and interest discounted by the interest rate corresponding to the borrowing period, and classified as Level 2.

12. Securities

1. Bonds held to maturity

As of January 31, 2024

Nothing to report

As of January 31, 2025

Nothing to report

2. Available-for-sale securities

As of January 31, 2024

(Millions of yen)

	Type	Amount stated in consolidated balance sheet	Acquisition cost	Difference
Securities whose balance sheet amount exceeds acquisition cost	Equity securities	¥ 102,523	¥ 34,194	¥ 68,329
	Subtotal	102,523	34,194	68,329
Securities whose balance sheet amount does not exceed acquisition cost	Equity securities	414	494	(80)
	Subtotal	414	494	(80)
Total		¥ 102,938	¥ 34,689	¥ 68,249

As of January 31, 2025

(Millions of yen)

	Type	Amount stated in consolidated balance sheet	Acquisition cost	Difference
Securities whose balance sheet amount exceeds acquisition cost	Equity securities	¥ 86,434	¥ 30,070	¥ 56,364
	Subtotal	86,434	30,070	56,364
Securities whose balance sheet amount does not exceed acquisition cost	Equity securities	577	716	(139)
	Subtotal	577	716	(139)
Total		¥ 87,011	¥ 30,787	¥ 56,224

3. Sales of available-for-sale securities

Fiscal year ended January 31, 2024

(Millions of yen)

Type	Proceeds	Total gain on sale	Total loss on sale
Equity securities, etc.	¥ 9,366	¥ 5,735	¥ –

(Note) Equity securities, etc. include shares with no market price.

Fiscal year ended January 31, 2025

(Millions of yen)

Type	Proceeds	Total gain on sale	Total loss on sale
Equity securities, etc.	¥23,662	¥19,312	¥ –

(Note) Equity securities, etc. include shares with no market price.

4. Write-down of securities

In the previous fiscal year, write-downs of securities (equity securities classified as available-for-sale securities) amounted to ¥8 million.

In the current fiscal year, there were no write-downs of securities.

13. Derivatives

1. Derivative transactions to which the hedge accounting method is not applied

As of January 31, 2024

Currency-related

(Millions of yen)

Categories	Transaction type	Notional amount	Due after one year	Fair value	Gains (losses) on valuation
Off-market transactions	Currency swaps	¥ 17,459	¥ 17,459	¥ (2,390)	¥ (2,390)
Total		¥ 17,459	¥ 17,459	¥ (2,390)	¥ (2,390)

(Note) The method of calculating fair value is described in Note 11 "Financial instruments 3. Breakdown by level of fair values of financial instruments (Note) Explanation of valuation methods and inputs used to calculate fair value and matters related to securities."

As of January 31, 2025

(Millions of yen)

Categories	Transaction type	Notional amount	Due after one year	Fair value	Gains (losses) on valuation
Off-market transactions	Currency swaps	¥ 55,038	¥ 55,038	¥ (3,386)	¥ (3,386)
Total		¥ 55,038	¥ 55,038	¥ (3,386)	¥ (3,386)

(Note) The method of calculating fair value is described in Note 11 "Financial instruments 3. Breakdown by level of fair values of financial instruments (Note) Explanation of valuation methods and inputs used to calculate fair value and matters related to securities."

2. Derivative transactions to which the hedge accounting method is applied

As of January 31, 2024

Nothing to report

As of January 31, 2025

Not presented due to immateriality

14. Retirement benefits

1. Overview of the adopted retirement benefits plan

The Company and its consolidated subsidiaries have defined benefit plans, which consist of corporate pension funds and lump-sum payment retirement plan and defined contribution pension plans.

Some consolidated subsidiaries calculate the retirement benefit liability and retirement benefit expenses with the simplified method.

Additional retirement benefits may also be paid when employees retire.

2. Defined benefit plans

(1) Reconciliation of retirement benefit obligations at the beginning and end of year

(Millions of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Retirement benefit obligations at the beginning of year	¥ 296,063	¥ 306,670
Service expenses	11,867	12,084
Interest expenses	4,920	5,101
Unrecognized net actuarial gain or loss incurred	5,113	(4,524)
Payments of retirement benefits	(12,525)	(13,151)
Past service cost incurred	1,350	(73)
Decrease due to the change from the simplified method to the principle method	(119)	(55)
Net change as a result of change in the scope of consolidation	–	31
Retirement benefit obligations at the end of year	¥ 306,670	¥ 306,082

(Note) Includes plans applying the simplified method.

(2) Reconciliation of pension assets at the beginning and end of year

(Millions of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Pension assets at the beginning of year	¥ 299,278	¥ 311,394
Expected returns on pension assets	7,292	7,639
Unrecognized net actuarial gain or loss incurred	6,432	4,616
Contributions paid by the employer	8,792	8,908
Payments of retirement benefits	(10,314)	(11,208)
Decrease due to the change from the simplified method to the principle method	(87)	(151)
Pension assets at the end of year	¥ 311,394	¥ 321,198

(Note) Includes plans applying the simplified method.

(3) Reconciliation of retirement benefit obligations and pension assets at the end of year and retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheet

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Funded retirement benefit obligations	¥ 276,005	¥ 274,449
Pension assets	(311,394)	(321,198)
Subtotal	(35,389)	(46,749)
Unfunded retirement benefit obligations	30,665	31,632
Net amount of liability and asset recorded in the consolidated balance sheet	(4,723)	(15,116)
Retirement benefit liability	30,716	31,632
Retirement benefit asset	(35,440)	(46,749)
Net amount of liability and asset recorded in the consolidated balance sheet	¥ (4,723)	¥ (15,116)

(Note) Includes plans applying the simplified method.

(4) Retirement benefit expenses and the breakdown of amounts

(Millions of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Service expenses (Note 1)	¥ 11,867	¥ 12,084
Interest expenses	4,920	5,101
Expected returns on pension assets	(7,292)	(7,639)
Amortization of actuarial gains and losses	(1,344)	(10,554)
Amortization of past service cost	37	296
Amortization resulting from the change from the simplified method to the principle method	(32)	9
Other (Note 2)	722	817
Retirement benefit expenses related to the defined benefit plans	¥ 8,879	¥ 115

(Notes) 1. Retirement benefit expenses of consolidated subsidiaries that apply the simplified method are recorded in service expenses

2. Other is mainly the amount of additional retirement payments.

(5) Remeasurements of defined benefit plans, net of tax

The breakdown of items recorded as remeasurements of defined benefit plans, net of tax (before deducting the tax effect) is as follows.

(Millions of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Past service cost	¥ (1,313)	¥ 370
Actuarial gains and losses	(25)	(1,413)
Total	¥ (1,338)	¥ (1,043)

(6) Remeasurements of defined benefit plans

The breakdown of items recorded as remeasurements of defined benefit plans (before deducting the tax effect) is as follows.

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Unrecognized past service cost	¥ (1,244)	¥ (874)
Unrecognized actuarial gains and losses	34,293	32,879
Total	¥ 33,049	¥ 32,005

(7) Matters concerning pension assets

(i) Major components of pension assets

The proportion of total pension assets by classification is as follows.

	As of January 31, 2024	As of January 31, 2025
Bonds	32%	32%
Credit investing	19	18
Private equity	16	16
General account	13	13
Equity securities	7	9
Cash and deposits	1	1
Other, net	12	11
Total	100%	100%

(ii) Method for setting the long-term expected rate of return

The long-term expected rate of return on pension assets is determined based on the current and forecast allocation of pension assets and the current and expected long-term rates of return on various asset classes that make up the pension assets.

(8) Matters concerning the assumptions for actuarial calculations

Key assumptions for actuarial calculations

	As of January 31, 2024	As of January 31, 2025
Discount rate	Mainly 1.7%	Mainly 1.7%
Long-term expected rate of return	Mainly 2.5%	Mainly 2.5%
Estimated rate of salary increase	Mainly 4.5%	Mainly 4.4%

(Note) Estimated rate of salary increase is calculated based on the point system.

3. Defined contribution plan

The required contributions of the Company and its consolidated subsidiaries to the defined contribution plans were ¥553 million and ¥1,603 million in the previous and the current fiscal years, respectively.

15. Share options

1. Amount of share option expenses recorded and item names

Nothing to report

2. Outline of share options, size and change

(1) Outline of share options

Company name	Sekisui House, Ltd.	Sekisui House, Ltd.	Sekisui House, Ltd.	Sekisui House, Ltd.
Date of resolution	May 17, 2012	May 16, 2013	May 15, 2014	May 21, 2015
Categories and number of eligible persons	The Company's Directors and Executive Officers: 33	The Company's Directors and Executive Officers: 32	The Company's Directors and Executive Officers: 34	The Company's Directors and Executive Officers: 34
Classes of shares and number granted	Ordinary shares: 147,000 shares	Ordinary shares: 68,000 shares	Ordinary shares: 100,000 shares	Ordinary shares: 63,000 shares
Grant date	June 13, 2012	June 13, 2013	June 13, 2014	June 12, 2015
Requisite service period	Not specified	Not specified	Not specified	Not specified
Exercise period	From June 14, 2012 to June 13, 2032	From June 14, 2013 to June 13, 2033	From June 14, 2014 to June 13, 2034	From June 13, 2015 to June 12, 2035

Company name	Sekisui House, Ltd.	Sekisui House, Ltd.	Sekisui House, Ltd.
Date of resolution	May 19, 2016	May 18, 2017	May 17, 2018
Categories and number of eligible persons	The Company's Directors and Executive Officers: 35	The Company's Directors and Executive Officers: 35	The Company's Directors and Executive Officers: 32
Classes of shares and number granted	Ordinary shares: 66,000 shares	Ordinary shares: 64,000 shares	Ordinary shares: 69,000 shares
Grant date	June 14, 2016	June 14, 2017	June 14, 2018
Requisite service period	Not specified	Not specified	Not specified
Exercise period	From June 15, 2016 to June 14, 2036	From June 15, 2017 to June 14, 2037	From June 15, 2018 to June 14, 2038

(2) Number of share options and change

(i) Number of share options

Company name	Sekisui House, Ltd.	Sekisui House, Ltd.	Sekisui House, Ltd.	Sekisui House, Ltd.
Date of resolution	May 17, 2012	May 16, 2013	May 15, 2014	May 21, 2015
Unvested				
At the beginning of the fiscal year (Shares)	9,000	3,000	11,000	7,000
Granted (Shares)	–	–	–	–
Forfeited (Shares)	–	–	–	–
Vested (Shares)	3,000	1,000	3,000	2,000
Outstanding (Shares)	6,000	2,000	8,000	5,000
Vested				
At the beginning of the fiscal year (Shares)	2,000	3,000	4,000	3,000
Vested (Shares)	3,000	1,000	3,000	2,000
Exercised (Shares)	5,000	3,000	4,000	2,000
Forfeited (Shares)	–	–	–	–
Exercisable (Shares)	–	1,000	3,000	3,000

Company name	Sekisui House, Ltd.	Sekisui House, Ltd.	Sekisui House, Ltd.
Date of resolution	May 19, 2016	May 18, 2017	May 17, 2018
Unvested			
At the beginning of the fiscal year (Shares)	7,000	9,000	20,000
Granted (Shares)	–	–	–
Forfeited (Shares)	–	–	–
Vested (Shares)	1,000	2,000	3,000
Outstanding (Shares)	6,000	7,000	17,000
Vested			
At the beginning of the fiscal year (Shares)	5,000	3,000	–
Vested (Shares)	1,000	2,000	3,000
Exercised (Shares)	–	–	–
Forfeited (Shares)	–	–	–
Exercisable (Shares)	6,000	5,000	3,000

(ii) Price information

Company name	Sekisui House, Ltd.	Sekisui House, Ltd.	Sekisui House, Ltd.	Sekisui House, Ltd.
Date of resolution	May 17, 2012	May 16, 2013	May 15, 2014	May 21, 2015
Exercise price (Yen)	¥1 per share	¥1 per share	¥1 per share	¥1 per share
Average exercise price (Yen)	¥ 3,677	¥ 3,471	¥ 3,488	¥ 3,462
Fair value at the grant date(Yen)	¥ 495	¥ 1,071	¥ 974	¥ 1,507

Company name	Sekisui House, Ltd.	Sekisui House, Ltd.	Sekisui House, Ltd.
Date of resolution	May 19, 2016	May 18, 2017	May 17, 2018
Exercise price (Yen)	¥1 per share	¥1 per share	¥1 per share
Average exercise price (Yen)	¥ –	¥ –	¥ –
Fair value at the grant date(Yen)	¥ 1,356	¥ 1,415	¥ 1,283

3. Method of estimating the number of share options vested

Only the actual number of forfeited share options is reflected because it is difficult to rationally estimate the number of share options that will be forfeited in the future.

16. Tax effect accounting

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Deferred tax assets		
Loss on valuation of real estate for sale	¥ 13,506	¥ 17,564
Provision for bonuses	11,514	14,503
Retirement benefit liability	9,601	9,187
Tax loss carry-forward (Note 2)	10,184	7,018
Unrealized gain on non-current assets	6,535	6,641
Accumulated impairment losses	4,584	3,957
Provision for warranties for completed construction	1,395	3,493
Accrued enterprise tax	2,599	2,560
Accrued social insurance premium	1,618	1,761
Other, net	19,170	26,521
Deferred tax assets subtotal	80,712	93,209
Valuation allowance for tax loss carry-forward (Note 2)	(7,434)	(3,199)
Valuation allowance for total deductible temporary differences	(8,549)	(8,560)
Valuation allowance (Note 1)	(15,984)	(11,759)
Total deferred tax assets	64,728	81,450
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(20,282)	(17,130)
Other, net	(30,314)	(67,119)
Total deferred tax liabilities	(50,596)	(84,250)
Net of deferred tax assets and deferred tax liabilities	¥ 14,131	¥ (2,800)

(Notes) 1. The main valuation allowance is accumulated impairment losses on non-current assets that were judged non recoverable.
2. Amount of tax loss carry-forward and deferred tax assets by expiration

As of January 31, 2024

(Millions of yen)

	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax loss carry-forward*	¥ 543	¥ 554	¥ 763	¥ 239	¥ 277	¥ 7,806	¥ 10,184
Valuation allowance	(543)	(554)	(763)	(239)	(277)	(5,056)	(7,434)
Deferred tax assets	–	–	–	–	–	2,750	2,750

* Tax loss carry-forward is the amount multiplied by the statutory tax rate.

As of January 31, 2025

(Millions of yen)

	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Tax loss carry-forward*	¥ 6	¥ 5	¥ –	¥ 41	¥ 45	¥ 6,919	¥ 7,018
Valuation allowance	(6)	(5)	–	(41)	(45)	(3,100)	(3,199)
Deferred tax assets	–	–	–	–	–	3,818	3,818

* Tax loss carry-forward is the amount multiplied by the statutory tax rate.

(Change in presentation)

"Provision for warranties for completed construction", which was included in "Other" under "Deferred tax assets" in the previous fiscal year, has been presented as a separate account item from the current fiscal year as the amount is material. "Loss on valuation of investment securities", which was presented as a separate account item in the previous year, is included in "Other" under "Deferred tax assets" from the current fiscal year as the amount has become immaterial. In order to reflect these changes in presentation, the notes for the previous fiscal year have been reclassified. As a result, ¥1,065 million of "Loss on valuation of investment securities" and ¥19,500 million of "Other" under "Deferred tax assets" in the previous fiscal year, have been reclassified as ¥1,395 million of "Provision for warranties for completed construction" and ¥19,170 million of "Other."

2. A breakdown by major items that cause the difference between the statutory tax rate and the rate of income tax after applying tax effect accounting when it is material

	As of January 31, 2024	As of January 31, 2025
Statutory tax rate	30.5%	30.5%
(Adjustments)		
Permanently non-deductible expenses, such as entertainment expenses	0.4	0.3
Permanently non-taxable income, such as dividend income	(0.1)	(0.0)
Per capita inhabitant tax etc.	0.2	0.2
Net change in valuation allowance	(0.3)	(0.6)
(Gain) loss on liquidation of subsidiaries and affiliates	(1.5)	(0.2)
Share of loss (gain) of entities accounted for using the equity method	(0.2)	0.3
Difference in income tax rates of overseas subsidiaries	(0.7)	(0.6)
Tax credits	(1.3)	(0.8)
Tax effect on internal reserves of overseas subsidiaries	(0.2)	0.3
Others	1.4	(1.8)
Income tax rate after applying tax effect accounting	28.2%	27.6%

3. Adjustment of deferred tax assets and deferred tax liabilities due to changes in income tax rates

The "Act for Partial Amendment to the Local Tax Act" (Act No. 4 of 2024) was promulgated on March 30, 2024,under which some consolidated subsidiaries became subject to the size-based business tax from the years beginning on and after April 1, 2026. Accordingly, the statutory tax rates used to measure deferred tax assets and liabilities were revised from the previous fiscal year for temporary differences expected to be reversed in the consolidated fiscal years beginning on or after February 1, 2027.

The effect of this change in statutory tax rate is immaterial.

4. Change in tax rate after the consolidated closing date

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 13 of 2025) was promulgated on March 31, 2025, under which income tax rates and others will be increased for fiscal years starting on or after April 1, 2026. Following this, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities will be changed from the previous 30.5% to 31.4% for temporary differences expected to be resolved in fiscal years starting on or after February 1, 2027.

The effect of this change in statutory tax rate is immaterial.

17. Business combinations

Business combination through acquisition

1. Outline of the business combination
   (1) Name and business description of the acquired company
   Name of the acquiree: M.D.C. Holdings, Inc. and its 33 wholly owned subsidiaries ("MDC")
   Business description: Homebuilding and sales of detached houses, and related businesses
   (2) Primary reason for the business combination
   In order to expand the Company's footprint in the United States and achieve the Company's target of delivering 10,000 homes annually in the overseas market by FY2025, the Company acquired MDC, a listed company engaged in homebuilding business in 16 states.
   (3) Date of the business combination
   April 19, 2024
   (4) Legal form of the business combination
   SH Residential Holdings, LLC ("SHRH"), the Company's consolidated subsidiary, acquired all the shares of MDC by cash through a transaction in which Clear Line, Inc., a wholly owned company established by SHRH, was merged into MDC (the surviving company).
   (5) Company name after the business combination
   There is no change in the name.
   (6) Ratio of voting rights acquired
   100%
   (7) Primary basis for determination of the acquirer
   The Company was deemed the acquirer based on fact that SHRH, the Company's consolidated subsidiary, purchased MDC's shares in exchange for cash.

2. Period of financial results of acquired company included in the consolidated financial statements
   From April 20, 2024 to December 31, 2024

3. Breakdown of acquisition cost of the acquired company and consideration by type

		(Millions of yen)
Consideration for acquisition:	Cash	¥ 653,635
Acquisition cost:		¥ 653,635

4. Breakdown and amounts of major expenses related to the acquisition

	(Millions of yen)
Advisory fees, etc.:	¥ 4,719

5. Amount of goodwill, reason for recognition, and amortization method and period
   (1) Amount of goodwill
   ¥125,389 million
   (2) Reason for recognition
   Acquisition cost exceeded the fair value of net assets of the acquiree as of the acquisition date.
   (3) Amortization method and period
   Straight-line method over ten years

6. Amounts and major components of assets acquired and liabilities assumed as of the acquisition date

	(Millions of yen)
Current assets	¥ 766,774
Non-current assets	78,203
Total assets	844,978
Current liabilities	64,850
Non-current liabilities	251,881
Total liabilities	¥ 316,732

7. The approximate amount of the impact of the merger on the consolidated statement of income to the current fiscal year on the assumption that the business combination was completed at the beginning of the fiscal year, and its calculation method.

	(Millions of yen)
Net sales	¥ 233,435
Operating profit	¥ 12,194

Method of calculating the approximate amount

The approximate amount is the difference between the information of net sales and profit or loss calculated on the assumption that the business combination was completed at the beginning of the fiscal year, and the information of net sales and profit or loss on the consolidated statement of income of the Company.

This information is unaudited.

18. Asset retirement obligations

Asset retirement obligations included in the consolidated balance sheet

a. Overview of such asset retirement obligations

Obligations for restoration related to exhibitor contracts for housing exhibition venues and term leasehold contracts on offices and real estate for lease, etc.

b. Method for calculating the amount of such asset retirement obligations

The amount of asset retirement obligations is calculated by estimating the expected useful life of each project and using the risk-free rate at the beginning of the fiscal year as the discount rate.

c. Change in the total amount of such asset retirement obligations

(Millions of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Balance at beginning of year	¥ 3,685	¥ 3,641
Increase due to acquisition of property, plant and equipment	131	202
Adjustments due to passage of time	18	18
Decrease due to implementation of asset retirement obligations	(191)	(150)
Other changes	(3)	–
Balance at end of year	¥ 3,641	¥ 3,712

19. Real estate for lease, etc.

The Company and some of its consolidated subsidiaries own rental housing and office buildings for leasing in Tokyo and other areas. For the previous fiscal year, net rental income for such real estate for lease, etc. was ¥5,955 million (rental income is recorded as net sales and rental expenses is mainly recorded as cost of sales), and loss on impairment of these rental properties was ¥87 million. For the current fiscal year, net rental income for such real estate for lease, etc. was ¥3,928 million (rental income is recorded as net sales and rental expenses is mainly recorded as cost of sales).

The amounts stated in the consolidated balance sheet, changes of the amounts during the year and fair value of the real estate for lease, etc. are as follows.

(Millions of yen)

		Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Amount stated in consolidated balance sheet			
	Balance at beginning of year	¥ 438,258	¥ 377,931
	Change during the year	(60,326)	16,505
	Balance at end of year	377,931	394,436
Fair value at end of year		452,620	480,298

(Notes) 1. The amounts stated in the consolidated balance sheet are calculated by deducting the relevant accumulated depreciation and impairment losses from the acquisition cost.

2. Changes during the previous fiscal year mainly resulted from increases due to real estate acquisition (¥67,614 million) and decreases due to transfers with inventories (¥115,423 million) and depreciation (¥8,681 million). Changes during the current

fiscal year mainly resulted from increases due to real estate acquisition (¥60,066 million) and decreases due to transfers with inventories (¥35,409 million) and depreciation (¥7,465 million).

3. Fair values at the end of year for major properties are calculated based on real estate appraisal by real estate appraiser. Fair values at the end of year for other properties are calculated by the Company based on the Real Estate Appraisal Standard.

20. Revenue recognition

1. Information on breakdown of revenue from contracts with customers

Fiscal year ended January 31, 2024

(Millions of yen)

	Reportable segments					
	Custom detached houses Business	Rental housing and commercial buildings Business	Architectural / Civil engineering Business	Rental housing management Business	Remodeling Business	Development Business
Construction and sales	¥ 470,775	¥ 518,970	¥ 269,427	¥ –	¥ 173,194	¥ 458,901
Real estate management and other	7	1	29	640,704	–	54,264
Sales to external customers	470,782	518,971	269,456	640,704	173,194	513,166
Other revenue (Note 1)	7	0	29	593,755	–	56,074
Revenue from contracts with customers	470,775	518,971	269,427	46,948	173,194	457,091

	Reportable segments	Other	Total
	Overseas Business		
Construction and sales	¥ 495,544	¥ 250	¥ 2,387,063
Real estate management and other	15,510	9,660	720,178
Sales to external customers	511,055	9,910	3,107,242
Other revenue (Note 1)	12,507	1,517	663,893
Revenue from contracts with customers	498,548	8,392	2,443,349

(Notes) 1. Other revenue includes lease revenue based on the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, March 30, 2007), and transferred real estate (including trust beneficiary interests in real estate) to which the “Practical Guidelines on Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special-Purpose Companies” (JICPA Accounting Practice Committee Statement No. 15, November 4, 2014).

2. Categorization of some of the reporting segments for the consolidated subsidiaries has been changed from the current fiscal year. Information on the breakdown of revenue from contracts with customers for the previous fiscal year is prepared based on the categorization of the revised reporting segments.

Fiscal year ended January 31, 2025

(Millions of yen)

	Reportable segments					
	Custom detached houses Business	Rental housing and commercial buildings Business	Architectural / Civil engineering Business	Rental housing management Business	Remodeling Business	Development Business
Construction and sales	¥ 478,994	¥ 536,984	¥ 322,426	¥ –	¥ 182,369	¥ 509,364
Real estate management and other	4	0	29	680,651	–	57,781
Sales to external customers	478,998	536,984	322,456	680,651	182,369	567,145
Other revenue (Note)	4	0	29	595,305	–	63,969
Revenue from contracts with customers	478,994	536,984	322,426	85,345	182,369	503,175

	Reportable segments	Other	Total
	Overseas Business		
Construction and sales	¥1,257,750	¥ 1,953	¥ 3,289,844
Real estate management and other	20,761	9,510	768,739
Sales to external customers	1,278,511	11,464	4,058,583
Other revenue (Note)	18,531	1,502	679,343
Revenue from contracts with customers	1,259,979	9,962	3,379,239

(Note) Other revenue includes lease revenue based on the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13), and transferred real estate (including trust beneficiary interests in real estate) to which the “Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies” (Transferred Guidance, No. 10).

2. Information providing a basis for understanding revenue from contracts with customers

The consideration for major business transactions is received generally within one year from the satisfaction of the performance obligation, and the amount of such consideration does not contain a significant financing component. Moreover, there is no significant variable consideration that could cause fluctuations in the amount of consideration.

(1) Construction and sales

With respect to ordered contract transactions, the Company concludes construction contracts with customers and has an obligation to perform construction work and deliver to the customers based on the construction contracts. For such contracts, the Company’s performance obligations are deemed to be satisfied over a certain period of time, and the Company recognizes revenue based on the degree of progress made in satisfying the performance obligation. As for the method of estimating progress, the degree of progress is calculated at the proportion of cost incurred to total cost of construction (input method).

With respect to construction contracts with a very short construction period, etc., an alternative treatment is applied whereby revenue is recognized when the performance obligation is fully satisfied.

With respect to real estate sale transactions, the Company has an obligation to deliver the property to the customer based on the real estate sales contracts. For such contracts, the Company’s performance obligation is deemed to be satisfied when the property is delivered, and the Company recognizes revenue when the property is delivered to the customer.

(2) Real estate management and other

With respect to transactions involving real estate for lease that are the main components of real estate management, revenue is recognized over the lease term in accordance with the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13), and included in “Other revenue.”

Moreover, for real estate management transactions, the Company concludes management service contracts with customers and has an obligation to provide building management services based on the construction contracts. For such contracts, the Company recognizes revenue when the performance obligation is satisfied at a point in time or over a certain period of time as appropriate for the content of the performance obligation.

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from these contracts, and the amount and timing of revenue expected to be recognized in subsequent fiscal years from contracts with customers that exist at the end of the current fiscal year

(1) Balance of contract assets and contract liabilities

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Receivables from contracts with customers (Balance at beginning of year)	¥ 44,478	¥ 33,071
Receivables from contracts with customers (Balance at end of year)	33,071	33,482
Contract assets (Balance at beginning of year)	111,058	142,138
Contract assets (Balance at end of year)	142,138	176,262
Contract liabilities (Balance at beginning of year)	144,117	159,309
Contract liabilities (Balance at end of year)	¥ 159,309	¥ 167,770

Contract assets refer to the rights of the Company and its consolidated subsidiaries with respect to the consideration for which revenue has been recognized based on the progress of performance obligations in construction contracts with customers at the end of the year, but which have not yet been invoiced. Contract assets are reclassified to receivables from contracts with customers when the Company and its consolidated subsidiaries' rights to the consideration are unconditional. The consideration relating to such construction contracts is invoiced and received based on the terms and conditions of payment in the contracts.

Contract liabilities refer to the advances received from customers, including advances received on construction contracts in progress and earnest money received from customers under real estate sales contracts. Contract liabilities are reversed upon recognition of revenue.

Of the amount of revenue recognized in the previous fiscal year, the amount included in the balance of contract liabilities at the beginning of year was ¥143,021 million.

Of the amount of revenue recognized in the current fiscal year, the amount included in the balance of contract liabilities at the beginning of year was ¥155,115 million.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations in the previous fiscal year was ¥1,552,023 million, and at the longest, this amount is expected to be recognized as revenue within 10 years. The total transaction price allocated to the remaining performance obligations in the current fiscal year was ¥1,754,577 million, and at the longest, this amount is expected to be recognized as revenue within 11 years. The practical expedient is applied and contracts with an initially expected contract term of one year or less are not included in the notes.

21. Segment information

[Segment information]

1. Description of reportable segments

The reportable segments of the Group are constituent units of the Group for which separate financial information is obtainable. These segments are periodically examined by management for the purpose of deciding the allocation of management resources and evaluating operating results.

The Group has established "Make Home the Happiest Place in the World" as its global vision, under the management policy of designating for deployment of growth strategies focused on the residential business domain and set the goal of becoming a global company that provides the integrated technologies, lifestyle designs and services and plans strategies and undertakes business activities in each business domain.

The Group is comprised of segments by product and service founded on business domains, and excluding business domains under "Other," the reportable segments are "Custom detached houses Business," "Rental housing and commercial buildings Business," "Architectural / Civil engineering Business," "Rental housing management Business," "Remodeling Business," "Development Business" and "Overseas Business."

The details of each reportable segment are as follows.

Custom detached houses Business:	Contracting of design and construction, and sales of custom detached houses (Main companies: Sekisui House, Ltd., Sekisui House Construction Group, Sekisui House noie Limited)
Rental housing and commercial buildings Business:	Contracting of design and construction, and sales of rental housing, commercial buildings and other properties (Main companies: Sekisui House, Ltd., Sekisui House Construction Group)

Architectural / Civil engineering Business:	Construction of commercial buildings and other properties and contracting of design and construction of civil engineering works (Main company: Konoike Construction Group)
Rental housing management Business:	Leasing and management operations for rental housing and other properties (Main company: Sekisui House Real Estate Group)
Remodeling Business:	Remodeling of detached houses, rental housing, and other properties (Main companies: Sekisui House Remodeling, Ltd., Sekisui House Real Estate Group, Sekisui House Construction Group)
Development Business:	Consists of the three following businesses. Real estate and brokerage Business Brokerage and sales of land for housing, existing homes, real estate for profit, etc. (Main companies: Sekisui House, Ltd., Sekisui House Real Estate Group) Condominiums Business Development, sales and management of condominiums (Main companies: Sekisui House, Ltd., Sekisui House GM Partners. Ltd.) Urban redevelopment Business Development, management, and operation of office buildings, hotels, and rental condominiums (Main companies: Sekisui House, Ltd., SH Hotel Management, Ltd., Sekisui House Asset Management, Ltd.)
Overseas Business:	Sales of detached houses, development and sales of residential land, and development of condominiums for sales and rent, in overseas market (Main companies: Sekisui House US Holdings, LLC, Sekisui House Australia Holdings Pty Limited)

From the current fiscal year, some segments of consolidated subsidiaries previously included in “Other” segment were recategorized into “Development Business,” in accordance with a partial review of management classifications within the Group.

Segment information for the previous fiscal year has been prepared based on the revised segment classification.

2. Method for calculating sales, profit, assets, liabilities, and other items for each reportable segment

The accounting policies for reportable operating segments are the same as noted under “Significant accounting policies for preparation of consolidated financial statements.”

3. Information about sales, profit, assets, liabilities, and other items for each reportable segment

Fiscal year ended January 31, 2024

(Millions of yen)

	Reportable segments					
	Custom detached houses Business	Rental housing and commercial buildings Business	Architectural / Civil engineering Business	Rental housing management Business	Remodeling Business	Development Business
Net sales						
(1) Sales to external customers	¥ 470,782	¥ 518,971	¥ 269,456	¥ 640,704	¥ 173,194	¥ 513,166
(2) Intersegment sales or transfers	274	5,150	5,196	5,883	1,801	19,872
Total	¥ 471,056	¥ 524,121	¥ 274,653	¥ 646,588	¥ 174,996	¥ 533,039
Segment profit	¥ 41,065	¥ 78,016	¥ 12,904	¥ 50,180	¥ 23,482	¥ 65,845
Segment assets	40,112	42,895	267,865	92,067	23,487	1,071,003
Other items						
Depreciation	3,546	437	1,300	459	160	8,252
Investment in affiliates accounted for under the equity method	–	–	–	–	–	17,442
Increase in property, plant and equipment and intangible assets	1,061	325	1,697	412	144	68,737

	Reportable segments		Other (Note 1)	Total	Adjustment (Note 2)	Amount stated in consolidated financial statements (Note 3)
	Overseas Business	Total				
Net sales						
(1) Sales to external customers	¥ 511,055	¥ 3,097,331	¥ 5,597	¥ 3,102,929	¥ 4,312	¥ 3,107,242
(2) Intersegment sales or transfers	–	38,179	5,573	43,753	(43,753)	–
Total	¥ 511,055	¥ 3,135,511	¥ 11,171	¥ 3,146,682	¥ (39,440)	¥ 3,107,242
Segment profit	¥ 48,898	¥ 320,393	¥ 1,630	¥ 322,023	¥ (51,067)	¥ 270,956
Segment assets	1,513,982	3,051,415	19,277	3,070,692	282,106	3,352,798
Other items						
Depreciation	4,321	18,478	180	18,659	9,086	27,745
Investment in affiliates accounted for under the equity method	62,873	80,315	8,128	88,444	(2,044)	86,399
Increase in property, plant and equipment and intangible assets	3,303	75,683	188	75,871	10,838	86,709

(Notes) 1. The “Other” category is a business segment that is not included in the reporting segments.

2. Adjustments are as follows.
   (1) An adjustment of ¥(51,067) million for segment profit includes an elimination of intersegment transactions of ¥(2,106) million and corporate expenses of ¥(48,960) million that have not been allocated to each segment. Corporate expenses mainly include general and administrative expenses and experimentation and research expenses that do not belong to any reportable segments.
   (2) An adjustment of ¥282,106 million for segment assets is corporate assets. Corporate assets are mainly parent company surplus operating funds (cash and securities), long-term investment funds (investment securities) and assets of the administration division.
   (3) An adjustment of ¥9,086 million for depreciation is depreciation expenses related to corporate assets.
   (4) An adjustment of ¥(2,044) million for investment in affiliates accounted for under the equity method is an elimination of intersegment transactions.
   (5) An adjustment of ¥10,838 million for increase in property, plant and equipment and intangible assets is a capital expenditure mainly for equipment for the headquarters.

3. Segment profit is adjusted to correspond to operating profit in the consolidated financial statements.

Fiscal year ended January 31, 2025

(Millions of yen)

	Reportable segments					
	Custom detached houses Business	Rental housing and commercial buildings Business	Architectural / Civil engineering Business	Rental housing management Business	Remodeling Business	Development Business
Net sales						
(1) Sales to external customers	¥ 478,998	¥ 536,984	¥ 322,456	¥ 680,651	¥ 182,369	¥ 567,145
(2) Intersegment sales or transfers	93	7,949	2,567	6,468	1,498	15,430
Total	¥ 479,091	¥ 544,934	¥ 325,024	¥ 687,119	¥ 183,868	¥ 582,576
Segment profit	¥ 46,069	¥ 81,796	¥ 15,218	¥ 56,804	¥ 26,624	¥ 70,285
Segment assets	43,592	48,524	277,069	75,132	25,428	1,136,239
Other items						
Depreciation	3,488	450	1,262	446	192	7,104
Investment in affiliates accounted for under the equity method	–	–	–	–	–	20,382
Increase in property, plant and equipment and intangible assets	3,342	269	1,802	726	202	65,676

	Reportable segments		Other (Note 1)	Total	Adjustment (Note 2)	Amount stated in consolidated financial statements (Note 3)
	Overseas Business	Total				
Net sales						
(1) Sales to external customers	¥1,278,511	¥ 4,047,118	¥ 6,570	¥ 4,053,689	¥ 4,894	¥ 4,058,583
(2) Intersegment sales or transfers	–	34,007	7,496	41,504	(41,504)	–
Total	¥1,278,511	¥ 4,081,126	¥ 14,066	¥ 4,095,193	¥ (36,610)	¥ 4,058,583
Segment profit	¥ 78,945	¥ 375,744	¥ 2,466	¥ 378,211	¥ (46,844)	¥ 331,366
Segment assets	2,874,349	4,480,335	19,671	4,500,007	308,841	4,808,848
Other items						
Depreciation	12,688	25,633	199	25,832	9,402	35,235
Investment in affiliates accounted for under the equity method	83,622	104,004	7,331	111,336	(1,983)	109,352
Increase in property, plant and equipment and intangible assets	5,434	77,455	104	77,560	22,331	99,891

(Notes) 1. The “Other” category is a business segment that is not included in the reporting segments.

2. Adjustments are as follows.
   (1) An adjustment of ¥(46,844) million for segment profit includes an elimination of intersegment transactions of ¥276 million and corporate expenses of ¥(47,120) million that have not been allocated to each segment. Corporate expenses mainly include general and administrative expenses and experimentation and research expenses that do not belong to any reportable segments.
   (2) An adjustment of ¥308,841 million for segment assets is corporate assets. Corporate assets are mainly parent company surplus operating funds (cash and securities), long-term investment funds (investment securities) and assets of the administration division.
   (3) An adjustment of ¥9,402 million for depreciation is depreciation expenses related to corporate assets.
   (4) An adjustment of ¥(1,983) million for investment in affiliates accounted for under the equity method is an elimination of intersegment transactions.
   (5) An adjustment of ¥22,331 million for increase in property, plant and equipment and intangible assets is a capital expenditure mainly for equipment for the headquarters.
3. Segment profit is adjusted to correspond to operating profit in the consolidated financial statements.

[Related information]

Fiscal year ended January 31, 2024

1. Information for each product or service

Refer to [Segment information].

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	United States	Other regions	Total
¥ 2,588,413	¥ 458,894	¥ 59,934	¥ 3,107,242

(Note) Net sales are classified founded on the region where the business activities are conducted.

(2) Property, plant and equipment

Amount of property, plant and equipment located in Japan accounted for more than 90% of property, plant and equipment in the consolidated balance sheet.

3. Information for each of main customer

No single customer accounted for 10% or more of total sales of all segments.

Fiscal year ended January 31, 2025

1. Information for each product or service

Refer to [Segment information].

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	United States	Other regions	Total
¥ 2,771,950	¥ 1,233,613	¥ 53,019	¥ 4,058,583

(Note) Net sales are classified founded on the region where the business activities are conducted.

(2) Property, plant and equipment

Amount of property, plant and equipment located in Japan accounted for more than 90% of property, plant and equipment in the consolidated balance sheet.

3. Information for each of main customer

No single customer accounted for 10% or more of total sales of all segments.

[Information about impairment losses on non-current assets for each reportable segment]

Fiscal year ended January 31, 2024

(Millions of yen)

	Custom detached houses Business	Rental housing and commercial buildings Business	Architectural / Civil engineering Business	Rental housing management Business	Remodeling Business
Impairment losses	¥ 30	¥ 20	¥ 0	¥ 89	¥ –

	Development Business	Overseas Business	Other	Unallocated amounts and elimination	Total
Impairment losses	¥ 153	¥ –	¥ 85	¥ 103	¥ 484

Fiscal year ended January 31, 2025

(Millions of yen)

	Custom detached houses Business	Rental housing and commercial buildings Business	Architectural / Civil engineering Business	Rental housing management Business	Remodeling Business
Impairment losses	¥ 88	¥ 41	¥ –	¥ 5	¥ –

	Development Business	Overseas Business	Other	Unallocated amounts and elimination	Total
Impairment losses	¥ 0	¥ –	¥ 12	¥ –	¥ 147

[Information about amortization and unamortized balance of goodwill for each reportable segment]

Fiscal year ended January 31, 2024

(Millions of yen)

	Custom detached houses Business	Rental housing and commercial buildings Business	Architectural / Civil engineering Business	Rental housing management Business	Remodeling Business
Amortization amount for the year	¥ –	¥ –	¥ –	¥ –	¥ –
Balance at end of period	–	–	–	–	–

	Development Business	Overseas Business	Other	Unallocated amounts and elimination	Total
Amortization amount for the year	¥ –	¥ 3,327	¥ 422	¥ –	¥ 3,749
Balance at end of period	–	16,030	1,778	–	17,808

(Note) Other is construction material supply business.

Fiscal year ended January 31, 2025

(Millions of yen)

	Custom detached houses Business	Rental housing and commercial buildings Business	Architectural / Civil engineering Business	Rental housing management Business	Remodeling Business
Amortization amount for the year	¥ –	¥ –	¥ –	¥ –	¥ –
Balance at end of period	–	–	–	–	–

	Development Business	Overseas Business	Other	Unallocated amounts and elimination	Total
Amortization amount for the year	¥ –	¥13,488	¥ 461	¥ –	¥ 13,949
Balance at end of period	–	132,899	1,317	–	134,217

(Note) Other is construction material supply business, etc.

[Information about gain on bargain purchase for each reportable segment]

Fiscal year ended January 31, 2024

Nothing to report

Fiscal year ended January 31, 2025

Nothing to report

[Related party information]

Transactions with related parties

Transactions between the Company and related parties

Directors (and other officers) of the Company and major shareholders (limited to individuals), etc.

Fiscal year ended January 31, 2024

Type	Name of company, etc. or person	Location	Share capital or investments in capital (Millions of yen)	Description of business or occupation	Percentage of owning (owned) voting rights (%)	Relationship with related parties	Description of transaction	Transaction amount (Millions of yen)	Item	Balance at end of year (Millions of yen)
Officer	Yoshihiro Nakai	–	¥ –	The Company's Representative Director of the Board	Directly (owned) 0.01%	Contribution in kind of monetary compensation claims	Contribution in kind of monetary compensation claims (Notes 1, 2)	¥ 77	–	¥ –
Officer	Yosuke Horiuchi	–	–	The Company's Representative Director of the Board	Directly (owned) 0.01%	Contribution in kind of monetary compensation claims	Contribution in kind of monetary compensation claims (Notes 1, 2)	42	–	–
Officer	Satoshi Tanaka	–	–	The Company's Representative Director of the Board	Directly (owned) 0.00%	Contribution in kind of monetary compensation claims	Contribution in kind of monetary compensation claims (Note 1)	27	–	–
Officer	Toru Ishii	–	–	The Company's Director of the Board	Directly (owned) 0.00%	Contribution in kind of monetary compensation claims	Contribution in kind of monetary compensation claims (Notes 1, 2)	24	–	–
Officer	Hiroshi Shinozaki	–	–	The Company's Director of the Board	Directly (owned) 0.00%	Contribution in kind of monetary compensation claims	Contribution in kind of monetary compensation claims (Notes 1, 2)	17	–	–

(Notes) Transaction terms and policies for determining transaction terms, etc.

1. These items are due to contribution in kind of monetary compensation claims accompanying the restricted share (RS) awards plan.
2. These items are due to contribution in kind of monetary compensation claims accompanying the performance share unit (PSU) awards plan.

Fiscal year ended January 31, 2025

Type	Name of company, etc. or person	Location	Share capital or investments in capital (Millions of yen)	Description of business or occupation	Percentage of owning (owned) voting rights (%)	Relationship with related parties	Description of transaction	Transaction amount (Millions of yen)	Item	Balance at end of year (Millions of yen)
Officer	Yoshihiro Nakai	–	¥ –	The Company's Representative Director of the Board	Directly (owned) 0.02%	Contribution in kind of monetary compensation claims	Contribution in kind of monetary compensation claims (Note 1)	¥ 79	–	¥ –
Officer	Yosuke Horiuchi	–	–	The Company's Representative Director of the Board	Directly (owned) 0.01%	Contribution in kind of monetary compensation claims	Contribution in kind of monetary compensation claims (Note 1)	58	–	–
						Sales of condominiums	Sales of condominiums (Note 2)	197	–	–
						Contracting of remodeling work	Contracting of remodeling work (Note 2)	12	–	–
Officer	Satoshi Tanaka	–	–	The Company's Representative Director of the Board	Directly (owned) 0.00%	Contribution in kind of monetary compensation claims	Contribution in kind of monetary compensation claims (Note 1)	52	–	–
Officer	Toru Ishii	–	–	The Company's Director of the Board	Directly (owned) 0.00%	Contribution in kind of monetary compensation claims	Contribution in kind of monetary compensation claims (Note 1)	25	–	–
Officer	Hiroshi Shinozaki	–	–	The Company's Director of the Board	Directly (owned) 0.00%	Contribution in kind of monetary compensation claims	Contribution in kind of monetary compensation claims (Note 1)	18	–	–

(Notes) Transaction terms and policies for determining transaction terms, etc.

1. These items are due to contribution in kind of monetary compensation claims accompanying the restricted share (RS) awards plan and the performance share unit (PSU) awards plan.
2. Sales price of condominiums and contract price of remodeling work are determined in the same way as for general transaction terms.

22. Per share information

(Yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Net assets per share	¥ 2,707.90	¥ 3,027.64
Profit per share	309.29	335.95
Diluted profit per share	309.19	335.84

(Notes) Basis for calculation

1. Net assets per share

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Net assets recorded on consolidated balance sheet	¥ 1,794,052	¥ 2,018,599
Difference between net assets recorded on consolidated balance sheet and net assets attributable to ordinary shares	39,466	56,399
[of which, share acquisition rights]	[100]	[87]
[of which, non-controlling interests]	[39,366]	[56,311]
Net assets attributable to ordinary shares	¥ 1,754,585	¥ 1,962,199
Number of ordinary shares outstanding (1,000 shares)	662,862	662,996
Number of ordinary shares held in treasury (1,000 shares)	14,911	14,902
Number of ordinary shares used to calculate net assets per share (1,000 shares)	647,950	648,094

2. Profit per share and diluted profit per share

(Millions of yen)

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Profit per share		
Profit attributable to owners of parent	¥ 202,325	¥ 217,705
Amount not attributable to ordinary shareholders	–	–
Profit attributable to owners of parent related to ordinary shares	¥ 202,325	¥ 217,705
Average number of ordinary shares outstanding during the year (1,000 shares)	654,153	648,036
Diluted profit per share		
Adjustment to profit attributable to owners of parent	¥ –	¥ –
Number of ordinary shares increased (1,000 shares)		
Share acquisition rights	100	80
Performance share unit awards	119	118
Overview of residual securities not included in the calculation of diluted profit per share as they have no dilutive effect	–	–

23. Supplemental information to consolidated financial statements

[Detailed schedule of bonds]

(Millions of yen)

Company name	Issue	Issue date	Balance at beginning of period	Balance at end of period	Interest rate (%)	Collateral	Maturity date
Sekisui House, Ltd.	Short-term bonds payable	January 6, 2025	–	40,000 [40,000]	0.44	Unsecured	February 28, 2025
Sekisui House, Ltd.	Series 21 unsecured bonds (with limited inter-bond pari-passu clause)	July 14, 2016	20,000	20,000	0.20	Unsecured	July 17, 2026
Sekisui House, Ltd.	Series 22 unsecured bonds (with limited inter-bond pari-passu clause)	June 7, 2023	30,000	30,000	0.36	Unsecured	June 7, 2028
Sekisui House, Ltd.	The 2nd series of unsecured bonds with optional interest payment deferral and early redemption provisions (with a subordination provision)	July 8, 2024	–	125,000	1.71 (*1)	Unsecured	July 8, 2059 (*2)
Sekisui House, Ltd.	The 3rd series of unsecured bonds with optional interest payment deferral and early redemption provisions (with a subordination provision)	July 8, 2024	–	75,000	2.52 (*3)	Unsecured	July 8, 2064 (*4)
Sekisui House, Ltd.	The 1st series of unsecured straight bonds in U.S. dollars (*2)	October 23, 2024	–	77,168 〔499 million U.S. dollars〕	4.70	Unsecured	February 23, 2030
Sekisui House, Ltd.	The 2nd series of unsecured straight bonds in U.S. dollars (*2)	October 23, 2024	–	77,018 〔498 million U.S dollars〕	5.10	Unsecured	October 23, 2034
AIDA Co., Ltd.	The 1st series of unsecured bonds (with guarantee from Mizuho Bank, Ltd. and limited to qualified institutional investors)	March 31, 2020	24 [16]	8 [8]	0.20	Unsecured	March 31, 2025
M.D.C. Holdings, Inc.	Unsecured straight bonds in U.S. dollars (*2)	January 9, 2020	–	47,454 〔300 million U.S. dollars〕	3.85	Unsecured	January 15, 2030
M.D.C. Holdings, Inc.	Unsecured straight bonds in U.S. dollars (*2)	January 11, 2021	–	55,363 〔350 million U.S. dollars〕	2.50	Unsecured	January 15, 2031
M.D.C. Holdings, Inc.	Unsecured straight bonds in U.S. dollars (*2)	January 10, 2013	–	57,753 〔365 million U.S. dollars〕	6.00	Unsecured	January 15, 2043
M.D.C. Holdings, Inc.	Unsecured straight bonds in U.S. dollars (*2)	August 6, 2021	–	55,363 〔350 million U.S. dollars〕	3.97	Unsecured	August 6, 2061
Total	–	–	¥50,024 [16]	¥ 660,129 [40,008]	–	–	–

(Notes) 1. Amounts due to mature within one year are shown in square parentheses [ ].

2. Amounts in foreign currency are shown in brackets 〔 〕 as the bonds were issued in foreign countries.

3. *1 Fixed interest rate will be applied from the day following July 8, 2024 to July 8, 2029 and floating interest rate will be applied on or after the day following July 8, 2029 (“Step-up interest rates” will be applied from the day following July 8, 2034 and July 8, 2049).

*2 Special clause is set whereby the Company may, at its option, redeem the bonds on any interest payment date on or after July 8, 2029, or upon the occurrence and continuation of a taxation event or a capital event on or after the closing date.

*3 Fixed interest rate will be applied from the day following July 8, 2024 to July 8, 2034 and floating interest rate will be applied on or after the day following July 8, 2034 (“Step-up interest rates” will be applied from the day following July 8, 2034 and July 8, 2054).

*4 Special clause is set whereby the Company may, at its option, redeem the bonds on any interest payment date on or after July 8, 2034, or upon the occurrence and continuation of a taxation event or a capital event on or after the closing date.

4. Amounts due to mature during the five years following the fiscal year-end are as follows.

(Millions of yen)

Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
¥ 40,008	¥ 20,000	¥ –	¥ 30,000	¥ –

[Detailed schedule of borrowings]

(Millions of yen)

Categories	Balance at beginning of period	Balance at end of period	Average interest rate (%)	Repayment date
Short-term borrowings	¥ 440,075	¥ 477,840	4.20	–
Current portion of long-term borrowings	21,611	227,302	4.96	–
Current portion of non-recourse long-term borrowings	–	25,491	5.39	–
Current portion of lease obligations	2,186	3,558	–	–
Long-term borrowings (excluding current portion)	234,055	456,321	3.80	2026 to 2034
Non-recourse long-term borrowings (excluding current portion)	5,033	–	–	–
Lease obligations (excluding current portion)	21,978	26,766	–	2026 to 2049
Total	¥ 724,941	¥ 1,217,281	–	–

(Notes) 1. The calculation of the average interest rate is disclosed as the weighted average interest rate for the balance at the end of the year based on the interest rate at the end of the year.

2. The average interest rate for lease obligations has not been disclosed since the amount before deducting the amount corresponding to interest included in total lease payments is recorded as lease obligations in the consolidated balance sheet.

3. The amounts of long-term borrowings and lease obligations (excluding current portions) due for repayment during five years following the fiscal year-end are as follows.

(Millions of yen)

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term borrowings	¥ 172,799	¥ 93,302	¥ 21,158	¥ 9,059
Lease obligations	3,755	2,842	2,498	2,088

[Detailed schedule of asset retirement obligations]

This information is not disclosed pursuant to Article 92-2 of the Regulation on Consolidated Financial Statements since the amount of asset retirement obligations was 1% or less of total liabilities and net assets at the beginning and end of the current fiscal year.

[Other]

Semi-annual information for the fiscal year ended January 31, 2025

(Millions of yen)

	2nd quarter	Fiscal year ended January 31, 2025
Net sales	¥ 1,859,127	¥ 4,058,583
Profit before income taxes	161,752	305,586
Profit attributable to owners of parent	122,983	217,705
Profit per share (Yen)	189.79	335.95

Provisional accounting treatment was adopted during the interim period, but was finalized by the end of the current fiscal year.

2. Non-Consolidated Financial Statements, etc.

(1) Non-consolidated financial statements

i. Non-consolidated balance sheet

(Millions of yen)

	Fiscal year ended January 31, 2024 (January 31, 2024)	Fiscal year ended January 31, 2025 (January 31, 2025)
Assets		
Current assets		
Cash and deposits	44,532	57,391
Notes receivable - trade	12	171
Electronically recorded monetary claims - operating	4	5
Accounts receivable from completed construction contracts	34,118	44,870
Accounts receivable - real estate business	2,965	2,702
Costs on construction contracts in progress	2,519	2,345
Buildings for sale	*2 87,067	*2 61,867
Land for sale in lots	*2 283,657	*2 312,017
Undeveloped land for sale	54,408	48,079
Semi-finished goods	3,918	4,090
Raw materials	2,723	2,511
Work in process	875	797
Supplies	1,003	1,042
Advance payments to suppliers	1,227	662
Prepaid expenses	9,040	9,074
Loans receivable to subsidiaries and affiliates	52	239,519
Accounts receivable - other	13,683	14,739
Other	21,817	8,160
Allowance for doubtful accounts	(659)	(787)
Total current assets	562,971	809,261
Non-current assets		
Property, plant and equipment		
Buildings	*2 176,727	*2 205,353
Accumulated depreciation	(107,652)	(110,023)
Buildings, net	69,074	95,329
Structures	*2 13,412	*2 14,965
Accumulated depreciation	(10,554)	(10,668)
Structures, net	2,857	4,297
Machinery and equipment	*2 60,287	*2 63,064
Accumulated depreciation	(53,028)	(53,592)
Machinery and equipment, net	7,258	9,472
Vehicles	*2 496	*2 500
Accumulated depreciation	(457)	(470)
Vehicles, net	39	29
Tools, furniture and fixtures	*2 26,281	*2 24,429
Accumulated depreciation	(22,038)	(19,719)
Tools, furniture and fixtures, net	4,242	4,710
Land	*2, *4 186,464	*2, *4 194,241
Leased assets	2,752	3,689
Accumulated depreciation	(1,996)	(2,127)
Leased assets, net	756	1,561
Construction in progress	*2 48,744	*2 41,803
Total property, plant and equipment	319,436	351,445

(Millions of yen)

	Fiscal year ended January 31, 2024 (January 31, 2024)	Fiscal year ended January 31, 2025 (January 31, 2025)
Intangible assets		
Industrial property	18	17
Leasehold interests in land	1,608	2,517
Software	*2 14,602	*2 22,278
Leased assets	3	-
Right to use facilities	22	17
Telephone subscription right	111	111
Total intangible assets	16,367	24,941
Investments and other assets		
Investment securities	*4 94,991	*4 77,342
Shares of subsidiaries and associates	444,002	881,424
Investments in other securities of subsidiaries and associates	20,111	25,589
Long-term loans receivable	850	812
Long-term loans receivable from employees	1,208	996
Long-term loans receivable from subsidiaries and associates	67,318	133,247
Leasehold and guarantee deposits	18,071	12,937
Long-term prepaid expenses	1,717	1,451
Prepaid pension costs	587	10,779
Deferred tax assets	3,867	4,341
Other	*3 8,366	*3 8,394
Allowance for doubtful accounts	(1,949)	(2,641)
Total investments and other assets	659,144	1,154,674
Total non-current assets	994,948	1,531,060
Total assets	1,557,919	2,340,322
Liabilities		
Current liabilities		
Notes payable - trade	4,940	3,623
Electronically recorded obligations - operating	57,835	42,120
Accounts payable - trade	20,855	21,641
Accounts payable for construction contracts	36,676	45,958
Short-term bonds	-	40,000
Short-term borrowings	-	140,227
Current portion of long-term borrowings	-	25,000
Lease liabilities	231	263
Accounts payable - other	1,956	18,620
Accrued expenses	13,746	15,424
Income taxes payable	14,896	16,019
Accrued consumption taxes	11,024	11,394
Advances received on construction contracts in progress	104,009	115,490
Advances received	14,216	16,380
Deposits received	*1 167,305	*1 145,066
Provision for bonuses	22,661	24,815
Provision for bonuses for directors (and other officers)	256	286
Provision for warranties for completed construction	2,765	2,765
Asset retirement obligations	597	624
Other	212	-
Total current liabilities	474,186	685,721

(Millions of yen)

	Fiscal year ended January 31, 2024 (January 31, 2024)	Fiscal year ended January 31, 2025 (January 31, 2025)
Non-current liabilities		
Bonds payable	50,000	404,187
Long-term borrowings	55,000	189,936
Lease liabilities	616	1,469
Long-term leasehold and guarantee deposits received	*4 12,154	*4 8,238
Long-term accounts payable - other	270	249
Provision for retirement benefits	21,188	21,190
Asset retirement obligations	890	842
Other	5,176	4,493
Total non-current liabilities	145,296	630,607
Total liabilities	619,483	1,316,329
Net assets		
Shareholders' equity		
Share capital	202,854	203,094
Capital surplus		
Legal capital surplus	258,608	258,847
Total capital surplus	258,608	258,847
Retained earnings		
Legal retained earnings	23,128	23,128
Other retained earnings		
Reserve for dividends	18,000	18,000
General reserve	295,800	345,800
Retained earnings brought forward	136,464	180,817
Total retained earnings	473,393	567,746
Treasury shares	(40,808)	(40,788)
Total shareholders' equity	894,046	988,900
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	44,288	35,005
Total valuation and translation adjustments	44,288	35,005
Share acquisition rights	100	87
Total net assets	938,436	1,023,993
Total liabilities and net assets	1,557,919	2,340,322

ii. Non-consolidated statement of income

(Millions of yen)

	Fiscal year ended January 31, 2024 (From February 1, 2023 to January 31, 2024)	Fiscal year ended January 31, 2025 (From February 1, 2024 to January 31, 2025)
Net sales of completed construction contracts	983,525	1,016,650
Cost of sales of completed construction contracts	*2 771,393	*2 790,414
Gross profit on completed construction contracts	212,131	226,235
Sales in real estate business	299,908	295,522
Cost of sales in real estate business	*2 240,868	*2 235,211
Gross profit - real estate business	59,039	60,310
Total net sales	1,283,433	1,312,172
Total cost of sales	1,012,262	1,025,626
Gross profit	271,171	286,545
Selling, general and administrative expenses		
Advertising expenses	13,810	13,046
Promotion expenses	10,532	11,072
Servicing fee	18,100	18,188
Provision of allowance for doubtful accounts	138	117
Remuneration for directors (and other officers)	1,119	875
Employees' salaries and allowances	47,444	49,386
Employees' bonuses	10,565	11,114
Provision for bonuses	11,972	13,755
Provision for bonuses for directors (and other officers)	255	285
Retirement benefit expenses	3,526	(719)
Legal welfare expenses	10,334	10,940
Welfare expenses	3,906	4,086
Travel and transportation expenses	5,236	5,585
Rent expenses	3,011	2,924
Heating and lighting expenses	819	797
Depreciation	8,239	8,532
Supplies expenses	1,440	1,312
Experimentation and research expenses	641	1,462
Investigation expenses	704	645
Insurance expenses	154	168
Taxes and dues	8,664	8,026
Communication expenses	1,051	1,068
Entertainment expenses	1,551	1,414
Trademark fee	*1 180	*1 180
Miscellaneous expenses	17,993	20,097
Total selling, general and administrative expenses	*2 181,394	*2 184,364
Operating profit	89,777	102,181

(Millions of yen)

	Fiscal year ended January 31, 2024 (From February 1, 2023 to January 31, 2024)	Fiscal year ended January 31, 2025 (From February 1, 2024 to January 31, 2025)
Non-operating income		
Interest income	*3 4,449	*3 16,546
Dividend income	*3 59,860	*3 80,643
Foreign exchange gains	3,823	3,296
Other	3,809	2,878
Total non-operating income	71,943	103,364
Non-operating expenses		
Interest expenses	96	9,810
Interest expenses on bonds	126	4,609
Bond issuance costs	95	2,196
Loss on business of subsidiaries and associates	762	68
System change expense	*4 528	-
Other	2,650	5,089
Total non-operating expenses	4,259	21,774
Ordinary profit	157,460	183,771
Extraordinary income		
Gain on sale of investment securities	5,040	19,312
Gain on sale of shares of subsidiaries and associates	10,187	2,583
Gain on liquidation of subsidiaries and associates	4,646	1,564
Total extraordinary income	19,874	23,460
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	-	921
Loss on sale and retirement of non-current assets	*5 902	*5 894
Loss on liquidation of subsidiaries and associates	8,728	220
Impairment losses	257	28
Loss on business of subsidiaries and associates	3,559	-
Loss on valuation of investment securities	8	-
Total extraordinary losses	13,454	2,064
Profit before income taxes	163,880	205,166
Income taxes - current	30,326	24,969
Income taxes - deferred	2,222	2,850
Total income taxes	32,548	27,819
Profit	131,332	177,347

(a) Statement of cost of sales of completed construction contracts

Category	Note	Fiscal year ended January 31, 2024 (From February 1, 2023 to January 31, 2024) Amount (Millions of yen)	Composition (%)	Fiscal year ended January 31, 2025 (From February 1, 2024 to January 31, 2025) Amount (Millions of yen)	Composition (%)	Increase/ Decrease (Millions of yen)
I. Material expenses		189,132	24.5	186,392	23.6	(2,739)
II. Outsourcing expenses		472,646	61.3	493,715	62.5	21,068
III. Other expenses		109,615	14.2	110,306	13.9	691
Transportation costs		22,481		22,962		481
Personnel expenses		62,629		63,029		399
Miscellaneous		24,503		24,315		(188)
Total		771,393	100.0	790,414	100.0	19,021

(b) Detailed statement of cost of sales in real estate business

Category	Note	Fiscal year ended January 31, 2024 (From February 1, 2023 to January 31, 2024) Amount (Millions of yen)	Composition (%)	Fiscal year ended January 31, 2025 (From February 1, 2024 to January 31, 2025) Amount (Millions of yen)	Composition (%)	Increase/ Decrease (Millions of yen)
I. Land purchase costs		132,034	58.8	123,406	55.6	(8,628)
II. Land development construction costs		6,619	2.9	6,965	3.1	346
III. Construction materials costs		3,375	1.5	3,346	1.5	(29)
IV. Construction outsourcing expenses		53,322	23.7	59,094	26.6	5,771
V. Other expenses		29,306	13.1	29,128	13.2	(178)
Total costs		224,658	100.0	221,940	100.0	(2,717)
Transfer from other account	*1	102,296		10,102		(92,193)
Balance of buildings for sale at beginning of period		56,415		87,067		
Balance of land for sale in lots at beginning of period		238,097		283,657		
Balance of undeveloped land for sale at beginning of period		44,534		54,408		
Balance of buildings for sale at end of period		87,067		61,867		
Balance of land for sale in lots at end of period		283,657		312,017		
Balance of undeveloped land for sale at end of period		54,408		48,079		
Cost of sales in real estate business, net		240,868		235,211		(5,656)

(Note) *1. The amount of the transfer from other account in the fiscal year ended January 31, 2024 was the net amount of ¥102,356 million transferred from non-current assets and ¥60 million transferred to non-current assets.
The amount of the transfer from other account in the fiscal year ended January 31, 2025 was the net amount of ¥10,102 million transferred from non-current assets.

Cost accounting method

(1) Cost of sales of completed construction contracts

Calculated using the job order costing method for each construction instruction.

(2) Cost of sales in real estate business

Calculated using the job order costing method for each purchased lot for land, and the job order costing method for each construction instruction for buildings.

Adjustment of cost variance

The amount of material expenses for each site is based on the estimated amount, therefore the difference between the actual amount and the estimated amount is calculated as the cost variance and allocated to cost of sales of completed construction contracts, cost of sales in real estate business, costs on construction contracts in progress, and buildings for sale at the end of the fiscal year.

iii. Non-consolidated statement of changes in equity

Fiscal year ended January 31, 2024 (From February 1, 2023 to January 31, 2024)

(Millions of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
					Other retained earnings			
	Share capital	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for dividends	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	202,591	258,344	258,344	23,128	18,000	310,800	116,657	468,586
Changes during period								
Issuance of new shares	263	263	263	–	–	–	–	–
Dividends of surplus	–	–	–	–	–	–	(76,864)	(76,864)
Provision of general reserve	–	–	–	–	–	–	–	–
Reversal of general reserve	–	–	–	–	–	(15,000)	15,000	–
Profit	–	–	–	–	–	–	131,332	131,332
Purchase of treasury shares	–	–	–	–	–	–	–	–
Disposal of treasury shares	–	–	–	–	–	–	(41)	(41)
Cancellation of treasury shares	–	–	–	–	–	–	(49,619)	(49,619)
Net changes in items other than shareholders' equity	–	–	–	–	–	–	–	–
Total changes during period	263	263	263	–	–	(15,000)	19,806	4,806
Balance at end of period	202,854	258,608	258,608	23,128	18,000	295,800	136,464	473,393

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(50,485)	879,036	41,340	41,340	134	920,510
Changes during period						
Issuance of new shares	–	526	–	–	–	526
Dividends of surplus	–	(76,864)	–	–	–	(76,864)
Provision of general reserve	–	–	–	–	–	–
Reversal of general reserve	–	–	–	–	–	–
Profit	–	131,332	–	–	–	131,332
Purchase of treasury shares	(40,018)	(40,018)	–	–	–	(40,018)
Disposal of treasury shares	75	34	–	–	–	34
Cancellation of treasury shares	49,619	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	2,948	2,948	(33)	2,914
Total changes during period	9,677	15,010	2,948	2,948	(33)	17,925
Balance at end of period	(40,808)	894,046	44,288	44,288	100	938,436

Fiscal year ended January 31, 2025 (From February 1, 2024 to January 31, 2025)

(Millions of yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
					Other retained earnings			
	Share capital	Legal capital surplus	Total capital surplus	Legal retained earnings	Reserve for dividends	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	202,854	258,608	258,608	23,128	18,000	295,800	136,464	473,393
Changes during period								
Issuance of new shares	239	239	239	–	–	–	–	–
Dividends of surplus	–	–	–	–	–	–	(82,968)	(82,968)
Provision of general reserve	–	–	–	–	–	50,000	(50,000)	–
Reversal of general reserve	–	–	–	–	–	–	–	–
Profit	–	–	–	–	–	–	177,347	177,347
Purchase of treasury shares	–	–	–	–	–	–	–	–
Disposal of treasury shares	–	–	–	–	–	–	(26)	(26)
Cancellation of treasury shares	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	–	–	–
Total changes during period	239	239	239	–	–	50,000	44,353	94,353
Balance at end of period	203,094	258,847	258,847	23,128	18,000	345,800	180,817	567,746

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(40,808)	894,046	44,288	44,288	100	938,436
Changes during period						
Issuance of new shares	–	479	–	–	–	479
Dividends of surplus	–	(82,968)	–	–	–	(82,968)
Provision of general reserve	–	–	–	–	–	–
Reversal of general reserve	–	–	–	–	–	–
Profit	–	177,347	–	–	–	177,347
Purchase of treasury shares	(18)	(18)	–	–	–	(18)
Disposal of treasury shares	38	12	–	–	–	12
Cancellation of treasury shares	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	(9,283)	(9,283)	(12)	(9,295)
Total changes during period	20	94,853	(9,283)	(9,283)	(12)	85,557
Balance at end of period	(40,788)	988,900	35,005	35,005	87	1,023,993

Notes to non-consolidated financial statements

(Significant accounting policies)

1. Basis and methods of valuation of securities

(1) Bonds held to maturity

Stated at amortized cost (straight-line method)

(2) Shares of subsidiaries and associates

Stated at cost determined by the moving-average method

(3) Available-for-sale securities

Securities other than shares with no market price

Stated at fair value

(Valuation differences are recorded directly in a separate component of net assets, and cost of securities sold is determined by the moving-average method)

Shares with no market price

Stated at cost determined by the moving-average method

2. Basis and method of valuation of derivatives

Stated at fair value

3. Basis and method of valuation of inventories

Stated at cost (the carrying amounts are determined based on the method of writing down the book value based on a decline in profitability)

(1) Costs on construction contracts in progress, buildings for sale, land for sale in lots, and undeveloped land for sale

Stated at cost determined by the individual cost method

(2) Semi-finished goods, raw materials, work in process, and supplies

Stated at cost determined by the moving-average method

4. Accounting methods for depreciation and amortization of non-current assets

(1) Property, plant and equipment (excluding leased assets)

The Company applies the straight-line method to buildings (excluding attached structures) and facilities attached to buildings and structures acquired on and after April 1, 2016, and applies the declining-balance method for other property, plant and equipment. The useful life is based on the same criteria as those stipulated in the Corporation Tax Act.

(2) Intangible assets (excluding leased assets)

Amortized by the straight-line method. The useful life is based on the same criteria as those stipulated in the Corporation Tax Act. However, software for internal use is amortized by the straight-line method over the usable period within the Company (5 years).

(3) Leased assets

Leased assets in finance lease transactions that do not transfer ownership are depreciated using the straight-line method assuming that lease periods are useful lives and residual values are zero.

5. Accounting policy for translation of significant foreign currency assets or liabilities into Japanese yen

Monetary receivables and payables in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing at the end of the fiscal year, and translation differences are recognized in profit or loss.

6. Accounting policy for provisions

(1) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is provided at the amount estimated by either using the historical rate of credit loss for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(2) Provision for bonuses

To provide payment of bonuses to employees, the estimated amount to cover the bonus payment for services provided by employees during the current fiscal year is recognized.

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

To provide payment of bonuses to directors (and other officers), the amount expected to be paid as of the balance sheet date is recognized.

(4) Provision for warranties for completed construction

Provisions for losses and guarantee expenses due to defects recognized after delivery are recorded based on historical repair and other costs arising from completed structures and buildings for sale.

(5) Provision for retirement benefits

To prepare for retirement benefits for employees, an amount is provided based on the estimated retirement benefit obligations and pension assets at the end of the current fiscal year.

i. Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the current fiscal year on a benefit formula basis.

ii. Method of amortizing actuarial gains and losses and past service cost

Actuarial gains and losses are amortized from the fiscal year following the fiscal year in which they are incurred using the straight-line method over 5 years.. Past service cost is amortized using the straight-line method over 5 years from the fiscal year in which such cost is incurred.

7. Accounting policy for recognition of significant revenues and expenses

(1) Revenue from contracts with customers

Information about the main performance obligations in key businesses of the Company concerning revenue from contracts with customers and the typical timing for satisfying such performance obligations (that is, when revenue is recognized) is summarized as follows.

i. Order-made contract transactions

For order-made contract transactions, the Company enters into a construction contract agreement with the customer, and has a performance obligation to perform building construction and deliver the completed building and others to the customer based on the agreement. For such contracts, the Company’s performance obligation is deemed to be fulfilled over a certain period, and the Company recognizes revenue based on the degree of progress made in satisfying the performance obligation. As for the method of estimating progress, the degree of progress is calculated as the proportion of cost incurred to the total cost of construction (input method).

For construction contracts with very short construction periods, an alternative treatment is applied whereby revenue is recognized when the performance obligation is fully satisfied.

ii. Sale of real estate in lots

For the sale of real estate in lots, the Company has a performance obligation to deliver the property to the customer based on the real estate sales agreement entered into with the customer. For such contracts, the Company’s performance obligation is deemed to be fulfilled when the property is delivered, and the Company recognizes revenue when the property is delivered to the customer.

(2) Other revenue

For real estate lease transactions, revenue is recognized over the lease term in accordance with the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13).

8. Method of hedge accounting

(1) Hedge accounting

Deferred hedge accounting is applied. Transactions involving forward foreign exchange contracts and currency swaps are recorded in Japanese yen by translation at the foreign exchange rate stipulated in the contract (furiate-shori) if the requirements for such treatment are satisfied. For transactions involving interest rate swaps, special treatment (tokurei-shori) is applied if the requirements for such treatment are satisfied.

(2) Hedging instruments and hedged items

i. The Company hedges monetary receivables and payables in foreign currencies and forecast transactions with forward foreign exchange contracts and currency swaps.

ii. The Company hedges loans with interest rate swaps.

(3) Hedging policy

The Company uses derivative transactions with the aim of avoiding losses from fluctuations in exchange rates and interest rates. The use of forward foreign exchange contracts does not exceed the amount of foreign currency transactions. The assumed principal balance subject to interest-swap transactions does not exceed the relevant interest-bearing loans outstanding.

(4) Method of assessing hedge effectiveness

An assessment of the effectiveness of hedging is omitted because the important conditions, etc. concerning hedging instruments and hedged items are consistent and the cash flow is fixed.

9. Other significant matters for preparing non-consolidated financial statements

(1) Accounting for retirement benefits

The accounting treatment method for unrecognized actuarial gains and losses and unrecognized past service cost related to retirement benefits differs from the accounting treatment for these items in the consolidated financial statements.

(2) Accounting for consumption taxes

Non-deductible consumption taxes are expensed in the fiscal year in which they arise.

(Significant accounting estimates)

(1) Valuation of real estate for sale

i. Amounts stated in the non-consolidated financial statements

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Buildings for sale	87,067	61,867
Land for sale in lots	283,657	312,017
Undeveloped land for sale	54,408	48,079
Loss on valuation (cost of sales)	520	1,171

ii. Information on significant accounting estimates for the identified item

a. Calculation method for the amount stated in the non-consolidated financial statements as of January 31, 2025

If the net selling price for real estate for sale at the end of the fiscal year is below the book value, the book value is reduced to the net selling price and the difference is recorded as loss on valuation. When calculating the net selling price, estimates are made in accordance with the sales price for each individual property and future business plans.

b. Key assumptions

Key assumptions used in calculating the net selling price are future earnings and construction costs, with the business plans estimated in light of factors such as the project location, size, marketability, other transactions in similar real estate and the real estate market.

c. Impact on the non-consolidated financial statements for the next fiscal year

If the key assumptions have changed in the next fiscal year due to economic or market deterioration, additional loss on valuation may need to be recorded.

(2) Valuation of non-current assets

i. Amounts stated in the non-consolidated financial statements

(Millions of yen)

	As of January 31, 2024	As of January 31, 2025
Total property, plant and equipment	319,436	351,445
Total intangible assets	16,367	24,941
Impairment losses	257	28

ii. Information on significant accounting estimates for the identified item

a. Calculation method for the amount stated in the non-consolidated financial statements as of January 31, 2025

The Group groups the assets of investment properties by project and groups other assets by operating unit which allows the Group to manage gains and losses in a rational manner. Based on the grouping, impairment can be determined for assets or asset groups that show indications of impairment due to factors such as continuous operating losses and negative cash flows, a pronounced drop in market price or a change in usage. In the event that we determine that impairment losses should be recognized, the book value is written down to the recoverable value and this decrease is recorded as impairment losses. Note that the recoverable value is the net selling value or the value in use, whichever is higher. The net selling value is calculated for major investment properties by obtaining the appraised value from a real estate appraiser, while the net selling value for the other assets is calculated by using the appraisal value calculated by a method in line with the Real Estate Appraisal Standard, less the estimated cost of disposal. In addition, value in use is calculated at present value by discounting the estimated future cash flows.

b. Key assumptions

Key assumptions in estimating future cash flows and calculating the recoverable value are rent, ADR (Average Daily Rate for guest rooms), vacancy rate, operating rate, discount rate and cap rate. Rent, ADR, vacancy rate and operating rate are determined with comprehensive consideration to factors such as market trends, other transactions in similar real estate and past performance. The discount rate is determined in light of similar transactions and interest rate movements, etc. In addition, the cap rate for major investment properties is obtained from an independent real estate appraiser and applied.

c. Impact on the non-consolidated financial statements for the next fiscal year

If the key assumptions have changed in the next fiscal year due to economic or market deterioration, additional impairment losses may need to be recorded.

(Change in presentation)

(Non-consolidated balance sheet)

In the previous fiscal year, “short-term loans receivable” under “current assets” was stated separately. However, from the fiscal year under review, it has been reclassified as “loans receivable to subsidiaries and affiliates” to improve the clarity of presentation. Accordingly, the non-consolidated financial statements for the previous fiscal year have been restated to reflect this change in presentation.

As a result, the ¥52 million previously presented under “short-term loans receivable” in “current assets” in the non-consolidated balance sheet for the previous fiscal year has been reclassified as ¥52 million under “loans receivable to subsidiaries and affiliates.”

(Notes related to non-consolidated balance sheet)

*1. Assets and liabilities to subsidiaries and associates

Assets and liabilities to subsidiaries and associates included in each account, other than those stated separately, are as follows.

	As of January 31, 2024	As of January 31, 2025
Deposits received	153,047 million yen	127,272 million yen

*2. Changes in holding purpose

As of January 31, 2024

¥102,356 million of investment properties, etc. recorded as “Buildings” and “Land”, etc. as of January 31, 2023, has been reclassified as “Buildings for sale” and “Land for sale in lots,” respectively. In addition, ¥60 million of real estate for sale recorded under “Land for sale in lots” as of January 31, 2023, has been reclassified under “Land”.

As of January 31, 2025

¥10,102 million of investment properties recorded as “Buildings” and “Land”, etc. as of January 31, 2024, has been reclassified as “Buildings for sale” and “Land for sale in lots,” respectively.

*3. Assets deposited in accordance with the provisions of the Act on Assurance of Performance of Specified Housing Defect Warranty, etc. are as follows.

	As of January 31, 2024	As of January 31, 2025
Other (investments and other assets)	7,070 million yen	7,070 million yen

*4. Pledged assets and secured liabilities

Pledged assets were as follows.

	As of January 31, 2024	As of January 31, 2025
Land	1,675 million yen	1,120 million yen
Investment securities (Note)	321	321
Total	1,996	1,441

(Note) Investment securities were pledged as collateral for the debts of the investee company.

Secured liabilities were as follows.

	As of January 31, 2024	As of January 31, 2025
Long-term leasehold and guarantee deposits received	613 million yen	427 million yen

5. Contingent liabilities

Guarantees for borrowings of clients from financial institutions, etc. were as follows.

	As of January 31, 2024	As of January 31, 2025
House purchasers who use housing loans, etc.	131,748 million yen (3,553 cases)	125,173 million yen (3,404 cases)
Subsidiaries and associates	469,644	531,283
Total	601,392	656,456

6. Commitment line contracts

The Company has entered into commitment line contracts with 19 financial institutions for effective funding of working capital. The balance of unused amounts based on these contracts, etc. was as follows.

	As of January 31, 2024	As of January 31, 2025
Total amount of commitment lines	50,000 million yen	50,000 million yen
Amount borrowed	—	—
Unused amount	50,000	50,000

(Notes related to non-consolidated statement of income)

*1. Trademark fee

Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
This was the amount payable to Sekisui Chemical Co., Ltd. under the contract for license of use of the mark.	Same as left

*2. Purchases from subsidiaries and associates were included in general and administrative expenses and manufacturing costs for the period as follows.

Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
239,707 million yen	236,247 million yen

*3. Non-operating income includes transactions with subsidiaries and associates as follows.

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Interest income	3,297 million yen	15,471 million yen
Dividend income	57,975	78,862

*4. System change expense

Fiscal year ended January 31, 2024

This was a one-time cost associated with the change in the building constructor commendation system.

Fiscal year ended January 31, 2025

Not applicable

*5. Breakdown of loss on sale and retirement of non-current assets by asset was as follows.

	Fiscal year ended January 31, 2024	Fiscal year ended January 31, 2025
Buildings	769 million yen	769 million yen
Structures	33	23
Machinery and equipment	21	19
Tools, furniture and fixtures	55	21
Land	21	41
Other	0	17
Total	902	894

(Notes related to securities)

Shares of subsidiaries, shares of affiliated companies, and investments in other securities of subsidiaries and associates

As of January 31, 2024

Category	Balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
Shares of affiliated companies	2,000	2,798	797

(Note) Balance sheet amount for shares, etc. that do not have a market price, which are not included in the above.

(Millions of yen)

Category	As of January 31, 2024
Shares of subsidiaries	401,399
Shares of affiliated companies	40,602
Investments in other securities of subsidiaries and associates	20,111

As of January 31, 2025

Category	Balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
Shares of affiliated companies	1,605	2,230	624

(Note) Balance sheet amount for shares, etc. that do not have a market price, which are not included in the above.

(Millions of yen)

Category	As of January 31, 2025
Shares of subsidiaries	816,419
Shares of affiliated companies	63,399
Investments in other securities of subsidiaries and associates	25,589

(Notes related to tax effect accounting)

1. Significant components of deferred tax assets and liabilities

	As of January 31, 2024	As of January 31, 2025
Deferred tax assets		
Provision for bonuses	6,911 million yen	7,568 million yen
Provision for retirement benefits	6,576	6,624
Loss on valuation of real estate for sale	3,726	3,273
Accumulated impairment loss	3,532	3,031
Accrued social insurance premium	1,009	1,127
Allowance for doubtful accounts	795	1,045
Accrued enterprise taxes	1,249	882
Loss on valuation of investment securities	1,023	502
Loss on valuation of shares of subsidiaries	8,726	28
Other	3,951	4,005
Subtotal deferred tax assets	37,502	28,090
Valuation allowance (Note 1, 2)	(15,272)	(5,557)
Total deferred tax assets	22,230	22,532
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(17,966)	(14,642)
Other	(396)	(3,548)
Total deferred tax liabilities	(18,362)	(18,191)
Net of deferred tax assets and deferred tax liabilities	3,867	4,341

(Notes)1. The main items in the valuation allowance were the loss on valuation of shares of subsidiaries and the accumulated impairment loss on non-current assets that were judged to be non-schedulable.

2. The valuation allowance decreased by ¥9,714 million. The decrease is primarily caused by a decrease in loss on valuation of shares of subsidiaries of ¥8,697 million.

2. Breakdown of the main items that caused any significant difference between the statutory tax rate and the effective tax rate after the application of tax effect accounting

	As of January 31, 2024	As of January 31, 2025
Statutory tax rate	30.5 %	30.5 %
(Adjustments)		
Permanently non-deductible expenses such as entertainment expenses	0.4	0.3
Permanently non-taxable income such as dividend income	(10.8)	(11.8)
Per capita inhabitant tax etc.	0.2	0.2
Net change in valuation allowance	0.8	(4.7)
Tax credits	(1.6)	(0.8)
Other	0.4	(0.1)
Effective tax rate after the application of tax effect accounting	19.9	13.6

3. Change in tax rate after the fiscal year-end

The “Act on Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) was promulgated on March 31, 2025. As a result, increases to the income tax rate and other changes will take effect for fiscal years beginning on or after April 1, 2026. Accordingly, the statutory tax rate used for calculating deferred tax assets and liabilities will be revised from the current 30.5% to 31.4% for temporary differences expected to be resolved in fiscal years beginning on or after February 1, 2027.

The impact of this tax rate change is immaterial.

(Business combinations)

The statement is omitted because there were no significant transactions.

(Revenue recognition)

Since the information providing a basis for understanding revenue from contracts with customers is the same as that stated in the "Notes to consolidated financial statements (Revenue recognition)," the notes are omitted.

iv. Supplementary schedules

Schedule of securities

Shares

Issues	Number of shares (Shares)	Balance sheet amount (Millions of yen)
(Investment securities)		
(Available-for-sale securities)		
Sekisui Chemical Co., Ltd.	7,998,405	20,627
DAIKIN INDUSTRIES, LTD.	350,800	6,444
TOTO LTD.	1,424,900	5,427
DAIHATSU DIESEL MFG. CO., LTD.	2,000,000	4,630
Mitsubishi UFJ Financial Group, Inc.	2,335,820	4,621
Sumitomo Mitsui Financial Group, Inc.	1,094,112	4,232
SENKO Group Holdings Co., Ltd.	2,209,411	3,442
bitFlyer, Inc.	99,450	2,045
Sekisui Jushi Corporation	991,516	1,950
TKC Corporation	400,000	1,526
Other 34 issues	1,249,769	4,827
Total	20,154,183	59,775

Debt securities

Issues	Total face value (Millions of yen)	Balance sheet amount (Millions of yen)
(Investment securities)		
(Debt securities held to maturity)		
Corporate bond (1 issue)	120	120
Total	120	120

Other

Type and issue	Number of investment units (Units)	Balance sheet amount (Millions of yen)
(Investment securities)		
(Available-for-sale securities)		
Sekisui House Reit, Inc. investment securities	200,750	15,939
Investment in investment limited partnerships (4 issues)	—	1,507
Total	200,750	17,447

Schedule of property, plant and equipment

Type of assets	Balance at beginning of period (Millions of yen)	Increase during period (Millions of yen)	Decrease during period (Millions of yen)	Balance at end of period (Millions of yen)	Accumulated depreciation or amortization at end of period (Millions of yen)	Depreciation during period (Millions of yen)	Net balance at end of period (Millions of yen)
Property, plant and equipment							
Buildings	176,727	41,528	12,902	205,353	110,023	7,206	95,329
Structures	13,412	1,936	382	14,965	10,668	307	4,297
Machinery and equipment	60,287	4,328	1,551	63,064	53,592	1,950	9,472
Vehicles	496	24	20	500	470	30	29
Tools, furniture and fixtures	26,281	3,052	4,903	24,429	19,719	1,664	4,710
Land	186,464	13,786	6,009 (28)	194,241	―	―	194,241
Leased assets	2,752	1,363	426	3,689	2,127	235	1,561
Construction in progress	48,744	41,081	48,021	41,803	―	―	41,803
Total property, plant and equipment	515,165	107,101	74,218 (28)	548,048	196,602	11,396	351,445
Intangible assets							
Industrial property	97	2	0	99	81	3	17
Leasehold interests in land	1,608	908	―	2,517	―	―	2,517
Software	62,351	12,432	81	74,702	52,423	4,714	22,278
Leased assets	148	―	―	148	148	3	―
Right to use facilities	163	0	―	164	146	5	17
Telephone subscription right	111	―	0	111	―	―	111
Total intangible assets	64,481	13,342	81	77,742	52,800	4,727	24,941
Long-term prepaid expenses	3,542	661	54	4,148	2,697	910	1,451

(Notes) 1. The main items of the increase during period were as follows.

Minato-ku, Tokyo	Buildings	¥17,457 million	Structures	¥489 million	(Real estate for leasing)
Kita-ku, Osaka	Buildings	¥6,905 million	Construction in progress	¥5,509 million	(Real estate for leasing)
Chuo-ku, Fukuoka	Construction in progress	¥4,935 million			(Real estate for leasing)

2. The main items of the decrease during period (including transfer to inventories) were as follows.

Chuo-ku, Sapporo	Buildings	¥7,146 million	Land	¥4,413 million	(Real estate for leasing)
Kita-ku, Tokyo	Construction in progress	¥640 million	Land	¥452 million	(Real estate for leasing)
Sawara-ku, Fukuoka	Buildings	¥350 million	Land	¥349 million	(Real estate for leasing)

3. The amount in parentheses in the “Decrease during period” column is included in the total amount and is the amount of impairment loss.

Schedule of provisions and allowances

Category	Balance at beginning of period (Millions of yen)	Increase during period (Millions of yen)	Decreased during period (For use) (Millions of yen)	Decreased during period (Others) (Millions of yen)	Balance at end of period (Millions of yen)
Allowance for doubtful accounts	2,608	914	7	87	3,428
Provision for bonuses	22,661	24,815	22,661	—	24,815
Provision for bonuses for directors (and other officers)	256	286	256	—	286
Provision for warranties for completed construction	2,765	2,765	2,765	—	2,765

(Note) The decrease during period (others) in the allowance for doubtful accounts was the amount reversed due to the collection of the relevant receivables and the replacement of allowance for doubtful accounts, etc.

(2) Components of major assets and liabilities

This information is omitted since consolidated financial statements are prepared.

(3) Other information

Not applicable.

VI. Outline of Share-Related Administration of Reporting Company

Fiscal year	From February 1 to January 31
Ordinary General Meeting of Shareholders	In April
Record date	January 31
Record date for dividends of surplus	January 31 and July 31
Number of shares per unit	100 shares
Purchase and sale of shares less than one unit	(Notes) 1, 2
Handling office	3-6-3 Fushimimachi, Chuo-ku, Osaka Osaka Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation
Shareholder registry administrator	1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Agent	—
Purchase/sale fee	No charge
Method of public notice	The method of public notice of the Company shall be by electronic public notice. However, in the event that electronic public notice becomes impossible due to unavoidable circumstances, announcements will be posted in the Nikkei. URL for public notice https://www.sekisuihouse.co.jp/company/financial/koukoku/
Special benefits to shareholders	Shareholder Complimentary Gift System has been introduced. (Note) 3

(Notes) 1. The Company's Articles of Incorporation stipulate that shareholders holding shares constituting less than one unit shall not be entitled to exercise any other rights than the following.
(1) Rights listed in Article 189, Paragraph 2 of the Companies Act
(2) Rights to claim based on the provisions of Article 166, Paragraph 1 of the Companies Act
(3) Rights to receive allotment of shares for subscription and/or allotment of share acquisition rights commensurate with the number of shares held
(4) Rights to request for additional purchase of shares less than one unit

2. In accordance with the enforcement of the Act on the Partial Revision of the Act on Book-Entry Transfer of Company Bonds, etc. for Rationalization of Settlement of Share Transactions, etc. (Act No. 88 of June 9, 2004), the handling of shares, including the purchase and sale of shares of less than one unit, is in principle to be carried out through an account management institution such as a securities company. However, shares recorded in special accounts are handled directly by Mitsubishi UFJ Trust and Banking Corporation, the account management institution for special accounts.

3. The Shareholder Complimentary Gift System is a program that presents "Uonuma Koshihikari" rice to shareholders who hold 1,000 or more shares of the Company's shares as of the end of the fiscal year. The outline of the program is as follows.
(1) Applicable shareholders
Shareholders holding 1,000 or more shares of the Company's shares, as recorded or registered in the shareholder registry as of January 31 (the end of the fiscal year) each year.
(2) Program details
Every year, from late October to early November, 5kg of "Uonuma Koshihikari" (new rice) per shareholder is presented to shareholders as described in (1) above. Depending on the harvest situation, etc., there may be cases where the timing of the gift may be changed or the rice may be changed to Koshihikari (new rice), etc. from any other region than Uonuma.
(3) Date of implementation
The program shall be implemented from shareholders recorded or registered in the shareholder registry as of January 31, 2008.

VII. Reference Information of Reporting Company

1. Information About Parent of Reporting Company

The Company has no parent company.

2. Other Reference Information

(1) Documents submitted in the period from the beginning of the fiscal year ended January 31, 2025 to the date of filing of the annual securities report

The following documents were submitted in the period from the beginning of the fiscal year ended January 31, 2025 to the date of filing of the annual securities report.

i.	Annual securities report and attached documents, and confirmation letter	Fiscal year (73rd)	From February 1, 2023 to January 31, 2024	Filed to Director-General of the Kanto Local Finance Bureau on April 26, 2024
ii.	Internal control report and attached documents	Fiscal year (73rd)	From February 1, 2023 to January 31, 2024	Filed to Director-General of the Kanto Local Finance Bureau on April 26, 2024
iii.	Extraordinary reports	The extraordinary report based on the provisions of Article 19, Paragraph 2, item (9)-2 (results of exercise of voting rights at a general meeting of shareholders) of the Cabinet Office Order on Disclosure of Corporate Affairs		Filed to Director-General of the Kanto Local Finance Bureau on April 26, 2024
		The extraordinary report based on the provisions of Article 19, Paragraph 2, item (3) (change to a specified subsidiary company) of the Cabinet Office Order on Disclosure of Corporate Affairs		Filed to Director-General of the Kanto Local Finance Bureau on May 9, 2024
iv.	Quarterly securities report and confirmation letter	Fiscal year (The 1st Quarter of 74th Term)	From February 1, 2024 to April 30, 2024	Filed to Director-General of the Kanto Local Finance Bureau on June 13, 2024
v.	Semiannual securities report and confirmation letter	Fiscal year (The interim period of 74th Term)	From February 1, 2024 to July 31, 2024	Filed to Director-General of the Kanto Local Finance Bureau on September 13, 2024
vi.	Shelf registration statement (share certificates, corporate bond certificates, etc.) and attached documents			Filed to Director-General of the Kanto Local Finance Bureau on June 6, 2024
vii.	Amended shelf registration statement			Filed to Director-General of the Kanto Local Finance Bureau on June 6, 2024
viii.	Shelf registration supplements (share certificates, corporate bond certificates, etc.) and attached documents			Filed to Director-General of the Kinki Local Finance Bureau on July 2, 2024 Filed to Director-General of the Kinki Local Finance Bureau on February 7, 2025
ix.	Securities registration statement and attached documents			
	(Issuance of new shares as restricted stock remuneration)			Filed to Director-General of the Kanto Local Finance Bureau on May 17, 2024
	(Issuance of new shares as performance share units)			Filed to Director-General of the Kanto Local Finance Bureau on May 17, 2024
x.	Amended securities registration statements			
	Amended statement (amendment of ix. securities registration statement (issuance of new shares as restricted stock remuneration) as stated above)			Filed to Director-General of the Kanto Local Finance Bureau on May 17, 2024
	Amended statement (amendment of ix. securities registration statement (issuance of new shares as performance share units) as stated above)			Filed to Director-General of the Kanto Local Finance Bureau on May 17, 2024

(2) Ratio of female employees in managerial positions, take-up rate for eligible male employee childcare leave, and gender wage gap

Ratio of female employees in managerial positions, take-up rate for eligible male employee childcare leave, and gender wage gap at consolidated subsidiaries included in major domestic groups, as well as at domestic consolidated subsidiaries other than major consolidated subsidiaries, are as follows.

(Notes 5, 6 and 9)

Fiscal year ended January 31, 2025					
Name	Ratio of female employees in managerial positions (%) (Notes 1 and 4)	Take-up rate for eligible male employee childcare leave (%) (Notes 2 and 3)	Gender wage gap (%) (Notes 1, 3, 4, 7 and 8)		
			Total workers	Regular workers	Non-regular workers
Sekisui House Real Estate Group					
Sekisui House Real Estate Tohoku, Ltd.	—	133	48.7	50.4	84.3
Sekisui House Real Estate Tokyo, Ltd.	3.4	114	51.4	51.4	69.3
Sekisui House Real Estate Chubu, Ltd.	3.4	109	50.0	50.9	38.3
Sekisui House Real Estate Kansai, Ltd.	4.2	92	50.8	50.7	18.6
Sekisui House Real Estate Chugoku & Shikoku, Ltd.	1.6	160	45.8	45.2	—
Sekisui House Real Estate Kyushu, Ltd.	—	166	52.8	53.1	32.4
Sekiwa Total Support Co., ltd.	0.0	162	69.2	72.4	43.7
Sekisui House Construction Group					
Sekisui House Construction Tohoku Co., Ltd.	—	100	74.1	75.7	35.7
Sekisui House Construction Tokyo Co., Ltd.	8.5	162	77.6	77.2	32.7
Sekisui House Construction Kanto Co., Ltd.	6.3	100	73.7	76.7	54.9
Sekisui House Construction Joshinetsu Co., Ltd.	—	133	78.0	78.8	48.1
Sekisui House Construction Chubu Co., Ltd.	6.0	50	77.9	78.7	66.0
Sekisui House Construction Kansai Co., Ltd.	8.2	150	83.5	81.4	—
Sekisui House Construction Chugokushikoku Co., Ltd.	3.5	90	77.5	76.7	71.8
Sekisui House Construction Kyushu Co., Ltd.	8.4	250	84.7	82.8	77.8
Sekisui House Umeda Operation Co., Ltd	—	100	50.8	75.0	80.2
SH Hospitality Service Co., Ltd.	16.7	0	78.7	82.8	92.6
OHTORIKOGYO CO., LTD.	2.5	77	71.7	69.5	76.1

(Notes)
1. Calculated based on the provisions of the Act on Promotion of Women's Participation and Advancement.
2. The rate of childcare leave adoption is calculated as set forth in Article 71-6, item (1) of the Ordinance for Enforcement of the Child Care and Nursing Care Leave Act in accordance with the provisions of the Child Care and Nursing Care Leave Act.
3. The applicable period for the take-up rate for eligible male employee childcare leave and the gender wage gap at the consolidated subsidiaries except for OHTORIKOGYO CO., LTD. is the fiscal year under review (February 1, 2024 to January 31, 2025).
4. The relevant metrics are omitted for consolidated subsidiaries that do not disclose information in accordance with the provisions of the Act on Promotion of Women's Participation and Advancement.
5. Seconded employees are counted as employees of the company from which they have been seconded.
6. Consolidated subsidiaries other than the above are not subject to the obligation to disclose information under the provisions of the Act on Promotion of Women's Participation and Advancement and the Ordinance for Enforcement of the Child Care and Nursing Care Leave Act, therefore, they are omitted from the list.
7. The breakdown of wages includes items such as base salary, remuneration for overtime work, and bonuses, while excluding commuting allowance.
8. Non-regular workers are temporary employees (rehired employees, contracted employees and part-timers). Figures for part-timers are calculated based on the wages actually paid and not converted into the equivalent for full-time employees.
9. The ratio of female employees in managerial positions based on the Act on Promotion of Women's Participation and

Advancement, etc., the take-up rate for eligible male employee childcare leave, and the gender wage gap at the reporting company, main domestic groups and consolidated subsidiaries are described in “I. Overview of Company, 5. Employees, (4) Ratio of female employees in managerial positions, take-up rate for eligible male employee childcare leave, and gender wage gap.”

Part 2 Information About Reporting Company's Guarantor, etc.

Not applicable.

[English Translation of the Independent Auditor's Report Originally Issued in Japanese]

Independent Auditor's Report and Internal Control Audit Report

April 22, 2025

The Board of Directors
Sekisui House, Ltd.

Ernst & Young ShinNihon LLC
Osaka Office, Japan

Designated Engagement Partner	Certified Public Accountant	Shin Ichinose
Designated Engagement Partner	Certified Public Accountant	Yusaku Iriyama
Designated Engagement Partner	Certified Public Accountant	Masashi Kobayashi

<The Audit of the Consolidated Financial Statements>

Opinion

We have audited the accompanying consolidated financial statements of Sekisui House, Ltd. and its consolidated subsidiaries (the Group) referred to in the "Financial Information" section of this annual securities report for the fiscal year from February 1, 2024 to January 31, 2025, which comprise the consolidated balance sheet as at January 31, 2025, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, significant matters for preparing consolidated financial statements, other notes, and consolidated supplementary schedules in order to certify the audit pursuant to Article 193-2 (1) of the Financial Instruments and Exchange Act.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at January 31, 2025, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition on real estate and real estate trust beneficiary rights transactions in relation to Development Business	
Description of Key Audit Matter	**Auditor's Response**
In the consolidated statement of income for the fiscal year ended January 31, 2025, the Group recorded net sales of ¥4,058,583 million ($26,281,053 thousand) (*), which included ¥122,286 million ($791,854 thousand) (*) in relation to the Development Business. The Group recognizes revenue from sales transactions of real estate and real estate trust beneficiary rights when substantially all of the risks and rewards of ownership have been transferred. In general, for sales of real estate, each transaction amount is material, and the terms and conditions are highly specific. This is particularly relevant for transactions involving real estate and real estate trust beneficiary rights in the Development Business compared with other businesses. Repurchase and leaseback options may be granted as a transaction condition under sales contracts. In addition, the seller may retain some continuing involvement such as providing management services or partial holding of equity interest after the sales. Moreover, certain real estate securitization schemes may be highly complex. In such cases, careful judgment is required to evaluate whether substantially all of the risks and rewards of ownership have been transferred. In the event that such determination is incorrect, the possibility exists that a significant amount of revenue could be recognized even though substantially all of the risks and rewards of ownership have not been completely transferred. Accordingly, we have determined the revenue recognition on real estate and real estate trust beneficiary rights transactions in relation to the Development Business to be a key audit matter.	We conducted the following procedures for certain transactions that were identified based on audit risks to assess the judgment over the transfer of risks and rewards of ownership regarding revenue recognition on real estate and real estate trust beneficiary rights transactions in relation to the Development Business. • In order to understand the entire transaction scheme, we inspected the minutes of Board of Directors' meetings and management committees, the requests for approval and related documents as well as made inquiries to the department in charge. • In order to verify whether any conditions such as repurchase, leaseback, and continuing involvement exist in relation to the transferred assets, we inspected related contracts such as sales contracts in addition to the minutes of Board of Directors' meetings and management committees, the request for approval and related documents. • In order to evaluate transaction amounts, we made comparisons with other transactions in nearby areas and similar transactions obtained from sources outside the Group and vouched the evidences such as contracts and/or cash receipts. • In order to substantiate the completion of the transfer of the assets, we inspected supporting evidence such as receipts and delivery confirmations.

Valuation of real estate for sale for which the period from acquisition to delivery is long	
Description of Key Audit Matter	Auditor’s Response
The Group recorded “Buildings for sale”, “Land for sale in lots” and “Undeveloped land for sale” in the amounts of ¥1,068,926 million ($6,921,751 thousand) (*), ¥1,374,237 million ($8,898,770 thousand) (*) and ¥396,123 million ($2,565,065 thousand) (*), respectively, as real estate for sale in the consolidated balance sheet as of January 31, 2025. Real estate for sale represents assets held primarily in the Real estate and brokerage Business, Condominiums Business, and Overseas Business. Certain projects associated with these businesses involve large-scale development work, coordination and negotiation with other landowners in the project area, and eviction negotiations with tenants of existing buildings. Therefore, it takes a relatively long period of time from acquisition to delivery. With regard to valuation of real estate for sale, as described in Note 2 “Significant accounting estimates (1) Valuation of real estate for sale,” if the net selling price of real estate for sale at the end of the year is less than the carrying value, the carrying value is reduced to its net selling price, with such reduction being recognized as loss on impairment. The net selling value is calculated by deducting the expected development cost from revenue earned by expected future sales. For expected future sales, there is a risk that profitability will be lower than initially expected due to real estate market conditions or various unforeseen external factors that had not been anticipated when the assets were acquired. In addition, there is a risk that the expected development cost will be significantly affected by changes in construction material prices and labor costs, and potential increases from the initial estimate due to development delays. Therefore, for real estate for sales for which the period from acquisition to delivery is long, there is a high degree of uncertainty in the estimates since future revenue as a key assumption requires a long period of time to be realized. In addition, it is based on subjective judgments from management since their estimates are based on the specific condition of each property. Accordingly, we have determined valuation of real estate for sale for which the period from acquisition to delivery is long to be a key audit matter.	We mainly conducted the following procedures for certain properties that were extracted based on audit risks to assess valuation of real estate for sale for which the period from acquisition to delivery is long. • In order to understand the project plan, to verify its progress and whether there were any material changes that would significantly lower the net selling value, we made inquiries to the department in charge, and inspected the minutes of the Board of Directors’ meetings and management committees, requests for approval and related documents. Also, we examined the consistency between responses or the contents of documentation we inspected and the market reports obtained from external sources outside the Group. • In order to evaluate the estimation of future revenue from the sale of assets, we made comparisons using most recent actual sales results and other transactions in nearby areas obtained from external sources outside the Group. • In order to assess the effectiveness of management’s estimation process, we analyzed the estimates and actual amounts of sales prices in the prior years. • For the foreign subsidiaries assessed as significant components, since their valuation of real estate for sale is important, we made inquiries to the component’s managements in order to understand the real estate market and competitive environment at their locations and regions, whether there were any relevant regulatory changes or their business plan. • For the foreign subsidiaries assessed as significant components, since their valuation of real estate for sale is important, we involved component auditors, provided audit instructions, and received reports on the results of the audit procedures in order to evaluate whether sufficient and appropriate audit evidence was obtained.

Accounting treatment related to the business combination arising from the acquisition of shares of M.D.C. Holdings, Inc. and its 33 wholly owned subsidiaries.	
Description of Key Audit Matter	Auditor's Response
As described in "Business combination through acquisition" in Note 16 "Business combinations," the Group, through its consolidated subsidiary SH Residential Holdings, LLC, acquired shares of M.D.C. Holdings, Inc. and its 33 wholly owned subsidiaries (hereinafter "MDC") for ¥653,635 million ($4,232,565 thousand) (*) on April 19, 2024, and has included them as consolidated subsidiaries. As a result, goodwill of ¥125,389 million ($811,947 thousand) (*) has been recorded on the consolidated balance sheet as of January 31, 2025. In relation to this business combination, the acquisition cost of MDC shares has been determined based on the stock value calculated based on future business plans. In addition, the Group has utilized external specialists to assess the fair value of identifiable assets and liabilities for allocating the acquisition cost, with the difference between the acquisition cost and the allocated amounts recognized as goodwill. Business combinations that result in significant goodwill do not occur regularly within the Group, and in addition to the necessity of comprehensively understanding the available information, the calculation of stock value and the allocation of acquisition cost require complex considerations and specialized knowledge. Accordingly, we have determined the accounting treatment related to the business combination arising from the acquisition of shares of MDC to be a key audit matter.	We mainly conducted the following procedures to examine the accounting treatment applied related to the business combination arising from the acquisition of MDC shares. Additionally, for certain procedures, we involved the component auditor from the network firm to which our audit firm belongs, provided audit instructions, and received reports on the results of the audit procedures. We also evaluated whether sufficient and appropriate audit evidence was obtained. ・ In order to understand the business activities and business environment of MDC, purpose and transaction structure for acquiring shares, we inspected the minutes of Board of Directors' meetings and managements' committees and related documents as well as made inquiries to the management and responsible executives. ・ In order to examine the accuracy of the acquisition cost, we inspected the minutes of Board of Directors' meetings and managements' committees, as well as related documents, and also inspected the evidences such as the stock purchase agreement and withdrawal receipts. ・ In order to examine the existence of buyback clauses related to stock acquisition and post-adjustments of acquisition costs, we inspected the minutes of Board of Directors' meetings and managements' committees, as well as related documents, and also inspected the evidences such as the stock purchase agreement. ・ In order to evaluate the appropriateness of the valuation methods used in the determination of stock value and discount rates, we involved experts from the network firm to which our audit firm belongs. Regarding the discount rate, we examined the consistency between the input information used for the calculation and the external information. ・ In order to evaluate the appropriateness of the valuation methods used in the determination of the fair value of identifiable assets and liabilities and discount rates, we involved experts from the network firm to which our audit firm belongs. Regarding the discount rate, we examined the consistency between the input information used for the calculation and the external information.

Other Information

The other information comprises the information included in the disclosure documents that contains audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Board Member and the Audit and Supervisory Board are responsible for overseeing the directors' execution of their duties with regard to the design and operation of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and Supervisory Board Member and the Audit and Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Board Member and the Audit and Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Board Member and the Audit and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Board Member and the Audit and Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit and Supervisory Board Member and the Audit and Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

< The Audit of the Internal Control >

Opinion

We have audited the internal control report of the Group. as at January 31, 2025 in order to certify the audit pursuant to Article 193-2 (2) of the Financial Instruments and Exchange Act.

In our opinion, the internal control report referred to above, which states that the internal control over financial reporting of the Group. as at January 31, 2025 was effectively maintained, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards for internal control over financial reporting are further described in the "Auditor's Responsibilities for the Internal Control Audit" section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, the Audit and Supervisory Board Member and the Audit and Supervisory Board for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement and to issue an internal control audit report that includes our opinion on the internal control report from an independent standpoint, based on our audit of the internal control.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. Audit procedures for an internal control audit are selected and applied, depending on the auditor's judgment, based on the materiality of effect on the reliability of financial reporting.
- Examine the overall presentation of the internal control report, including the scope, procedures and results of the assessments of internal control over financial reporting made by management.
- Plan and perform the audit of internal control in order to obtain sufficient and appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and examination of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with Audit and Supervisory Board Members and the Audit and Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, the results of internal control audit, any identified significant deficiencies in internal control that should be disclosed, and the results of their remediation.

We also provide Audit and Supervisory Board Members and the Audit and Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them on all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce those threats to an acceptable level.

<Fee-related Information>

The fees for the audits of the financial statements of Sekisui House, Ltd. and its subsidiaries and other services provided by us and other EY member firms for the year ended January 31, 2025 are described in “Corporate Governance, (3) Audits” of “Information About Reporting Company.”

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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*1. The original copy of the above Independent Auditor’s Report (Japanese version) is in the custody of the Company (the company filing the annual securities report).

2. XBRL data are not included in the scope of audit.

[English Translation of the Independent Auditor's Report Originally Issued in Japanese]

Independent Auditor's Report

April 22, 2025

The Board of Directors
Sekisui House, Ltd.

Ernst & Young ShinNihon LLC
Osaka Office, Japan

Designated Engagement Partner Certified Public Accountant Shin Ichinose

Designated Engagement Partner Certified Public Accountant Yusaku Iriyama

Designated Engagement Partner Certified Public Accountant Masashi Kobayashi

<The Audit of the Non-consolidated Financial Statements>

Opinion

We have audited the non-consolidated financial statements of Sekisui House, Ltd. ("the Company") referred to in the "Financial Information" section of this annual securities report for the 74th fiscal year from February 1, 2024 to January 31, 2025, which comprise the non-consolidated balance sheet as at January 31, 2025, the non-consolidated statements of income, and changes in equity, significant accounting policies, other notes, and non-consolidated supplementary schedules in order to certify the audit pursuant to Article 193-2 (1) of the Financial Instruments and Exchange Act.
In our opinion, the non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of Sekisui House, Ltd. as at January 31, 2025, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of the audit of the non-consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition on real estate and real estate trust beneficiary rights transactions in relation to Development Business
The statement is omitted because it is substantially the same as the Key Audit Matters (Revenue recognition of real estate and real estate trust beneficiary rights transactions in relation to Development Business) stated in the Report on the Audit of Consolidated Financial Statement.

Valuation of real estate for sale for which the period from acquisition to delivery is long
The statement is omitted because it is substantially the same as the Key Audit Matters (Valuation of real estate for sale for which the period from acquisition to delivery is long) stated in the Report on the Audit of Consolidated Financial Statement.

Other Information

The other information comprises the information included in the disclosure documents that contains audited consolidated financial statements, but does not include the consolidated financial statements, the non-consolidated financial statements, and our auditor's reports thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the directors' execution of their duties with regard to the design and operation of the reporting process for the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Board Member and the Audit and Supervisory Board for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with Audit and Supervisory Board Members and the Audit and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit and Supervisory Board Members and the Audit and Supervisory Board with a statement that we have complied

with the ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce those threats to an acceptable level.
From the matters communicated with Audit and Supervisory Board Members and the Audit and Supervisory Board, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fee-related Information is stated in the Report on the Audit of Consolidated Financial Statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

- End -

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*1. The original copy of the above Independent Auditor's Report (Japanese version) is in the custody of the Company (the company filing the annual securities report).
2. XBRL data are not included in the scope of audit.