

Consolidated Financial Statements

SEKISUI HOUSE, LTD.

*Year ended January 31, 2026
with Independent Auditor's Report*

Consolidated Financial Statements

Year ended January 31, 2026

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Consolidated balance sheet

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Assets			
Current assets			
Cash and deposits	¥ 390,559	¥ 435,177	\$ 2,832,077
Notes receivable, accounts receivable from completed construction contracts and other	*1 211,114	*1 203,890	*1 1,326,891
Costs on construction contracts in progress	14,127	13,405	87,238
Buildings for sale	*4,*6,*8 1,068,926	*4,*6 1,093,574	*4,*6 7,116,842
Land for sale in lots	*4,*6 1,374,237	*4,*6 1,507,781	*4,*6 9,812,450
Undeveloped land for sale	*4 396,123	433,304	2,819,888
Other inventories	*2 12,164	*2 11,930	*2 77,639
Other	*5 245,867	*5 209,387	*5 1,362,664
Allowance for doubtful accounts	(1,013)	(1,000)	(6,508)
Total current assets	3,712,106	3,907,449	25,429,188
Non-current assets			
Property, plant and equipment			
Buildings and structures	*4,*6 346,487	*4,*6 352,613	*4,*6 2,294,761
Machinery, equipment and vehicles	*4 76,430	*4 81,626	*4 531,212
Tools, furniture and fixtures	*4 47,408	*4 55,925	*4 363,953
Land	*4,*6 258,559	*4,*6 214,036	*4,*6 1,392,919
Leased assets	27,826	38,759	252,239
Construction in progress	*4 45,976	*4 12,168	*4 79,188
Other	5,855	3,604	23,454
Accumulated depreciation	(274,304)	(292,588)	(1,904,126)
Total property, plant and equipment	534,240	466,146	3,033,620
Intangible assets			
Goodwill	134,217	114,581	745,679
Industrial property	57,903	50,478	328,504
Leasehold interests in land	2,986	3,003	19,543
Software	*4 25,198	45,677	297,260
Right to use facilities	*4 130	*4 108	*4 703
Telephone subscription right	238	237	1,542
Other	1,199	1,087	7,074
Total intangible assets	221,873	215,174	1,400,325
Investments and other assets			
Investment securities	*3,*6 205,632	*3,*6 202,295	*3,*6 1,316,510
Long-term loans receivable	13,656	23,266	151,412
Retirement benefit asset	46,749	112,861	734,485
Deferred tax assets	10,643	18,934	123,220
Other	*5 64,994	*5 60,823	*5 395,828
Allowance for doubtful accounts	(1,047)	(313)	(2,037)
Total investments and other assets	340,628	417,867	2,719,426
Total non-current assets	1,096,742	1,099,188	7,153,378
Total assets	¥ 4,808,848	¥ 5,006,637	\$ 32,582,565

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Liabilities			
Current liabilities			
Notes payable and accounts payable for construction contracts	¥ 195,028	¥ 162,376	\$ 1,056,723
Electronically recorded obligations - operating	79,360	67,638	440,180
Short-term bonds payable	40,000	-	-
Short-term borrowings	477,840	414,332	2,696,421
Current portion of bonds payable	8	20,000	130,157
Current portion of long-term borrowings	*6, *8 252,793	*6 161,032	*6 1,047,976
Income taxes payable	44,652	67,868	441,676
Advances received on construction contracts in progress	*9 220,645	*9 236,744	*9 1,540,700
Provision for bonuses	39,706	46,734	304,139
Provision for bonuses for directors (and other officers)	6,675	4,901	31,895
Provision for warranties for completed construction	14,073	15,575	101,360
Other	184,863	200,968	1,307,875
Total current liabilities	1,555,648	1,398,171	9,099,121
Non-current liabilities			
Bonds payable	620,121	738,811	4,808,089
Long-term borrowings	*6 456,321	*6 514,714	*6 3,349,694
Long-term leasehold and guarantee deposits received	*6 52,626	*6 44,785	*6 291,455
Deferred tax liabilities	13,443	24,634	160,315
Provision for retirement benefits for directors (and other officers)	862	823	5,356
Retirement benefit liability	31,632	27,517	179,077
Other	59,593	68,941	448,659
Total non-current liabilities	1,234,601	1,420,228	9,242,666
Total liabilities	2,790,249	2,818,400	18,341,794
Net assets			
Shareholders' equity			
Share capital	203,094	203,300	1,323,051
Capital surplus	260,297	259,595	1,689,412
Retained earnings	1,266,985	1,407,164	9,157,647
Treasury shares	(40,957)	(40,905)	(266,205)
Total shareholders' equity	1,689,420	1,829,156	11,903,918
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	35,610	36,079	234,798
Deferred gains or losses on hedges	(123)	(442)	(2,876)
Foreign currency translation adjustment	215,217	213,570	1,389,887
Remeasurements of defined benefit plans	22,075	61,192	398,230
Total accumulated other comprehensive income	272,779	310,399	2,020,038
Share acquisition rights	87	58	377
Non-controlling interests	56,311	48,622	316,426
Total net assets	2,018,599	2,188,237	14,240,772
Total liabilities and net assets	¥ 4,808,848	¥ 5,006,637	\$ 32,582,565

Corresponding footnote items are included in Note 7 "Notes related to consolidated balance sheet."

Consolidated statement of income

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Net sales	*1 ¥ 4,058,583	*1 ¥ 4,197,922	*1 \$ 27,319,550
Cost of sales	*2,*6 3,272,590	*2,*6 3,358,103	*2,*6 21,854,113
Gross profit	785,993	839,819	5,465,437
Selling, general and administrative expenses			
Selling expenses	*3 87,903	*3 89,292	*3 581,101
General and administrative expenses	*3,*6 366,723	*3,*6 409,123	*3,*6 2,662,521
Total selling, general and administrative expenses	454,626	498,416	3,243,629
Operating profit	331,366	341,402	2,221,801
Non-operating income			
Interest income	9,287	5,999	39,041
Dividend income	2,163	2,151	13,998
Foreign exchange gains	3,578	1,289	8,389
Share of profit of entities accounted for using equity method	–	26,105	169,888
Other	2,839	3,957	25,752
Total non-operating income	17,869	39,503	257,081
Non-operating expenses			
Interest expenses	33,634	39,183	254,998
Share of loss of entities accounted for using equity method	3,085	–	–
Other	10,887	13,921	90,596
Total non-operating expenses	47,607	53,105	345,601
Ordinary profit	301,627	327,800	2,133,281
Extraordinary income			
Gain on sale of investment securities	19,312	12,409	80,756
Gain on liquidation of subsidiaries and affiliates	3,456	–	–
Gain on sale of shares of subsidiaries and affiliates	1,540	–	–
Total extraordinary income	24,309	12,409	80,756
Extraordinary losses			
Loss on sale and retirement of non-current assets	*5 1,584	*5 1,473	*5 9,586
Acquisition related expenses	18,232	–	–
Loss on sale of shares of subsidiaries and affiliates	386	–	–
Impairment losses	*4 147	–	–
Total extraordinary losses	20,351	1,473	9,586
Profit before income taxes	305,586	338,737	2,204,458
Income taxes - current	84,687	117,412	764,103
Income taxes - deferred	(358)	(15,254)	(99,271)
Total income taxes	84,328	102,157	664,825
Profit	221,257	236,579	1,539,626
Profit attributable to non-controlling interests	3,552	4,484	29,181
Profit attributable to owners of parent	¥ 217,705	¥ 232,095	\$ 1,510,445

Corresponding footnote items are included in Note 8 “Notes related to consolidated statement of income.”

Consolidated statement of comprehensive income

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Profit	¥ 221,257	¥ 236,579	\$ 1,539,626
Other comprehensive income			
Valuation difference on available-for-sale securities	(8,900)	1,663	10,823
Foreign currency translation adjustment	84,007	(4,131)	(26,884)
Remeasurements of defined benefit plans, net of tax	(723)	39,170	254,913
Share of other comprehensive income of entities accounted for using equity method	(1,824)	2,179	14,181
Total other comprehensive income	*1 72,558	*1 38,882	*1 253,039
Comprehensive income	¥ 293,815	¥ 275,462	\$ 1,792,672
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	¥ 290,175	¥ 270,548	\$ 1,760,692
Comprehensive income attributable to non-controlling interests	3,640	4,913	31,973

Corresponding footnote items are included in Note 9 “Notes related to consolidated statement of comprehensive income.”

Consolidated statement of changes in equity

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
Cumulative effects of changes in accounting policies	–	–	–	–	–
Restated balance	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
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
Cumulative effects of changes in accounting policies	–	–	–	–	–	–	–	–
Restated balance	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
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

Fiscal year ended January 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥ 203,094	¥ 260,297	¥ 1,266,985	¥ (40,957)	¥ 1,689,420
Cumulative effects of changes in accounting policies	–	–	833	–	833
Restated balance	203,094	260,297	1,267,819	(40,957)	1,690,253
Changes during period					
Issuance of new shares	206	206	–	–	412
Dividends of surplus	–	–	(92,712)	–	(92,712)
Profit attributable to owners of parent	–	–	232,095	–	232,095
Purchase of treasury shares	–	–	–	(14)	(14)
Disposal of treasury shares	–	–	(37)	66	29
Purchase of shares of consolidated subsidiaries	–	(908)	–	–	(908)
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	206	(701)	139,345	52	138,902
Balance at end of period	¥ 203,300	¥ 259,595	¥ 1,407,164	¥ (40,905)	¥ 1,829,156

	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	¥ 35,610	¥ (123)	¥ 215,217	¥ 22,075	¥ 272,779	¥ 87	¥ 56,311	¥ 2,018,599
Cumulative effects of changes in accounting policies	(833)	–	–	–	(833)	–	–	–
Restated balance	34,776	(123)	215,217	22,075	271,945	87	56,311	2,018,599
Changes during period								
Issuance of new shares	–	–	–	–	–	–	–	412
Dividends of surplus	–	–	–	–	–	–	–	(92,712)
Profit attributable to owners of parent	–	–	–	–	–	–	–	232,095
Purchase of treasury shares	–	–	–	–	–	–	–	(14)
Disposal of treasury shares	–	–	–	–	–	–	–	29
Purchase of shares of consolidated subsidiaries	–	–	–	–	–	–	–	(908)
Change in treasury shares arising from change in equity in entities accounted for using equity method	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	1,302	(318)	(1,646)	39,116	38,453	(29)	(7,689)	30,735
Total changes during period	1,302	(318)	(1,646)	39,116	38,453	(29)	(7,689)	169,637
Balance at end of period	¥ 36,079	¥ (442)	¥ 213,570	¥ 61,192	¥ 310,399	¥ 58	¥ 48,622	¥ 2,188,237

Fiscal year ended January 31, 2026

(Thousands of U.S. dollars)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	\$1,321,710	\$1,693,980	\$ 8,245,379	\$(266,543)	\$10,994,533
Cumulative effects of changes in accounting policies	–	–	5,421	–	5,421
Restated balance	1,321,710	1,693,980	8,250,807	(266,543)	10,999,954
Changes during period					
Issuance of new shares	1,341	1,341	–	–	2,681
Dividends of surplus	–	–	(603,358)	–	(603,358)
Profit attributable to owners of parent	–	–	1,510,445	–	1,510,445
Purchase of treasury shares	–	–	–	(91)	(91)
Disposal of treasury shares	–	–	(241)	430	189
Purchase of shares of consolidated subsidiaries	–	(5,909)	–	–	(5,909)
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	1,341	(4,562)	906,840	338	903,957
Balance at end of period	\$1,323,051	\$1,689,412	\$ 9,157,647	\$(266,205)	\$11,903,918

	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	\$231,745	\$ (800)	\$1,400,605	\$143,661	\$1,775,212	\$ 566	\$366,465	\$13,136,789
Cumulative effects of changes in accounting policies	(5,421)	–	–	–	(5,421)	–	–	–
Restated balance	226,318	(800)	1,400,605	143,661	1,769,784	566	366,465	13,136,789
Changes during period								
Issuance of new shares	–	–	–	–	–	–	–	2,681
Dividends of surplus	–	–	–	–	–	–	–	(603,358)
Profit attributable to owners of parent	–	–	–	–	–	–	–	1,510,445
Purchase of treasury shares	–	–	–	–	–	–	–	(91)
Disposal of treasury shares	–	–	–	–	–	–	–	189
Purchase of shares of consolidated subsidiaries	–	–	–	–	–	–	–	(5,909)
Change in treasury shares arising from change in equity in entities accounted for using equity method	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	8,473	(2,070)	(10,712)	254,562	250,247	(189)	(50,039)	200,020
Total changes during period	8,473	(2,070)	(10,712)	254,562	250,247	(189)	(50,039)	1,103,976
Balance at end of period	\$234,798	\$ (2,876)	\$1,389,887	\$398,230	\$2,020,038	\$ 377	\$316,426	\$14,240,772

Corresponding footnote items are included in Note 10 "Notes related to consolidated statement of changes in equity."

Consolidated statement of cash flows

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Cash flows from operating activities			
Profit before income taxes	¥ 305,586	¥ 338,737	\$ 2,204,458
Depreciation	35,235	42,761	278,283
Impairment losses	147	–	–
Increase (decrease) in retirement benefit liability	588	(571)	(3,716)
Decrease (increase) in retirement benefit asset	(12,086)	(13,558)	(88,234)
Interest and dividend income	(11,451)	(8,150)	(53,039)
Interest expenses	33,634	39,183	254,998
Share of loss (profit) of entities accounted for using equity method	3,085	(26,105)	(169,888)
Loss (gain) on sale of investment securities	(19,312)	(12,409)	(80,756)
Loss (gain) on liquidation of subsidiaries and affiliates	(3,456)	–	–
Loss (gain) on sale of shares of subsidiaries and affiliates	(1,154)	–	–
Decrease (increase) in trade receivables	(32,741)	7,899	51,406
Decrease (increase) in inventories	(101,081)	(98,963)	(644,039)
Increase (decrease) in trade payables	(11,562)	(26,818)	(174,528)
Increase (decrease) in advances received on construction contracts in progress	5,048	16,078	104,634
Other, net	(21,494)	76,536	498,087
Subtotal	168,986	334,620	2,177,665
Interest and dividends received	10,680	7,659	49,844
Interest paid	(32,756)	(38,632)	(251,412)
Income taxes paid	(84,053)	(87,324)	(568,294)
Income taxes refund	28	2	13
Net cash provided by (used in) operating activities	62,885	216,325	1,407,816
Cash flows from investing activities			
Purchase of securities	(26,826)	–	–
Proceeds from redemption of securities	39,374	–	–
Purchase of property, plant and equipment	(76,693)	(66,930)	(435,572)
Proceeds from sale of property, plant and equipment	798	1,878	12,222
Purchase of intangible assets	(14,313)	(28,158)	(183,248)
Purchase of investment securities	(25,229)	(16,163)	(105,187)
Proceeds from sale and redemption of investment securities	38,492	16,811	109,404
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (557,022)	–	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	122	–	–
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(854)	–	–
Loan advances	(76,849)	(8,190)	(53,299)
Proceeds from collection of loans receivable	2,191	314	2,043
Other, net	(878)	27,264	177,431
Net cash provided by (used in) investing activities	(697,687)	(73,172)	(476,194)

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(12,783)	(91,283)	(594,058)
Net increase (decrease) in short-term bonds payable	40,000	(40,000)	(260,315)
Proceeds from long-term borrowings	464,564	206,630	1,344,722
Repayments of long-term borrowings	(38,875)	(215,548)	(1,402,759)
Proceeds from issuance of bonds	352,540	140,000	911,102
Redemption of bonds	(16)	(8)	(52)
Dividends paid	(82,968)	(92,712)	(603,358)
Purchase of treasury shares	(18)	(14)	(91)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(180)	(26)	(169)
Other, net	(1,295)	(293)	(1,907)
Net cash provided by (used in) financing activities	720,967	(93,255)	(606,892)
Effect of exchange rate change on cash and cash equivalents	11,240	(5,278)	(34,349)
Net increase (decrease) in cash and cash equivalents	97,405	44,618	290,368
Cash and cash equivalents at beginning of period	292,901	390,307	2,540,069
Cash and cash equivalents at end of period	*1 ¥ 390,307	*1 ¥ 434,925	*1 \$ 2,830,437

Corresponding footnote items are included in Note 11 “Notes related to consolidated statement of cash flows.”

Notes to consolidated financial statements

1. Significant accounting policies for preparation of consolidated financial statements

(1) Basis of presentation

The accompanying consolidated financial statements of Sekisui House, Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) have been compiled from the consolidated financial statements prepared by the Company in Japanese as required by the Financial Instruments and Exchange Act of Japan, which are different in certain respects as to the application and disclosure requirements of IFRS Accounting Standards (“IFRS”).

As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have not been presented, except for per share data. Consequently, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of the readers and has been made at ¥153.66 = U.S.\$1.00, the approximate rate of exchange in effect on January 31, 2026. This translation should not be construed as a representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollar amounts at the above or any other rate.

(2) Scope of consolidation

301 consolidated subsidiaries

One company was newly included in the scope of consolidation due to new establishment. In addition, 76 companies were excluded due to merger, liquidation 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.

(3) Application of equity method

36 companies accounted for using equity method (All are affiliates of the Company)

Three companies to which the equity method was applied were newly added as investment, etc. In addition, three companies were excluded due to merger, liquidation or other reasons.

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

Kabusiki Kaisya Sazanami no Mori and two 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.

(4) 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 263 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.

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, special 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 special 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

For overseas consolidated subsidiaries, interest expenses related to borrowings used for real estate development projects are included in the acquisition cost in accordance with the accounting standards of the country where they are located. For the current fiscal year, interest expenses in the amount of ¥40,862 million (\$265,925 thousand), ¥37,890 million (\$246,583 thousand) and ¥2,877 million (\$18,723 thousand) 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 ¥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.

3. Significant accounting estimates

(1) Valuation of real estate for sale

(a) Amounts stated in the consolidated financial statements

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Buildings for sale	¥ 1,068,926	¥ 1,093,574	\$ 7,116,842
Land for sale in lots	1,374,237	1,507,781	9,812,450
Undeveloped land for sale	396,123	433,304	2,819,888
Loss on valuation (cost of sales)	17,520	19,775	128,693

(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, 2026

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)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Total property, plant and equipment	¥ 534,240	¥ 466,146	\$ 3,033,620
Total intangible assets	221,873	215,174	1,400,325
Impairment losses	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, 2026

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, impairment losses may need to be recorded.

4. Changes in accounting policies

Adoption of the “Accounting Standard for Current Income Taxes” and other standards

The Company and certain subsidiaries have adopted the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter “Accounting Standard Revised in 2022”) and other standards from the beginning of the current fiscal year.

With regard to the revision to classification to record income taxes (taxation on other comprehensive income), the Company has conformed to the transitional treatment provided for in the proviso to paragraph 20-3 of the Accounting Standard Revised in 2022 and the transitional treatment provided for in the proviso to paragraph 65-2 (2) of “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter “Guidance Revised in 2022”). The impact on the consolidated financial statements for the current fiscal year is immaterial.

With regard to the revision associated with the review of treatment in the consolidated financial statements in case that gain or loss on sale of shares of a subsidiary, etc. among consolidated companies is deferred for tax purpose, the Guidance Revised in 2022 has been applied from the beginning of the current fiscal year. This change has not been retroactively applied because the impact is immaterial.

5. Accounting standards issued but not yet effective

“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.

6. Change in presentation

Consolidated statement of cash flows

“Purchase of intangible assets,” which was included in “Other, net” under “Cash flows from investing activities” in the previous fiscal year, has been presented as a separate account item from the current fiscal year as its quantitative materiality has increased. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥(15,191) million included in “Other, net” under “Cash flows from investing activities” in the consolidated statement of cash flows for the previous fiscal year, has been reclassified as ¥(14,313) million of “Purchase of intangible assets” and ¥(878) million of “Other, net.”

7. 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)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Notes receivable – trade	¥ 2,580	¥ 5,413	\$ 35,227
Accounts receivable from completed construction contracts and others	30,901	49,335	321,066
Contract assets	176,262	147,727	961,389
Total	¥ 209,744	¥ 202,475	\$ 1,317,682

- *2. The breakdown of “Other inventories” is as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Semi-finished goods	¥ 6,592	¥ 6,477	\$ 42,152
Work in process	901	862	5,610
Raw materials and supplies	4,670	4,590	29,871
Total	¥ 12,164	¥ 11,930	\$ 77,639

- *3. Assets pertaining to non-consolidated subsidiaries and affiliates are as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Investment securities	¥ 109,467	¥ 106,218	\$ 691,253

- *4. Change in holding purpose

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.

As of January 31, 2026

¥2,079 million (\$13,530 thousand) of real estate for sale recorded as “Buildings for sale” and “Land for sale in lots” as of January 31, 2025, has been reclassified as “Buildings and structures” and “Land,” respectively. In addition, ¥107,255 million (\$698,002 thousand) of investment properties, etc. recorded under “Buildings and structures” and “Land” as of January 31, 2025, has been reclassified under “Buildings for sale” and “Land for sale in lots.”

- *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)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Other (current assets)	¥ 230	¥ 228	\$ 1,484
Other (investments and other assets)	8,922	8,995	58,538
Total	¥ 9,152	¥ 9,224	\$ 60,029

- *6. Collateralized assets and secured liabilities

Collateralized assets are as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Buildings for sale	¥ 35,800	¥ 1,240	\$ 8,070
Land for sale in lots	33,172	29,795	193,902
Buildings and structures	1,416	482	3,137
Land	4,488	1,536	9,996
Investment securities (Note)	345	357	2,323
Total	¥ 75,223	¥ 33,411	\$ 217,435

(Note) Investment securities are provided as collateral against liabilities of investees.

Secured liabilities are as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Current portion of long-term borrowings	¥ 30,413	¥ 11,482	\$ 74,723
Long-term borrowings	19,948	2,546	16,569
Long-term leasehold and guarantee deposits received	630	596	3,879

7. Contingent liabilities

Guarantees for borrowings of clients from financial institutions are as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Housing purchasers, etc. using housing mortgages	¥ 125,173 [3,404 originations]	¥ 109,706 [2,901 originations]	\$ 713,953
Subsidiaries and affiliates	53,315	16,578	107,888

*8. Non-recourse debt

(1) Non-recourse debt is as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Current portion of long-term borrowings	¥ 25,491	¥ –	\$ –

(2) Assets corresponding to non-recourse debt are as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Buildings for sale	¥ 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)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Contract liabilities	¥ 167,770	¥ 182,711	\$ 1,189,060

10. Commitment line contracts

The Group has entered into commitment line contracts with 29 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)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Total amount of commitment lines	¥ 838,607	¥ 890,529	\$ 5,795,451
Amount borrowed	421,302	530,406	3,451,816
Total unused amount	¥ 417,305	¥ 360,123	\$ 2,343,635

8. 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 the 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)	(Thousands of U.S. dollars)
Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
¥ 17,520	¥ 19,775	\$ 128,693

*3. Major items and amounts of selling, general and administrative expenses are as follows.

(1) Selling expenses

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Advertising expenses	¥ 30,446	¥ 36,242	¥ 235,858
Sales promotion expenses	56,598	52,853	343,961
Provision of allowance for doubtful accounts	857	196	1,276

(2) General and administrative expenses

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Employees' salaries and bonuses	¥ 161,888	¥ 178,017	\$ 1,158,512
Provision for bonuses	23,068	26,461	172,205
Provision for bonuses for directors (and other officers)	4,941	4,156	27,047
Retirement benefit expenses	2,465	1,643	10,692
Provision for retirement benefits for directors (and other officers)	216	208	1,354

*4. Impairment losses

The Group recorded impairment losses for the following asset groups.

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.

Fiscal year ended January 31, 2026

Nothing to report

- *5. The breakdown of loss on sale and retirement of non-current assets is as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Buildings and structures	¥ 1,027	¥ 776	\$ 5,050
Machinery, equipment and vehicles	43	136	885
Land	42	53	345
Other, net	469	505	3,286
Total	¥ 1,584	¥ 1,473	\$ 9,586

- *6. The total amount of research and development expenses included in general and administrative expenses and manufacturing costs for the year

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
	¥ 10,581	¥ 10,520	\$ 68,463

9. Notes related to consolidated statement of comprehensive income

*1. Reclassification adjustments, income taxes and tax effects relating to other comprehensive income

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Valuation difference on available-for-sale securities:			
Amount that arose in the current year	¥ 7,144	¥ 13,974	\$ 90,941
Reclassification adjustment amount	(19,195)	(10,477)	(68,183)
Before income taxes and tax effects	(12,051)	3,496	22,752
Income taxes and tax effects	3,151	(1,833)	(11,929)
Valuation difference on available-for-sale securities	(8,900)	1,663	10,823
Foreign currency translation adjustment:			
Amount that arose in the current year	87,463	(4,131)	(26,884)
Reclassification adjustment amount	(3,456)	-	-
Foreign currency translation adjustment	84,007	(4,131)	(26,884)
Remeasurements of defined benefit plans, net of tax:			
Amount that arose in the current year	9,214	67,466	439,060
Reclassification adjustment amount	(10,258)	(11,085)	(72,140)
Before income taxes and tax effects	(1,043)	56,381	366,920
Income taxes and tax effects	319	(17,210)	(112,001)
Remeasurements of defined benefit plans, net of tax	(723)	39,170	254,913
Share of other comprehensive income of entities accounted for using equity method:			
Amount that arose in the current year	3,589	2,219	14,441
Reclassification adjustment amount	(5,414)	(40)	(260)
Share of other comprehensive income of entities accounted for using equity method	(1,824)	2,179	14,181
Total other comprehensive income	¥ 72,558	¥ 38,882	\$ 253,039

10. Notes related to consolidated statement of changes in equity

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 (Millions of yen)
			As of February 1, 2024	Increase	Decrease	As of January 31, 2025	
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 (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 23, 2025	Ordinary shares	¥ 46,026	Retained earnings	¥ 71.00	January 31, 2025	April 24, 2025

Fiscal year ended January 31, 2026

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, 2025 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of January 31, 2026 (Shares)
Issued shares				
Ordinary shares (Note 1)	662,996,866	125,300	–	663,122,166
Total	662,996,866	125,300	–	663,122,166
Treasury shares				
Ordinary shares (Note 2)	14,902,212	6,558	24,030	14,884,740
Total	14,902,212	6,558	24,030	14,884,740

(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 125,300 shares

2. Breakdown of the number of increased shares is as follows.

Increase due to repurchase of fractional shares 4,258 shares

Increase due to acquisition of restricted shares 2,300 shares

Breakdown of the number of decreased shares is as follows.

Decrease due to requests for additional purchases of fractional shares 30 shares

Decrease due to exercise of share options 24,000 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, 2026	
			As of February 1, 2025	Increase	Decrease	As of January 31, 2026	(Millions of yen)	(Thousands of U.S. dollars)
Sekisui House, Ltd.	Share acquisition rights as share options	–	–	–	–	–	¥ 58	\$ 377
Total			–	–	–	–	¥ 58	\$ 377

3. Dividends

(1) Dividends paid

Resolution	Classes of shares	Total amount of dividends		Dividend paid per share		Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)	(Yen)	(U.S. dollars)		
Ordinary General Meeting of Shareholders held on April 23, 2025	Ordinary shares	¥ 46,026	\$ 299,531	¥ 71.00	\$ 0.46	January 31, 2025	April 24, 2025
Board of Directors meeting held on September 4, 2025	Ordinary shares	46,685	303,820	72.00	0.47	July 31, 2025	September 30, 2025

(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, 2026.

Resolution	Classes of shares	Total amount of dividends		Source of funds for dividends	Dividend paid per share		Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)		(Yen)	(U.S. dollars)		
Ordinary General Meeting of Shareholders to be held on April 23, 2026	Ordinary shares	¥ 46,685	\$ 303,820	Retained earnings	¥ 72.00	\$ 0.47	January 31, 2026	April 24, 2026

11. 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)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Cash and deposits	¥ 390,559	¥ 435,177	\$ 2,832,077
Time deposits with maturities of more than three months	(252)	(252)	(1,640)
Cash and cash equivalents	¥ 390,307	¥ 434,925	\$ 2,830,437

- *2. Major components of assets and liabilities of consolidated subsidiaries acquired by purchase of shares

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

Fiscal year ended January 31, 2026

Nothing to report

12. 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)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Due within one year	¥ 8,601	¥ 6,853	\$ 44,598
Due after one year	56,998	55,375	360,374
Total	¥ 65,600	¥ 62,228	\$ 404,972

(As Lessor)

1. Finance leases

(1) Breakdown of investments in leases

Current assets

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Lease receivables	¥ 9,951	¥ 9,461	\$ 61,571
Residual value	-	-	-
Unearned interest income	(3,058)	(2,854)	(18,573)
Investments in leases	6,892	6,607	42,998

(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, 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

(Millions of yen)

	As of January 31, 2026					
	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	¥ 222	¥ 223	¥ 223	¥ 224	¥ 225	¥ 3,243
Investments in leases	480	480	480	474	473	7,071

(Thousands of U.S. dollars)

	As of January 31, 2026					
	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	\$ 1,445	\$ 1,451	\$ 1,451	\$ 1,458	\$ 1,464	\$ 21,105
Investments in leases	3,124	3,124	3,124	3,085	3,078	46,017

2. Operating leases

Future minimum lease payments under non-cancelable operating leases

(Millions of yen) (Thousands of U.S. dollars)

	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Due within one year	¥ 2,630	¥ 2,997	\$ 19,504
Due after one year	20,069	21,884	142,418
Total	¥ 22,700	¥ 24,882	\$ 161,929

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) (Thousands of U.S. dollars)

	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Current assets	¥ 3,540	¥ 3,329	\$ 21,665

(2) Lease obligations

(Millions of yen) (Thousands of U.S. dollars)

	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Current liabilities	¥ 223	¥ 223	\$ 1,451
Non-current liabilities	3,693	3,469	22,576

13. 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 is 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 an early stage, 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 "15. 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, 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).

(*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, 2026

(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	3,300	2,214	(1,086)
Available-for-sale securities	88,672	88,672	-
Total assets	92,092	91,006	(1,086)
Bonds payable	758,811	733,600	(25,210)
Long-term borrowings	675,746	665,959	(9,787)
Total liabilities	1,434,558	1,399,560	(34,998)
Derivatives (*3)	¥ [3,824]	¥ [3,824]	¥ -

(Thousands of U.S. dollars)

	Amount stated in consolidated balance sheet	Fair value	Difference
Securities and investment securities			
Bonds held to maturity	\$ 781	\$ 781	\$ -
Securities of subsidiaries and affiliates	21,476	14,408	(7,068)
Available-for-sale securities	577,066	577,066	-
Total assets	599,323	592,256	(7,068)
Bonds payable	4,938,247	4,774,177	(164,064)
Long-term borrowings	4,397,670	4,333,978	(63,693)
Total liabilities	9,335,923	9,108,161	(227,763)
Derivatives (*3)	\$ [24,886]	\$ [24,886]	\$ -

(*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) (Thousands of U.S. dollars)

Categories	As of January 31, 2026	As of January 31, 2026
Unlisted shares	¥ 94,620	\$ 615,775
Investment in special purpose companies, etc.	15,582	101,406

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).

(*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, 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 other	32,743	268	306	1,533
Securities and investment securities				
Bonds held to maturity				
Bonds payable	-	-	-	120
Total	¥ 423,302	¥ 268	¥ 306	¥ 1,653

As of January 31, 2026

(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	¥ 435,177	¥ -	¥ -	¥ -
Notes receivable, accounts receivable from completed construction contracts and other	54,146	256	306	1,454
Securities and investment securities				
Bonds held to maturity				
Bonds payable	-	-	-	120
Total	¥ 489,324	¥ 256	¥ 306	¥ 1,574

(Thousands of U.S. dollars)

	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	\$ 2,832,077	\$ -	\$ -	\$ -
Notes receivable, accounts receivable from completed construction contracts and other	352,375	1,666	1,991	9,462
Securities and investment securities				
Bonds held to maturity				
Bonds payable	-	-	-	781
Total	\$ 3,184,459	\$ 1,666	\$ 1,991	\$ 10,243

(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, 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

As of January 31, 2026

(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	¥ 414,332	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds payable	20,000	–	70,000	–	173,760	495,050
Long-term borrowings	161,032	124,948	169,899	8,638	51,715	159,513
Total	¥ 595,364	¥ 124,948	¥ 239,899	¥ 8,638	¥ 225,476	¥ 654,563

(Thousands of U.S. dollars)

	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	\$ 2,696,421	\$ –	\$ –	\$ –	\$ –	\$ –
Bonds payable	130,157	–	455,551	–	1,130,808	3,221,723
Long-term borrowings	1,047,976	813,146	1,105,681	56,215	336,555	1,038,091
Total	\$ 3,874,554	\$ 813,146	\$ 1,561,232	\$ 56,215	\$ 1,467,370	\$ 4,259,814

(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, 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

As of January 31, 2026

(Millions of yen)

Categories	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Equity securities	¥ 88,672	¥ –	¥ –	¥ 88,672
Total assets	88,672	–	–	88,672
Derivatives				
Currency related	–	3,824	–	3,824
Total liabilities	¥ –	¥ 3,824	¥ –	¥ 3,824

(Thousands of U.S. dollars)

Categories	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Equity securities	\$ 577,066	\$ –	\$ –	\$ 577,066
Total assets	577,066	–	–	577,066
Derivatives				
Currency related	–	24,886	–	24,886
Total liabilities	\$ –	\$ 24,886	\$ –	\$ 24,886

(2) Financial instruments that are not recorded at fair value in the consolidated balance sheet

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

As of January 31, 2026

(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	2,214	–	–	2,214
Total assets	2,214	120	–	2,334
Bonds payable	–	733,600	–	733,600
Long-term borrowings	–	665,959	–	665,959
Total liabilities	¥ –	¥ 1,399,560	¥ –	¥ 1,399,560

(Thousands of U.S. dollars)

Categories	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Bonds held to maturity				
Bonds payable	\$ –	\$ 781	\$ –	\$ 781
Securities of subsidiaries and affiliates	14,408	–	–	14,408
Total assets	14,408	781	–	15,189
Bonds payable	–	4,774,177	–	4,774,177
Long-term borrowings	–	4,333,978	–	4,333,978
Total liabilities	\$ –	\$ 9,108,161	\$ –	\$ 9,108,161

(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 “14. 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. In addition, since interest-rate swaps subject to special accounting treatment are accounted for together with the long-term borrowings being hedged, their fair value is included in the fair value of the relevant long-term borrowings.

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

Long-term borrowings with a floating rate interest are stated at book value 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. Furthermore, the fair value of long-term borrowings subject to special accounting treatment for interest-rate swaps is calculated using the total amount of the principal and interest accounted for together with the related interest-rate swaps, and is classified as Level 2 fair value.

14. Securities

1. Bonds held to maturity

As of January 31, 2025

Nothing to report

As of January 31, 2026

Nothing to report

2. Available-for-sale securities

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

As of January 31, 2026

(Millions of yen)

	Type	Amount stated in consolidated balance sheet	Acquisition cost	Difference
Securities whose balance sheet amount exceeds acquisition cost	Equity securities	¥ 87,879	¥ 28,000	¥ 59,879
	Subtotal	87,879	28,000	59,879
Securities whose balance sheet amount does not exceed acquisition cost	Equity securities	792	960	(168)
	Subtotal	792	960	(168)
Total		¥ 88,672	¥ 28,961	¥ 59,710

(Thousands of U.S. dollars)

	Type	Amount stated in consolidated balance sheet	Acquisition cost	Difference
Securities whose balance sheet amount exceeds acquisition cost	Equity securities	\$ 571,906	\$ 182,220	\$ 389,685
	Subtotal	571,906	182,220	389,685
Securities whose balance sheet amount does not exceed acquisition cost	Equity securities	5,154	6,248	(1,093)
	Subtotal	5,154	6,248	(1,093)
Total		\$ 577,066	\$ 188,475	\$ 388,585

3. Sales of available-for-sale securities

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.

Fiscal year ended January 31, 2026

(Millions of yen)

Type	Proceeds	Total gain on sale	Total loss on sale
Equity securities, etc.	¥16,682	¥12,409	¥ –

(Thousands of U.S. dollars)

Type	Proceeds	Total gain on sale	Total loss on sale
Equity securities, etc.	\$108,564	\$ 80,756	\$ –

(Note) Equity securities, etc. include shares with no market price.

15. Derivatives

1. Derivative transactions to which the hedge accounting method is not applied

As of January 31, 2025

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	¥ 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 13 “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, 2026

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	¥ 55,038	¥ 55,038	¥ (3,824)	¥ (3,824)
Total		¥ 55,038	¥ 55,038	¥ (3,824)	¥ (3,824)

(Thousands of U.S. dollars)

Categories	Transaction type	Notional amount	Due after one year	Fair value	Gains (losses) on valuation
Off-market transactions	Currency swaps	\$ 358,180	\$ 358,180	\$ (24,886)	\$ (24,886)
Total		\$ 358,180	\$ 358,180	\$ (24,886)	\$ (24,886)

(Note) The method of calculating fair value is described in Note 13 “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, 2025

Not presented due to immateriality

As of January 31, 2026

Interest rate-related

(Millions of yen)

Method of hedge accounting	Transaction type	Major hedged items	Notional amount	Due after one year	Fair value
Special accounting treatment of interest rate swaps	Interest rate swaps Received/floating and paid/fixed	Long-term borrowings	¥139,161	¥139,161	(Note)
Total			¥139,161	¥139,161	

(Thousands of U.S. dollars)

Method of hedge accounting	Transaction type	Major hedged items	Notional amount	Due after one year	Fair value
Special accounting treatment of interest rate swaps	Interest rate swaps Received/floating and paid/fixed	Long-term borrowings	\$ 905,642	\$ 905,642	(Note)
Total			\$ 905,642	\$ 905,642	

(Note) Since interest-rate swaps subject to special accounting treatment are accounted for together with the long-term borrowings being hedged, their fair value is included in the fair value of the relevant long-term borrowings.

16. 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)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Retirement benefit obligations at the beginning of year	¥ 306,670	¥ 306,082	\$ 1,991,943
Service expenses	12,084	11,670	75,947
Interest expenses	5,101	5,090	33,125
Unrecognized net actuarial gain or loss incurred	(4,524)	(61,865)	(402,610)
Payments of retirement benefits	(13,151)	(15,526)	(101,041)
Past service cost incurred	(73)	–	–
Net change due to the change from the simplified method to the principle method	(55)	6	39
Net change as a result of change in the scope of consolidation	31	–	–
Retirement benefit obligations at the end of year	¥ 306,082	¥ 245,458	\$ 1,597,410

(Note) Includes plans applying the simplified method.

(2) Reconciliation of pension assets at the beginning and end of year

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Pension assets at the beginning of year	¥ 311,394	¥ 321,198	\$ 2,090,316
Expected returns on pension assets	7,639	7,907	51,458
Unrecognized net actuarial gain or loss incurred	4,616	5,601	36,451
Contributions paid by the employer	8,908	8,924	58,076
Payments of retirement benefits	(11,208)	(12,830)	(83,496)
Net change due to the change from the simplified method to the principle method	(151)	–	–
Pension assets at the end of year	¥ 321,198	¥ 330,801	\$ 2,152,811

(Note) Includes plans applying the simplified method.

(3) Reconciliation of retirement benefit obligations and pension assets at the end of the year and retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheet

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Funded retirement benefit obligations	¥ 274,449	¥ 217,940	\$ 1,418,326
Pension assets	(321,198)	(330,801)	(2,152,811)
Subtotal	(46,749)	(112,861)	(734,485)
Unfunded retirement benefit obligations	31,632	27,517	179,077
Net amount of liability and asset recorded in the consolidated balance sheet	(15,116)	(85,343)	(555,402)
Retirement benefit liability	31,632	27,517	179,077
Retirement benefit asset	(46,749)	(112,861)	(734,485)
Net amount of liability and asset recorded in the consolidated balance sheet	¥ (15,116)	¥ (85,343)	\$ (555,402)

(Note) Includes plans applying the simplified method.

(4) Retirement benefit expenses and the breakdown of amounts

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Service expenses (Note 1)	¥ 12,084	¥ 11,670	\$ 75,947
Interest expenses	5,101	5,090	33,125
Expected returns on pension assets	(7,639)	(7,907)	(51,458)
Amortization of actuarial gains and losses	(10,554)	(11,319)	(73,663)
Amortization of past service cost	296	233	1,516
Amortization resulting from the change from the simplified method to the principle method	9	6	39
Other (Note 2)	817	678	4,412
Retirement benefit expenses related to the defined benefit plans	¥ 115	¥ (1,546)	\$ (10,061)

(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 income taxes and tax effect) is as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Past service cost	¥ 370	¥ 256	\$ 1,666
Actuarial gains and losses	(1,413)	56,124	365,248
Total	¥ (1,043)	¥ 56,381	\$ 366,920

(6) Remeasurements of defined benefit plans

The breakdown of items recorded as remeasurements of defined benefit plans (before deducting income taxes and tax effect) is as follows.

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Unrecognized past service cost	¥ (874)	¥ (617)	\$ (4,015)
Unrecognized actuarial gains and losses	32,879	89,003	579,220
Total	¥ 32,005	¥ 88,386	\$ 575,205

(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, 2025	As of January 31, 2026
Bonds	32%	28%
Credit investing	18	16
Private equity	16	17
General account	13	14
Equity securities	9	8
Cash and deposits	1	2
Other, net	11	15
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, 2025	As of January 31, 2026
Discount rate	Mainly 1.7%	Mainly 3.4%
Long-term expected rate of return	Mainly 2.5%	Mainly 2.5%
Estimated rate of salary increase	Mainly 4.4%	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 ¥1,603 million and ¥2,820 million (\$18,352 thousand) in the previous and the current fiscal years, respectively.

17. 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)	6,000	2,000	8,000	5,000
Granted (Shares)	–	–	–	–
Forfeited (Shares)	–	–	–	–
Vested (Shares)	3,000	1,000	2,000	2,000
Outstanding (Shares)	3,000	1,000	6,000	3,000
Vested				
At the beginning of the fiscal year (Shares)	–	1,000	3,000	3,000
Vested (Shares)	3,000	1,000	2,000	2,000
Exercised (Shares)	3,000	2,000	2,000	3,000
Forfeited (Shares)	–	–	–	–
Exercisable (Shares)	–	–	3,000	2,000

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)	6,000	7,000	17,000
Granted (Shares)	–	–	–
Forfeited (Shares)	–	–	–
Vested (Shares)	2,000	2,000	4,000
Outstanding (Shares)	4,000	5,000	13,000
Vested			
At the beginning of the fiscal year (Shares)	6,000	5,000	3,000
Vested (Shares)	2,000	2,000	4,000
Exercised (Shares)	6,000	4,000	4,000
Forfeited (Shares)	–	–	–
Exercisable (Shares)	2,000	3,000	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
(U.S. dollars)	\$ 0.01 per share	\$ 0.01 per share	\$ 0.01 per share	\$ 0.01 per share
Average exercise price (Yen)	¥ 3,225	¥ 3,202	¥ 3,225	¥ 3,229
(U.S. dollars)	\$ 20.99	\$ 20.84	\$ 20.99	\$ 21.01
Fair value at the grant date (Yen)	¥ 495	¥ 1,071	¥ 974	¥ 1,507
(U.S. dollars)	\$ 3.22	\$ 6.97	\$ 6.34	\$ 9.81

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
(U.S. dollars)	\$ 0.01 per share	\$ 0.01 per share	\$ 0.01 per share
Average exercise price (Yen)	¥ 3,411	¥ 3,364	¥ 3,210
(U.S. dollars)	\$ 22.20	\$ 21.89	\$ 20.89
Fair value at the grant date (Yen)	¥ 1,356	¥ 1,415	¥ 1,283
(U.S. dollars)	\$ 8.82	\$ 9.21	\$ 8.35

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.

18. Tax effect accounting

1. Significant components of deferred tax assets and liabilities

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Deferred tax assets			
Loss on valuation of real estate for sale	¥ 17,564	¥ 19,199	\$ 124,945
Interest expenses	8,612	18,346	119,393
Provision for bonuses	14,503	17,613	114,623
Retirement benefit liability	9,187	7,263	47,267
Unrealized gain on non-current assets	6,641	6,755	43,961
Provision for warranties for completed construction	3,493	4,056	26,396
Accrued enterprise tax	2,560	3,706	24,118
Accumulated impairment losses	3,957	3,539	23,031
Tax loss carry-forward (Note 2)	7,018	3,522	22,921
Other, net	19,671	29,766	193,713
Deferred tax assets subtotal	93,209	113,769	740,394
Valuation allowance for tax loss carry-forward (Note 2)	(3,199)	(3,522)	(22,921)
Valuation allowance for total deductible temporary differences	(8,560)	(10,109)	(65,788)
Valuation allowance (Note 1)	(11,759)	(13,632)	(88,715)
Total deferred tax assets	81,450	100,137	651,679
Deferred tax liabilities			
Valuation difference on available-for-sale securities	(17,130)	(18,964)	(123,415)
Other, net	(67,119)	(86,874)	(565,365)
Total deferred tax liabilities	(84,250)	(105,838)	(688,780)
Net of deferred tax assets and deferred tax liabilities	¥ (2,800)	¥ (5,700)	\$ (37,095)

(Notes) 1. The main valuation allowance is accumulated impairment losses that were judged non recoverable.

2. Amount of tax loss carry-forward and deferred tax assets by expiration

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.

As of January 31, 2026

	(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*	¥ 5	¥ –	¥ 41	¥ 45	¥ 110	¥ 3,319	¥ 3,522
Valuation allowance	(5)	–	(41)	(45)	(110)	(3,319)	(3,522)
Deferred tax assets	–	–	–	–	–	–	–

* Tax loss carry-forward is the amount multiplied by the statutory tax rate.

(Thousands of U.S. dollars)

	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*	\$ 33	\$ –	\$ 267	\$ 293	\$ 716	\$ 21,600	\$ 22,921
Valuation allowance	(33)	–	(267)	(293)	(716)	(21,600)	(22,921)
Deferred tax assets	–	–	–	–	–	–	–

* Tax loss carry-forward is the amount multiplied by the statutory tax rate.

(Change in presentation)

“Interest expenses”, 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 has become material. “Accrued social insurance premium”, 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, ¥1,761 million of “Accrued social insurance premium” and ¥26,521 million of “Other” under “Deferred tax assets” in the previous fiscal year, have been reclassified as ¥8,612 million (\$56,046 thousand) of “Interest expenses” and ¥19,671 million (\$128,016 thousand) of “Other.”

2. A breakdown by major items that cause the difference between the statutory tax rate and the effective tax rate after applying tax effect accounting when it is material

	As of January 31, 2025	As of January 31, 2026
Statutory tax rate	30.5%	
(Adjustments)		
Permanently non-deductible expenses, such as entertainment expenses	0.3	
Permanently non-taxable income, such as dividend income	(0.0)	
Per capita inhabitant tax etc.	0.2	
Net change in valuation allowance	(0.6)	
(Gain) loss on liquidation of subsidiaries and affiliates	(0.2)	
Share of loss (profit) of entities accounted for using the equity method	0.3	
Difference in income tax rates of overseas subsidiaries	(0.6)	
Tax credits	(0.8)	
Tax effect on internal reserves of overseas subsidiaries	0.3	
Others	(1.8)	
Income tax rate after applying tax effect accounting	27.6%	Notes are omitted as the difference between the statutory tax rate and the effective tax rate after applying tax effect accounting is 5% or less of the statutory tax rate.

3. Adjustment of deferred tax assets and deferred tax liabilities due to changes in income tax rates

The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted by the National Diet on March 31, 2025, under which the Defense Special Corporate Tax will be imposed 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.

19. Business combinations

The description of business combinations is omitted because there were no significant transactions during the current fiscal year.

20. 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)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Balance at beginning of year	¥ 3,641	¥3,712	\$ 24,157
Increase due to acquisition of property, plant and equipment	202	194	1,263
Adjustments due to passage of time	18	21	137
Decrease due to implementation of asset retirement obligations	(150)	(169)	(1,100)
Other changes	–	(13)	(85)
Balance at end of year	¥ 3,712	¥ 3,745	\$ 24,372

21. 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 ¥3,928 million (rental revenue is recorded as net sales and rental expenses is mainly recorded as cost of sales). For the current fiscal year, net rental income for such real estate for lease, etc. was ¥2,324 million (\$15,124 thousand) (rental revenue 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)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Amount stated in consolidated balance sheet			
Balance at beginning of year	¥ 377,931	¥ 394,436	\$ 2,566,940
Change during the year	16,505	(77,879)	(506,827)
Balance at end of year	394,436	316,557	2,060,113
Fair value at end of year	480,298	410,518	2,671,600

(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 (¥60,066 million) and decreases due to transfers with inventories (¥35,409 million) and depreciation (¥7,465 million). Changes during the current fiscal year mainly resulted from increases due to real estate acquisition (¥33,765 million (\$219,738 thousand)) and decreases due to transfers with inventories (¥102,587 million (\$667,623 thousand)) and depreciation (¥8,154 million (\$53,065 thousand)).

3. Fair values at the end of the year for major properties are calculated based on real estate appraisal by real estate appraiser. Fair values at the end of the year for other properties are calculated by the Company based on the Real Estate Appraisal Standard.

22. Revenue recognition

1. Information on breakdown of revenue from contracts with customers

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 rental income 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).

Fiscal year ended January 31, 2026

(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	¥ 478,799	¥ 558,081	¥ 298,311	¥ –	¥ 186,719	¥ 614,863
Real estate management and other	–	0	33	707,428	–	55,377
Sales to external customers	478,799	558,082	298,344	707,428	186,719	670,240
Other revenue (Note)	0	0	33	612,581	–	102,493
Revenue from contracts with customers	478,799	558,081	298,311	94,846	186,719	567,746

	Reportable segments	Other	Total
	Overseas Business		
Construction and sales	¥1,259,926	¥ 1,848	¥ 3,398,550
Real estate management and other	26,431	10,100	799,372
Sales to external customers	1,286,358	11,949	4,197,922
Other revenue (Note)	23,943	1,657	740,710
Revenue from contracts with customers	1,262,414	10,291	3,457,211

(Thousands of U.S. dollars)

	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	\$ 3,115,964	\$ 3,631,921	\$ 1,941,371	\$ –	\$ 1,215,144	\$ 4,001,451
Real estate management and other	–	0	215	4,603,853	–	360,387
Sales to external customers	3,115,964	3,631,928	1,941,585	4,603,853	1,215,144	4,361,838
Other revenue (Note)	0	0	215	3,986,600	–	667,012
Revenue from contracts with customers	3,115,964	3,631,921	1,941,371	617,246	1,215,144	3,694,820

	Reportable segments	Other	Total
	Overseas Business		
Construction and sales	\$ 8,199,440	\$ 12,027	\$22,117,337
Real estate management and other	172,010	65,730	5,202,213
Sales to external customers	8,371,456	77,763	27,319,550
Other revenue (Note)	155,818	10,784	4,820,448
Revenue from contracts with customers	8,215,632	66,973	22,499,095

(Note) Other revenue includes rental income 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 executes 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 executes management service contracts with customers and has an obligation to provide building management services based on the 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)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Receivables from contracts with customers (Balance at beginning of year)	¥ 33,071	¥ 33,482	\$ 217,897
Receivables from contracts with customers (Balance at end of year)	33,482	54,748	356,293
Contract assets (Balance at beginning of year)	142,138	176,262	1,147,091
Contract assets (Balance at end of year)	176,262	147,727	961,389
Contract liabilities (Balance at beginning of year)	159,309	167,770	1,091,826
Contract liabilities (Balance at end of year)	¥ 167,770	¥ 182,711	\$ 1,189,060

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 the year was ¥155,115 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 the year was ¥160,381 million (\$1,043,739 thousand).

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations in the previous fiscal year was ¥1,754,577 million, and at the longest, this amount is expected to be recognized as revenue within 11 years. The total transaction price allocated to the remaining performance obligations in the current fiscal year was ¥1,804,417 million (\$11,742,919 thousand), and at the longest, this amount is expected to be recognized as revenue within 10 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.

23. 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 composed 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)

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 Support Plus, 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., Sekisui House Asset Management, Ltd., Sekisui House Hotel 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)

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.”

Reportable segment profit is based on operating profit. Intersegment sales or transfers are based on prevailing market prices.

3. Information about sales, profit, assets, liabilities, and other items for each reportable segment

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.

Fiscal year ended January 31, 2026

(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	¥ 478,799	¥ 558,082	¥ 298,344	¥ 707,428	¥ 186,719	¥ 670,240
(2) Intersegment sales or transfers	153	6,730	3,949	5,193	1,238	11,748
Total	¥ 478,952	¥ 564,813	¥ 302,293	¥ 712,621	¥ 187,958	¥ 681,989
Segment profit	¥ 48,035	¥ 87,826	¥ 22,049	¥ 68,996	¥ 27,966	¥ 94,970
Segment assets	69,800	63,037	273,432	114,061	29,004	1,074,296
Other items						
Depreciation	3,424	451	1,453	2,093	217	6,675
Investment in affiliates accounted for under the equity method	—	—	—	—	—	16,160
Increase in property, plant and equipment and intangible assets	3,521	635	2,668	808	342	40,102

	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	¥ 1,286,358	¥ 4,185,973	¥ 6,215	¥ 4,192,189	¥ 5,733	¥ 4,197,922
(2) Intersegment sales or transfers	—	29,013	10,235	39,249	(39,249)	—
Total	¥ 1,286,358	¥ 4,214,987	¥ 16,451	¥ 4,231,439	¥ (33,516)	¥ 4,197,922
Segment profit	¥ 39,102	¥ 388,947	¥ 3,203	¥ 392,150	¥ (50,747)	¥ 341,402
Segment assets	2,903,678	4,527,311	19,823	4,547,134	459,503	5,006,637
Other items						
Depreciation	15,703	30,018	194	30,213	12,548	42,761
Investment in affiliates accounted for under the equity method	84,001	100,161	7,866	108,027	(1,924)	106,103
Increase in property, plant and equipment and intangible assets	12,576	60,656	152	60,809	38,887	99,696

(Thousands of U.S. dollars)

	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	\$ 3,115,964	\$ 3,631,928	\$ 1,941,585	\$ 4,603,853	\$ 1,215,144	\$ 4,361,838
(2) Intersegment sales or transfers	996	43,798	25,700	33,795	8,057	76,455
Total	\$ 3,116,960	\$ 3,675,732	\$ 1,967,285	\$ 4,637,648	\$ 1,223,207	\$ 4,438,299
Segment profit	\$ 312,606	\$ 571,561	\$ 143,492	\$ 449,017	\$ 181,999	\$ 618,053
Segment assets	454,250	410,237	1,779,461	742,295	188,754	6,991,384
Other items						
Depreciation	22,283	2,935	9,456	13,621	1,412	43,440
Investment in affiliates accounted for under the equity method	–	–	–	–	–	105,167
Increase in property, plant and equipment and intangible assets	22,914	4,133	17,363	5,258	2,226	260,979

	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	\$ 8,371,456	\$ 27,241,787	\$ 40,446	\$ 27,282,240	\$ 37,310	\$ 27,319,550
(2) Intersegment sales or transfers	–	188,813	66,608	255,428	(255,428)	–
Total	\$ 8,371,456	\$ 27,430,607	\$ 107,061	\$ 27,537,674	\$ (218,118)	\$ 27,319,550
Segment profit	\$ 254,471	\$ 2,531,218	\$ 20,845	\$ 2,552,063	\$ (330,255)	\$ 2,221,801
Segment assets	18,896,772	29,463,172	129,006	29,592,178	2,990,388	32,582,565
Other items						
Depreciation	102,193	195,353	1,263	196,622	81,661	278,283
Investment in affiliates accounted for under the equity method	546,668	651,835	51,191	703,026	(12,521)	690,505
Increase in property, plant and equipment and intangible assets	81,843	394,742	989	395,737	253,072	648,809

(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 ¥(50,747) million (\$330,255 thousand) for segment profit includes an elimination of intersegment transactions of ¥(312) million (\$2,030 thousand) and corporate expenses of ¥(50,434) million (\$328,218 thousand) 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 ¥459,503 million (\$2,990,388 thousand) 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 ¥12,548 million (\$81,661 thousand) for depreciation is depreciation expenses related to corporate assets.
- (4) An adjustment of ¥(1,924) million (\$12,521 thousand) for investment in affiliates accounted for under the equity method is an elimination of intersegment transactions.
- (5) An adjustment of ¥38,887 million (\$253,072 thousand) 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, 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.

Fiscal year ended January 31, 2026

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
¥ 2,906,880	¥ 1,176,690	¥ 114,351	¥ 4,197,922

(Thousands of U.S. dollars)

Japan	United States	Other regions	Total
\$ 18,917,610	\$ 7,657,751	\$ 744,182	\$ 27,319,550

(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, 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

Fiscal year ended January 31, 2026

(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	¥-	¥-	¥-	¥-	¥-

	Development Business	Overseas Business	Other	Unallocated amounts and elimination	Total
Impairment losses	¥-	¥-	¥-	¥-	¥-

(Thousands of U.S. dollars)

	Custom detached houses Business	Rental housing and commercial buildings Business	Architectural / Civil engineering Business	Rental housing management Business	Remodeling Business
Impairment losses	\$-	\$-	\$-	\$-	\$-

	Development Business	Overseas Business	Other	Unallocated amounts and elimination	Total
Impairment losses	\$-	\$-	\$-	\$-	\$-

[Information about amortization and unamortized balance of goodwill for each reportable segment]

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.

Fiscal year ended January 31, 2026

(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	¥-	¥ 17,116	¥ 461	¥-	¥ 17,577
Balance at end of period	-	113,724	856	-	114,581

(Thousands of U.S. dollars)

	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	\$ –	\$ 111,389	\$ 3,000	\$ –	\$ 114,389
Balance at end of period	–	740,102	5,571	–	745,679

(Note) Other is construction material supply business, etc.

[Information about gain on bargain purchase for each reportable segment]

Fiscal year ended January 31, 2025

Nothing to report

Fiscal year ended January 31, 2026

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, 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.

Fiscal year ended January 31, 2026

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)	¥ 73	-	¥-
								(\$475 thousand)		
Officer	Satoshi Tanaka	-	-	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)	47	-	-
								(\$306 thousand)		
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)	23	-	-
								(\$150 thousand)		
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)	17	-	-
								(\$111 thousand)		
Officer	Yasushi Omura	-	-	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)	11	-	-
								(\$72 thousand)		
Officer and close relatives	Keiko Takegawa and her close relatives (Note 2)	-	-	The Company's Outside Director of the Board	Directly (owned) 0.00%	Custom construction contracts	Custom construction contracts (Note 3)	90	-	-
								(\$586 thousand)		

(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. Ms. Keiko Takegawa resigned as Outside Director of the Board on April 23, 2025, and the above indicates the transactions during her term of office.
3. The price for the custom construction contracts is determined in the same way as general transaction terms.

24. Per share information

	(Yen)		(U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Net assets per share	¥ 3,027.64	¥ 3,300.57	\$ 21.48
Profit per share	335.95	358.07	2.33
Diluted profit per share	335.84	357.98	2.33

(Notes) Basis for calculation

1. Net assets per share

	(Millions of yen)		(Thousands of U.S. dollars)
	As of January 31, 2025	As of January 31, 2026	As of January 31, 2026
Net assets recorded on consolidated balance sheet	¥ 2,018,599	¥ 2,188,237	\$ 14,240,772
Difference between net assets recorded on consolidated balance sheet and net assets attributable to ordinary shares	56,399	48,681	316,810
[of which, share acquisition rights]	[87]	[58]	[377]
[of which, non-controlling interests]	[56,311]	[48,622]	[316,426]
Net assets attributable to ordinary shares	¥ 1,962,199	¥ 2,139,555	\$ 13,923,955
Number of ordinary shares outstanding (1,000 shares)	662,996	663,122	
Number of ordinary shares held in treasury (1,000 shares)	14,902	14,884	
Number of ordinary shares used to calculate net assets per share (1,000 shares)	648,094	648,237	

2. Profit per share and diluted profit per share

	(Millions of yen)		(Thousands of U.S. dollars)
	Fiscal year ended January 31, 2025	Fiscal year ended January 31, 2026	Fiscal year ended January 31, 2026
Profit per share			
Profit attributable to owners of parent	¥ 217,705	¥ 232,095	\$ 1,510,445
Amount not attributable to ordinary shareholders	-	-	-
Profit attributable to owners of parent related to ordinary shares	¥ 217,705	¥ 232,095	\$ 1,510,445
Average number of ordinary shares outstanding during the year (1,000 shares)	648,036	648,185	
Diluted profit per share			
Adjustment to profit attributable to owners of parent	¥ -	¥ -	\$ -
Number of ordinary shares increased (1,000 shares)			
Share acquisition rights	80	55	
Performance share unit awards	118	97	
Overview of residual securities not included in the calculation of diluted profit per share as they have no dilutive effect	-	-	

25. Significant subsequent event

Cancellation of treasury shares

At the Board of Directors meeting held on March 5, 2026, the Company resolved to cancel treasury shares pursuant to Article 178 of the Companies Act.

(1) Reason for share cancellation

To enhance the shareholder value through the reduction in the total number of issued shares

(2) Method of share cancellation

Reduction in retained earnings

(3) Class of shares to be cancelled

Ordinary shares

(4) Number of shares to be cancelled

11,700,000 shares (1.76% of total issued shares before cancellation)

(5) Scheduled date of cancellation

April 24, 2026

(6) Total number of issued shares after cancellation

651,422,166 shares

Other information

[Detailed schedule of bonds]

Company name	Issue	Issue date	(Millions of yen)		(Thousands of U.S. dollars)		Interest rate (%)	Collateral	Maturity date
			Balance at beginning of period	Balance at end of period	Balance at beginning of period	Balance at end of period			
Sekisui House, Ltd.	Short-term bonds payable	January 6, 2025	40,000 [40,000]	–	260,315 [260,315]	–	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 [20,000]	130,157	130,157 [130,157]	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	195,236	195,236	0.36	Unsecured	June 7, 2028
Sekisui House, Ltd.	Series 23 unsecured bonds (with limited inter-bond pari-passu clause)	February 14, 2025	–	40,000	–	260,315	1.06	Unsecured	February 14, 2028
Sekisui House, Ltd.	Series 24 unsecured bonds (with limited inter-bond pari-passu clause)	February 14, 2025	–	50,000	–	325,394	1.21	Unsecured	February 14, 2030
Sekisui House, Ltd.	Series 25 unsecured bonds (with limited inter-bond pari-passu clause)	February 14, 2025	–	25,000	–	162,697	1.35	Unsecured	February 13, 2032
Sekisui House, Ltd.	Series 26 unsecured bonds (with limited inter-bond pari-passu clause)	February 14, 2025	–	25,000	–	162,697	1.61	Unsecured	February 14, 2035
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	125,000	813,484	813,484	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	75,000	488,091	488,091	2.52 (*3)	Unsecured	July 8, 2064 (*4)
Sekisui House, Ltd.	The 1st series of unsecured straight bonds in U.S. dollars (Note 2)	October 23, 2024	77,168	76,792	502,200	499,753	4.70	Unsecured	February 23, 2030
Sekisui House, Ltd.	The 2nd series of unsecured straight bonds in U.S. dollars (Note 2)	October 23, 2024	77,018	76,654	501,223	498,855	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	8 [8]	–	52 [52]	–	0.20	Unsecured	March 31, 2025
SEKISUI HOUSE U.S., Inc. (Note 3)	Unsecured straight bonds in U.S. dollars (Note 2)	January 9, 2020	47,454	46,968	308,825	305,662	3.85	Unsecured	January 15, 2030
SEKISUI HOUSE U.S., Inc. (Note 3)	Unsecured straight bonds in U.S. dollars (Note 2)	January 11, 2021	55,363	54,796	360,295	356,605	2.50	Unsecured	January 15, 2031
SEKISUI HOUSE U.S., Inc. (Note 3)	Unsecured straight bonds in U.S. dollars (Note 2)	January 10, 2013	57,753	58,803	375,849	382,683	6.00	Unsecured	January 15, 2043
SEKISUI HOUSE U.S., Inc. (Note 3)	Unsecured straight bonds in U.S. dollars (Note 2)	August 6, 2021	55,363	54,796	360,295	356,605	3.97	Unsecured	August 6, 2061
Total	–	–	¥660,129 [40,008]	¥758,811 [20,000]	\$ 4,296,037 [260,367]	\$ 4,938,247 [130,157]	–	–	–

(Notes) 1. Amounts due to mature within one year are shown in square parentheses [].

2. Bonds were issued in foreign countries.
3. M.D.C. Holdings, Inc. changed its corporate name to SEKISUI HOUSE U.S., Inc. effective September 4, 2025.
4. *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.

5. 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
¥ 20,000	¥ –	¥ 70,000	¥ –	¥ 173,760

(Thousands of U.S. dollars)

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
\$ 130,157	\$ –	\$ 455,551	\$ –	\$ 1,130,808

[Detailed schedule of borrowings]

Categories	(Millions of yen)		(Thousands of U.S. dollars)		Average interest rate (%)	Repayment date
	Balance at beginning of period	Balance at end of period	Balance at beginning of period	Balance at end of period		
Short-term borrowings	¥ 477,840	¥ 414,332	\$ 3,109,723	\$ 2,696,421	4.82	–
Current portion of long-term borrowings	227,302	161,032	1,479,253	1,047,976	4.52	–
Current portion of non-recourse long-term borrowings	25,491	–	165,892	–	–	–
Current portion of lease obligations	3,558	4,356	23,155	28,348	–	–
Long-term borrowings (excluding current portion)	456,321	514,714	2,969,680	3,349,694	3.51	2027 to 2034
Non-recourse long-term borrowings (excluding current portion)	–	–	–	–	–	–
Lease obligations (excluding current portion)	26,766	28,462	174,190	185,227	–	2027 to 2049
Total	¥ 1,217,281	¥ 1,122,897	\$ 7,921,912	\$ 7,307,673	–	–

- (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	¥ 124,948	¥ 169,899	¥ 8,638	¥ 51,715
Lease obligations	3,849	3,464	2,597	2,298

(Thousands of U.S. dollars)

	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	\$ 813,146	\$ 1,105,681	\$ 56,215	\$ 336,555
Lease obligations	25,049	22,543	16,901	14,955

[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, 2026

(Millions of yen)

	2nd quarter (Six months ended July 31, 2025)	Fiscal year ended January 31, 2026
Net sales	¥ 2,015,408	¥ 4,197,922
Profit before income taxes	147,802	338,737
Profit attributable to owners of parent	101,603	232,095
Profit per share (Yen)	156.76	358.07

(Thousands of U.S. dollars)

	2nd quarter (Six months ended July 31, 2025)	Fiscal year ended January 31, 2026
Net sales	\$ 13,116,022	\$ 27,319,550
Profit before income taxes	961,877	2,204,458
Profit attributable to owners of parent	661,220	1,510,445
Profit per share (U.S. dollars)	1.02	2.33

Independent Auditor's Report

The Board of Directors
Sekisui House, Ltd.

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), which comprise the consolidated balance sheet as at January 31, 2026, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

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, 2026, and its consolidated financial performance and its 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, including those applicable to audits of financial statements of public interest entities, 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.



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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
<p>In the consolidated statement of income for the fiscal year ended January 31, 2026, the Group recorded net sales of ¥4,197,922 million (\$27,319,550 thousand) (*), which included ¥152,179 million (\$990,362 thousand) (*) in relation to the Development Business.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Moreover, certain real estate securitization schemes may be highly complex.</p> <p>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.</p>	<p>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.</p> <ul style="list-style-type: none">• In order to understand the entire transaction scheme, we made inquiries to department in charge and inspected the minutes of Board of Directors' meetings and management committees, the requests for approval and related documents.• 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 cash receipts.• In order to substantiate the completion of the transfer of the assets, we inspected supporting evidence such as receipts and delivery confirmations.



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<p>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.</p>	
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Valuation of real estate for sale for which the period from acquisition to delivery is long	
Description of Key Audit Matter	Auditor’s Response
<p>The Group recorded “Buildings for sale”, “Land for sale in lots” and “Undeveloped land for sale” in the amounts of ¥1,093,574 million (\$7,116,842 thousand) (*), ¥1,507,781 million (\$9,812,450 thousand) (*) and ¥433,304 million (\$2,819,888 thousand) (*), respectively, as real estate for sale in the consolidated balance sheet as of January 31, 2026.</p> <p>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.</p> <p>With regard to valuation of real estate for sale, as described in Note 3 “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.</p> <p>The net selling value is calculated by deducting the expected development cost from revenue earned by expected future sales.</p>	<p>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.</p> <ul style="list-style-type: none"> • 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.



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<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>(*) The translation of Japanese yen amounts into U.S. dollar amounts has been made on the basis described in Note 1 to the consolidated financial statements.</p>	<ul style="list-style-type: none">• For the foreign subsidiaries assessed as significant components, since their valuation of real estate for sale is important, we made inquiries to the management of these components 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.
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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 Group's reporting process of 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.



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- 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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended January 31, 2026 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

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, 2026 are 849 million yen and 66 million yen, respectively.



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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.

Ernst & Young ShinNihon LLC
Osaka, Japan

April 16, 2026

Yusaku Iriyama

Designated Engagement Partner
Certified Public Accountant

Masashi Kobayashi

Designated Engagement Partner
Certified Public Accountant

Naoki Nakazawa

Designated Engagement Partner
Certified Public Accountant