

# Section 7 Data

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# Environmental Data ①

Themes	KPI	Unit	2017 Results	2018 Results	2019 Results	2020 Results	2021		2022 Targets
							Targets	Results	
Contributing to a Decarbonized Society	Ratio of detached ZEH homes <sup>1</sup>	%	76	79	87	91	89	92	90
	Number of ZEH units for rent <sup>2</sup>	%	—	—	—	—	—	—	50
		Housing units	—	380	450	2,976	1,800	8,501	—
	Number of ZEH condominiums for sale	Housing units	—	12	—	32	196	192	540
		Ratio of ZEH condominiums for sale <sup>3</sup>	%	—	—	—	35.0	39.4	85.0
	<i>Idocoro Dan-netsu</i> (location-based insulation upgrades) <sup>4</sup>	Housing units	—	—	—	1,005	1,200	1,338	1,250
	RE100 achievement rate <sup>5</sup>	%	—	—	1	16.4	25	33.5	35
CO <sub>2</sub> emission reduction rate for new housing <sup>6</sup>	%	36.1	38.1	41.6	54.7	45% reduction by FY2030	55.5	45% reduction by FY2030	
									Rate of CO <sub>2</sub> emissions reduction from business operations <sup>7</sup>
Biodiversity Conservation	Biodiversity-friendly tree planting <sup>8</sup>	Thousand trees	14,090	15,020	16,110	17,090	18,000	18,100	19,000
Resource Recycling	Waste rate (new construction) <sup>9</sup>	%	5.5	5.5	5.8	5.8	5.5	5.4	5.2
	Waste recycling rate (new construction) <sup>10</sup>	%	100	100	100	100	100	100	100
	Waste recycling rate (maintenance and remodeling) <sup>11</sup>	%	95.5	94.9	94.3	92.8	90% or higher	95.6	90% or higher
Supply Chain Management	Supplier science-based target-setting rate <sup>12</sup>	%	—	—	—	18.6	80% by FY2030	22.2	80% by FY2030
	Sustainable wood procurement ratio <sup>13</sup>	%	91.9	93.6	95.3	97.0	97.2	97.2	97.4

1. ZEH ratio of contracted and for-sale housing in areas other than Hokkaido

2. Ratio of orders placed for ZEH Ready or higher units (includes only units for which photovoltaic power is purchased from tenants; number of units through FY2021)

3. Cumulative number of completed units ranked ZEH Oriented or higher. Target for ratio to sales increased for FY2022

4. Number of units renovated to *Idocoro Dan-netsu* concept with partial thermal insulation and heating systems

5. Ratio of the amount of post-FIT photovoltaic power and other power purchased by Sekisui House Owner Denki to the total amount of electricity consumed in our business operations

6. Scope 3 Category 11 emissions reduction rate relative to FY2013 levels. Calculation is based on the current science-based target boundary (excluding Konoike Construction Co., Ltd.)

7. Scope 1 and 2 emissions reduction rate relative to FY2013

Konoike Construction Co., Ltd. became a wholly owned subsidiary in FY2019. We enable time series comparability for emissions by retroactively adding Konoike's CO<sub>2</sub> emissions for FY2013 to Sekisui House Group CO<sub>2</sub> emissions for FY2013, which is the baseline year for the Group's planned CO<sub>2</sub> emissions target. We have also adjusted emissions reduction by retroactively adding Konoike's emissions to the Group's for FY2017 through FY2019. In addition, our methodology has changed beginning with this report. We now include energy (electric power, light oil, gasoline, kerosene) that partner companies use in Scope 3. We have recalculated the reduction rate by retroactively adding CO<sub>2</sub> emissions from fiscal 2013, which is the baseline year for the Group's CO<sub>2</sub> emissions target, and CO<sub>2</sub> emissions from FY2017 through FY2020.

8. Cumulative number of trees planted under the *Gohon no Ki* Project

9. Waste ratio from raw material production and resource inputs for new industrialized housing products

10. Waste recycling rate for new industrialized housing products

11. Waste recycling rate for maintenance and remodeling work

12. Percentage of our major suppliers who have adopted science-based targets

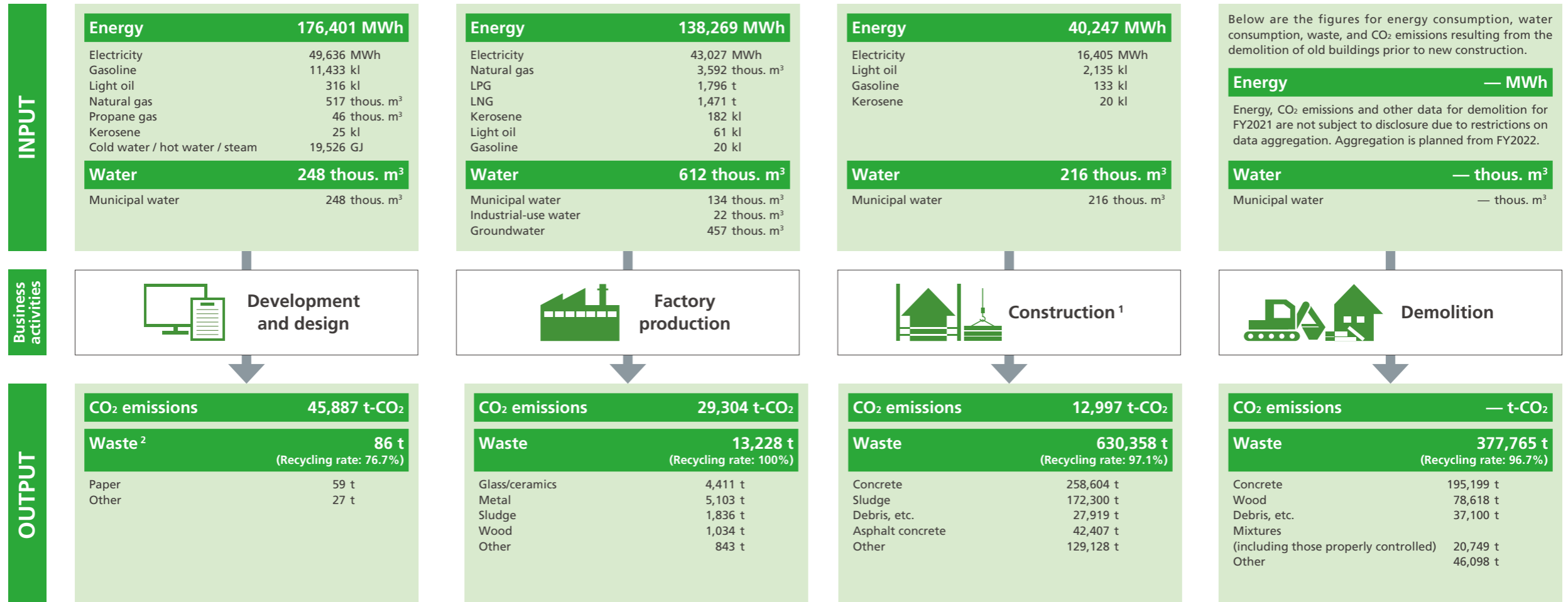
13. Procurement ratio of Rank S and Rank A wood products (according to Wood Procurement Guidelines)

14. We are considering an increase in the target reduction rate including Konoike Construction in line with the 1.5° C scenario.

# Environmental Data ②

## Material balance (monitoring of environmental impact of business activities in FY2021)

To make its environmental-conservation activities as effective as possible, the Sekisui House Group monitors and reports on environmental impacts at each stage of the housing-product lifecycle, including development and design, factory production, construction and demolition in Japan and overseas.



1. We have changed the method for recognizing CO<sub>2</sub> emissions from energy used during construction by partner companies that have no capital relationship with the Group to Scope 3 Category 1 from FY2021. Therefore, energy used by partner companies during construction is not included in the energy data above. Energy consumption was 160,399 MWh, and the CO<sub>2</sub> emissions were 44,689 t-CO<sub>2</sub> when calculated using the conventional method.

2. Emissions from the head office building

Notes 1 The unit of energy consumption (total) changed from GJ to MWh in FY2021.

Notes 2 All the figures for waste from business activities include valuables.

Notes 3 Scope: The subjects of this survey are Sekisui House (non-consolidated basis), its major consolidated subsidiaries in Japan (38 companies), and major consolidated subsidiaries overseas (12 companies).

Period: The data is for FY2021 (from February 2021 to January 2022). The figures include estimates in cases where final data was unavailable at the time of calculation.

# Environmental Data ③

## Data calculation standards

Activities	Environmental index	Calculation method
Development and design	Energy and CO <sub>2</sub>	<ul style="list-style-type: none"> <li>Energy consumption and CO<sub>2</sub> emissions at Sekisui House (non-consolidated basis), 38 major domestic consolidated subsidiaries and 12 major overseas consolidated subsidiaries</li> <li>Beginning with FY2021, the unit for energy consumption (total) has changed from GJ to MWh. Energy consumption (GJ) = [ (Purchased electricity) + <math>\sum</math> [(Fuel consumption) <math>\times</math> (Calorific value per unit of fuel) ] ] <math>\div</math> 3.6 (GJ/MWh) + <math>\sum</math> (Heat consumption <math>\div</math> 3.6 (GJ/MWh)) (including the calculated performance of U.S. offices, which is partially estimated). Calorific values per unit of electricity/fuel refer to those specified in the Law Concerning the Promotion of the Measures to Cope with Global Warming*.</li> <li>CO<sub>2</sub> emission (t-CO<sub>2</sub>) = [ (Purchased electricity) <math>\times</math> (CO<sub>2</sub> emission factor) + <math>\sum</math> [(Fuel consumption) <math>\times</math> (Fuel CO<sub>2</sub> emission factor)] + <math>\sum</math> [(Heat consumption) <math>\times</math> (Heat CO<sub>2</sub> emission factor)] ] Domestic CO<sub>2</sub> emission factors refer to those specified in the Law Concerning the Promotion of the Measures to Cope with Global Warming* while overseas electricity CO<sub>2</sub> emission factors are based on the "CO<sub>2</sub> Emissions from Fuel Combustion 2019 (IEA)."</li> </ul>
	Waste	<ul style="list-style-type: none"> <li>Amount of waste generated from Sekisui House (non-consolidated basis) head office including consolidated subsidiary offices in the same building</li> </ul>
Factory production	Energy and CO <sub>2</sub>	<ul style="list-style-type: none"> <li>Energy consumption and CO<sub>2</sub> emissions at Sekisui House's (non-consolidated basis) five domestic factories, and the Ingleburn Manufacturing and Quality Control Centre (Australia)</li> <li>Beginning with FY2021, the unit for energy consumption (total) has changed from GJ to MWh. Energy consumption (GJ) = [ (Purchased electricity) + <math>\sum</math> [(Fuel consumption) <math>\times</math> (Calorific value per unit of fuel) ] ] <math>\div</math> 3.6 (GJ/MWh). Calorific values per unit of fuel refer to those specified in the Law Concerning the Promotion of the Measures to Cope with Global Warming.*</li> <li>CO<sub>2</sub> emission (t-CO<sub>2</sub>) = [ (Purchased electricity) <math>\times</math> (CO<sub>2</sub> emission factor) + <math>\sum</math> [(Fuel consumption) <math>\times</math> (Fuel CO<sub>2</sub> emission factor)] ]. CO<sub>2</sub> emission factors for electricity and fuel refer to those specified in the Law Concerning the Promotion of the Measures to Cope with Global Warming while electricity CO<sub>2</sub> emission factors at the Ingleburn Manufacturing and Quality Control Centre (Australia) refer to those specified in the "CO<sub>2</sub> Emissions from Fuel Combustion 2019 (IEA)."</li> </ul>
	Waste	<ul style="list-style-type: none"> <li>Amount of waste generated from Sekisui House's (non-consolidated basis) five domestic factories</li> </ul>
Construction	Energy and CO <sub>2</sub>	<ul style="list-style-type: none"> <li>Electricity, fuel and other inputs that Sekisui House (non-consolidated basis), Sekiwa Construction (15 companies), and Konoike Construction use in construction and civil engineering work. Data for Konoike Construction include demolition work associated with construction and civil engineering work and discrete demolition projects.</li> <li>Beginning with FY2021, the unit for energy consumption (total) has changed from GJ to MWh. Energy consumption (GJ) = [ (Energy consumption mentioned above) <math>\times</math> (Calorific value per unit of energy use) ] <math>\div</math> 3.6 (GJ/MWh)</li> <li>Energy consumption and CO<sub>2</sub> emissions resulting from construction by Konoike Construction refer to those resulting from domestic construction/civil engineering work it supervises (excluding demolition work). The fuel consumption by construction machinery is calculated from the number of operating days of construction machinery using the Japan Construction Machinery and Construction Association's loss table for construction machinery. Energy consumption and CO<sub>2</sub> emissions are only estimated for small-scale construction work at contracted amounts of less than ¥100 million.</li> <li>CO<sub>2</sub> emissions are calculated by multiplying the energy consumption mentioned above by the CO<sub>2</sub> emission factor for each energy type. (CO<sub>2</sub> emissions resulting from commuting by construction employees of partner companies that have no capital relationship with the Group are based on FY2020 results and included in Scope 3, Category 7.)</li> </ul>
	Waste	<ul style="list-style-type: none"> <li>Amount of waste generated from new construction, maintenance and remodeling by Sekisui House (non-consolidated basis), 15 Sekiwa Construction companies and Sekisui House Remodeling.</li> <li>Amount of waste generated from Konoike Construction's domestic construction/civil engineering work. Data for Konoike Construction include demolition work associated with construction and civil engineering work and discrete demolition projects.</li> </ul>
Demolition	Waste	<ul style="list-style-type: none"> <li>Amount of waste generated from demolition of houses and buildings by Sekisui House (non-consolidated basis), 15 Sekiwa Construction companies and Sekisui House Remodeling.</li> </ul>

\* Calorific value per unit of energy and CO<sub>2</sub> emission factor are based on the Law Concerning the Promotion of the Measures to Cope with Global Warming. "Emission Factors by Electric Utility Operator" announced by the Ministry of the Environment and the Ministry of Economy, Trade and Industry on January 7, 2022 and partially revised on February 17, 2022) are used for the emission factors for specified emitters.

# Environmental Data ④

## Value chain greenhouse gas (GHG) emissions (FY2021)

### Scope 1 and 2 GHG emissions

(t-CO<sub>2e</sub>)

Scope	Description	CO <sub>2</sub> <sup>1</sup>	HFC <sup>2</sup>	Other <sup>3</sup>	Total emissions	Targets
Scope 1	CO <sub>2</sub> emissions from use of primary fuels	52,844	73	0	52,917	Sekisui House (non-consolidated basis) and 50 major consolidated subsidiaries
Scope 2 <sup>4</sup>	CO <sub>2</sub> emissions associated with purchased electricity and heat	35,270	—	0	35,270	Sekisui House (non-consolidated basis) and 50 major consolidated subsidiaries
Total		88,114	73	0	88,187	—

1. Energy-derived CO<sub>2</sub> emissions resulting from Sekisui House Group's development, design, production, construction and demolition work. (CO<sub>2</sub> emissions from energy used during construction by partner companies that have no capital relationship with the Group are recognized in Scope 3 Category 1 beginning with FY2021. Calculated using the conventional method, Scope 1 emissions were 79,782 t-CO<sub>2</sub>, Scope 2 emissions were 40,024 t-CO<sub>2</sub>, and their total was 119,806 t-CO<sub>2</sub>.)

2. Hydrofluorocarbon released by Sekisui House (non-consolidated basis)

3. CH<sub>4</sub> (methane), N<sub>2</sub>O (nitrous oxide), PFC (perfluorocarbon), SF<sub>6</sub> (sulfur hexafluoride), etc.

4. Calculated based on market standards (Location-based: 59,606 t-CO<sub>2</sub> in FY2018, 55,313 t-CO<sub>2</sub> in FY2019, 54,318 t-CO<sub>2</sub> in FY2020, 47,337 t-CO<sub>2</sub> in FY2021 / Market-based: 58,259 t-CO<sub>2</sub> in FY2018, 50,808 t-CO<sub>2</sub> in FY2019, 48,928 t-CO<sub>2</sub> in FY2020, and 35,270 t-CO<sub>2</sub> in FY2021)

### Scope 1 and 2 GHG emissions by region

(t-CO<sub>2e</sub>)

Japan	United States	Australia	United Kingdom	China	Total
86,227	601	367	8	983	88,187

### Scope 3 GHG emissions

(t-CO<sub>2</sub>)

Scope	Target category	Emissions*	Targets
Upstream	Category 1 Purchased goods and services (raw materials)	1,833,964	Sekisui House (non-consolidated basis), Konoike Construction
	Category 2 Capital goods	135,148	Sekisui House (non-consolidated basis)
	Category 3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	15,564	Sekisui House (non-consolidated basis), 50 major consolidated subsidiaries
	Category 4 Upstream transportation and distribution (transport)	30,544	Sekisui House (non-consolidated basis), Konoike Construction
	Category 5 Waste generated in operations (business waste)	128,392	Sekisui House (non-consolidated basis), Konoike Construction
	Category 6 Business travel	5,575	Sekisui House (non-consolidated basis)
	Category 7 Employee commuting	22,385	Sekisui House (non-consolidated basis)
	Category 8 Upstream leased assets	—	(Not applicable) CO <sub>2</sub> emissions from leased vehicles (Company vehicles) are included in Scope 1.
Downstream	Category 9 Downstream transportation and distribution	—	(Not applicable)
	Category 10 Processing of sold products	—	(Not applicable)
	Category 11 Use of sold products (occupancy)	2,748,656	Sekisui House (non-consolidated basis)
	Category 12 End-of-life treatment of sold products (product waste)	156,782	Sekisui House (non-consolidated basis), Konoike Construction
	Category 13 Downstream leased assets	4,785	Sekisui House (non-consolidated basis)
	Category 14 Franchise	—	(Not applicable)
	Category 15 Investment	—	(Not applicable)
Total		5,081,794	

\* (CO<sub>2</sub> emissions from energy used during construction by partner companies that have no capital relationship with the Group are recognized in Scope 3 Category 1 beginning with FY2021. Calculated using the conventional method, Scope 3 Category 1 emissions were 1,802,272 t-CO<sub>2</sub> and Scope 3 Category 3 emissions were 18,072 t-CO<sub>2</sub>.)

# Environmental Data ⑤

## Each category's calculation standards

Target category	Environmental index	Calculation method
Category 1	Purchased goods and services (raw materials)	Scope of calculation includes goods and services purchased by Sekisui House (non-consolidated basis) and Konoike Construction (electricity, fuel and other types of energy used at construction sites by partner companies that have no capital relationship with the Group). Raw materials used by Sekisui House's (non-consolidated basis) factories and major materials purchased by Konoike Construction: (Purchase price (million yen) by raw material type or quantity purchased by raw material type for major materials purchased) × (CO <sub>2</sub> emission factor (t-CO <sub>2</sub> /million yen) by raw material type), or quantity-based emission intensity. CO <sub>2</sub> emission factor by raw material type refers to that specified in the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (Ver. 2.3, dated December 2017) (Ministry of the Environment and the Ministry of Economy, Trade and Industry) and the Emission Intensity Database for Corporate Value Chain Accounting of Greenhouse Gas Emissions (Ver. 3.1, dated March 2021) (Attachment). Electricity used at new construction sites, excluding those of Koike Construction: [ (Electricity consumption resulting from site temporary construction, estimated based on Sekisui House's performance (kWh/day) × (Average construction period of a detached house (days/house) × (Number of houses built per year (shipment-based) (house) ] - [ (Electricity used by Sekisui house (non-consolidated basis) and Sekiwa Construction (15 companies) in domestic construction and civil engineering work excluding discrete demolition projects) ]. Light oil consumption = [ Heavy machinery light oil consumption (L/house) per detached house (based on Sekisui House's performance) ] × [ Number of houses built per year (shipment-based) (house) ]. Energy consumption (GJ) = (Energy consumption mentioned above) × (Calorific value per unit of energy use). Data for new construction by Konoike Construction are calculated based on the amount of electricity, fuel and other types of energy used by construction partner companies. CO <sub>2</sub> emissions are calculated by multiplying the above energy consumption by the CO <sub>2</sub> emission factor for each energy type. However, for the unit calorific value and CO <sub>2</sub> emission factor for each energy type, the values of the "Act on Promotion of Global Warming Countermeasures" are adopted*.
Category 2	Capital goods	Calculation based on [6] Emissions per unit of capital goods price (Secretariat) of the Emission Intensity Database for Corporate Value Chain Accounting of Greenhouse Gas Emissions (Ver. 3.1, dated March 2021) for buildings and accompanying facilities, structures and mechanical equipment.
Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	Emission Intensity Database for Corporate Value Chain Accounting of Greenhouse Gas Emissions (Ver. 3.1, dated March 2021) for electricity and steam consumption included in Scope 2: (7) Calculated based on emissions per unit of electricity/heat consumption (Secretariat) and the emission intensity specified in the "Carbon Footprint Communication Program Database Ver. 1.01 (Gasoline and other fuels are also calculated.)"
Category 4	Upstream transportation and distribution (transport)	Calculated according to the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures for Sekisui House (non-consolidated basis) and Konoike Construction. Also, calculated according to the Act on Promotion of Global Warming Countermeasures and according to the Fuel Economy Law (with adoption of prescribed fuel economy for which measured values are not available) based on the Act on the Rational Use of Energy. Calorific value per unit of fuel and fuel CO <sub>2</sub> emission factor refer to those specified in the Act on the Rational Use of Energy and the GHG Emissions Accounting and Reporting Manual (Ver. 4.8, dated January 2022) (the Ministry of the Environment and the Ministry of Economy, Trade and Industry).
Category 5	Waste generated in operations (business waste)	Waste (tonnes) from new construction, maintenance and remodeling by Sekisui House (non-consolidated basis), 15 Sekiwa Construction companies and Sekisui House Remodeling, and from domestic construction/civil engineering work by Konoike Construction) × [Waste CO <sub>2</sub> emission factor (t-CO <sub>2</sub> /t) ] CO <sub>2</sub> emission factor (t-CO <sub>2</sub> /t) by waste type refers to that specified in the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (Ver. 2.3, dated December 2017) (the Ministry of the Environment and the Ministry of Economy, Trade and Industry) and the Emission Intensity Database for Corporate Value Chain Accounting of Greenhouse Gas Emissions (Ver. 3.1, dated March 2021) (Attachment).
Category 6	Business travel	[Employee business trip expenses (travel expenses)] × [11] Emissions per unit of travel expenses paid (Secretariat) of the Emission Intensity Database for Corporate Value Chain Accounting of Greenhouse Gas Emissions of Organizations (Ver. 3.0, dated March 2020)]
Category 7	Employee commuting	(Employee commuting expenses) × [11] Emissions per unit of travel expenses paid (Secretariat) of the Emission Intensity Database for Corporate Value Chain Accounting of Greenhouse Gas Emissions of Organizations (Ver. 3.1, dated March 2021)]
Category 8	Upstream leased assets	CO <sub>2</sub> emissions from use of upstream leased resources (vehicles, heavy machinery, equipment, etc.) are included in Scope 1 and 2.
Category 11	Use of sold products (occupancy)	Total CO <sub>2</sub> emissions are calculated based on energy consumed by residents of detached houses and low-rise rental housing built and supplied per year by Sekisui House (non-consolidated basis), assuming that detached houses are used for 60 years and rental housing for 45 years. Primary energy consumption based on insulation and equipment performance is calculated, using an energy consumption performance calculation program complying with the Act on the Improvement of Energy Consumption Performance of Buildings, which is subsequently converted into CO <sub>2</sub> . CO <sub>2</sub> emission factors refer to those specified in the Law Concerning the Promotion of the Measures to Cope with Global Warming.*
Category 12	End-of-life treatment of sold products (product waste)	Waste originating from materials shipped from Sekisui House's factories (non-consolidated basis) (weight-based), materials procured on site (weight-based) and demolition of domestic structures built by Konoike Construction is sorted and segregated: [Waste by type of waste (weight-based) ] × [CO <sub>2</sub> emission factor by type of waste (t-CO <sub>2</sub> /t) ] CO <sub>2</sub> emission factor (t-CO <sub>2</sub> /t) by type of waste refers to that specified in the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (Ver. 2.3, dated December 2017) (the Ministry of the Environment and the Ministry of Economy, Trade and Industry) and the Emission Intensity Database for Corporate Value Chain Accounting of Greenhouse Gas Emissions (Ver. 3.1, dated March 2021) (Attachment).
Category 13	Downstream leased assets	Targeting tenants, etc. of buildings owned by Sekisui House, [16] Buildings by use and emissions per unit of area (Secretariat) of the Emission Intensity Database for Corporate Value Chain Accounting of Greenhouse Gas Emissions (Ver. 3.1, dated March 2021) was used. (Occupied floor area by use in buildings owned by Sekisui House) × (Emission intensity)

\* Unit calorific value and CO<sub>2</sub> emission factor are based on the Act on Promotion of Global Warming Countermeasures. "Emission Factors by Electric Utility Operator" announced by the Ministry of the Environment and the Ministry of Economy, Trade and Industry on January 7, 2022 and partially revised on February 17, 2022) are used for the emission factors for specified emitters.

# Environmental Data ⑥

## Emissions and transfer of PRTR-listed substances

(kg/year)

Factory	PRTR legislative decree number	CAS No.	Substance	Emissions				Transfer		Amount handled
				Discharged into the atmosphere	Discharged into bodies of water	Discharged into the soil	Landfill disposal at the business site	Transfer to the sewer system	Transfer outside of the relevant business site (waste disposal)	
Tohoku Factory	349	108-95-2	Phenol	0	0	0	0	0	0	4,708
	405	—	Boron and its compounds	0	7,245	0	0	0	8,715	17,758
	411	50-00-0	Formaldehyde	0	0	0	0	0	0	1,059
	412	—	Manganese and its compounds	13	0	0	0	0	130	1,136
	—	—	(Total amount of substances not subject to administrative reporting)	21	560	0	0	0	36	617
			Subtotal	34	7,805	0	0	0	8,881	25,278
Kanto Factory	1	—	Water-soluble zinc compounds	0	0	0	0	0	148	848
	80	1330-20-7	Xylene	1,154	0	0	0	0	0	1,154
	240	100-42-5	Styrene	0	0	0	0	0	0	1,774
	300	108-88-3	Toluene	8,232	0	0	0	0	0	8,232
	412	—	Manganese and its compounds	108	0	0	0	0	668	3,449
	—	—	(Total amount of substances not subject to administrative reporting)	2,634	0	0	0	0	0	2,634
		Subtotal	12,129	0	0	0	0	816	18,092	
Shizuoka Factory	1	—	Water-soluble zinc compounds	0	0	0	0	0	70	2,025
	300	108-88-3	Toluene	6,029	0	0	0	0	103	6,145
	349	108-95-2	Phenol	0	0	0	0	0	0	6,138
	405	—	Boron and its compounds	0	1,524	0	0	0	4,204	19,340
	412	—	Manganese and its compounds	102	0	0	0	0	878	4,591
	—	—	(Total amount of substances not subject to administrative reporting)	385	94	0	0	0	218	1267
		Subtotal	6,516	1,618	0	0	0	5,472	39,505	
Hyogo Factory	—	—	(Total amount of substances not subject to administrative reporting)	812	0	0	0	0	0	763
			Subtotal	812	0	0	0	0	0	763
Yamaguchi Factory	1	—	Water-soluble zinc compounds	0	25	0	0	0	416	1,103
	53	100-41-4	Ethylbenzene	1,330	0	0	0	0	0	1,330
	80	1330-20-7	Xylene	3,929	0	0	0	0	0	3,929
	296	95-63-6	1,2,4-Trimethylbenzene	2,328	0	0	0	0	0	2,328
	300	108-88-3	Toluene	2,072	0	0	0	0	0	2,072
	412	—	Manganese and its compounds	66	42	0	0	0	502	2,116
	—	—	(Total amount of substances not subject to administrative reporting)	24	0	0	0	0	0	1,107
		Subtotal	9,749	67	0	0	0	918	13,985	
		Total	29,240	9,490	0	0	0	16,087	97,622	

Data collection period: April 2020–March 2021

# Environmental Data ⑦

## Energy consumption in the Group<sup>1</sup>

(MWh)

	FY2017	FY2018	FY2019	FY2020	FY2021
Development and design	198,634	191,117	183,581	185,884	176,401
Factory production	160,546	152,163	147,498	128,198	138,269
Construction	104,197	95,054	90,525	174,647	40,247 <sup>2</sup>
Demolition	6,088	5,709	5,647	3,949	—
Total	469,464	444,043	427,252	492,678	354,917

1. Konoike Construction included from FY2020

2. We changed the method for recognizing CO<sub>2</sub> emissions from energy used during construction by partner companies that have no capital relationship with the Group to Scope 3 Category 1 in FY2021. Therefore, energy used by partner companies during construction is not included in the energy data above. Energy consumption was 160,399 MWh when calculated using the conventional method.

## Energy consumption intensity<sup>1</sup>

(kWh/million yen)

	FY2017	FY2018	FY2019	FY2020	FY2021
Development and design	92	88	76	76	68
Factory production	74	70	61	52	53
Construction	48	44	37	71	16 <sup>2</sup>
Demolition	3	3	2	2	—
Total	217	205	176	201	137

1. Konoike Construction included from FY2020

2. We changed the method for recognizing CO<sub>2</sub> emissions from energy used during construction by partner companies that have no capital relationship with the Group to Scope 3 Category 1 in FY2021. Therefore, energy used by partner companies during construction is not included in the energy data above. Energy consumption was 66 kWh/million yen when calculated using the conventional method.

## Purchased renewable energy (electricity)

(MWh)

	FY2017	FY2018	FY2019	FY2020	FY2021
Purchased electricity (total)*	117,493	112,547	106,720	115,039	109,068
Of which, renewable energy	1,440	1,440	2,368	6,609	29,946

\* Konoike Construction included from FY2020

## Energy consumption by factory (breakdown by type)

	Unit	FY2017	FY2018	FY2019	FY2020	FY2021
Electricity	MWh	49,613	47,155	45,610	39,198	43,027
Natural gas	thous. m <sup>3</sup>	2,576	4,067	3,920	3,337	3,592
LPG	t	3,835	2,055	1,982	1,729	1,796
LNG	t	1,523	1,439	1,437	1,333	1,471
Kerosene	kl	234	223	214	186	182
Light oil	kl	76	73	64	55	61
Gasoline	kl	37	33	29	21	20
Heavy oil	kl	0	0	0	0	0
Hot water	GJ	0	0	0	0	0

## Amount of materials input into production

(thous. tonnes)

	FY2017	FY2018	FY2019	FY2020	FY2021
Metal	300	276	271	239	264
Concrete	264	246	243	213	235
Glass and ceramics	255	237	229	198	215
Lumber	153	145	139	124	135
Other	86	80	78	69	76
Total	1,058	984	960	843	924

## Water use in the Group

(thous. m<sup>3</sup>)

	FY2017	FY2018	FY2019	FY2020	FY2021
Municipal water	666	645	634	597	598
At production facilities	146	149	140	130	134
Groundwater	478	529	446	462	457
At production facilities	478	529	446	462	457
Industrial-use water (reclaimed water)	30	32	32	24*	22
At production facilities	30	32	32	24*	22
Total	1,174	1,206	1,112	1,083	1,076
At production factories	654	710	618	616	612

\* Data is under review to improve accuracy.

## Ratio of green procurement, etc.

(%)

	FY2017	FY2018	FY2019	FY2020	FY2021
Green procurement ratio	93.0	92.7	91.7	89.5	91.2
Recycled copy paper usage ratio	99.5	99.7	99.8	99.7	99.9

Note: On a non-consolidated basis



# Environmental Data ⑧

## Trends in GHG emissions (Scope 1, 2, 3)<sup>1</sup>

(thous. t-CO<sub>2</sub>)

Scope		FY2017	FY2018	FY2019	FY2020	FY2021 <sup>2</sup>	
Scope 1, 2	Scope 1	CO <sub>2</sub> emissions from use of primary fuels	77	73	71	86	53
	Scope 2	CO <sub>2</sub> emissions associated with purchased electricity and heat	63	58	51	49	35
	Total of Scope 1, 2		140	131	121	135	88
Scope 3	Category 1	Purchased goods and services (raw materials)	1,582	1,561	1,538	2,040	1,834
	Category 2	Capital goods	26	99	51	75	135
	Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	17	17	15	18	16
	Category 4	Upstream transportation and distribution (transport)	34	32	31	30	31
	Category 5	Waste generated in operations (business waste)	111	95	98	131	128
	Category 6	Business travel	7	7	7	6	6
	Category 7	Employee commuting	2	2	2	19	22
	Category 8	Upstream leased assets <sup>3</sup>	—	—	—	—	—
	Category 9	Downstream transportation and distribution	—	—	—	—	—
	Category 10	Processing of sold products	—	—	—	—	—
	Category 11	Use of sold products (occupancy)	3,944	3,817	3,605	2,792	2,749
	Category 12	End-of-life treatment of sold products (product waste)	185	137	152	155	157
	Category 13	Downstream leased assets	13	11	6	6	5
	Category 14	Franchise	—	—	—	—	—
	Category 15	Investment	—	—	—	—	—
Total of Scope 3		5,921	5,778	5,505	5,272	5,082	
Total of Scope 1, 2, 3		6,061	5,909	5,626	5,407	5,170	

1. Konoike Construction included from FY2020

2. We changed the method for recognizing CO<sub>2</sub> emissions from energy used during construction by partner companies that have no capital relationship with the Group to Scope 3 Category 1 in FY2021. Scope 1 emissions were 80,000 t-CO<sub>2</sub>, Scope 2 emissions were 40,000 t-CO<sub>2</sub>, total Scope 1 and 2 emissions were 120,000 t-CO<sub>2</sub>, Scope 3 Category 1 emissions were 1,802,000 t-CO<sub>2</sub>, and Scope 3 Category 3 emissions were 18,000 t-CO<sub>2</sub> when calculated using the conventional method.

3. CO<sub>2</sub> emissions from leased vehicles (Company vehicles) are included in Scope 1.

# Environmental Data ⑨

## Trends in GHG emissions (Scope 1, 2)

(thous. t-CO<sub>2</sub>)

	FY2017	FY2018	FY2019	FY2020	FY2021
Development and design	63	60	54	51	46
Factory production	47	44	42	34	29
Construction	29	26	25	49	13*
Demolition	2	1	1	1	—
Total	141	131	122	135	88

\* We changed the method for recognizing CO<sub>2</sub> emissions from energy used during construction by partner companies that have no capital relationship with the Group to Scope 3 Category 1 in FY2021. Scope 1 and 2 emissions from construction were 45,000 t-CO<sub>2</sub>, and total Scope 1 and 2 emissions were 120,000 t-CO<sub>2</sub> when calculated using the conventional method.

## GHG emission intensity (Scope 1, 2)

(kg-CO<sub>2</sub>/million yen)

	FY2017	FY2018	FY2019	FY2020	FY2021
Development and design	29.4	27.6	22.3	20.7	17.7
Factory production	21.7	20.4	17.2	14.0	11.3
Construction	13.2	12.1	10.4	19.9	5.0*
Demolition	0.7	0.7	0.6	0.4	—
Total	65.0	60.8	50.5	55.0	34.0

\* We changed the method for recognizing CO<sub>2</sub> emissions from energy used during construction by partner companies that have no capital relationship with the Group to Scope 3 Category 1 in FY2021. GHG emission intensity from construction was 17.3kg-CO<sub>2</sub>/million yen and total GHG emission intensity was 46.3kg-CO<sub>2</sub>/million yen when calculated using the conventional method.

## GHG emission intensity at production factories (business operation) (Scope 1, 2)

(kg-CO<sub>2</sub>/m<sup>2</sup>\*)

	FY2017	FY2018	FY2019	FY2020	FY2021
Factory production	13.9	14.1	13.7	12.8	10.0

\* Total floor area of buildings from which materials, etc. are shipped

## Emissions and transfer of PRTR-listed substances

(tonnes)

	FY2017	FY2018	FY2019	FY2020	FY2021
Emissions and transfers	103.9	78.6	81.0	63.9	54.8

Note: Fiscal years in which administrative reports were made (e.g., FY2021 results are reported in FY2020)

## Volume of waste generated

(thous. tonnes)

	FY2017	FY2018	FY2019	FY2020	FY2021	
Volume of waste generated*	678.6	638.4	619.8	1,107.4	1,021.4	
Breakdown	Non-recyclable waste	22.3	17.9	16.3	33.4	31.0
	Recyclable waste	656.3	620.4	603.6	1,074.0	990.4
		96.7%	97.2%	97.4%	97.0%	97.0%

\* Konoike Construction included from FY2020.

## Release of hazardous waste

(thous. tonnes)

	FY2017	FY2018	FY2019	FY2020	FY2021
Release of industrial waste subject to special controls*	0.081	0.1037	0.1627	0.962	0.612

\* Konoike Construction included from FY2020.

## Wastewater volume by discharge destination

(thous. m<sup>3</sup>)

	FY2017	FY2018	FY2019	FY2020	FY2021	
Sewers		485	459	455	443	472
	At production facilities	13	9	9	8	8
Rivers		325	362	342	345	302
	At production facilities	325	362	342	345	302
Rivers		810	821	797	788	774
	At production facilities	338	371	351	353	310

## Biological oxygen demand (BOD)

(tonnes)

	FY2017	FY2018	FY2019	FY2020	FY2021
Tohoku Factory	0.070	0.069	0.071	0.053	0.061
Kanto Factory	0.359	0.340	0.653	0.755	0.771
Shizuoka Factory	0.103	0.077	0.057	0.088	0.094
Hyogo Factory	0.511	0.380	0.170	0.043	0.056
Yamaguchi Factory	0.391	0.364	0.303	0.238	0.279
Total	1.435	1.230	1.255	1.178	1.261

## Chemical oxygen demand (COD)

(tonnes)

	FY2017	FY2018	FY2019	FY2020	FY2021
Kanto Factory	1.980	1.717	2.482	2.187	1.918
Hyogo Factory	0.383	0.311	0.174	0.061	0.085
Yamaguchi Factory	0.920	0.897	0.920	0.753	0.835
Total	3.284	2.925	3.577	3.001	2.839

Note: Data on other factories are not available as they are not regulated, with no discharge into bodies of seawater.

## SOx and NOx emissions (factories in Japan)

(tonnes)

	FY2017	FY2018	FY2019	FY2020	FY2021
Sulfur oxides (SOx)	0.058	0.063	0.061	0.055	0.057
Nitrogen oxides (NOx)	5.57	5.36	4.65	3.44	5.67

## Environmental Data ⑩

The Sekisui House Group's five domestic factories (Tohoku, Kanto, Shizuoka, Hyogo, and Yamaguchi) have compiled data and reported on their energy consumption, emissions, water quality management status and other environmental activities at the production stage for FY2021.

Steel frames and panels are manufactured and wood is processed in Tohoku, Kanto, Shizuoka and Yamaguchi; high-performance DYNE CONCRETE exterior-wall panels in Hyogo and Kanto; and ceramic exterior walls (Bellburn) for the SHAWOOD wooden-frame houses in Tohoku and Shizuoka. All these factories have a stringent quality control system in place for monitoring and controlling emissions into the atmosphere and discharge into waters for environmental conservation purposes, according to self-imposed standards that go beyond legal requirements. No serious accidental releases of chemical substances, oil or fuels were reported in FY2021.

Data in the Site Report is a compilation of figures from the production stage at the five domestic factories mentioned above. Excluded from the scope of reporting are the Recycling Centers, which handle waste from construction sites.



**Tohoku Factory**



**Kanto Factory**



**Shizuoka Factory**



**Hyogo Factory**



**Yamaguchi Factory**

# Environmental Data ⑪ (Site Report)

## Tohoku Factory



<b>Location:</b>	8 Ohara, Shikama-cho, Kami-gun, Miyagi
<b>Establishment:</b>	August 1997
<b>Total factory area:</b>	121,458 m <sup>2</sup>
<b>Factory floor area:</b>	60,420 m <sup>2</sup>
<b>Max. production</b>	300 houses/month

### Major energy and material consumption

Energy and resources	Unit	Consumption
Electricity	MWh/year	5,263.7
Kerosene	kl/year	0.4
Light oil	kl/year	3.2
LPG	t/year	1,037.9
Municipal water	thous. m <sup>3</sup> /year	17.2

### Amount of waste generated and recycling rates

Tohoku Factory	Amount (t)	Recycling rate	Material recycling rate
Glass/ceramics	1,837.5	100%	100%
Metal	301.3	100%	100%
Sludge	87.8	100%	100%
Wood	8.9	100%	0%
Other	54.4	100%	49.4%
Total	2,289.9	100%	98.4%

### Discharge into waters (by destination)

Emissions	Unit	Rivers	Sewers	Total
Amount discharged	thous. m <sup>3</sup>	17.6	—	17.6

### Air analysis results

Emissions	Unit	Measured value	Mandatory regulations	Voluntary standard value
NOx	ppm	Less than 15	180	60
SOx	Nm <sup>3</sup> /h	Less than 0.04	17.5	0.175
Soot and dust	g/Nm <sup>3</sup>	0.005	0.25	0.025

### Water analysis results

Emissions	Unit	Measured value	Regulatory value under Water Pollution Control Law	Mandatory/ industrial regulations	Voluntary standard value
pH	—	7.3	5.8–8.6	5.8–8.6	5.9–8.5
Total chromium	mg/l	Less than 0.1	2	—	1
Copper	mg/l	Less than 0.1	3	—	1.5
Phenol	mg/l	Less than 0.1	5	—	2.5
n-Hex	mg/l	Less than 0.5	5	5	3
Manganese	mg/l	Less than 0.1	10	—	5
Iron	mg/l	Less than 0.1	10	—	5
Fluorine	mg/l	Less than 0.2	8	—	4
Phosphorus	kg/day	—	—	—	—
Nitrogen	kg/day	—	—	—	—
COD	kg/day	—	—	—	—
BOD	mg/l	3.5	120	20	20
SS	mg/l	6.1	150	150	60
E. coli	count/cm <sup>3</sup>	153	3,000	3,000	1,500
Other	—	—	—	—	—
Zinc	mg/l	0.3	2	—	1

### Initiatives to reduce CO<sub>2</sub> emissions from production (production at factories plus shipping and transportation)

To reduce CO<sub>2</sub> emissions from production, we worked on energy conservation to bolster production efficiency that will in turn improve the manufacturing yield of materials. We also conserved energy by updating air conditioners and other equipment. In addition, we reduced the amount of LPG used as a heat source for the drying furnace by capturing and utilizing the exhaust heat generated in the firing furnace during the manufacturing process for ceramic Bellburn exterior wall panels. In addition, we focused on improving loading efficiency for both trunk line and regional deliveries to reduce the number of trucks and CO<sub>2</sub> emissions. In particular, we are consolidating shipping dates for large properties so trucks can travel fully loaded.



Waste heat utilization (drying furnace)

### Resource recycling initiatives

A portion of Bellburn inventories are transferred to the Shizuoka Factory for recycling into sound insulation filler for floors. We are continuing to improve the manufacturing yield of materials and boost production efficiency for every manufacturing process. Our recycling centers ensure detailed traceability. At the same time, we are continuing to inspect waste materials from new construction sites, and are working to investigate key materials and provide detailed feedback to our branches to make more system improvements and to reduce waste.

### Rehabilitation of ecosystem networks and contribution to society

To contribute to the local community, we held a “clean walk” to improve the health of our employees. To prevent the spread of COVID-19, in FY2021 this event was held at three locations in Miyagi Prefecture: Shikama-cho, Kami-gun; Furukawahonami, Osaki City; and Akaishidai, Tomiya City. We will continue contributing to local communities based on social conditions.



Clean walk (Shikama-cho)



Clean walk (Furukawahonami)



Clean walk (Akaishidai)

# Environmental Data ⑫ (Site Report)

## Kanto Factory



<b>Location:</b>	2 Kitatone, Koga, Ibaraki
<b>Establishment:</b>	August 1970
<b>Total factory area:</b>	309,547 m <sup>2</sup>
<b>Factory floor area:</b>	114,243 m <sup>2</sup>
<b>Max. production</b>	870 houses/month

### Major energy and material consumption

Energy and resources	Unit	Consumption
Electricity	MWh/year	14,247
Kerosene	kl/year	11.4
Light oil	kl/year	29.5
LPG	t/year	114
Natural gas	thous. m <sup>3</sup> /year	2,598
Municipal water	thous. m <sup>3</sup> /year	15.0
Groundwater	thous. m <sup>3</sup> /year	439.7

### Amount of waste generated and recycling rates

Kanto Factory	Amount (t)	Recycling rate	Material recycling rate
Glass/ceramics	878.6	100%	100%
Metal	1,869.3	100%	100%
Sludge	858.6	100%	100%
Wood	391.8	100%	38.7%
Other	238.6	100%	76.1%
Total	4,236.9	100%	93.0%

### Discharge into waters (by destination)

Emissions	Unit	Rivers	Sewers	Total
Amount discharged	thous. m <sup>3</sup>	190.0	—	190.0

### Air analysis results

Emissions	Unit	Measured value	Mandatory regulations	Voluntary standard value
NOx	ppm	Less than 34	230	150
SOx	(K value)	Less than 0.11	14.5	7.0
Soot and dust	g/Nm <sup>3</sup>	Less than 0.004	0.20	0.10

### Water analysis results

Factory 1

Emissions	Unit	Measured value	Regulatory value under Water Pollution Control Law	Mandatory/ industrial regulations	Voluntary standard value
pH	—	8.1	5.8–8.6	5.8–8.6	6.0–8.4
Total chromium	mg/l	0.1	2	1	0.5
Copper	mg/l	0.1	3	3	1.5
Phenol	mg/l	0.1	5	1	0.5
n-Hex	mg/l	0.5	5	5	2.5
Manganese	mg/l	0.1	10	1	1
Iron	mg/l	0.1	10	10	5
Fluorine	mg/l	1.1	8	8	6
Phosphorus	mg/l	0.3	16	16	8
Nitrogen	mg/l	6.5	120	120	90
COD	mg/l	4.3	—	—	—
BOD	mg/l	1.7	160	25	15
SS	mg/l	1.2	200	40	20
E. coli	count/cm <sup>3</sup>	1.0	3,000	3,000	1,000
Zinc	mg/l	0.1	2	2	1.5
Concentrations of boron and its compounds	mg/l	0.1	10	10	5
Concentrations of ammonia, ammonium compounds, nitrites and nitrates	mg/l	4.2	100	100	50.0
Organic carbon	mg/l	2.8	—	—	—
ATU-BOD	mg/l	1.5	—	—	—
1,4-Dioxane	mg/l	0.005	0.5	0.05	—
Vinyl chloride monomer	mg/l	0.0002	—	—	—
1,2-Dichloroethylene	mg/l	0.004	—	—	—

Please see below for details regarding the water analysis results at the DYNE Panel factory.



### Water Analysis Results at the DYNE Panel Factory

### Initiatives to reduce CO<sub>2</sub> emissions from production (production at factories plus shipping and transportation)

We promoted activities that reduce CO<sub>2</sub> emissions, focusing on improving the efficiency of combustion and steam generation. In particular, changes in the heat source for drying furnaces in the antirust coating process for exterior wall materials and better recovery and reuse of boiler drains resulted in a substantial reduction in the amount of fuel we used.



Change of the heat source for drying furnaces from boiler heat to burners

Boiler drain recovery and reuse

### Resource recycling initiatives

To reduce CO<sub>2</sub> emissions from shipping and transportation, we improved methods for loading trucks to reduce number of vehicles used for shipments. For example, we changed the method for loading steel-frame pillar members onto truck beds from conventional two-row loading to three-row loading to improve loading efficiency. In addition, the base trestle was converted to increase the number of tiers per pile and to increase the number of units loaded together at multiple sites to improve loading efficiency. This is another way that we are reducing the number of trucks used.



From two-row loading to three-row loading

### Rehabilitation of ecosystem networks and contribution to society

In addition to cleaning up the roads around the factory, which we continue to do every year, we are reducing CO<sub>2</sub> emissions by cutting back on the number of employee cars driven to work, participating in blood donation drives, and purchasing products to support reconstruction in disaster-affected areas. We also sell local dishes (during lunchtime) made with ingredients from disaster areas and collect bell marks, used stamps, and foreign currencies as well as unused storage containers (tableware) for donation to the Japan Council of Social Welfare.



Cleanup of roads surrounding the factory



Local food items using ingredients from disaster-affected areas



Donations to the Social Welfare Council

# Environmental Data ⑬ (Site Report)

## Shizuoka Factory



<b>Location:</b>	1100 Naka, Kakegawa, Shizuoka
<b>Establishment:</b>	August 1980
<b>Total factory area:</b>	246,098 m <sup>2</sup>
<b>Factory floor area:</b>	124,347 m <sup>2</sup>
<b>Max. production</b>	800 houses/month

### Major energy and material consumption

Energy and resources	Unit	Consumption
Electricity	MWh/year	13,913
Kerosene	kl/year	0.5
Light oil	kl/year	0.3
LPG	t/year	120
LNG	thous. m <sup>3</sup> /year	1,471
Municipal water	thous. m <sup>3</sup> /year	36.0
Industrial-use water	thous. m <sup>3</sup> /year	21.5

### Amount of waste generated and recycling rates

Shizuoka Factory	Amount (t)	Recycling rate	Material recycling rate
Glass/ceramics	865.4	100%	100%
Metal	1,639.4	100%	100%
Sludge	619.1	100%	77.2%
Wood	304.7	100%	100%
Other	331.3	100%	57.1%
Total	3,759.9	100%	92.4%

### Discharge into waters (by destination)

Emissions	Unit	Rivers	Sewers	Total
Amount discharged	thous. m <sup>3</sup>	47.2	2.5	49.7

### Air analysis results

Emissions	Unit	Measured value	Mandatory regulations	Voluntary standard value
NOx	cm <sup>3</sup> /Nm <sup>3</sup>	41	230	42
SOx	Nm <sup>3</sup> /h	0.03	1.77	0.62
Soot and dust	g/Nm <sup>3</sup>	Less than 0.032	0.2	0.1

### Water analysis results

Emissions	Unit	Measured value	Regulatory value under Water Pollution Control Law	Mandatory/ industrial regulations	Voluntary standard value
pH	—	7.8	5.8–8.6	5.8–8.6	6.0–8.0
Total chromium	mg/l	Less than 0.1	2	2	—
Copper	mg/l	Less than 0.05	3	1	—
Phenol	mg/l	Less than 0.05	5	5	—
n-Hex	mg/l	Less than 0.1	5	3	2
Manganese	mg/l	Less than 0.1	10	10	—
Iron	mg/l	Less than 0.1	10	10	3
Fluorine	mg/l	Less than 0.2	8	0.8	—
Phosphorus	kg/day	—	—	—	—
Nitrogen	kg/day	—	—	—	—
COD	kg/day	—	—	—	—
BOD	mg/l	2.0	160	20	10
SS	mg/l	1.9	160	30	10
E. coli	count/cm <sup>3</sup>	0	3,000	3,000	100
Other	—	—	—	—	—
Ammonia, ammonium compounds, nitrites and nitrates	mg/l	2.9	100	10	5
Zinc concentration	mg/l	0.05	2	1	0.5

### Reduction of CO<sub>2</sub> emissions from production (production at the factories, shipping and transportation)

In addition to the activities started at the end of FY2020, compressors in the woodworking plant were upgraded, tank pumps for receiving water got inverter controls, and factory panel lighting was switched to LEDs. In addition, energy-saving methods were used after looking for process areas where there was room for reductions, such as stopping pumps used for treating exhaust in the electrodeposition process and changing the heating method for electrodeposition coating materials. For transportation, we worked to reduce CO<sub>2</sub> emissions by shortening shipping distances by selecting optimal bases and improving loading efficiency to reduce the number of deliveries.



Switching to LED lighting at the panel factory



Upgrading compressors at the woodworking plant

### Resource recycling initiatives

To reduce factory waste, we worked to improve the yield of wooden pillars and reduce dehydrated sludge by improving wastewater treatment facilities. Initiatives started in December 2020 to recycle rejected Bellburn ceramic exterior wall panels for use in fillers for sound insulation floors produced significant results in FY2021 as well.

### Rehabilitation of ecosystem networks and contribution to society

In addition to focusing on maintaining and improving the greening of the site based on a greening plan, we participated, as a social contribution activity, in the Kakegawa Shiosai No Mori tree planting festival organized by Kakegawa City in May 2021. Although the number of participants was limited to prevent the spread of COVID-19, four employees participated in tree planting for coastal disaster prevention forests, with the aim of reducing tsunami damage. In addition, in November 2021, we collaborated with the Tokinosu Forest Club, a certified NPO, and volunteered for tree planting in the Tokinosu Forest north of Kakegawa City. Forty-four employees and their family members participated. They worked to remove dirt from landslides along roads and streams.



Tree planting (May 22)



Removing dirt from landslides (November 27)



Group photo of the participants (November 27)

# Environmental Data ⑭ (Site Report)

## Hyogo Factory



<b>Location:</b>	786-36 Ishitani, Yokodani, Kato, Hyogo
<b>Establishment:</b>	July 1985
<b>Total factory area:</b>	59,970 m <sup>2</sup>
<b>Factory floor area:</b>	20,651 m <sup>2</sup>
<b>Max. production</b>	380 houses/month

### Major energy and material consumption

Energy and resources	Unit	Consumption
Electricity	MWh/year	2,376
Light oil	kl/year	11.2
LPG	t/year	35
Natural gas	thous. m <sup>3</sup> /year	993
Municipal water	thous. m <sup>3</sup> /year	28.0
Groundwater	thous. m <sup>3</sup> /year	3.7

### Amount of waste generated and recycling rates

Hyogo Factory	Amount (t)	Recycling rate	Material recycling rate
Glass/ceramics	775.7	100%	100%
Metal	63.4	100%	100%
Sludge	49.7	100%	100%
Wood	4.7	100%	100%
Other	87.7	100%	100%
Total	981.2	100%	100%

### Discharge into waters (by destination)

Emissions	Unit	Rivers	Sewers	Total
Amount discharged	thous. m <sup>3</sup>	6.4	6.0	12.4

### Air analysis results

Emissions	Unit	Measured value	Mandatory regulations	Voluntary standard value
NOx	ppm	37	150	75
SOx	Nm <sup>3</sup> /h	0.0043	1.5	0.01
Soot and dust	g/Nm <sup>3</sup>	0.0012	0.1	0.01

### Water analysis results

Emissions	Unit	Measured value	Regulatory value under Water Pollution Control Law	Mandatory/ industrial regulations	Voluntary standard value
pH	—	7.5	—	—	6.2-8.2
Total chromium	mg/l	—	—	—	—
Copper	mg/l	—	—	—	—
Phenol	mg/l	—	—	—	—
n-Hex	mg/l	≤1	—	—	2
Manganese	mg/l	—	—	—	—
Iron	mg/l	—	—	—	—
Fluorine	mg/l	—	—	—	—
Phosphorus	kg/day	—	—	—	—
Nitrogen	kg/day	—	—	—	—
COD	mg/l	13.38	—	—	70
BOD	mg/l	8.75	—	—	70
SS	mg/l	4.85	—	—	25
E. coli	count/cm <sup>3</sup>	17.25	—	—	1,500
Other	—	—	—	—	—
Ammonia and ammonium compounds	mg/l	—	—	—	—
Zinc	mg/l	0.03	—	—	2

Note: The Water Pollution Control Law does not apply to the Hyogo Factory.

### Initiatives to reduce CO<sub>2</sub> emissions from production (production at factories plus shipping and transportation)

We reduced CO<sub>2</sub> emissions from factory production by switching to LEDs for factory ceiling and outdoor lighting and upgrading the compressors that provide power to production lines for high efficiency. We also addressed transportation emissions by reducing the number of trucks and CO<sub>2</sub> emissions by introducing a new 25-tonne trailer while improving 20-tonne trailer operating rates.



Introduced 25-tonne trucks



Upgraded to high-efficiency compressors

### Resource recycling initiatives

The amount of concrete waste was reduced by about 50 tonnes annually by recycling the cutting dust from the production of lightweight foam DYNE CONCRETE panels into a raw material.

### Rehabilitation of ecosystem networks and contribution to society

We clean up around the factory every month, and a total of 240 employees participated in cleaning up the Tojo area of Kato City in March, June, September, and December to beautify the neighborhood. Another social contribution activity involves food drives sponsored by the Kato City Social Welfare Council. We donated 550 servings of processed quick-cooking rice for disasters along with 33 food items donated by employees.



We donated 550 servings of processed quick-cooking rice.



Employees donated 33 food items

# Environmental Data ⑮ (Site Report)

## Yamaguchi Factory



<b>Location:</b>	5000 Suzenji, Yamaguchi
<b>Establishment:</b>	August 1973
<b>Total factory area:</b>	228,667 m <sup>2</sup>
<b>Factory floor area:</b>	88,148 m <sup>2</sup>
<b>Max. production</b>	450 houses/month

### Major energy and material consumption

Energy and resources	Unit	Consumption
Electricity	MWh/year	6,235
Kerosene	kl/year	167.8
Light oil	kl/year	1.8
LPG	t/year	490
Municipal water	thous. m <sup>3</sup> /year	32.2
Groundwater	thous. m <sup>3</sup> /year	13.3

### Amount of waste generated and recycling rates

Yamaguchi Factory	Amount (t)	Recycling rate	Material recycling rate
Glass/ceramics	5.7	100%	100%
Metal	653.9	100%	100%
Sludge	149.5	100%	100%
Wood	320.7	100%	53.7%
Other	103.0	100%	38.3%
Total	1,232.8	100%	82.8%

### Discharge into waters (by destination)

Emissions	Unit	Rivers	Sewers	Total
Amount discharged	thous. m <sup>3</sup>	41.0	—	41.0

### Air analysis results

Emissions	Unit	Measured value	Mandatory regulations	Voluntary standard value
NOx	ppm	27	250	125
SOx	Nm <sup>3</sup> /h	0.6	3.43	1.72
Soot and dust	g/Nm <sup>3</sup>	0.006	0.3	0.25

### Water analysis results

Emissions	Unit	Measured value	Regulatory value under Water Pollution Control Law	Mandatory/ industrial regulations	Voluntary standard value
pH	—	7	5.8–8.6	5.8–8.6	6.0–8.0
Total chromium	mg/l	0	2	2	*
Copper	mg/l	0	3	3	0.1
Phenol	mg/l	0	5	5	2.5
n-Hex	mg/l	0	5	5	2.5
Manganese	mg/l	1.3	10	10	5
Iron	mg/l	0	10	10	5
Fluorine	mg/l	1.4	8	8	5
Phosphorus	kg/day	0.3	1.56	—	1.5
Nitrogen	kg/day	1.6	11.88	—	6
COD	mg/l	3.5	10.4	—	10
BOD	mg/l	6.8	160	160	60
SS	mg/l	3.6	200	200	75
E. coli	count/cm <sup>3</sup>	1.5	3,000	3,000	1,500
Ammonia and ammonium compounds	mg/l	6.9	100	—	50
Zinc	mg/l	0.70	2	—	1.8

\* Should not be detected

### Initiatives to reduce CO<sub>2</sub> emissions from production (production at factories plus shipping and transportation)

To use energy more efficiently, we are continuing to promote initiatives by upgrading to high-efficiency equipment and by boosting productivity. In FY2021, approximately 220 ceiling lights were replaced with LED lighting, cutting approximately 28,000 kWh annually. Approximately 65% of the ceiling lights have been switched to LED lighting. We have been promoting the use of electric forklifts when replacing old forklifts, and one forklift was replaced with an electric forklift in FY2021.



Switch to LED ceiling lighting at a panel factory

### Resource recycling initiatives

We have reduced material waste from paint, wood, and steel raw materials and are promoting waste reduction programs. As wood prices soared due to the wood shock and procurement became difficult, we increased the material yield by improving material removal from raw wood. We changed the material used at the site for wooden pallets to cypress wood, which is stronger, and have reduced wood waste by approximately 2 tonnes annually by repairing pallets.

### Rehabilitation of ecosystem networks and contribution to society

We have continued our regular cleanups of roads around our factories, and 230 employees participated in these cleanup drives in 2021. We also cooperate with various activities organized by local governments, and a total of 153 people, including employees' families and employees of affiliated companies, participated in these activities. While the activities for the ecosystem preservation initiative organized by the Fushino River Estuary and Tidal Flats Nature Restoration Committee were cancelled due to the spread of COVID-19, we recently began participating in the Minogahama Seaside Plaza cleanup in FY2021. The work to collect plastic trash that has washed up on the beach provided an opportunity to reaffirm our awareness of the problems caused by marine plastics. We plan to continue participating in this activity in the future.



Cleanup at Minogahama Seaside Plaza



Foodstuffs collected and donated by employees

In addition, we supported Food Bank Yamaguchi, a nonprofit organization that works to reduce food waste, by collecting and donating food from employees' households that would otherwise have been thrown out. The donated foodstuffs were delivered to families that applied for the program as the Children Support Home Delivery Service.



# Social Data ①

Themes	KPI	Unit	2017 Results	2018 Results	2019 Results	2020 Results	2021		2022 Targets
							Targets	Results	
Customer initiatives, technology development and new business creation	Detached house customer satisfaction rate (from questionnaire one year after moving in)	%	95.6	95.8	95.9	96.1	95.0% or higher	96.0	95.0% or higher
Supply chain management	CSR procurement, human rights and labor scores	Points	86.2	87.6	85.2	90.1	90.4	90.9	90.9
	CSR procurement, human rights and labor coverage <sup>1</sup>	%	—	—	—	—	—	93.8	90.0
Coexisting with local communities	Percentage of employees joining employee-company joint donation programs (Sekisui House Matching Program employee participation rate)	%	18	21	25	27	30	31	35
	Trip Base <i>Michi-no-Eki</i> Stations Project, a project for regional revitalization (total numbers since start of project)	—	—	—	—	4 prefectures: 8 buildings 596 rooms	5 prefectures: 14 buildings 1,053 rooms	5 prefectures: 14 buildings 1,053 rooms	9 prefectures: 20 buildings 1,582 rooms
Developing human resources	Cumulative number of workers who have acquired major qualifications required for a position	Persons	20,632	21,516	22,176	22,534	22,700	22,940	22,900
Diversity and inclusion	Number of female directors of the Board (non-consolidated basis)	Persons	—	1	1	1	3	3	3 or more
	Number of female managers (Group basis) <sup>2</sup>	Persons	158 (2.94%)	176 (3.10%)	206 (3.44%)	236 (3.79%)	240 (—)	273 (4.31%)	260 (—)
	Percentage of full-time female employees <sup>2</sup>	%	25.1 (5,426 persons)	25.8 (5,687 persons)	26.5 (5,957 persons)	27.3 (6,225 persons)	27.5 (—)	28.1 (6,454 persons)	28.0 (—)
	Percentage of female new graduates hired (Group basis) <sup>2</sup>	%	40.3 (266 persons)	37.7 (250 persons)	42.0 (281 persons)	41.6 (305 persons)	41.1 (—)	41.2 (278 persons)	42.0 (—)
	Employment rate of persons with disabilities (non-consolidated basis) <sup>3</sup>	%	2.38	2.53	2.61	2.76	2.61	2.90	2.61 <sup>4</sup>
	Take-up rate for eligible male employee childcare leave (%) (non-consolidated basis)	%	95.0	100	100	100	100	100	100
Happiness health management	Rate of employees opting for the secondary medical checkup <sup>5</sup>	%	89.9	91.2	85.5	87.0	89.0	97.8	98.0
Respecting human rights	Monthly average working hours per person <sup>6</sup>	Hours	168.32	170.26	168.17	176.71	176.00	177.64	175.50
Occupational health and safety	Frequency rate of accidents in the construction division that result in lost worktime <sup>7</sup>	—	1.89	2.42	2.92	2.27	2.15	2.49	2.13
	Occupational illness frequency rate in the construction division <sup>7</sup>	—	0.20	0.63	0.43	0.37	0.33	0.20	0.31

1. Ratio of CSR assessments related to human rights and labor to all suppliers (procurement value basis; includes major raw material manufacturers)

2. Consolidated (Sekisui House, Sekisui House Real Estate, Sekiwa Grand Mast. Ltd., Sekiwa Construction, SEKISUI HOUSE noie, Sekisui House Remodeling)

3. Calculation based on the exclusion rate system (construction industry 20%)

4. Regarding the number of employees with disabilities, we plan to achieve our 2022 target on a non-consolidated basis and satisfy the statutory requirement on a consolidated basis.

5. Results for FY2020 and FY2021 and targets for FY2021 and FY2022 are for non-consolidated sales divisions only.

6. Starting from FY2020, the aggregation method was changed to include managers and exclude employees on leave.

7. Scope of aggregation: (FY2017-2019) Contractors of Sekisui House, (from FY2020 onward) Contractors of Sekisui House, Sekisui House noie, and Konoike Construction Co., Ltd.

## Social Data ②

Index	Unit	2017 Results	2018 Results	2019 Results	2020 Results	2021 Results
Number of female directors/Total number	Consolidated	—	—	1/150 (0.67%)	1/119 (0.84%)	4/90 (4.44%)
		—	—	Of which, 1/3 are external	Of which, 1/4 are external	Of which, 3/4 are external
	Non-consolidated	—	—	1/11 (9.09%)	1/12 (8.33%)	3/10 (30.00%)
Number of female Audit and Supervisory Board members/Total number	Consolidated	—	—	1/8 (12.50%)	1/8 (12.50%)	2/8 (25.00%)
		—	—	Of which, 1/6 are external	Of which, 1/6 are external	Of which, 1/6 are external
	Non-consolidated	—	—	1/6 (16.67%)	1/6 (16.67%)	2/6 (33.33%)
Number of female executive officers/Total number	Consolidated	—	—	3/26 (11.54%)	4/28 (14.29%)	3/40 (7.50%)
	Non-consolidated	—	—	1/18 (5.56%)	1/18 (5.56%)	2/28 (7.14%)
	Sales positions	84 (4.26%)	88 (4.26%)	95 (5.09%)	105 (5.49%)	113 (5.86%)
Number of female managers by job type	Technical positions	44 (1.74%)	50 (1.87%)	58 (2.31%)	64 (2.41%)	79 (3.00%)
	Administrative positions	30 (3.47%)	38 (4.06%)	50 (4.73%)	65 (6.05%)	79 (7.10%)
	Female managers <sup>1</sup>	—	—	3	2 (0.34%)	2 (0.36%)
Returning rate from childcare leave <sup>2</sup>	Male	100	100	100	100	99.9
	Female	100	95.3	97.5	97.3	97.1
Retention rate per year after returning from childcare leave <sup>2</sup>	Male	98.6	98.9	98.1	100	99.9
	Female	100	100	98.2	98.7	98.9
Number of employees who have taken childcare leave <sup>3</sup>	Male	597	818	1,054	642	549
	Female	241	282	264	334	270

1. Job classification was changed in February 2019.

2. On a non-consolidated basis

3. On a consolidated basis (Sekisui House, Sekisui House Real Estate, Sekiwa Grand Mast. Ltd., Sekiwa Construction, Sekisui House noie, Sekisui House Remodeling)

\* Our diversity-related initiatives and achievements are also disclosed in the Ministry of Health, Labour and Welfare's Database on Companies Promoting Women's Active Participation (Japanese only).

 [Database on Companies Promoting Women's Active Participation](#) (Japanese only)

## Social Data ③

Index	Unit	2017 Results	2018 Results	2019 Results	2020 Results	2021 Results
Number of employees <sup>1</sup>	Male	11,455	11,469	11,512	11,354	11,222
	Female	3,027	3,147	3,289	3,717	3,795
Average years of service <sup>1</sup>	Male	17.29	17.53	17.76	17.97	18.12
	Female	11.62	11.88	12.16	11.96	12.36
Average age <sup>1</sup>	Male	44.04	44.35	44.70	45.00	45.28
	Female	35.33	35.79	36.14	36.80	37.28
Number of new graduates hired <sup>2</sup>	Male	308	314	281	284	277
	Female	199	173	189	176	159
Amount invested in training <sup>3</sup>	Millions of yen	873	848	887	543	623
Annual paid leave take-up rate and number of days taken <sup>4</sup>	%	39.7	42.2	56.1	46.5	52.7
	Days	7.1	7.4	9.8	8.4	9.5
Average annual salary <sup>2</sup>	Yen	8,184,794	8,188,632	8,021,888	7,927,285	7,995,230

1. On a non-consolidated basis, contract employees (excluding part-time workers) have been included from FY2020 onward.

2. On a non-consolidated basis

3. On a non-consolidated basis until FY2018

4. Aggregation method has been changed (to include managers) since FY2020.

### Charitable contributions (Type of donations)

Total amount		¥1,411,488,303
Cash donations	[Types of major donation recipients] Sports-related	¥200,628,800
	School/education-related	¥100,010,895
	Environmental	¥16,047,825
	Time donations	¥0*
In-kind donations		¥45,792,641

\* Reconstruction support activities by new employees had been counted as time donations, but this was canceled in FY2021 due to the COVID-19 pandemic.

# Governance Data

## Board of Directors Composition (as of April 27, 2022)

Directors	Of which are outside directors	Percentage of independent outside directors	Percentage of female directors	Age			Average age	Headcount limit	Chairperson
				Under 50	50 to 59	60 and above			
10 (seven male, three female)	5 (two male, three female)	50.0%	30.0%	0	3	7	61.8	Up to 12	Toshifumi Kitazawa, Independent Outside Director of the Board

## Audit and Supervisory Board Composition (as of April 27, 2022)

Audit and Supervisory Board members	Of which are outside members	Percentage of independent outside Audit and Supervisory Board members	Percentage of female Audit and Supervisory Board members	Age			Average age	Headcount limit
				Under 50	50 to 59	60 and above		
5 (four male, one female)	3 (three male)	60.0%	20.0%	0	0	5	66.4	Up to 7

## Composition of Board of Directors, Audit and Supervisory Board (as of April 27, 2022)

Board of Directors, Audit and Supervisory Board	Of which, independent outside officers	Percentage of independent outside officers	Percentage of female officers
15 (eleven male, four female)	8 (five male, three female)	53.3%	26.7%

## Number of Board of Directors Meetings and Average Attendance Rate

	2017	2018	2019	2020	2021
No. of Board of Directors meetings	13	12	12	13	12
Average attendance rate	97.1%	98.0%	99.0%	99.5%	100%
Of which, outside directors of the Board	81.8%	96.2%	96.9%	100%	100%
Of which, outside Audit and Supervisory Board members	87.2%	93.3%	97.9%	98.6%	100%

## Frequency of Meetings of Board of Directors Advisory Bodies

	Chairperson (as of April 27, 2022)	Members	Number of meetings held in FY2021
Personnel Affairs and Remuneration Committee	Yukiko Yoshimaru, Independent Outside Director of the Board	5 (2 inside directors and 3 outside directors)	11
Risk Management Committee	Satoshi Tanaka, Representative Director of the Board, Executive Vice President, Executive Officer	10 (2 inside directors, 3 managing officers, and 5 executive officers and others)	10

## Number of Consultations Received by the Internal Consultation Services

	2017	2018	2019	2020	2021
Sexual and power harassment hotline (Of which, harassment-related consultations)	127 (50)	190 (81)	161 (90)	167 (92)	169 (97)
Personnel related hotline (Consultations on general labor management)	5	16	9	9	15

# Independent Third-Party Assurance Report

KPMG AZSA Sustainability Co., Ltd. was engaged to provide assurance on Sekisui House, Ltd.'s Value Report 2022 (Japanese version) and to verify that the report provides reliable information on the company's energy consumption; waste and greenhouse gas emissions volumes; water used in factory production; and social reporting (occupational illnesses and frequency of accidents resulting in lost worktime). The items stated in the original of the assurance report below have been converted to digital form and the original is maintained separately by Sekisui House Ltd.

This is an English translation of the "Independent Assurance Report" dated May 24, 2022 originally issued in Japanese by KPMG AZSA Sustainability Co., Ltd. for the "Value Report 2022" published in Japanese by Sekisui House, Ltd.



## Independent Assurance Report

May 24, 2022

KPMG AZSA Sustainability Co., Ltd.  
Osaka, Japan

Sekisui House, Ltd.

Mr. Yoshihiro Nakai, Representative Director of the Board, President, Executive Officer, CEO

We were engaged by Sekisui House, Ltd. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators listed below for the period from February 1, 2021 to January 31, 2022 (the "Indicators") included in its Value Report 2022 published in Japanese (the "Report") for the fiscal year ended January 31, 2022.

Indicators and pages in the Report

Indicators	pages
Accidents resulting in lost worktime, Occupational-illness frequency rates	159
Energy (total amount and itemized details by energy source) and Water (total amount and itemized details by water source) of Factory production in Input	174
Amount of CO <sub>2</sub> emissions, Waste (total amount and itemized details by waste category) in Output	174
"Scope 1 CO <sub>2</sub> , HFC", "Scope 2 CO <sub>2</sub> ", "Total of Scope 1,2 CO <sub>2</sub> , HFC" in Scope 1,2 Greenhouse gases emissions and Category 1, Category 4, Category 5, Category 11 and Category 12 in Scope 3 Greenhouse gases emissions	176

### The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board.

The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in

nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria and recalculating the Indicators.
- Making inquiries and reviewing materials including documented evidence of one of the domestic factory and one construction site managed by one of the Company's subsidiaries selected on the basis of a risk analysis, as alternative procedures to site visits.
- Evaluating the overall presentation of the Indicators.

### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

### Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

# 10-Year Highlights (Consolidated)

## Financial Data

	(Millions of yen)									
(Fiscal year)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Business performance</b>										
Net sales	1,613,816	1,805,102	1,912,721	1,858,879	2,026,931	2,159,363	2,160,316	2,415,186	2,446,904	2,589,579
Gross profit	299,503	358,499	368,446	373,867	418,297	445,082	444,596	478,036	473,511	528,877
Gross profit margin (%)	18.6	19.9	19.3	20.1	20.6	20.6	20.6	19.8	19.4	20.4
Selling, general and administrative expenses	213,306	226,569	221,851	224,222	234,132	249,541	255,373	272,780	286,992	298,716
Operating income	86,196	131,930	146,595	149,645	184,164	195,540	189,223	205,256	186,519	230,160
Operating margin (%)	5.3	7.3	7.7	8.1	9.1	9.1	8.8	8.5	7.6	8.9
Ordinary income	91,767	137,794	156,426	160,589	190,989	203,678	195,190	213,905	184,697	230,094
Profit attributable to owners of parent	46,458	79,801	90,224	84,302	121,853	133,224	128,582	141,256	123,542	153,905
<b>Return on investment</b>										
ROE (%) <sup>1</sup>	6.0	9.2	9.0	7.9	11.3	11.6	10.8	11.5	9.5	11.0
ROA (%) <sup>2</sup>	6.0	8.2	8.4	8.3	9.4	9.0	8.3	8.8	7.3	8.6
<b>Assets and interest-bearing debt</b>										
Total assets	1,539,272	1,769,005	1,929,409	2,029,794	2,184,895	2,419,012	2,413,035	2,634,748	2,625,861	2,801,189
Net assets	814,063	941,415	1,079,064	1,068,428	1,118,264	1,208,121	1,196,923	1,306,850	1,368,887	1,520,959
Equity capital	806,406	930,944	1,068,423	1,057,696	1,103,359	1,194,975	1,182,808	1,266,195	1,326,535	1,473,940
Equity capital ratio (%)	52.39	52.63	55.38	52.11	50.50	49.40	49.02	48.06	50.52	52.62
Interest-bearing debt	268,622	289,860	351,731	426,013	491,017	622,084	639,510	586,891	562,966	549,862
Debt/Equity ratio (%) <sup>3</sup>	33.3	31.1	32.9	40.3	44.5	52.1	54.1	46.4	42.4	37.3
Asset turnover ratio (Times)	1.08	1.09	1.03	0.94	0.96	0.94	0.89	0.96	0.93	0.95

1. Profit attributable to owners of parent ÷ Equity capital × 100

2. (Operating income + Interest income + Dividend income + Equity in earnings of affiliates) ÷ Total assets × 100

3. Excluding hybrid bonds

## 10-Year Highlights (Consolidated)

	(Millions of yen)									
(Fiscal year)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Cash flows</b>										
Net cash from operating activities	82,582	78,073	117,358	45,884	115,820	165,355	125,088	363,766	191,972	118,034
Net cash from investing activities	(58,124)	(80,637)	(128,529)	(76,166)	(107,397)	(76,150)	(70,184)	(65,229)	(95,504)	(113,706)
Net cash from financing activities	(17,289)	(782)	19,611	32,084	5,511	30,154	(31,030)	(148,160)	(77,614)	(111,701)
Cash and cash equivalents at end of period	179,242	181,324	195,008	192,338	204,701	324,693	342,898	583,297	600,234	515,174
<b>Investments</b>										
Capital expenditure	60,915	130,243	121,550	81,258	98,277	68,799	58,680	73,255	96,609	89,512
Depreciation	19,015	22,581	25,692	24,438	23,125	21,983	22,155	21,518	21,726	24,069
Research and development expenses	4,318	4,507	4,726	4,772	4,991	5,181	6,041	7,313	9,665	9,478
<b>Corporate value</b>										
Market capitalization at end of period	680,946	985,007	1,067,964	1,329,946	1,297,656	1,379,985	1,123,051	1,630,703	1,382,375	1,584,699
Stock price at end of period (Yen)	1,006.0	1,434.0	1,526.0	1,874.0	1,828.5	1,998.0	1,626.0	2,361.0	2,019.0	2,314.5
<b>Per-share information</b>										
EPS: Net income (earnings) per share (Yen)	69.17	118.63	130.91	120.16	175.48	193.06	186.53	205.79	181.18	227.37
BPS: Book value per share (Yen)	1,200.63	1,358.60	1,527.52	1,508.81	1,598.90	1,731.60	1,718.82	1,852.62	1,948.12	2,184.36
Dividends per share (Yen)	28.00	43.00	50.00	54.00	64.00	77.00	79.00	81.00	84.00	90.00
Dividend payout ratio (%)	40.5	36.2	38.2	44.9	36.5	39.9	42.4	39.4	46.4	39.6
<b>Stock price</b>										
PER: Stock price at end of period ÷ Net income per share (Times)	14.54	12.09	11.66	15.60	10.42	10.35	8.72	11.47	11.14	10.18
PBR: Stock price at end of period ÷ Shareholders' equity per share (Times)	0.84	1.06	1.00	1.24	1.14	1.15	0.95	1.27	1.04	1.06

## 10-Year Highlights (Consolidated)

### Key Performance Indicators

(Fiscal year)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>New Housing Starts in Japan (Units)<sup>4</sup></b>										
Owner-occupied houses	311,589	354,772	285,270	283,366	292,287	284,283	283,235	288,738	261,088	285,575
Built for sale houses	246,810	263,931	237,428	241,201	250,532	255,191	255,263	267,696	240,268	243,944
Condominiums	123,203	127,599	110,475	115,652	114,570	114,830	110,510	117,803	107,884	101,292
Detached houses	122,590	134,888	125,421	123,624	133,739	138,189	142,393	147,522	130,753	141,094
Rented houses	318,521	356,263	362,191	378,718	418,543	419,397	396,404	342,289	306,753	321,376
Corporate houses	5,877	5,059	7,372	6,014	5,875	5,770	7,468	6,400	7,231	5,589
Total	882,797	980,025	892,261	909,299	967,237	964,641	942,370	905,123	815,340	856,484
<b>Number of Houses Built by Sekisui House (Units)</b>										
Custom detached houses	13,945	15,049	13,104	11,248	11,105	10,617	9,822	10,663	8,411	8,349
Built for sale houses	2,246	2,368	2,162	2,364	2,071	2,677	2,336	2,589	1,958	2,261
Rental houses	27,869	30,414	34,709	32,631	35,156	32,937	30,078	27,981	26,033	25,321
Condominiums (for sale)	1,038	1,921	1,250	2,002	1,231	1,184	1,499	2,081	1,510	2,320
Total	45,098	49,752	51,225	48,245	49,563	47,415	43,735	43,314	37,912	38,251
Sekisui House's market share in Japan (%)	5.1	5.1	5.7	5.3	5.1	4.9	4.6	4.8	4.6	4.5
Total number of houses built	2,135,437	2,185,189	2,236,414	2,284,659	2,334,222	2,381,637	2,425,372	2,468,686	2,506,598	2,544,849
<b>Trends in Housing Built by Sekisui House</b>										
Built-to-order detached houses										
Sales per detached house (Thousands of yen)	33,442	34,503	35,659	37,002	37,292	38,074	38,753	39,935	41,388	42,656
Floor area per detached house (Square meters)	139.93	141.09	140.25	140.43	138.63	137.94	138.03	137.68	135.91	135.04
Built-to-order low-rise apartments										
Sales per building (Thousands of yen)	55,196	61,284	68,549	76,771	83,612	93,959	100,194	102,415	117,962	126,566
Floor area per building (Square meters)	301.67	324.95	346.64	366.10	385.19	418.35	432.28	427.67	470.83	485.52
<b>Trends in Sekisui House Real Estate Block Leasing Operation</b>										
Occupancy rate (%) <sup>5</sup>	96.0	96.2	96.4	96.5	96.5	96.7	97.8	97.7	97.7	97.9
Number of units under management (Units)	506,353	526,276	545,757	565,471	584,096	601,582	619,494	639,780	657,190	674,125

4. Calendar year basis

5. Presentation changed to monthly data from month-end data as of FY2018



## 10-Year Highlights (Consolidated)

### Non-Financial Data

(Fiscal year)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Technology</b>										
Customer satisfaction level (%)	95.0	95.1	95.3	95.3	95.4	95.6	95.8	95.9	96.1	96.0
Green First ZERO <sup>6</sup> net zero energy house contracts (%)	—	49	62	71	74	76	79	87	91	92
<b>Human Resources/Labor</b>										
Number of employees	21,476	22,379	22,913	23,089	23,299	24,391	24,775	27,397	28,362	28,821
Number of new graduates hired	594	880	823	680	570	660	664	669	734	675
Number of new female graduates hired (in above)	215	291	331	276	237	266	250	281	305	278
Ratio to number of new graduates hired (%)	36.2	33.1	40.2	40.6	41.6	40.3	37.7	42.0	41.6	41.2
Average age (Years) <sup>7</sup>	39.9	40.3	40.7	41.2	41.8	42.2	42.5	42.8	43.0	43.3
Average years of service <sup>7</sup>	15.5	15.3	15.4	15.6	16.0	16.1	16.3	16.5	16.5	16.7
Ratio of persons with disabilities (%) <sup>7</sup>	1.89	1.97	2.08	2.21	2.20	2.38	2.53	2.61	2.76	2.90
Average number of days of annual paid leave taken per person <sup>8,9</sup>	4.4	4.4	5.0	5.8	6.2	7.1	7.4	9.8	8.4	9.5
Annual paid leave take-up rate (%)	23.6	23.6	27.0	32.8	35.0	39.7	42.2	56.1	46.5	52.7
Frequency rate of accidents in the construction division that result in lost worktime (%) <sup>10</sup>	—	—	—	2.42	2.57	1.89	2.42	2.92	2.27	2.49
Average monthly work hours per person <sup>11</sup>	—	—	—	171.4	170.0	168.3	170.3	168.2	176.7	177.6
Average monthly overtime work hours per person <sup>8</sup>	28.3	28.2	26.9	28.0	28.2	25.9	24.6	23.3	22.0	23.9
Training investment (Millions of yen) <sup>12</sup>	583	649	692	734	704	873	848	887	543	623
<b>Diversity and Inclusion</b>										
Number of female employees in managerial positions (Group-wide)	53	65	101	114	141	158	176	206	236	273
Ratio of female employees in managerial positions (Group-wide) (%)	1.58	1.52	2.26	2.43	2.79	2.94	3.10	3.44	3.79	4.31
Number of full-time female employees	4,333	4,547	4,767	4,954	5,148	5,426	5,687	5,957	6,225	6,454
Ratio of full-time female employees to total employees (%)	21.5	21.3	21.8	23.6	24.3	25.1	25.8	26.5	27.3	28.1
Number of female officers (directors of the Board, Audit and Supervisory Board members and executive officers) <sup>7</sup>	—	—	—	—	—	—	3	3	3	7
Take-up rate for eligible male employee childcare leave (%) <sup>7</sup>	2.0	3.0	19.0	23.0	70.0	95.0	100	100	100	100
Rate of return to the job after childcare leave (%) <sup>7</sup>										
Male employees	100	100	100	100	100	100	100	100	100	99.9
Female employees	94.1	93.0	93.3	93.5	95.8	100	95.3	97.5	97.3	97.1

6. From FY2018, data for the period from April 1st to March 31st of the following year

7. On a non-consolidated basis

8. On a non-consolidated basis until FY2014

9. Calculation method changed from FY2020 to include managers

10. Scope of data: Contractors of Sekisui House from FY2015 to FY2019; contractors of Sekisui House, Sekisui House noie and Konoike Construction from FY2020

11. Calculation method changed from FY2020 to include managers and exclude employees on leave

12. On a non-consolidated basis until FY2018

# Financial Analysis

## Operating Results

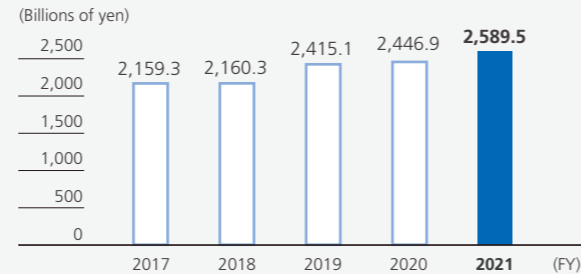
Consolidated net sales increased ¥142.6 billion year on year, or 5.8%, to a record high ¥2,589.5 billion, due to increased sales from all business models.

Consolidated operating income increased ¥43.6 billion year on year, or 23.4%, to a record of high ¥230.1 billion, due to increased income in the overseas business resulting from housing sales and progress in property sales in the United States, as well as contributions from the built-to-order business and the supplied housing business.

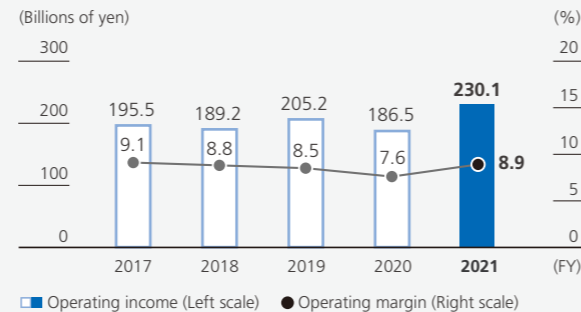
Consolidated ordinary income increased ¥45.3 billion year on year, or 24.6%, to a record high of ¥230.0 billion, mainly due to the increase in operating income.

Profit attributable to owners of parent increased ¥30.3 billion, or 24.6%, to ¥153.9 billion, another record high.

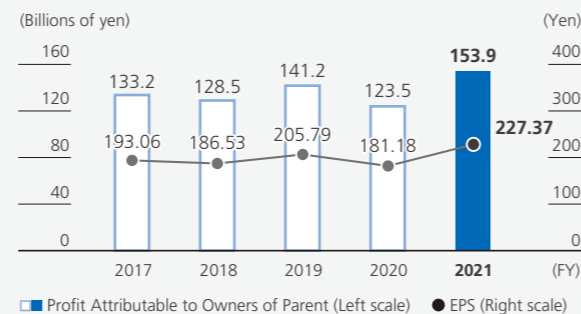
### Net Sales



### Operating Income and Operating Margin



### Profit Attributable to Owners of Parent and EPS



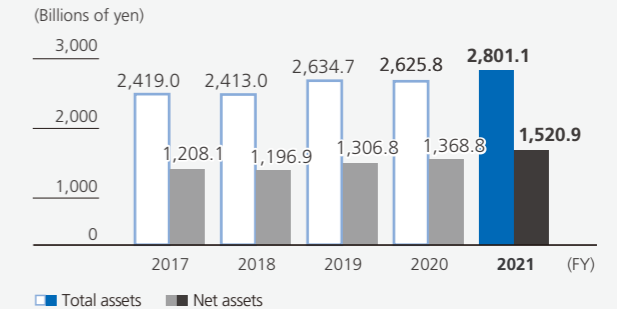
## Financial Position

Total assets as of January 31, 2022 increased 6.7% from a year earlier to ¥2,801.1 billion. Current assets increased 9.7% to ¥1,952.7 billion, primarily due to an increase in real estate for sale. Non-current assets increased 0.4% to ¥848.4 billion due to an increase in property, plant and equipment and other factors.

Total liabilities increased 1.9% from a year earlier to ¥1,280.2 billion, mainly due to an increase in borrowings and income taxes payable, despite a decrease resulting from the redemption of bonds.

Net assets increased 11.1% from a year earlier to ¥1,520.9 billion, mainly due to an increase in retained earnings resulting from the ¥153.9 billion in profit attributable to owners of parent.

### Total Assets and Net Assets



## Cash Flows

### ► Cash Flows from Operating Activities

Net cash provided by operating activities decreased ¥73.9 billion to ¥118.0 billion due to factors including profit before income taxes of ¥234.3 billion.

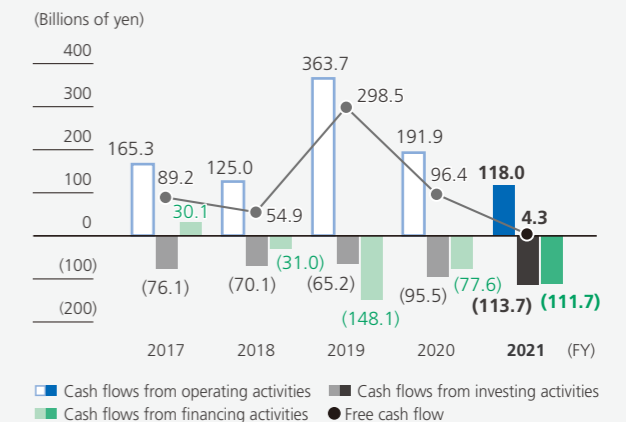
### ► Cash Flows from Investing Activities

Net cash used in investing activities increased ¥18.2 billion year on year to ¥113.7 billion. Purchases of property, plant and equipment, including real estate for lease, decreased ¥4.5 billion to ¥82.9 billion.

### ► Cash Flows from Financing Activities

Net cash used in financing activities increased ¥34.0 billion year on year to ¥111.7 billion. Cash dividends paid decreased ¥3.1 billion to ¥55.6 billion.

### Cash Flows

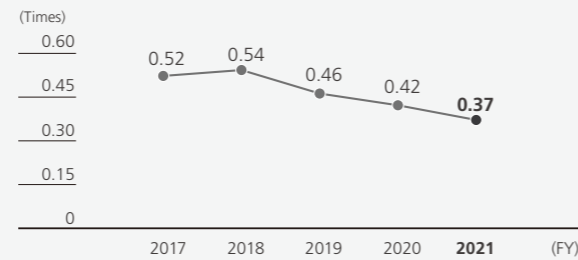


## Financial Analysis

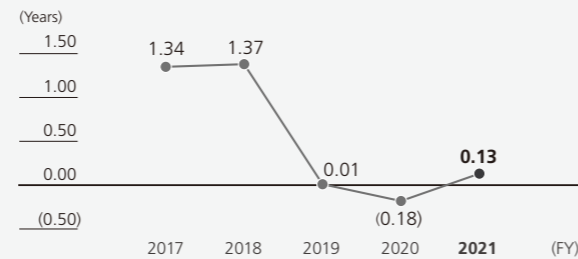
### Financial Resources for Capital and Liquidity of Funds

The Group mainly requires funds for working capital as well as for investments such as the acquisition and development of real estate (including inventories). Working capital comes from internal funds, borrowings or short-term bonds (commercial paper), while funds for investment are mainly raised through bonds and loans. By selecting the most suitable funding method from these diverse options, we ensure a stable source of funds and reduce financing costs. In addition, to maintain financial soundness we have set medium-term targets for the D/E ratio and debt repayment term (Net debt ÷ EBITDA) of 0.45 or less and one year or less, respectively, premised on maintaining an AA credit rating from domestic rating agencies. We have also entered into commitment line and overdraft contracts with multiple financial institutions, thereby ensuring ample liquidity.

#### D/E Ratio



#### Debt Repayment Term

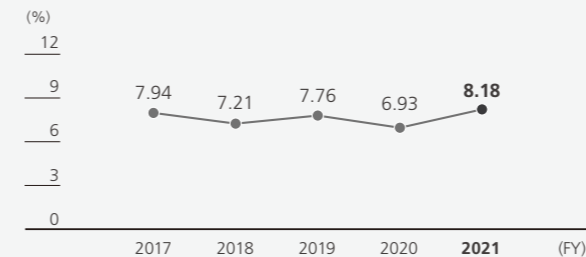


### Targeted Performance Indicators

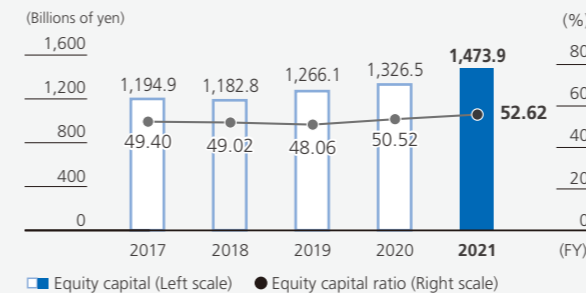
In order to promote business efficiency, we aim to strengthen our balance sheet and raise asset efficiency in each of our businesses. As a result of these initiatives, we aim to achieve ROA of 10% and keep ROE above 10%. In FY2021, ROA was 8.6% and ROE was 11.0%.

#### (Other performance indicators, etc.)

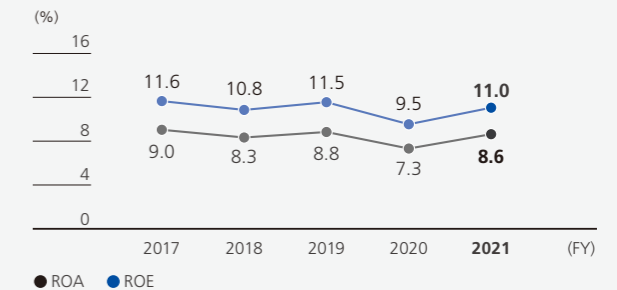
##### Return on Invested Capital (ROIC)



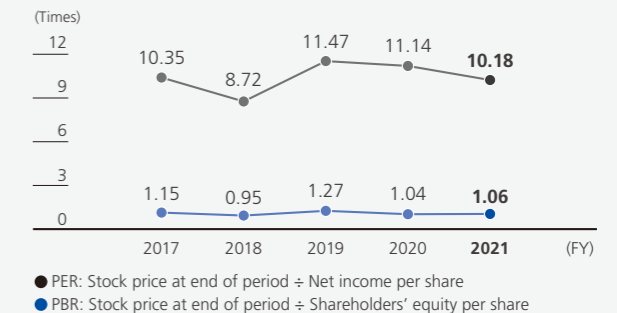
##### Equity Capital/Equity Capital Ratio



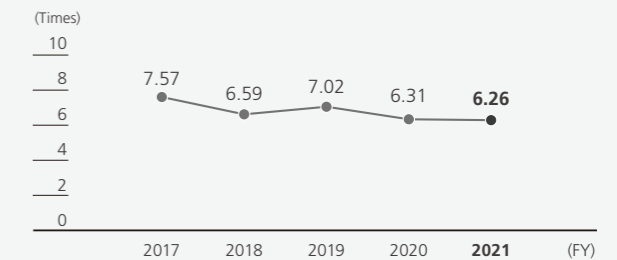
##### ROA/ROE



##### PER/PBR



##### Enterprise Multiple (EV/EBITDA)



## Financial Analysis

### Results by Segment

#### Built-to-Order Business

The built-to-order business posted increases in both sales and income.

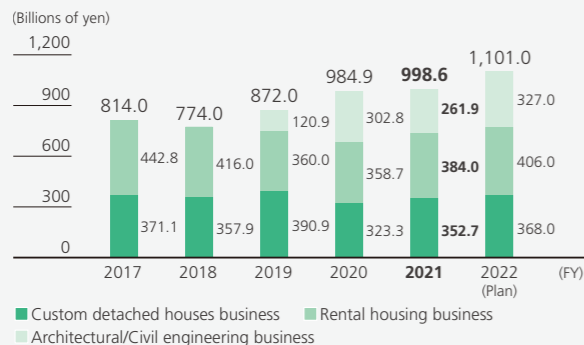
The custom detached houses business concentrated on the promotion of mid- to high-end products. The favorable order trend continued as a result of high-added-value proposals including Family Suite *Ouchi* Premium for new lifestyles to address diverse residential needs and changes in lifestyles during the COVID-19 pandemic and Green First ZERO for net Zero energy houses (ZEH) that reached an adoption rate of 92% in FY2021, as well as stable construction progress.

The rental housing business engaged in full-scale area-specific marketing focused on urban districts while concentrating on the promotion of three- and four-story rental housing. As a result, the percentage of three- and four-story properties reached 79%. In addition, our Sha Maison ZEH rental housing has been well received as a new option for ethical housing that helps realize a decarbonized society and offers merits to owners and tenants. We received orders for about 8,500 units during the year, significantly more than in the previous fiscal year. Sekisui House Real Estate companies succeeded in property management, sustaining a favorable upward trend in orders for rental housing management, including corporate housing. However, orders for small hotels and other non-residential properties remained sluggish due to the COVID-19 pandemic.

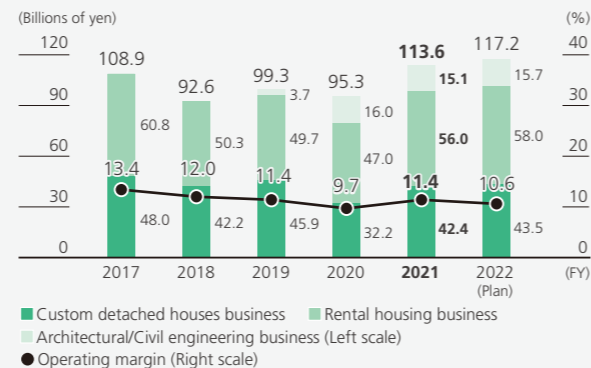
Earnings from the architectural/civil engineering business declined due to factors including a rebound from the sale of several large properties in the previous fiscal year by Konoike Construction, a consolidated subsidiary, and the impact of the COVID-19 pandemic. The pandemic continued to have a substantial negative impact on orders for hotels and other commercial facilities.

Built-to-order business sales totaled ¥998.6 billion, up ¥13.7 billion, or 1.4% year on year, and operating income was ¥113.6 billion, up ¥18.3 billion, or 19.2% year on year.

#### Sales



#### Operating Income and Operating Margin



#### Supplied Housing Business

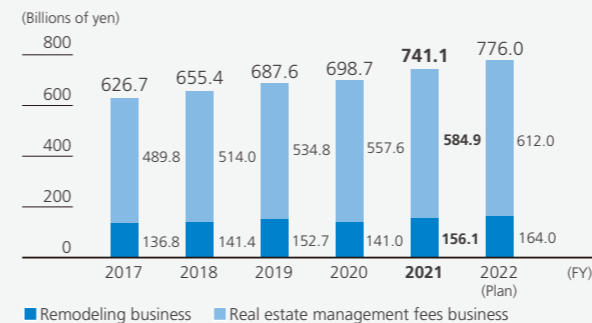
The supplied housing business posted increases in both sales and income.

The remodeling business achieved a high level of orders due to the popularity of remodeling proposals such as Family Suite Renovation adapted to growing interest in more comfortable living spaces and lifestyle changes, *Idocoro Dan-netsu* (location-based insulation upgrades) that upgrades thermal insulation primarily in the living room and other living spaces, renovations for energy generation, and other such environment-based remodeling. The high level of orders continued mainly as a result of large-scale projects.

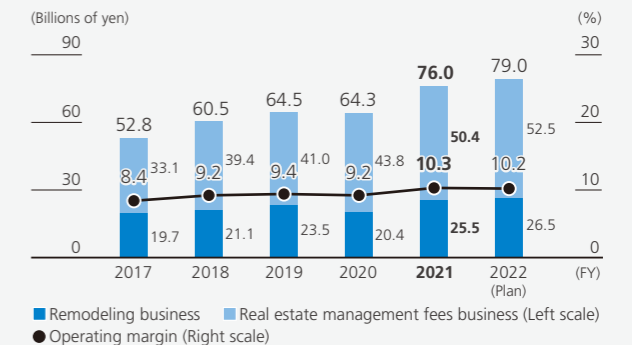
The real estate management fees business steadily increased the number of housing units under management through the supply of Sha Maison high-quality and high-performance rental housing built in prime locations. High-quality building management and services enhancing the lives of residents maintained high occupancy rates and rents, which in turn contributed to higher earnings. We also established Sekisui House Real Estate Holdings as an intermediate holding company to oversee the Sekisui House Real Estate Group with a broader view on expanding the business domain.

Supplied housing business sales totaled ¥741.1 billion, up ¥42.4 billion, or 6.1% year on year, and operating income was ¥76.0 billion, up ¥11.6 billion, or 18.1% year on year.

#### Sales



#### Operating Income and Operating Margin



## Financial Analysis

### Development Business

The development business posted increases in both sales and income.

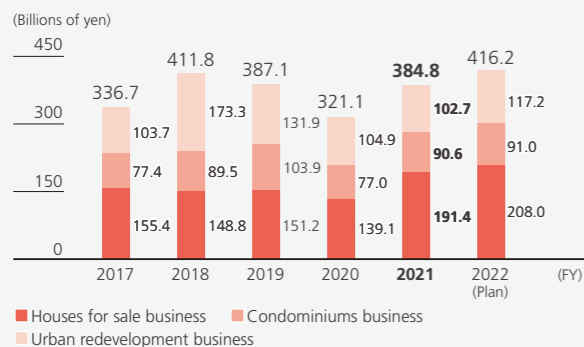
The houses for sale business actively continued to acquire prime land and strengthened its sales system to respond to higher demand. These efforts strongly drove orders from customers considering the purchase of land to develop build a home.

The condominiums business engaged in the development of high-added-value condominiums employing a comprehensive area-specific strategy and proposals for environmental performance and lifestyle features developed for custom detached housing.

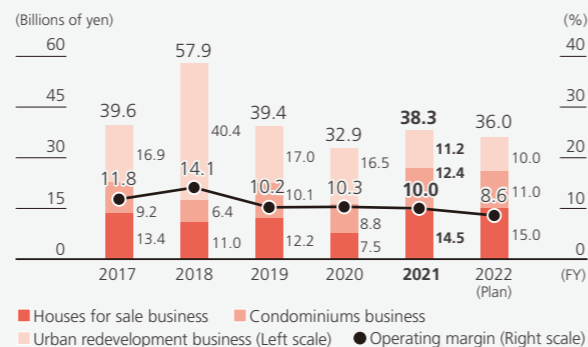
The urban redevelopment business steadily increased the occupancy rate of Sekisui House Group properties, such as the office buildings and Prime Maison rental housing developed by Sekisui House. The sale of properties to Sekisui House Reit proceeded as planned. However, hotel revenue has fallen with the decline in travelers and other factors resulting from the COVID-19 pandemic.

Development business sales totaled ¥384.8 billion, up ¥63.6 billion, or 19.8% year on year, and operating income was ¥38.3 billion, up ¥5.3 billion, or 16.2% year on year.

#### Sales



#### Operating Income and Operating Margin



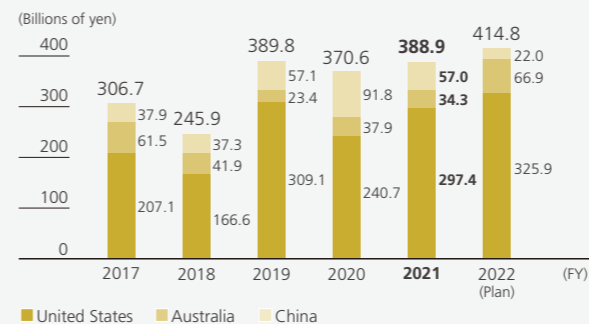
### Overseas Business

The overseas business posted increases in both sales and income.

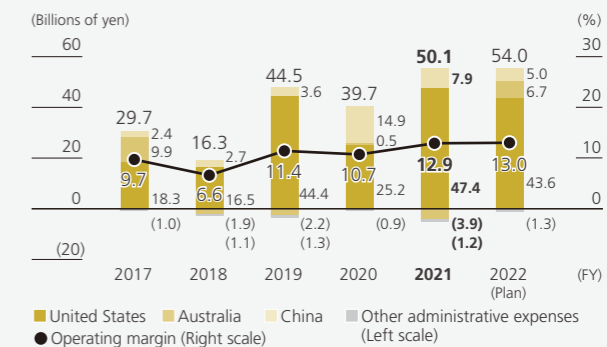
In the United States, the master-planned community business and Woodside Homes homebuilding business continued to perform strongly with historically low mortgage rates. The multifamily business increased its sales with the completion of deliveries as planned. In Australia, sales declined due to delayed recovery in the real estate market and the effects of the COVID-19 pandemic. In China, our businesses moved forward with deliveries as planned, but sales dropped due to the concentration of closings for condominiums in Suzhou during the previous fiscal year.

Overseas business sales totaled ¥388.9 billion, up ¥18.2 billion, or 4.9% year on year, and operating income was ¥50.1 billion, up ¥10.4 billion, or 26.3% year on year.

#### Sales



#### Operating Income and Operating Margin



Note: The Singapore and United Kingdom businesses are reported as equity in earnings of affiliates.

# Sales and Operating Income by Segment

		(Millions of yen)									
(Fiscal year)		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sales	<b>Built-to-Order Business</b>										
	Custom detached houses	465,149	517,691	427,044	393,786	383,129	371,171	357,944	390,995	323,332	352,732
	Rental housing	303,712	356,202	398,483	400,601	440,312	442,845	416,062	360,026	358,745	384,022
	Architectural/Civil engineering	—	—	—	—	—	—	—	120,986	302,837	261,930
	Subtotal	768,862	873,894	825,527	794,388	823,442	814,017	774,006	872,008	984,915	998,685
	<b>Supplied Housing Business</b>										
	Remodeling	111,548	125,046	134,166	134,458	133,498	136,843	141,416	152,729	141,090	156,167
	Real estate management fees	393,978	408,403	428,227	448,751	469,132	489,891	514,035	534,876	557,632	584,969
	Subtotal	505,527	533,450	562,393	583,210	602,631	626,735	655,452	687,606	698,722	741,136
	<b>Development Business</b>										
	Houses for sale	127,810	133,405	118,730	137,484	142,014	155,481	148,880	151,268	139,151	191,488
	Condominiums	52,538	63,083	56,699	81,470	66,125	77,497	89,581	103,984	77,091	90,612
	Urban redevelopment	45,528	42,428	178,344	93,038	130,491	103,777	173,391	131,920	104,953	102,736
	Subtotal	225,877	238,917	353,774	311,993	338,631	336,756	411,853	387,173	321,195	384,837
	<b>Overseas Business</b>										
	Subtotal	54,844	85,392	79,835	89,522	182,127	306,716	245,953	389,866	370,686	388,936
	Other	58,704	73,447	91,190	79,764	80,099	75,137	73,050	78,531	71,384	75,984
<b>Total</b>	<b>1,613,816</b>	<b>1,805,102</b>	<b>1,912,721</b>	<b>1,858,879</b>	<b>2,026,931</b>	<b>2,159,363</b>	<b>2,160,316</b>	<b>2,415,186</b>	<b>2,446,904</b>	<b>2,589,579</b>	
Operating Income	<b>Built-to-Order Business</b>										
	Custom detached houses	48,800	65,813	48,894	47,208	49,514	48,043	42,255	45,942	32,231	42,475
	Rental housing	27,547	36,492	45,825	51,918	60,832	60,883	50,376	49,710	47,052	56,047
	Architectural/Civil engineering	—	—	—	—	—	—	—	3,730	16,051	15,146
	Subtotal	76,347	102,306	94,719	99,127	110,347	108,926	92,632	99,383	95,335	113,668
	<b>Supplied Housing Business</b>										
	Remodeling	11,542	14,037	14,997	15,847	17,544	19,760	21,109	23,535	20,479	25,546
	Real estate management fees	17,039	20,064	23,405	26,819	31,278	33,133	39,407	41,054	43,869	50,480
	Subtotal	28,582	34,101	38,402	42,667	48,823	52,893	60,516	64,589	64,348	76,027
	<b>Development Business</b>										
	Houses for sale	1,580	8,143	8,491	11,919	8,822	13,460	11,088	12,259	7,586	14,548
	Condominiums	1,004	3,978	4,738	8,031	2,248	9,229	6,478	10,134	8,817	12,486
	Urban redevelopment	9,787	8,561	25,802	24,747	23,414	16,994	40,403	17,045	16,565	11,276
	Subtotal	12,372	20,683	39,032	44,698	34,485	39,684	57,970	39,439	32,969	38,311
	<b>Overseas Business</b>										
	Subtotal	4,247	8,581	4,419	(5,673)	25,172	29,761	16,340	44,551	39,708	50,147
	Other	(445)	1,690	3,123	2,511	726	1,234	(44)	(273)	(2,480)	(1,208)
Eliminations and adjustments	(34,907)	(35,434)	(33,102)	(33,686)	(35,390)	(36,960)	(38,192)	(42,434)	(43,363)	(46,786)	
<b>Total</b>	<b>86,196</b>	<b>131,930</b>	<b>146,595</b>	<b>149,645</b>	<b>184,164</b>	<b>195,540</b>	<b>189,223</b>	<b>205,256</b>	<b>186,519</b>	<b>230,160</b>	

Note: Architectural/Civil engineering became a reportable segment as of FY2020. The figures for FY2019 have been restated.

# Company Information (As of January 31, 2022)

## Corporate Profile

<b>Corporation Name</b>	Sekisui House, Ltd.
<b>Head Office</b>	Umeda Sky Building Tower East, 1-1-88, Oyodonaka, Kita-ku, Osaka, 531-0076, Japan
<b>Date of Establishment</b>	August 1, 1960
<b>Number of Employees</b>	28,821 (consolidated basis) 15,017 (non-consolidated basis)
<b>Capital Stock</b>	¥202,591.2 million
<b>Production Bases</b>	Five locations in Japan (in Miyagi, Ibaraki, Shizuoka, Hyogo and Yamaguchi prefectures)
<b>Research Institutes</b>	Comprehensive Housing R&D Institute and Human Life R&D Institute
<b>Sales and Service Offices</b>	Sales Offices: 116 Customer Service Centers: 30 Display House Locations: 315
<b>Affiliated Companies</b>	Consolidated Subsidiaries 335 companies (55 in Japan, 280 overseas) Sekisui House Real Estate: 6 companies* Sekisui House Remodeling, Ltd. Sekiwa Construction: 15 companies Sekisui House noie Limited Konoike Construction Co., Ltd. Sekisui House Asset Management, Ltd.  Other  Equity-method Affiliates 34 companies (12 in Japan, 22 overseas)

\* Effective February 1, 2022, the Sekisui House Real Estate Group, centered on six companies, was reorganized through an absorption-type company split into an intermediate holding company structure headed by Sekisui House Real Estate Holdings, Ltd., a wholly owned subsidiary established on November 1, 2021. Effective the same date, businesses under the jurisdiction of the Company's Broking and Leasing Business Headquarters were also transferred to Sekisui House Real Estate Holdings through the absorption-type company split.

## Locations

### In Japan



Sekisui House, Ltd. Head Office



Hyogo Factory



Yamaguchi Factory

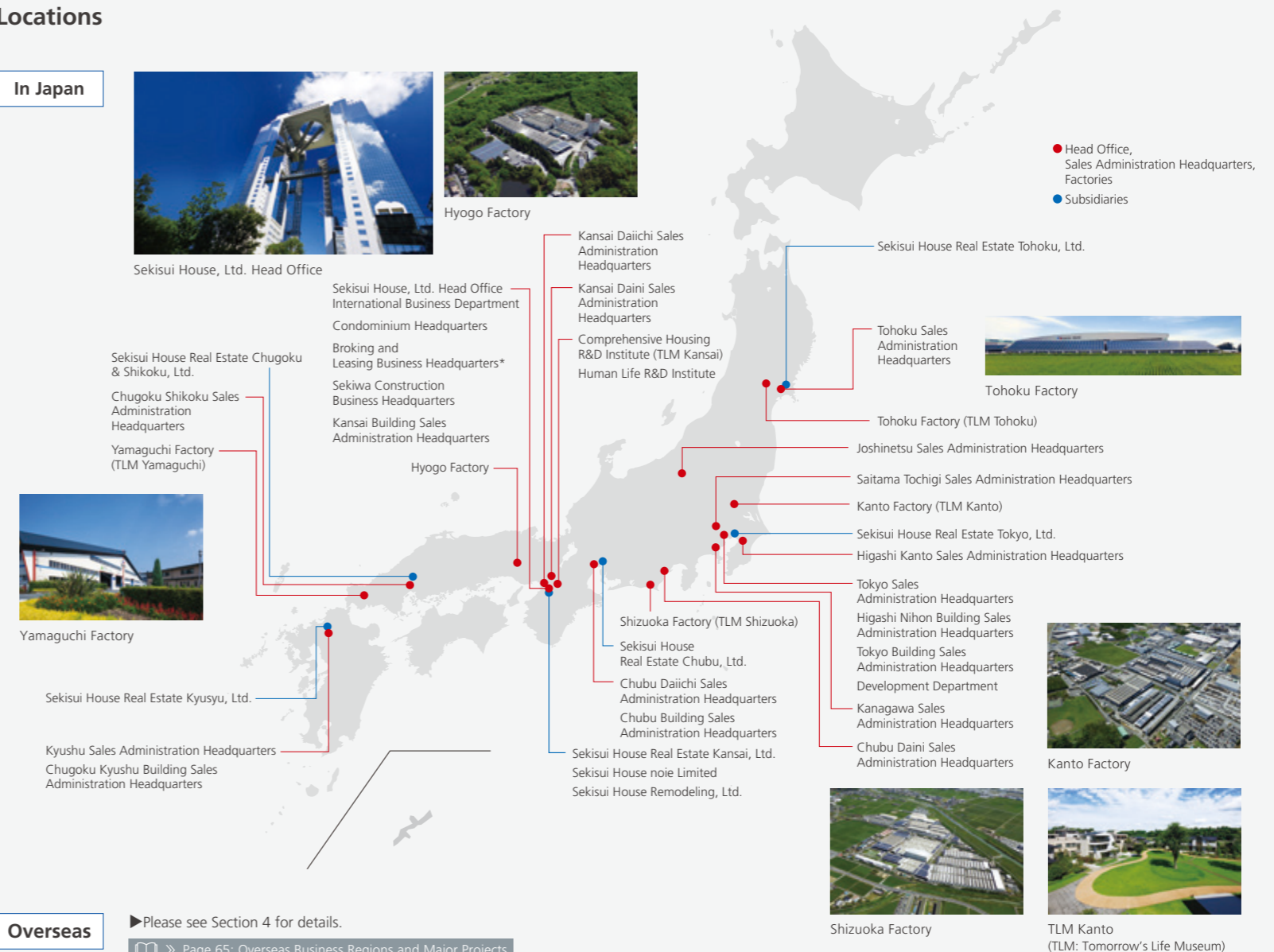
Sekisui House Real Estate Kyusyu, Ltd.

Kyushu Sales Administration Headquarters  
Chugoku Kyushu Building Sales  
Administration Headquarters

### Overseas

▶ Please see Section 4 for details.

» Page 65: Overseas Business Regions and Major Projects



# Share Information

(As of January 31, 2022)

<b>Total number of shares authorized</b>	1,978,281,000
<b>Total number of shares issued</b>	684,683,466 (including 9,740,876 treasury shares)
<b>Trading unit</b>	100 shares
<b>Total number of shareholders</b>	90,711

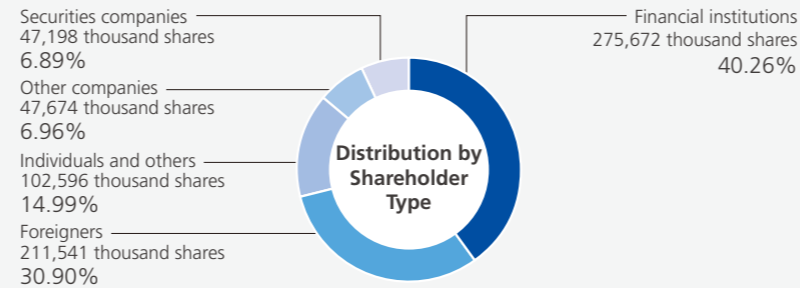
## Major Shareholders (Top 10)

Name	Number of Shares Held (Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	121,998	18.08%
Custody Bank of Japan, Ltd. (Trust Account)	38,703	5.73%
SMBC Nikko Securities Inc.	22,506	3.33%
Sekisui Chemical Co., Ltd.	22,168	3.28%
Employees' Stockholding	18,961	2.81%
State Street Bank West Client - Treaty 505234	12,232	1.81%
MUFG Bank, Ltd.	10,899	1.61%
The Dai-ichi Life Insurance Company, Limited	10,828	1.60%
JP Morgan Chase Bank 385781	7,483	1.11%
STATE STREET BANK AND TRUST COMPANY 505103	7,256	1.08%

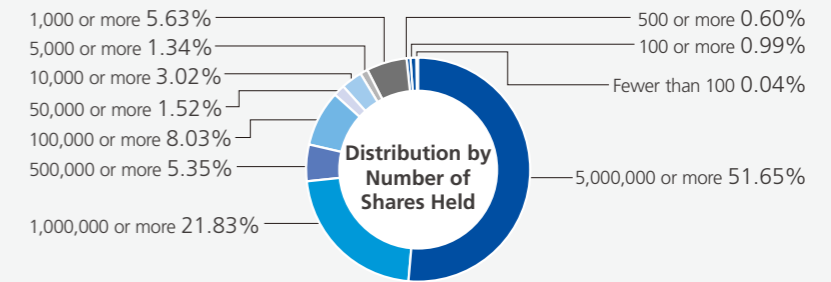
Notes:

- Employees' Stockholding is the Company employee stockholders association.
- The Company holds 9,740 thousand shares of treasury stock. These shares are excluded from the above list of major shareholders. The shareholding ratio is calculated by dividing the number of shares held by the total number of shares issued, excluding treasury shares.

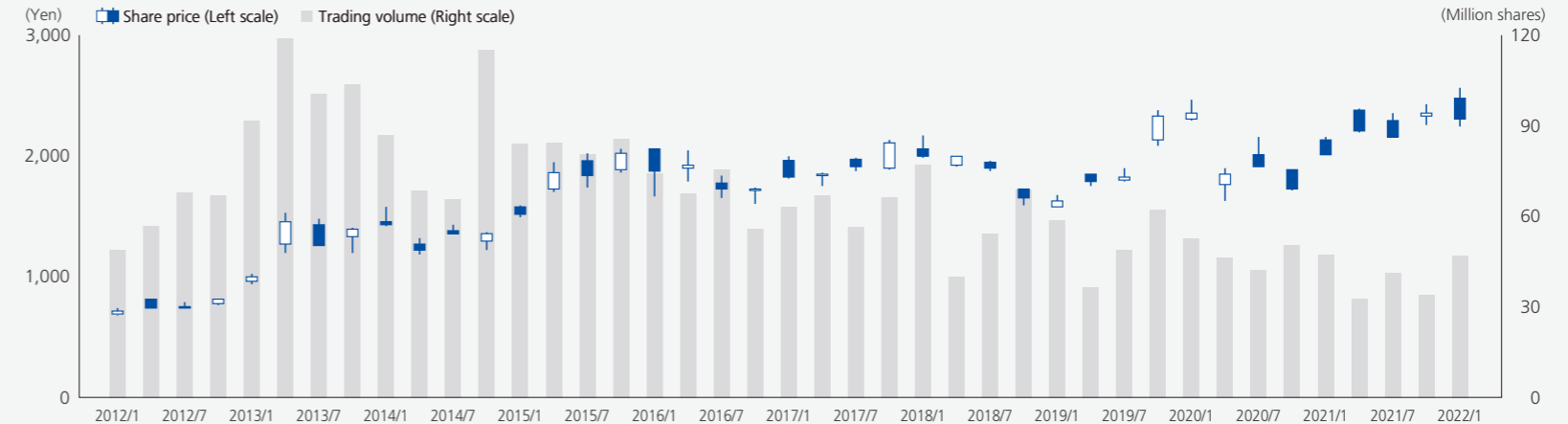
## Share Distribution



Note: 9,740 thousand treasury shares are included in "Individuals and others"



## Stock Price and Trading Volume



## Total Shareholder Return

Fiscal Year	2017	2018	2019	2020	2021
Sekisui House	113.5%	97.5%	142.1%	128.0%	149.1%
TOPIX (including dividends)	123.3%	107.5%	118.5%	130.3%	139.5%



# Sekisui House, Ltd. and Subsidiaries Consolidated Financial Statements

Year ended January 31, 2022

Previous financial statements were prepared using terminology unique to our *Annual Report* and *Integrated Report*. As of FY2021 (*Value Report 2022*), the financial statements are prepared in conformance with the taxonomy of account titles published by the Financial Services Agency of Japan using a translation corresponding to the content of the Company's Securities Report (*Yuka Shoken Hokokusho*). As a result, some line item names are different from the account titles used until FY2020 (*Integrated Report 2021*).

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# Financial Information

## 1. Basis of preparation of the consolidated financial statements

- (1) The consolidated financial statements of Sekisui House, Ltd. (the “Company”) are prepared in conformity with the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976, hereinafter, “Regulation on Consolidated Financial Statements”) and in accordance with the “Regulation for Enforcement of the Construction Business Act (Ministry of Construction Order No. 14 of 1949).
- (2) The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥115.44 to \$1, the approximate rate of exchange at January 31, 2022. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. In addition, this annual report is literally translated from the consolidated financial statements in Annual Securities Report year ended January 31, 2022.

## 2. Note on independent audit

Pursuant to Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act of Japan, the consolidated financial statements for the fiscal year ended January 31, 2022 (from February 1, 2021 to January 31, 2022) were audited by Ernst & Young ShinNihon LLC.

## 3. Special efforts to ensure fair presentation of consolidated financial statements, etc.

The Company has taken special efforts to ensure the fair presentation of the consolidated financial statements. Specifically, the Company has joined the Financial Accounting Standards Foundation and attends seminars held by the foundation in order to properly understand details of accounting standards and other rules and establish a system that enables appropriate response to changes in accounting standards and other rules.

# Consolidated Balance Sheet

Sekisui House, Ltd. and Subsidiaries  
January 31, 2022

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits .....	¥ 600,284	¥ 515,283	\$ 4,463,643
Notes receivable and accounts receivable from completed construction contracts .....	144,253	132,471	1,147,531
Costs on construction contracts in progress .....	16,451	18,299	158,515
Buildings for sale .....	*3, *5, *7 341,721	*3, *5, *7 436,973	*3, *5, *7 3,785,282
Land for sale in lots .....	*3, *5, *7 495,950	*3, *5, *7 589,879	*3, *5, *7 5,109,832
Undeveloped land for sale .....	86,290	149,828	1,297,886
Other inventories .....	*1 7,333	*1 9,501	*1 82,302
Other .....	*4, *5 89,500	*4, *5 101,672	*4, *5 880,735
Allowance for doubtful accounts .....	(1,073)	(1,179)	(10,213)
Total current assets	1,780,711	1,952,729	16,915,532
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Buildings and structures .....	*3, *5 363,229	*3, *5 365,224	*3, *5 3,163,756
Machinery, equipment and vehicles .....	*3 70,786	*3 71,333	*3 617,923
Tools, furniture and fixtures .....	*3 37,036	*3 37,007	*3 320,573
Land .....	*3, *5 287,307	*3, *5 284,788	*3, *5 2,466,979
Leased assets .....	4,257	5,157	44,673
Construction in progress .....	*3 42,516	*3 49,597	*3 429,634
Accumulated depreciation .....	(269,740)	(272,397)	(2,359,641)
Total property, plant and equipment	535,393	540,711	4,683,914

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
<b>Intangible assets</b>			
Goodwill .....	1,575	250	2,166
Industrial property .....	105	31	269
Leasehold interests in land .....	4,172	2,575	22,306
Software .....	*3 13,327	*3 14,586	*3 126,351
Right to use facilities .....	*3 168	*3 201	*3 1,741
Telephone subscription right .....	320	308	2,668
Other .....	57	34	295
Total intangible assets	19,727	17,988	155,821
<b>Investments and other assets</b>			
Investment securities .....	*2, *5 180,570	*2, *5 190,334	*2, *5 1,648,770
Long-term loans receivable .....	*5 18,952	*5 5,793	*5 50,182
Retirement benefit asset .....	1,381	7,206	62,422
Deferred tax assets .....	24,597	24,091	208,688
Other .....	*4 65,026	*4 62,626	*4 542,498
Allowance for doubtful accounts .....	(498)	(294)	(2,547)
Total investments and other assets	290,029	289,759	2,510,040
Total non-current assets	845,150	848,459	7,349,783
Total assets	¥2,625,861	¥2,801,189	\$24,265,324

# Consolidated Balance Sheet

Sekisui House, Ltd. and Subsidiaries  
January 31, 2022

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
<b>Liabilities</b>			
<b>Current liabilities</b>			
Notes payable and accounts payable for construction contracts .....	¥ 104,972	¥ 111,022	\$ 961,729
Electronically recorded obligation .....	97,780	96,635	837,102
Short-term borrowings .....	166,019	219,218	1,898,978
Current portion of bonds payable .....	30,000	—	—
Current portion of long-term borrowings .....	*5, *7 56,520	*5, *7 16,235	*5, *7 140,636
Income taxes payable .....	29,704	43,021	372,670
Advances received on construction contracts in progress .....	208,750	207,798	1,800,052
Provision for bonuses .....	26,105	31,270	270,877
Provision for bonuses for directors (and other officers) .....	1,258	1,385	11,998
Provision for warranties for completed construction ...	3,164	3,897	33,758
Other .....	111,485	137,416	1,190,367
Total current liabilities	835,763	867,903	7,518,217
<b>Non-current liabilities</b>			
Bonds payable .....	170,000	170,000	1,472,626
Long-term borrowings .....	*5, *7 132,665	*5, *7 136,556	*5, *7 1,182,918
Long-term leasehold and guarantee deposits received .....	*5 59,169	*5 59,079	*5 511,772
Deferred tax liabilities .....	364	464	4,019
Provision for retirement benefits for directors (and other officers) .....	857	864	7,484
Retirement benefit liability .....	43,011	30,733	266,225
Other .....	15,142	14,626	126,698
Total non-current liabilities	421,211	412,325	3,571,769
Total liabilities	1,256,974	1,280,229	11,089,995

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Share capital .....	202,591	202,591	1,754,946
Capital surplus .....	258,989	258,989	2,243,494
Retained earnings .....	839,985	940,135	8,143,928
Treasury shares .....	(6,883)	(20,975)	(181,696)
Total shareholders' equity	1,294,682	1,380,740	11,960,672
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities ....	40,174	41,488	359,390
Deferred gains or losses on hedges .....	(45)	141	1,221
Foreign currency translation adjustment .....	2,355	47,245	409,260
Remeasurements of defined benefit plans .....	(10,631)	4,323	37,448
Total accumulated other comprehensive income	31,852	93,199	807,337
Share acquisition rights .....	508	186	1,611
Non-controlling interests .....	41,842	46,832	405,683
Total net assets	1,368,887	1,520,959	13,175,321
Total liabilities and net assets	¥2,625,861	¥2,801,189	\$24,265,324

\* See notes to consolidated financial statements.

# Consolidated Statement of Income

Sekisui House, Ltd. and Subsidiaries  
Year ended January 31, 2022

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
<b>Net sales</b> .....	¥2,446,904	<b>¥2,589,579</b>	<b>\$22,432,251</b>
<b>Cost of sales</b> .....	*1, *5 1,973,393	*1, *5 <b>2,060,702</b>	*1, *5 <b>17,850,849</b>
Gross profit	473,511	<b>528,877</b>	<b>4,581,402</b>
<b>Selling, general and administrative expenses</b>			
Selling expenses .....	*2 54,576	*2 <b>56,031</b>	*2 <b>485,369</b>
General and administrative expenses .....	*2, *5 232,416	*2, *5 <b>242,684</b>	*2, *5 <b>2,102,252</b>
Total selling, general and administrative expenses .....	286,992	<b>298,716</b>	<b>2,587,630</b>
Operating profit	186,519	<b>230,160</b>	<b>1,993,763</b>
<b>Non-operating income</b>			
Interest income .....	2,970	<b>2,604</b>	<b>22,557</b>
Dividend income .....	1,969	<b>1,904</b>	<b>16,493</b>
Foreign exchange gains .....	—	<b>1,134</b>	<b>9,823</b>
Share of profit of entities accounted for using equity method .....	619	—	—
Other .....	3,308	<b>3,446</b>	<b>29,851</b>
Total non-operating income	8,867	<b>9,088</b>	<b>78,725</b>
<b>Non-operating expenses</b>			
Interest expenses .....	2,769	<b>3,836</b>	<b>33,229</b>
Share of loss of entities accounted for using equity method .....	—	<b>1,238</b>	<b>10,724</b>
Foreign exchange losses .....	3,575	—	—
Other .....	4,343	<b>4,080</b>	<b>35,343</b>
Total non-operating expenses	10,688	<b>9,155</b>	<b>79,305</b>
Ordinary profit	184,697	<b>230,094</b>	<b>1,993,191</b>
<b>Extraordinary income</b>			
Gain on liquidation of subsidiaries and affiliates .....	—	<b>3,088</b>	<b>26,750</b>
Gain on sale of shares of subsidiaries and affiliates .....	—	<b>2,246</b>	<b>19,456</b>
Gain on sale of investment securities .....	3,594	<b>1,166</b>	<b>10,100</b>
Total extraordinary income	3,594	<b>6,501</b>	<b>56,315</b>
<b>Extraordinary losses</b>			
Loss on sale and retirement of non-current assets .....	*4 1,319	*4 <b>1,629</b>	*4 <b>14,111</b>
Impairment losses .....	*3 356	*3 <b>539</b>	*3 <b>4,669</b>
Loss on sale of investment securities .....	16	<b>51</b>	<b>442</b>
Loss on valuation of investment securities .....	490	<b>21</b>	<b>182</b>
Loss related to COVID-19 .....	*6 615	*6 <b>19</b>	*6 <b>165</b>
Total extraordinary losses	2,798	<b>2,261</b>	<b>19,586</b>
Profit before income taxes	185,494	<b>234,334</b>	<b>2,029,920</b>
Income taxes—current .....	57,091	<b>75,789</b>	<b>656,523</b>
Income taxes—deferred .....	(1,021)	<b>(5,470)</b>	<b>(47,384)</b>
Total income taxes	56,070	<b>70,319</b>	<b>609,139</b>
Profit	129,423	<b>164,015</b>	<b>1,420,781</b>
Profit attributable to non-controlling interests .....	5,881	<b>10,109</b>	<b>87,569</b>
Profit attributable to owners of parent .....	¥ 123,542	<b>¥ 153,905</b>	<b>\$ 1,333,203</b>

\* See notes to consolidated financial statements.

# Consolidated Statement of Comprehensive Income

Sekisui House, Ltd. and Subsidiaries  
Year ended January 31, 2022

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
Profit .....	¥129,423	<b>¥164,015</b>	<b>\$1,420,781</b>
Other comprehensive income			
Valuation difference on available-for-sale securities .....	(196)	<b>862</b>	<b>7,467</b>
Foreign currency translation adjustment .....	(8,219)	<b>40,766</b>	<b>353,136</b>
Remeasurements of defined benefit plans, net of tax .....	8,724	<b>15,103</b>	<b>130,830</b>
Share of other comprehensive income of entities accounted for using equity method .....	(602)	<b>4,315</b>	<b>37,379</b>
Total other comprehensive income	*1 (294)	*1 <b>61,048</b>	*1 <b>528,829</b>
Comprehensive income	¥129,129	<b>¥225,063</b>	<b>\$1,949,610</b>

Comprehensive income attributable to

Comprehensive income attributable to owners of parent .....	¥123,707	<b>¥215,253</b>	<b>\$1,864,631</b>
Comprehensive income attributable to non-controlling interests .....	5,421	<b>9,810</b>	<b>84,979</b>

\* See notes to consolidated financial statements.

# Consolidated Statement of Changes in Equity

Sekisui House, Ltd. and Subsidiaries  
Year ended January 31, 2022

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	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	Share acquisition rights	Non-controlling interests	Total net assets
Fiscal year ended January 31, 2021													
<b>Balance at beginning of period</b>	¥202,591	¥258,994	¥786,591	¥(13,668)	¥1,234,509	¥39,894	¥ (60)	¥11,174	¥(19,322)	¥31,686	¥ 609	¥40,044	¥1,306,850
Changes during period													
Dividends of surplus .....	—	—	(58,726)	—	(58,726)	—	—	—	—	—	—	—	(58,726)
Profit attributable to owners of parent .....	—	—	123,542	—	123,542	—	—	—	—	—	—	—	123,542
Purchase of treasury shares .....	—	—	—	(5,010)	(5,010)	—	—	—	—	—	—	—	(5,010)
Disposal of treasury shares .....	—	—	(99)	472	373	—	—	—	—	—	—	—	373
Cancellation of treasury shares .....	—	—	(11,323)	11,323	—	—	—	—	—	—	—	—	—
Change in scope of consolidation .....	—	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of shares of consolidated subsidiaries .....	—	(3)	—	—	(3)	—	—	—	—	—	—	—	(3)
Change in ownership interest of parent due to transactions with non-controlling interests .....	—	(1)	—	—	(1)	—	—	—	—	—	—	—	(1)
Net changes in items other than shareholders' equity .....	—	—	—	—	—	279	14	(8,819)	8,691	165	(100)	1,797	1,863
Total changes during period .....	—	(4)	53,393	6,784	60,173	279	14	(8,819)	8,691	165	(100)	1,797	62,036
<b>Balance at end of period</b>	¥202,591	¥258,989	¥839,985	¥ (6,883)	¥1,294,682	¥40,174	¥ (45)	¥ 2,355	¥(10,631)	¥31,852	¥ 508	¥41,842	¥1,368,887
<b>Fiscal year ended January 31, 2022</b>													
<b>Balance at beginning of period</b>	¥202,591	¥258,989	¥839,985	¥ (6,883)	¥1,294,682	¥40,174	¥ (45)	¥ 2,355	¥(10,631)	¥31,852	¥ 508	¥41,842	¥1,368,887
Changes during period													
Dividends of surplus .....	—	—	(55,608)	—	(55,608)	—	—	—	—	—	—	—	(55,608)
Profit attributable to owners of parent .....	—	—	153,905	—	153,905	—	—	—	—	—	—	—	153,905
Purchase of treasury shares .....	—	—	—	(15,015)	(15,015)	—	—	—	—	—	—	—	(15,015)
Disposal of treasury shares .....	—	—	(361)	923	562	—	—	—	—	—	—	—	562
Cancellation of treasury shares .....	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in scope of consolidation .....	—	—	2,214	—	2,214	—	—	—	—	—	—	—	2,214
Purchase of shares of consolidated subsidiaries .....	—	(0)	—	—	(0)	—	—	—	—	—	—	—	(0)
Change in ownership interest of parent due to transactions with non-controlling interests .....	—	—	—	—	—	—	—	—	—	—	—	—	—
Net changes in items other than shareholders' equity .....	—	—	—	—	—	1,314	187	44,890	14,955	61,347	(322)	4,989	66,014
Total changes during period .....	—	(0)	100,149	(14,091)	86,057	1,314	187	44,890	14,955	61,347	(322)	4,989	152,072
<b>Balance at end of period</b>	¥202,591	¥258,989	¥940,135	¥(20,975)	¥1,380,740	¥41,488	¥141	¥47,245	¥ 4,323	¥93,199	¥ 186	¥46,832	¥1,520,959

\* See notes to consolidated financial statements.

## Consolidated Statement of Changes in Equity

Sekisui House, Ltd. and Subsidiaries  
Year ended January 31, 2022

	Thousands of U.S. dollars												
	Shareholders' equity					Accumulated other comprehensive income							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	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	Share acquisition rights	Non-controlling interests	Total net assets
<b>Fiscal year ended January 31, 2022</b>													
<b>Balance at beginning of period</b>	<b>\$1,754,946</b>	<b>\$2,243,494</b>	<b>\$7,276,377</b>	<b>\$ (59,624)</b>	<b>\$11,215,194</b>	<b>\$348,008</b>	<b>\$ (390)</b>	<b>\$ 20,400</b>	<b>\$ (92,091)</b>	<b>\$275,918</b>	<b>\$ 4,401</b>	<b>\$362,457</b>	<b>\$11,857,995</b>
Changes during period													
Dividends of surplus .....	—	—	(481,705)	—	(481,705)	—	—	—	—	—	—	—	(481,705)
Profit attributable to owners of parent .....	—	—	1,333,203	—	1,333,203	—	—	—	—	—	—	—	1,333,203
Purchase of treasury shares .....	—	—	—	(130,068)	(130,068)	—	—	—	—	—	—	—	(130,068)
Disposal of treasury shares .....	—	—	(3,127)	7,995	4,868	—	—	—	—	—	—	—	4,868
Cancellation of treasury shares .....	—	—	—	—	—	—	—	—	—	—	—	—	—
Change in scope of consolidation .....	—	—	19,179	—	19,179	—	—	—	—	—	—	—	19,179
Purchase of shares of consolidated subsidiaries .....	—	(0)	—	—	(0)	—	—	—	—	—	—	—	(0)
Change in ownership interest of parent due to transactions with non-controlling interests .....	—	—	—	—	—	—	—	—	—	—	—	—	—
Net changes in items other than shareholders' equity .....	—	—	—	—	—	11,383	1,620	388,860	129,548	531,419	(2,789)	43,217	571,847
Total changes during period .....	—	(0)	867,542	(122,063)	745,470	11,383	1,620	388,860	129,548	531,419	(2,789)	43,217	1,317,325
<b>Balance at end of period</b>	<b>\$1,754,946</b>	<b>\$2,243,494</b>	<b>\$8,143,928</b>	<b>\$ (181,696)</b>	<b>\$11,960,672</b>	<b>\$359,390</b>	<b>\$1,221</b>	<b>\$409,260</b>	<b>\$ 37,448</b>	<b>\$807,337</b>	<b>\$ 1,611</b>	<b>\$405,683</b>	<b>\$13,175,321</b>

\* See notes to consolidated financial statements.

# Consolidated Statement of Cash Flows

Sekisui House, Ltd. and Subsidiaries  
Year ended January 31, 2022

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
<b>Cash flows from operating activities</b>			
Profit before income taxes .....	¥185,494	<b>¥234,334</b>	<b>\$2,029,920</b>
Depreciation .....	21,726	<b>24,069</b>	<b>208,498</b>
Impairment losses .....	356	<b>539</b>	<b>4,669</b>
Increase (decrease) in retirement benefit liability .....	1,355	<b>3,382</b>	<b>29,297</b>
(Increase) decrease in retirement benefit asset .....	4,919	<b>158</b>	<b>1,369</b>
Interest and dividend income .....	(4,939)	<b>(4,508)</b>	<b>(39,051)</b>
Interest expenses .....	2,769	<b>3,836</b>	<b>33,229</b>
Share of (profit) loss of entities accounted for using equity method .....	(619)	<b>1,238</b>	<b>10,724</b>
(Gain) loss on sale of investment securities .....	(3,578)	<b>(1,114)</b>	<b>(9,650)</b>
(Gain) loss on valuation of investment securities .....	490	<b>21</b>	<b>182</b>
(Gain) loss on sale of shares of subsidiaries and affiliates .....	—	<b>(2,246)</b>	<b>(19,456)</b>
(Increase) decrease in trade receivables .....	(10,246)	<b>13,462</b>	<b>116,615</b>
(Increase) decrease in inventories .....	71,847	<b>(85,515)</b>	<b>(740,774)</b>
Increase (decrease) in trade payables .....	(14,672)	<b>17,640</b>	<b>152,807</b>
Increase (decrease) in advances received on construction contracts in progress .....	(32,906)	<b>(7,059)</b>	<b>(61,149)</b>
Other, net .....	26,857	<b>(19,089)</b>	<b>(165,359)</b>
Subtotal	248,853	<b>179,149</b>	<b>1,551,880</b>
Interest and dividends received .....	5,192	<b>8,151</b>	<b>70,608</b>
Interest paid .....	(3,574)	<b>(4,530)</b>	<b>(39,241)</b>
Income taxes paid .....	(58,499)	<b>(64,735)</b>	<b>(560,767)</b>
Net cash provided by (used in) operating activities	191,972	<b>118,034</b>	<b>1,022,471</b>

	Millions of yen		Thousands of U.S. dollars
	2021	2022	2022
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment .....	(87,490)	<b>(82,951)</b>	<b>(718,564)</b>
Proceeds from sale of property, plant and equipment ....	1,183	<b>727</b>	<b>6,298</b>
Purchase of investment securities .....	(12,427)	<b>(11,487)</b>	<b>(99,506)</b>
Proceeds from sale and redemption of investment securities .....	6,927	<b>3,670</b>	<b>31,791</b>
Purchase of shares of subsidiaries resulting in change in scope of consolidation .....	—	<b>*2 (35,701)</b>	<b>*2 (309,260)</b>
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation .....	—	<b>87</b>	<b>754</b>
Loan advances .....	(1,902)	<b>(2,187)</b>	<b>(18,945)</b>
Proceeds from collection of loans receivable .....	2,776	<b>11,669</b>	<b>101,083</b>
Other, net .....	(4,571)	<b>2,467</b>	<b>21,370</b>
Net cash provided by (used in) investing activities	(95,504)	<b>(113,706)</b>	<b>(984,979)</b>
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term borrowings .....	8,968	<b>33,219</b>	<b>287,760</b>
Proceeds from long-term borrowings .....	28,666	<b>26,748</b>	<b>231,705</b>
Repayments of long-term borrowings .....	(32,351)	<b>(64,168)</b>	<b>(555,856)</b>
Redemption of bonds .....	(15,000)	<b>(30,000)</b>	<b>(259,875)</b>
Dividends paid .....	(58,726)	<b>(55,608)</b>	<b>(481,705)</b>
Purchase of treasury shares .....	(5,010)	<b>(15,015)</b>	<b>(130,068)</b>
Purchase of treasury shares of subsidiaries .....	(2)	—	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation .....	(773)	<b>(0)</b>	<b>(0)</b>
Other, net .....	(3,386)	<b>(6,876)</b>	<b>(59,563)</b>
Net cash provided by (used in) financing activities	(77,614)	<b>(111,701)</b>	<b>(967,611)</b>
Effect of exchange rate change on cash and cash equivalents .....	(1,917)	<b>20,124</b>	<b>174,324</b>
Net increase (decrease) in cash and cash equivalents ....	16,936	<b>(87,248)</b>	<b>(755,787)</b>
Cash and cash equivalents at beginning of period .....	583,297	<b>600,234</b>	<b>5,199,532</b>
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation .....	—	<b>2,188</b>	<b>18,954</b>
Cash and cash equivalents at end of period	<b>*1 ¥600,234</b>	<b>*1 ¥515,174</b>	<b>*1 \$4,462,699</b>

\* See notes to consolidated financial statements.



# Notes to Consolidated Financial Statements

## ***(Significant accounting policies for preparation of consolidated financial statements)***

### **1. Scope of consolidation**

335 consolidated subsidiaries

64 companies were newly included in the scope of consolidation through new establishments and acquisitions, etc. In addition, nine companies were excluded due to merger, liquidation or sale, etc.

Names of major non-consolidated subsidiaries

Otori Insurance Service Co., Ltd. and three other subsidiaries

*Reason for exclusion from the scope of consolidation*

Non-consolidated subsidiaries are excluded from the scope of consolidation, because they are 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 does not significantly affect the consolidated financial statements.

### **2. Application of equity method**

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

Three companies to which the equity method is applied were newly added as investments. In addition, two companies were excluded due to their liquidation.

Names of principal non-consolidated subsidiaries and affiliates not accounted for using the equity method

Non-consolidated subsidiaries and affiliates: Otori Insurance Service Co., Ltd. and 4 other companies

*Reason for not applying equity method*

Non-consolidated subsidiaries and affiliates not accounted for using the equity method are excluded from the scope of application of the equity method, because such exclusion has 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 are not significant as a whole.

The names of other companies not recognized as affiliates even though the Company holds at least 20% and up to 50% of the voting rights on its own account.

Shiei Community Service Co., Ltd. and one other company

*Reason for not being included in affiliates*

As the Company indirectly holds at least 20% and up to 50% of voting rights of the companies above but because they have no material impact, they are excluded from the scope of affiliates.

### **3. Fiscal years of consolidated subsidiaries**

The end of the fiscal year is March 31 for three consolidated subsidiaries, May 31 for one consolidated subsidiary, and November 30 for one consolidated subsidiary. For those consolidated subsidiaries, when preparing the consolidated financial statements, the Company performs tentative annual closing as of January 31, and uses their financial statements.

For four consolidated subsidiaries whose fiscal year ends on November 30 and 289 consolidated subsidiaries whose fiscal year ends on December 31, when preparing the consolidated financial statements, 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.

### **4. 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 with market value*

Stated at fair value based on the market price on the consolidated balance sheet date

(Valuation differences are booked directly in a separate component of net assets, and cost of securities sold is determined by the moving-average method)

*Securities without market value*

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.

## Notes to Consolidated Financial Statements

### (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) Recognition of net sales and cost of sales of completed construction contracts
  - (i) Construction activity whose outcome is deemed to be definite for the progress of the activity by the end of the current fiscal year  
Percentage-of-completion method (the cost-to-cost method is used to estimate the percentage of completion)
  - (ii) Other construction activities  
Completed-contract method
- (b) Recognition of revenue related to finance lease transactions  
The Company recognizes net sales and cost of sales related to finance lease transactions at the time of receipt of the lease payments.

### (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 period. 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. Transactions involving forward foreign exchange contracts are booked in Japanese yen by translation at the foreign exchange rate stipulated in the contract if the requirements for such treatment are satisfied.
- (b) Hedging instruments and hedged items
  - (i) The Company hedges monetary receivables and payables in foreign currencies and forward transactions with forward foreign exchange contracts.
  - (ii) The Company hedges loans with interest-rate swaps.
- (c) Hedging policy  
The Company 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 debts outstanding.
- (d) Method of assessing hedge effectiveness  
The Company 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, since the main conditions match with regard to the relevant transactions and hedge targets, and where the cash flow is fixed.

## Notes to Consolidated Financial Statements

### (8) Accounting method and period for amortization of goodwill

Goodwill is amortized over five 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

Transactions subject to consumption taxes and local consumption taxes are recorded at amounts exclusive of consumption taxes in the consolidated statement of income.

Non-deductible consumption taxes subject to non-current assets at consolidated subsidiaries whose main business is real estate for leasing are recorded in "Other" under the "Investments and other assets" on the balance sheets and are amortized by the straight-line method over five years. Other non-deductible consumption taxes are expensed in the consolidated fiscal year in which they arise.

#### (b) Inclusion of interest expenses in acquisition cost

Overseas consolidated subsidiaries include interest expenses with regard to borrowed funds for the real estate development business in acquisition cost in conformity with the accounting standards of their countries. For the fiscal year ended January 31, 2022, interest expenses in the amount of ¥7,872 million (\$68,191 thousand), ¥9,295 million (\$80,518 thousand) and ¥430 million (\$3,725 thousand) are included in "Buildings for sale," "Land for sale in lots" and "Undeveloped land for sale," respectively. For the fiscal year ended January 31, 2021, interest expenses in the amount of ¥6,913 million, ¥9,827 million and ¥436 million are included in "Buildings for sale," "Land for sale in lots" and "Undeveloped land for sale," respectively.

### (Significant accounting estimates)

#### (1) Valuation of real estate for sale

1) Amounts stated in the consolidated financial statements as of January 31, 2022

	Millions of yen	Thousands of U.S. dollars
Buildings for sale	¥436,973	\$3,785,282
Land for sale in lots	589,879	5,109,832
Undeveloped land for sale	149,828	1,297,886
Loss on valuation (cost of sales)	10,032	86,902

2) 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, 2022

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, etc.

#### (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, examples of 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

1) Amounts stated in the consolidated financial statements as of January 31, 2022

	Millions of yen	Thousands of U.S. dollars
Total property, plant and equipment	¥540,711	\$4,683,914
Total intangible assets	17,988	155,821
Impairment losses	539	4,669

2) 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, 2022

The Company groups the assets of investment properties by project and groups other assets by operating unit, which allows us 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 loss and negative cash flows, a pronounced drop in market price or change in usage. In the event that we determine that impairment losses should be recognized, the book value is written down to the recoverable value and this decrease is recorded as impairment loss. Note that the recoverable value is the net selling value or the value in use, whichever is higher. The net selling value is calculated for major investment properties by obtaining the appraised value from a real estate appraiser, while the net selling value for other assets are calculated by the estimate amount from the appraisal value calculated by equivalent methods as present value to the Real Estate Appraisal Standard, etc. less 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 ratio, discount rate and cap rate. Rent, ADR, vacancy rate and operating ratio are determined with comprehensive consideration to factors such as market trends, examples of

## Notes to Consolidated Financial Statements

transactions in similar real estate and past performance. The discount rate is determined in light of examples 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 used. Our estimates are based on the assumption that the impact from the spread of COVID-19 will continue to some extent in the next fiscal year, but gradually be mitigated.

(iii) Impact on the consolidated financial statements for the next fiscal year

If the key assumptions have changed in the next fiscal year due to economic or market deterioration, additional impairment losses may need to be recorded.

### *(Accounting standards issued but not yet effective)*

#### “Accounting Standard for Revenue Recognition,” etc.

- “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021)

#### **(1) Overview**

International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) jointly developed a comprehensive accounting standard for revenue recognition and issued “Revenue from Contracts with Customers” (IFRS 15 issued by IASB and Topic 606 issued by FASB) in May 2014. Considering the situation that the application of IFRS 15 is effective from the fiscal year beginning on or after January 1, 2018 and the application of Topic 606 is effective from the fiscal year beginning after December 15, 2017, the ASBJ developed a comprehensive accounting standard for revenue recognition and issued it together with its implementation guidance.

The ASBJ’s basic policy in developing the accounting standard for revenue recognition was to incorporate the basic principles of IFRS 15 as a starting point to establish the accounting standard, from the viewpoint of comparability between financial statements, which is one of the benefits of consistency with IFRS 15, and to add alternative accounting treatments, but to the extent not impairing comparability, where consideration should be given to practices that have been conducted to date in Japan.

#### **(2) Scheduled date of adoption**

The accounting standard and relevant ASBJ regulations will be adopted effective from the beginning of the fiscal year ending January 31, 2023.

#### **(3) Impact of the adoption of the accounting standards, etc.**

Impact from the adoption of the “Accounting Standard for Revenue Recognition” and relevant ASBJ regulations on the consolidated financial statements are insignificant.

#### “Accounting Standard for Fair Value Measurement,” etc.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019)
- “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 4, 2019)
- “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020)

#### **(1) Overview**

In light of the situation in which the IASB and the U.S. FASB have established detailed guidance on fair value measurement with almost the same content (IFRS 13 “Fair Value Measurement” in International Financial Reporting Standards (IFRS), and Accounting Standards Codification Topic 820 “Fair Value Measurement” in the US GAAP), the ASBJ worked to ensure consistency of the Japanese GAAP with international accounting standards mainly for guidance and disclosures on fair value of financial instruments and issued the “Accounting Standard for Fair Value Measurement” and relevant ASBJ regulations.

The ASBJ’s basic policy in developing the accounting standard for fair value measurement is to incorporate, in principle, all the provisions of IFRS 13 from the perspective of increasing comparability of financial statements among companies in Japan and overseas by using the unified measurement method, and to establish other treatments of individual items to the extent that consideration is given to practices that have been conducted to date in Japan and comparability among financial statements is not impaired largely.

#### **(2) Scheduled date of adoption**

These accounting standards and relevant ASBJ regulations will be adopted effective from the beginning of the fiscal year ending January 31, 2023.

#### **(3) Impact of the adoption of the accounting standards, etc.**

Impact from the adoption of the “Accounting Standard for Fair Value Measurement” and relevant ASBJ regulations on the consolidated financial statements are currently under evaluation.

#### “Leases”

Overseas subsidiaries applying the US GAAP

- “Leases” (ASU No. 2016-02, February 25, 2016)

#### **(1) Overview**

This accounting standard requires lessees, in principle, to recognize all leases as assets and liabilities.

## Notes to Consolidated Financial Statements

### (2) Scheduled date of adoption

This accounting standard will be adopted effective from the beginning of the fiscal year ending January 31, 2023.

### (3) Impact of the adoption of the accounting standards, etc.

Impact from the adoption of the “Leases” on the consolidated financial statements are currently under evaluation.

### (Changes in presentation)

(Adoption of “Accounting Standard for Disclosure of Accounting Estimates”)

The Company has adopted the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) to the consolidated financial statements at the end of the current fiscal year, and notes concerning significant account estimates are described in the consolidated financial statements.

However, in accordance with the transitional treatment pursuant to the proviso in paragraph 11 of such accounting standard, the note does not disclose details relating to the fiscal year ended January 31, 2021.

### (Additional information)

(Impact of COVID-19 in making accounting estimates)

The prolonged impact from COVID-19 has a certain impact on the business activities of the Company and its consolidated subsidiaries (collectively, the “Group”), but no major impact has arisen. The determination of the collectability of deferred tax assets and the recognition of impairment losses is estimated based on the assumption that the impact of COVID-19 will continue in the next fiscal year to a certain extent, but gradually be mitigated based on information available when preparing the consolidated financial statements.

### (Consolidated balance sheet)

#### \*1. The breakdown of “Other inventories” is as follows.

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Semi-finished goods	¥3,362	¥4,415	\$38,245
Work in process	730	871	7,545
Raw materials and supplies	3,240	4,214	36,504
Total	¥7,333	¥9,501	\$82,302

#### \*2. Assets pertaining to affiliates are as follows.

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Investment securities	¥67,479	¥78,120	\$676,715

#### \*3. Change in holding purpose

##### As of January 31, 2021

As of January 31, 2020, ¥481 million of real estate for sale recorded as “Buildings for sale” and “Land for sale in lots” has been reclassified as “Buildings and structures” and “Land.” In addition, as of January 31, 2020, ¥41,468 million of investment properties, etc. recorded as “Buildings and structures” and “Land” has been reclassified as “Buildings for sale” and “Land for sale in lots.”

##### As of January 31, 2022

As of January 31, 2021, ¥1,096 million (\$9,494 thousand) of real estate for sale recorded as “Buildings for sale” and “Land for sale in lots” has been reclassified as “Buildings and structures” and “Land.” In addition, as of January 31, 2021, ¥53,869 million (\$466,641 thousand) of investment properties, etc. recorded under “Buildings and structures” and “Land” has been reclassified under “Buildings for sale” and “Land for sale in lots.”

#### \*4. 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, 2021	As of January 31, 2022	As of January 31, 2022
Other (current assets)	¥ 285	¥ 257	\$ 2,226
Other (investments and other assets)	8,594	8,365	72,462
Total	¥8,880	¥8,622	\$74,688

#### \*5. Collateralized assets and secured liabilities

Collateralized assets are as follows.

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Buildings for sale	¥30,356	¥33,917	\$293,806
Land for sale in lots	50,728	44,751	387,656
Other (current assets) (Note)	0	0	0
Buildings and structures	1,546	1,551	13,436
Land	5,186	5,129	44,430
Investment securities (Note)	1,363	335	2,902
Long-term loans receivable (Note)	2	2	17
Total	¥89,184	¥85,686	\$742,256

(Note) Other (current assets), investment securities and long-term loans receivable are provided as collateral against liabilities of subsidiaries.

## Notes to Consolidated Financial Statements

Secured liabilities are as follows.

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Current portion of long-term borrowings	¥28,572	¥ 8,966	\$ 77,668
Long-term borrowings	24,638	51,001	441,797
Long-term leasehold and guarantee deposits received	999	965	8,359

### 6. Contingent liabilities

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

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Housing purchasers, etc. using housing mortgages	¥105,202 [3,414 originations]	¥116,912 [3,751 originations]	\$1,012,751
Subsidiaries and affiliates	28,698	30,489	264,111
West Plaza Nagano Co., Ltd.	86	64	554

(2) The guarantees for repayment of deposit on sales contracts of condominium of clients are as follows.

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
1 company	¥474	¥—	\$—

### \*7. Non-recourse debts

(1) Non-recourse debts are as follows.

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Current portion of long-term borrowings	¥19,938	¥ 7,991	\$ 69,222
Long-term borrowings	16,886	26,256	227,443
Total	¥36,825	¥34,248	\$296,674

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

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Buildings for sale	¥30,356	¥33,917	\$293,806
Land for sale in lots	41,469	17,060	147,782
Total	¥71,825	¥50,977	\$441,589

The above amounts are included in the amounts in “\*5 Collateralized assets and secured liabilities.”

### 8. Commitment line contracts

The Group has entered into commitment line contracts with 19 financial institutions for effective funding to working capital.

The amount of borrowings in accordance with this contract not yet borrowed is as follows.

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Total amount of commitment lines	¥429,292	¥437,237	\$3,787,569
Amount borrowed	165,319	209,936	1,818,572
Net amount	¥263,973	¥227,301	\$1,968,997

### (Consolidated statement of income)

\*1. The amount of inventories at the end of the fiscal year is evaluated after writing down due to 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, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
	¥9,423	\$86,902

\*2. The items and amounts of selling, general and administrative expenses are mainly as follows.

(1) Selling expenses

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
Advertising expenses	¥23,920	¥23,616	\$204,574
Promotion expenses	30,548	32,316	279,938
Provision of allowance for doubtful accounts	106	98	849

(2) General and administrative expenses

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
Employees' salaries and bonuses	¥101,187	¥107,984	\$935,412
Provision for bonuses	15,030	16,988	147,159
Provision for bonuses for directors (and other officers)	1,081	1,154	9,997
Retirement benefit expenses	10,417	8,828	76,473
Provision for retirement benefits for directors (and other officers)	229	220	1,906

## Notes to Consolidated Financial Statements

### \*3. Impairment losses

The Group recorded impairment losses for the following asset groups.

Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)

Location	Usage	Type
Kanagawa-ku, Yokohama City, Kanagawa Prefecture, etc.	Real estate for leasing, etc.	Buildings and 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 real estate for leasing, etc., the book value was written down to the recoverable value as of January 31, 2021 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	¥163
Machinery, equipment and vehicles	20
Land	172
Total	¥356

The recoverable value of such assets was calculated mainly on the net selling value. The net selling value is appraised by equivalent methods to the "Real Estate Appraisal Standard," etc.

### Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)

Location	Usage	Type
Kizugawa City, Kyoto Prefecture, etc.	Training facilities, etc.	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 training facilities, etc., the book value was written down to the recoverable value as of January 31, 2022 and the amount of the decrease was recorded as impairment losses under extraordinary losses.

(Breakdown of impairment loss)

Type	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)
Machinery, equipment and vehicles	¥ 61	\$ 528
Land	466	4,037
Other, net	11	95
Total	¥539	\$4,669

The recoverable value of such assets was calculated mainly on the net selling value. The net selling value is appraised by equivalent methods to the "Real Estate Appraisal Standard," etc.

### \*4. 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, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
Buildings and structures	¥ 980	¥1,065	\$ 9,226
Machinery, equipment and vehicles	34	169	1,464
Land	124	24	208
Other, net	180	369	3,196
Total	¥1,319	¥1,629	\$14,111

### \*5. The total amount of research and development expenses included in general and administrative expenses and manufacturing costs for period

Millions of yen		Thousands of U.S. dollars
Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
¥9,665	¥9,478	\$82,103

### \*6. Loss related to COVID-19

Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)

The major components of loss related to COVID-19 are fixed costs such as rent paid and depreciation that arose during the period when hotels, etc. were temporarily closed.

### Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)

The major components of loss related to COVID-19 are fixed costs such as depreciation that arose during the period when operating facilities were temporarily closed.

# Notes to Consolidated Financial Statements

## (Consolidated statement of comprehensive income)

### \*1. Reclassification adjustments and tax effects relating to other comprehensive income

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
Valuation difference on available-for-sale securities:			
Amount that arose in the current period	¥ 2,810	¥ 2,207	\$ 19,118
Reclassification adjustment amount	(2,927)	(1,114)	(9,650)
Before adjustment for tax effect	(116)	1,092	9,459
Amount of tax effect	(79)	(229)	(1,984)
Valuation difference on available-for-sale securities	(196)	862	7,467
Foreign currency translation adjustment:			
Amount that arose in the current period	(8,903)	46,526	403,032
Reclassification adjustment amount	2,151	(6,814)	(59,026)
Before adjustment for tax effect	(6,752)	39,711	343,997
Amount of tax effect	(1,467)	1,054	9,130
Foreign currency translation adjustment	(8,219)	40,766	353,136
Remeasurements of defined benefit plans, net of tax:			
Amount that arose in the current period	4,722	16,314	141,320
Reclassification adjustment amount	7,833	5,425	46,994
Before adjustment for tax effect	12,556	21,739	188,314
Amount of tax effect	(3,832)	(6,636)	(57,484)
Remeasurements of defined benefit plans, net of tax	8,724	15,103	130,830
Share of other comprehensive income of entities accounted for using equity method:			
Amount that arose in the current period	(593)	4,656	40,333
Reclassification adjustment amount	(9)	(341)	(2,954)
Share of other comprehensive income of entities accounted for using equity method	(602)	4,315	37,379
<b>Total other comprehensive income</b>	<b>¥ (294)</b>	<b>¥61,048</b>	<b>\$528,829</b>

## (Consolidated statement of changes in equity)

Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)

### 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, 2020 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of January 31, 2021 (Shares)
Issued shares				
Ordinary shares (Note)	690,683,466	—	6,000,000	684,683,466
<b>Total</b>	<b>690,683,466</b>	<b>—</b>	<b>6,000,000</b>	<b>684,683,466</b>
Treasury shares				
Ordinary shares (Note)	7,222,070	2,787,881	6,256,229	3,753,722
<b>Total</b>	<b>7,222,070</b>	<b>2,787,881</b>	<b>6,256,229</b>	<b>3,753,722</b>

(Note) Description of the reasons for the change

Breakdown of the number of increased shares is as follows.

Increase due to the acquisition of treasury shares based on the provisions of the Articles of Incorporation pursuant to Article 165, paragraph (2) of the Companies Act	2,782,400 shares
Increase due to repurchase of fractional shares	5,403 shares
The Company's portion of treasury shares acquired by companies accounted for using equity method	78 shares

Breakdown of the number of decreased shares is as follows.

Decrease due to requests for additional purchases of fractional shares	301 shares
Decrease due to exercise of share options	110,000 shares
Decrease due to disposal of treasury shares as restricted share awards	134,400 shares
Decrease due to the cancellation of treasury shares	6,000,000 shares
The Company's portion of treasury shares sold by companies accounted for using equity method	11,528 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, 2021 (Millions of yen)
			As of February 1, 2020	Increase	Decrease	
Reporting company	Share acquisition rights as share options	—	\$—	\$—	\$—	¥508
<b>Total</b>			<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>¥508</b>

### 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 23, 2020	Ordinary shares	¥28,029	¥41.00	January 31, 2020	April 24, 2020
Board of Directors meeting held on September 10, 2020	Ordinary shares	30,696	45.00	July 31, 2020	September 30, 2020



## Notes to Consolidated Financial Statements

### (2) Dividends whose record date falls in the fiscal year ended January 31, 2021 but whose effective date falls in the next fiscal year

Resolution	Classes of shares	Total amount of dividends (Millions of yen)	Source of funds for dividends	Dividend paid per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on April 27, 2021	Ordinary shares	¥26,562	Retained earnings	¥39.00	January 31, 2021	April 28, 2021

### Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)

#### 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, 2021 (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares as of January 31, 2022 (Shares)
Issued shares				
Ordinary shares (Note)	684,683,466	—	—	684,683,466
Total	684,683,466	—	—	684,683,466
Treasury shares				
Ordinary shares (Note)	3,753,722	6,608,461	448,590	9,913,593
Total	3,753,722	6,608,461	448,590	9,913,593

(Note) Description of the reasons for the change

Breakdown of the number of increased shares is as follows.

Increase due to the acquisition of treasury shares based on the provisions of the Articles of Incorporation pursuant to Article 165, paragraph (2) of the Companies Act

6,599,800 shares

Increase due to repurchase of fractional shares

6,791 shares

Increase due to acquisition of restricted shares

1,800 shares

The Company's portion of treasury shares acquired by companies accounted for using equity method

70 shares

Breakdown of the number of decreased shares is as follows.

Decrease due to requests for additional purchases of fractional shares

90 shares

Decrease due to exercise of share options

343,000 shares

Decrease due to disposal of treasury shares as restricted share awards

105,500 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, 2022		
			As of February 1, 2021	As of January 31, 2022	Increase	Decrease	(Thousands of U.S. dollars)	(Millions of yen)
Reporting company	Share acquisition rights as share options	—	—	—	—	—	¥186	\$1,611
	Total	—	—	—	—	—	186	1,611

### 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 27, 2021	Ordinary shares	¥26,562	\$230,094	¥39.00	\$0.34	January 31, 2021	April 28, 2021
Board of Directors meeting held on September 9, 2021	Ordinary shares	29,045	251,603	43.00	0.37	July 31, 2021	September 30, 2021

#### (2) Dividends whose record date falls in the fiscal year ended January 31, 2022 but whose effective date falls in the next fiscal year

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 26, 2022	Ordinary shares	¥31,722	\$274,792	Retained earnings	¥47.00	\$0.41	January 31, 2022	April 27, 2022

#### (Consolidated statement of cash flows)

##### \*1. Reconciliation of ending balance of cash and cash equivalents with account balances per consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
Cash and deposits	¥600,284	¥515,283	\$4,463,643
Time deposits with maturities of more than three months	(50)	(109)	(944)
Cash and cash equivalents	¥600,234	¥515,174	\$4,462,699



## Notes to Consolidated Financial Statements

### 2. Operating leases

Future minimum lease payments under non-cancelable operating leases

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Due within one year	¥ 4,408	¥ 3,932	\$ 34,061
Due after one year	33,426	28,769	249,212
Total	¥37,834	¥32,701	\$283,273

### 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, 2021	As of January 31, 2022	As of January 31, 2022
Current assets	¥4,567	¥4,356	\$37,734

#### (2) Lease obligations

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Current liabilities	¥ 227	¥ 227	\$ 1,966
Non-current liabilities	4,573	4,350	37,682

### (Financial instruments)

#### 1. Matters related to the state of financial instruments

##### (1) Policy with regard to financial instruments activities

The Group limits fund management only to highly stable financial assets. The Group uses indirect financing of borrowings from financial institutions and direct financing of issuing bonds, etc. With regard to derivative transactions, the Group 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, etc. 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.

We use borrowings and bonds to finance operations and capital investment. Borrowings, which are mainly financed with variable interest rates, are exposed to the risk associated with interest rate fluctuations.

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 of export and import transactions and investment for overseas subsidiaries. The Group also uses interest rate swaps to hedge interest rate fluctuation risk related to borrowings. With regard to hedging instruments and hedged items, hedging policy, and method of assessing hedge effectiveness, please refer to significant accounting policies for preparation of consolidated financial statements "4. Accounting policies (7) Method of significant hedge accounting."

#### (3) Risk management system for financial instruments

##### (i) Management of credit risk (counterparties' default risk)

Accounting and Finance Departments of the Company, responsible accounting division of each subsidiary and management division of each branch monitor the collection, due dates and outstanding balances by customer. Also they make efforts to identify at earliest and mitigate risks of default possibilities because of deterioration of financial condition, etc.

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 credit ratings.

##### (ii) Management of market risk (fluctuation risk of stock price, interest rate and the like)

With regard to securities and investment securities, the Group manages this risk by periodically examining market prices and financial condition of the issuing entities.

##### (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, 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 Group calculates the fair value of financial instruments based on market prices or by using reasonable estimates when market prices are not available. Since these estimates include variable factors, estimated value is subject to fluctuation due to changes in the underlying assumptions.

In addition, the contract amounts, etc. for derivative transactions in "2. Matters related to the fair value of financial instruments" do not indicate the market risk relating to derivative transactions.

## Notes to Consolidated Financial Statements

### 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. Financial instruments whose fair value is extremely difficult to determine are not included in the following table (Please refer to Note 2).

	As of January 31, 2021		
	Millions of yen		
	Amount stated in consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	¥600,284	¥600,284	¥ —
(2) Notes receivable and accounts receivable from completed construction contracts	144,253		
Allowance for doubtful accounts <sup>1</sup>	(308)		
	143,945	143,945	—
(3) Securities and investment securities			
(i) Securities of subsidiaries and affiliates	2,539	1,401	(1,138)
(ii) Available-for-sale securities	103,394	103,394	—
Total assets	850,163	849,025	(1,138)
(1) Notes payable and accounts payable for construction contracts	104,972	104,972	—
(2) Electronically recorded obligations	97,780	97,780	—
(3) Short-term borrowings	166,019	166,019	—
(4) Bonds payable	200,000	200,553	553
(5) Long-term borrowings	189,186	190,860	1,674
Total liabilities	757,958	760,186	2,227
Derivative transactions <sup>2</sup>	¥ 0	¥ 0	¥ —

1. Allowance for doubtful accounts is deducted from notes receivable and accounts receivable from completed construction contracts.

2. Net receivables and payables arising from derivative transactions are shown at net value.

	As of January 31, 2022		
	Millions of yen		
	Amount stated in consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	¥515,283	¥515,283	¥ —
(2) Notes receivable and accounts receivable from completed construction contracts	132,471		
Allowance for doubtful accounts <sup>1</sup>	(440)		
	132,030	132,030	—
(3) Securities and investment securities			
(i) Securities of subsidiaries and affiliates	3,053	1,398	(1,654)
(ii) Available-for-sale securities	102,031	102,031	—
Total assets	752,398	750,743	(1,654)
(1) Notes payable and accounts payable for construction contracts	111,022	111,022	—
(2) Electronically recorded obligations—operating	96,635	96,635	—
(3) Short-term borrowings	219,218	219,218	—
(4) Bonds payable	170,000	170,283	283
(5) Long-term borrowings	152,791	153,309	517
Total liabilities	749,669	750,470	800
Derivative transactions	¥ —	¥ —	¥ —

1. Allowance for doubtful accounts is deducted from notes receivable and accounts receivable from completed construction contracts.

	As of January 31, 2022		
	Thousands of U.S. dollars		
	Amount stated in consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	\$4,463,643	\$4,463,643	\$ —
(2) Notes receivable and accounts receivable from completed construction contracts	1,147,531		
Allowance for doubtful accounts <sup>1</sup>	(3,812)		
	1,143,711	1,143,711	—
(3) Securities and investment securities			
(i) Securities of subsidiaries and affiliates	26,447	12,110	(14,328)
(ii) Available-for-sale securities	883,844	883,844	—
Total assets	6,517,654	6,503,318	(14,328)
(1) Notes payable and accounts payable for construction contracts	961,729	961,729	—
(2) Electronically recorded obligations	837,102	837,102	—
(3) Short-term borrowings	1,898,978	1,898,978	—
(4) Bonds payable	1,472,626	1,475,078	2,451
(5) Long-term borrowings	1,323,553	1,328,041	4,479
Total liabilities	6,494,014	6,500,953	6,930
Derivative transactions	\$ —	\$ —	\$ —

1. Allowance for doubtful accounts is deducted from notes receivable and accounts receivable from completed construction contracts.

## Notes to Consolidated Financial Statements

(Note 1) Methods for calculating the fair value of financial instruments and matters related to securities and derivatives transactions

### Assets

(1) Cash and deposits and (2) Notes receivable and accounts receivable from completed construction contracts  
Book value is stated for these items because short-term settlement makes their fair value and book value almost the same.

(3) Securities and investment securities

The fair value stated for shares is the value quoted on exchanges. The fair value stated for bonds is the value quoted on exchanges or the value presented by financial institutions. Please refer to the description in "Notes – Securities" for matters concerning securities classified by purchase of holding.

### Liabilities

(1) Notes payable and accounts payable for construction contracts, (2) Electronically recorded obligations, and (3) Short-term borrowings

Book value is stated for these items because short-term settlement makes their fair value and book value almost the same.

(4) Bonds payable

The fair value stated for bonds payable is the value quoted on market.

(5) Long-term borrowings

Book value is stated for long-term borrowings with a floating rate interest because their fair value and book value are almost the same. In addition, the fair value of long-term borrowings with a fixed interest rate is calculated by the present value which is a total of the principal and accumulated interest discounted by the expected interest rate applicable if a similar loan were currently newly raised.

### Derivative transactions

Please refer to the description in "Notes—Derivative transactions."

(Note 2) Financial instruments whose fair value is extremely difficult to determine

Categories	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Unlisted shares	¥57,570	¥68,278	\$591,459
Investment in special purpose companies	14,316	13,126	113,704
Investment in limited partnerships	969	1,567	13,574
Investment in silent partnerships	659	1,158	10,031
Preferred securities	999	999	8,654
Unlisted bonds	120	120	1,040

These financial instruments have no market price and it is expected that it takes too much cost to estimate future cash flows. Accordingly, these are not included in "Assets (3) Securities and investment securities" since their fair value is extremely difficult to determine.

(Note 3) The scheduled redemption amounts for monetary receivables and securities with fixed maturities following the fiscal year-end

	As of January 31, 2021			
	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	¥600,284	¥ —	¥ —	¥ —
Notes receivable, accounts receivable from completed construction contracts	136,514	5,634	329	1,774
Securities and investment securities				
Bonds held to maturity				
Bonds payable	—	—	—	120
Total	¥736,798	¥5,634	¥329	¥1,894

### As of January 31, 2022

	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	¥515,283	¥ —	¥ —	¥ —
Notes receivable and accounts receivable from completed construction contracts	125,601	4,853	317	1,698
Securities and investment securities				
Bonds held to maturity				
Bonds payable	—	—	—	120
Total	¥640,884	¥4,853	¥317	¥1,818

### As of January 31, 2022

	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	\$4,463,643	\$ —	\$ —	\$ —
Notes receivable and accounts receivable from completed construction contracts	1,088,020	42,039	2,746	14,709
Securities and investment securities				
Bonds held to maturity				
Bonds payable	—	—	—	1,040
Total	\$5,551,663	\$42,039	\$2,746	\$15,748

(Note 4) The scheduled repayment amounts for short-term borrowings, bonds payable and long-term borrowings following the fiscal year-end

	As of January 31, 2021					
	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	¥166,019	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds payable	30,000	—	30,000	—	—	140,000
Long-term borrowings	56,520	64,662	57,740	7,779	200	2,283
Total	¥252,540	¥64,662	¥87,740	¥7,779	¥200	¥142,283

### As of January 31, 2022

	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	¥219,218	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds payable	—	30,000	—	—	20,000	120,000
Long-term borrowings	16,235	63,120	13,340	37,956	20,789	1,349
Total	¥235,454	¥93,120	¥13,340	¥37,956	¥40,789	¥121,349

# Notes to Consolidated Financial Statements

As of January 31, 2022						
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	\$1,898,978	\$ —	\$ —	\$ —	\$ —	\$ —
Bonds payable	—	259,875	—	—	173,250	1,039,501
Long-term borrowings	140,636	546,778	115,558	328,794	180,085	11,686
<b>Total</b>	<b>\$2,039,622</b>	<b>\$806,653</b>	<b>\$115,558</b>	<b>\$328,794</b>	<b>\$353,335</b>	<b>\$1,051,187</b>

(Note 5) 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.

## (Securities)

### 1. Bonds held to maturity

As of January 31, 2021

Not applicable

As of January 31, 2022

Not applicable

### 2. Available-for-sale securities

As of January 31, 2021				
Millions of yen				
	Type	Amount stated in consolidated balance sheet	Acquisition cost	Difference
Securities with book values exceeding acquisition costs	Equity securities	¥ 98,083	¥34,971	¥63,111
	Subtotal	98,083	34,971	63,111
Securities with book values not exceeding acquisition costs	Equity securities	5,311	6,675	(1,364)
	Subtotal	5,311	6,675	(1,364)
<b>Total</b>		<b>¥103,394</b>	<b>¥41,647</b>	<b>¥61,747</b>

As of January 31, 2022				
Millions of yen				
	Type	Amount stated in consolidated balance sheet	Acquisition cost	Difference
Securities with book values exceeding acquisition costs	Equity securities	¥ 98,564	¥35,242	¥63,321
	Subtotal	98,564	35,242	63,321
Securities with book values not exceeding acquisition costs	Equity securities	3,467	4,022	(555)
	Subtotal	3,467	4,022	(555)
<b>Total</b>		<b>¥102,031</b>	<b>¥39,264</b>	<b>¥62,766</b>

As of January 31, 2022				
Thousands of U.S. dollars				
	Type	Amount stated in consolidated balance sheet	Acquisition cost	Difference
Securities with book values exceeding acquisition costs	Equity securities	\$853,812	\$305,284	\$548,519
	Subtotal	853,812	305,284	548,519
Securities with book values not exceeding acquisition costs	Equity securities	30,033	34,841	(4,808)
	Subtotal	30,033	34,841	(4,808)
<b>Total</b>		<b>\$883,844</b>	<b>\$340,125</b>	<b>\$543,711</b>

### 3. Sales of available-for-sale securities

Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)			
Millions of yen			
Type	Proceeds	Total gain on sale	Total loss on sale
Equity securities	¥6,929	¥3,594	¥16

Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)			
Millions of yen			
Type	Proceeds	Total gain on sale	Total loss on sale
Equity securities	¥3,588	¥1,166	¥51

Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)			
Thousands of U.S. dollars			
Type	Proceeds	Total gain on sale	Total loss on sale
Equity securities	\$31,081	\$10,100	\$442

### 4. Write-down of securities

In the fiscal year ended January 31, 2021, write-downs of securities (equity securities classified as available-for-sale securities) amounted to ¥490 million.

In the fiscal year ended January 31, 2022, write-downs of securities (equity securities classified as available-for-sale securities) amounted to ¥21 million (\$182 thousand).

# Notes to Consolidated Financial Statements

## (Derivatives)

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

As of January 31, 2021

Currency-related

Categories	Transaction type	Millions of yen			Loss (gain) on valuation
		Contract amount, etc.	Contract amount, etc. due after one year	Fair value	
Off-market transactions	Transactions under forward foreign exchange contracts				
	Purchase				
	Euro	¥27	¥—	¥0	¥0
<b>Total</b>		<b>¥27</b>	<b>¥—</b>	<b>¥0</b>	<b>¥0</b>

(Note) Methods for calculating the fair value

Fair value is calculated based on prices quoted by counterparty financial institutions

#### As of January 31, 2022

Not applicable

### 2. Derivative transactions to which the hedge accounting method is applied

As of January 31, 2021

Not applicable

#### As of January 31, 2022

Not applicable

## (Retirement benefits)

### 1. Overview of the adopted retirement benefits plan

The Company and its 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 period

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
Retirement benefit obligations at the beginning of period	¥326,372	¥331,621	\$2,872,670
Service expenses	13,339	13,227	114,579
Interest expenses	2,599	2,658	23,025
Unrecognized net actuarial gain or loss incurred	(283)	(791)	(6,852)
Payments of retirement benefits	(10,406)	(11,020)	(95,461)
Net change as a result of change in the scope of consolidation	—	96	832
Retirement benefit obligations at the end of period	¥331,621	¥335,790	\$2,908,784

(Note) Includes plans applying the simplified method.

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

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
Pension assets at the beginning of period	¥278,460	¥289,991	\$2,512,050
Expected returns on pension assets	6,764	7,045	61,027
Unrecognized net actuarial gain or loss incurred	4,438	15,523	134,468
Contributions paid by the employer	8,958	8,845	76,620
Payments of retirement benefits	(8,632)	(9,141)	(79,184)
Pension assets at the end of period	¥289,991	¥312,263	\$2,704,981

(Note) Includes plans applying the simplified method.

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

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
Funded retirement benefit obligations	¥ 301,699	¥ 305,229	\$ 2,644,049
Pension assets	(289,991)	(312,263)	(2,704,981)
Subtotal	11,707	(7,034)	(60,932)
Unfunded retirement benefit obligations	29,922	30,561	264,735
Net amount of liability and asset recorded in the consolidated balance sheet	41,629	23,527	203,803
Retirement benefit liability	43,011	30,733	266,225
Retirement benefit asset	(1,381)	(7,206)	(62,422)
Net amount of liability and asset recorded in the consolidated balance sheet	¥ 41,629	¥ 23,527	\$ 203,803

(Note) Includes plans applying the simplified method.]

## Notes to Consolidated Financial Statements

### (4) Retirement benefit expenses and the breakdown of amounts

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
Service expenses (Note 1)	¥13,339	¥13,227	\$114,579
Interest expenses	2,599	2,658	23,025
Expected returns on pension assets	(6,764)	(7,045)	(61,027)
Amortization of actuarial gains and losses	7,806	5,432	47,055
Amortization of past service cost	26	(7)	(61)
Other (Note 2)	532	595	5,154
Retirement benefit expenses related to the defined benefit plans	¥17,539	¥14,861	\$128,734

(Note) 1. Retirement benefit expenses of consolidated subsidiaries that apply the simplified method are recorded in service expenses.  
2. Other is mainly the amount of extra retirement payments.

### (5) Remeasurements of defined benefit plans, net of tax

The breakdown of items recorded as remeasurements of defined benefit plans, net of tax (before deducting the tax effect) is as follows.

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
Past service cost	¥ 26	¥ (7)	\$ (61)
Actuarial gains and losses	12,529	21,747	188,384
Total	¥12,556	¥21,739	\$188,314

### (6) Remeasurements of defined benefit plans

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

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Unrecognized past service cost	¥ 83	¥ 76	\$ 658
Unrecognized actuarial gains and losses	(15,315)	6,432	55,717
Total	¥(15,231)	¥6,508	\$56,376

### (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, 2021	As of January 31, 2022
Bonds	36%	40%
Credit	12	14
Equity securities	21	13
General account	15	11
Private equity	5	10
Cash and deposits	1	1
Other, net	10	11
Total	100	100

#### (ii) Method for setting the long-term expected rate of return

The long-term expected rate of return on pension assets is determined based on the current and forecast allocation of pension assets and the current and expected long-term rates of return on various asset classes that make up the pension assets.

### (8) Matters concerning the assumptions for actuarial calculations

Principal assumptions for actuarial calculations

	As of January 31, 2021	As of January 31, 2022
Discount rate	Mainly 0.8%	Mainly 0.8%
Long-term expected rate of return	Mainly 2.5%	Mainly 2.5%
Estimated rate of salary increase	Mainly 4.5%	Mainly 4.5%

(Note) Estimated rate of salary increase is calculated based on the point system.

### 3. Defined contribution plan

The required contribution of consolidated subsidiaries to the defined contribution plan was ¥156 million in the previous fiscal year and ¥186 million (\$1,611 thousand) in the current fiscal year.

#### (Share options, etc.)

##### 1. Amount of share option expenses recorded and item names

Not applicable



## Notes to Consolidated Financial Statements

### 2. Outline of share options, scale and change

#### (1) Outline of share options

Company name	Reporting company	Reporting company	Reporting company	Reporting company
Date of resolution	April 27, 2006	May 17, 2007	May 15, 2008	May 21, 2009
Categories and number of eligible persons	The Company's Directors and Executive Officers: 27	The Company's Directors and Executive Officers: 26	The Company's Directors and Executive Officers: 32	The Company's Directors and Executive Officers: 30
Classes of shares and number granted	Ordinary shares: 48,000 shares	Ordinary shares: 55,000 shares	Ordinary shares: 108,000 shares	Ordinary shares: 106,000 shares
Grant date	April 27, 2006	June 7, 2007	June 6, 2008	June 9, 2009
Requisite service period	Not specified	Not specified	Not specified	Not specified
Exercise period	From April 28, 2006 to April 27, 2026	From June 8, 2007 to June 7, 2027	From June 7, 2008 to June 6, 2028	From June 10, 2009 to June 9, 2029

Company name	Reporting company	Reporting company	Reporting company	Reporting company
Date of resolution	May 20, 2010	May 19, 2011	May 17, 2012	May 16, 2013
Categories and number of eligible persons	The Company's Directors and Executive Officers: 30	The Company's Directors and Executive Officers: 28	The Company's Directors and Executive Officers: 33	The Company's Directors and Executive Officers: 32
Classes of shares and number granted	Ordinary shares: 105,000 shares	Ordinary shares: 130,000 shares	Ordinary shares: 147,000 shares	Ordinary shares: 68,000 shares
Grant date	June 16, 2010	June 14, 2011	June 13, 2012	June 13, 2013
Requisite service period	Not specified	Not specified	Not specified	Not specified
Exercise period	From June 17, 2010 to June 16, 2030	From June 15, 2011 to June 14, 2031	From June 14, 2012 to June 13, 2032	From June 14, 2013 to June 13, 2033

Company name	Reporting company	Reporting company	Reporting company	Reporting company
Date of resolution	May 15, 2014	May 21, 2015	May 19, 2016	May 18, 2017
Categories and number of eligible persons	The Company's Directors and Executive Officers: 34	The Company's Directors and Executive Officers: 34	The Company's Directors and Executive Officers: 35	The Company's Directors and Executive Officers: 35
Classes of shares and number granted	Ordinary shares: 100,000 shares	Ordinary shares: 63,000 shares	Ordinary shares: 66,000 shares	Ordinary shares: 64,000 shares
Grant date	June 13, 2014	June 12, 2015	June 14, 2016	June 14, 2017
Requisite service period	Not specified	Not specified	Not specified	Not specified
Exercise period	From June 14, 2014 to June 13, 2034	From June 13, 2015 to June 12, 2035	From June 15, 2016 to June 14, 2036	From June 15, 2017 to June 14, 2037

Company name	Reporting company
Date of resolution	May 17, 2018
Categories and number of eligible persons	The Company's Directors and Executive Officers: 32
Classes of shares and number granted	Ordinary shares: 69,000 shares
Grant date	June 14, 2018
Requisite service period	Not specified
Exercise period	From June 15, 2018 to June 14, 2038

#### (2) Number of share options and change

##### (i) Number of share options

Company name	Reporting company	Reporting company	Reporting company	Reporting company	Reporting company
Date of resolution	April 27, 2006	May 17, 2007	May 15, 2008	May 21, 2009	May 20, 2010
Unvested					
At the beginning of the fiscal year (Shares)	6,000	7,000	19,000	22,000	29,000
Granted (Shares)	—	—	—	—	—
Forfeited (Shares)	—	—	—	—	—
Vested (Shares)	6,000	7,000	19,000	22,000	27,000
Outstanding (Shares)	—	—	—	—	2,000
Vested					
At the beginning of the fiscal year (Shares)	—	—	—	1,000	10,000
Vested (Shares)	6,000	7,000	19,000	22,000	27,000
Exercised (Shares)	6,000	7,000	19,000	22,000	33,000
Forfeited (Shares)	—	—	—	—	—
Exercisable (Shares)	—	—	—	1,000	4,000

Company name	Reporting company	Reporting company	Reporting company	Reporting company	Reporting company
Date of resolution	May 19, 2011	May 17, 2012	May 16, 2013	May 15, 2014	May 21, 2015
Unvested					
At the beginning of the fiscal year (Shares)	38,000	55,000	26,000	55,000	34,000
Granted (Shares)	—	—	—	—	—
Forfeited (Shares)	—	—	—	—	—
Vested (Shares)	35,000	44,000	21,000	38,000	24,000
Outstanding (Shares)	3,000	11,000	5,000	17,000	10,000
Vested					
At the beginning of the fiscal year (Shares)	15,000	16,000	6,000	13,000	8,000
Vested (Shares)	35,000	44,000	21,000	38,000	24,000
Exercised (Shares)	37,000	51,000	20,000	42,000	26,000
Forfeited (Shares)	—	—	—	—	—
Exercisable (Shares)	13,000	9,000	7,000	9,000	6,000

Company name	Reporting company	Reporting company	Reporting company
Date of resolution	May 19, 2016	May 18, 2017	May 17, 2018
Unvested			
At the beginning of the fiscal year (Shares)	38,000	39,000	59,000
Granted (Shares)	—	—	—
Forfeited (Shares)	—	—	—
Vested (Shares)	25,000	24,000	33,000
Outstanding (Shares)	13,000	15,000	26,000
Vested			
At the beginning of the fiscal year (Shares)	9,000	7,000	2,000
Vested (Shares)	25,000	24,000	33,000
Exercised (Shares)	24,000	22,000	34,000
Forfeited (Shares)	—	—	—
Exercisable (Shares)	10,000	9,000	1,000

## Notes to Consolidated Financial Statements

### (ii) Price information

Company name	Reporting company	Reporting company	Reporting company	Reporting company	Reporting company
Date of resolution	April 27, 2006	May 17, 2007	May 15, 2008	May 21, 2009	May 20, 2010
Exercise price	¥1 per share (U.S. dollars) \$0.01 per share	¥1 per share (U.S. dollars) \$0.01 per share	¥1 per share (U.S. dollars) \$0.01 per share	¥1 per share (U.S. dollars) \$0.01 per share	¥1 per share (U.S. dollars) \$0.01 per share
Average exercise price	(Yen) ¥2,235 (U.S. dollars) \$19.36	(Yen) ¥2,235 (U.S. dollars) \$19.36	(Yen) ¥2,235 (U.S. dollars) \$19.36	(Yen) ¥2,235 (U.S. dollars) \$19.36	(Yen) ¥2,261 (U.S. dollars) \$19.59
Fair value at the grant date	(Yen) (Note) <sup>1</sup> — (U.S. dollars) —	(Yen) ¥1,571 (U.S. dollars) \$13.61	(Yen) ¥876 (U.S. dollars) \$7.59	(Yen) ¥681 (U.S. dollars) \$5.90	(Yen) ¥717 (U.S. dollars) \$6.21

Company name	Reporting company	Reporting company	Reporting company	Reporting company	Reporting company
Date of resolution	May 19, 2011	May 17, 2012	May 16, 2013	May 15, 2014	May 21, 2015
Exercise price	¥1 per share (U.S. dollars) \$0.01 per share	¥1 per share (U.S. dollars) \$0.01 per share	¥1 per share (U.S. dollars) \$0.01 per share	¥1 per share (U.S. dollars) \$0.01 per share	¥1 per share (U.S. dollars) \$0.01 per share
Average exercise price	(Yen) ¥2,245 (U.S. dollars) \$19.45	(Yen) ¥2,290 (U.S. dollars) \$19.84	(Yen) ¥2,268 (U.S. dollars) \$19.65	(Yen) ¥2,283 (U.S. dollars) \$19.78	(Yen) ¥2,265 (U.S. dollars) \$19.62
Fair value at the grant date	(Yen) ¥592 (U.S. dollars) \$5.13	(Yen) ¥495 (U.S. dollars) \$4.29	(Yen) ¥1,071 (U.S. dollars) \$9.28	(Yen) ¥974 (U.S. dollars) \$8.44	(Yen) ¥1,507 (U.S. dollars) \$13.05

Company name	Reporting company	Reporting company	Reporting company
Date of resolution	May 19, 2016	May 18, 2017	May 17, 2018
Exercise price	¥1 per share (U.S. dollars) \$0.01 per share	¥1 per share (U.S. dollars) \$0.01 per share	¥1 per share (U.S. dollars) \$0.01 per share
Average exercise price	(Yen) ¥2,287 (U.S. dollars) \$19.81	(Yen) ¥2,271 (U.S. dollars) \$19.67	(Yen) ¥2,265 (U.S. dollars) \$19.62
Fair value at the grant date	(Yen) ¥1,356 (U.S. dollars) \$11.75	(Yen) ¥1,415 (U.S. dollars) \$12.26	(Yen) ¥1,283 (U.S. dollars) \$11.11

(Note) 1. Not disclosed since the share options were granted before the enforcement of the Companies Act.

### 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.

### (Tax effect accounting)

#### 1. Significant components of deferred tax assets and liabilities

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Deferred tax assets			
Loss on valuation of real estate for sale	¥ 12,796	¥ 12,640	\$ 109,494
Tax loss carry-forward (Note 2)	9,430	10,775	93,339
Provision for bonuses	8,113	9,661	83,688
Retirement benefit liability	13,481	9,597	83,134
Accumulated impairment losses	8,437	7,656	66,320
Unrealized gain on non-current assets	5,611	5,829	50,494
Accrued enterprise tax	2,030	2,446	21,188
Loss on valuation of investment securities	1,439	1,375	11,911
Accrued social insurance premium	1,104	1,374	11,902
Other, net	14,029	14,256	123,493
Deferred tax assets subtotal	76,474	75,613	654,998
Valuation allowance for tax loss carry-forward (Note 2)	(7,936)	(8,984)	(77,824)
Valuation allowance for total deductible temporary differences	(13,286)	(11,118)	(96,310)
Valuation allowance (Note 1)	(21,223)	(20,102)	(174,134)
Total deferred tax assets	55,251	55,510	480,856
Deferred tax liabilities			
Valuation difference on available-for-sale securities	(17,912)	(18,118)	(156,947)
Other, net	(13,106)	(13,765)	(119,239)
Total deferred tax liabilities	(31,018)	(31,883)	(276,187)
Net of deferred tax assets and deferred tax liabilities	¥ 24,232	¥ 23,627	\$ 204,669

(Note) 1. The main valuation allowances are loss on valuation of investment securities and accumulated impairment losses on non-current assets that were judged non recoverable.

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

	As of January 31, 2021						Total
	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	
Tax loss carry-forward*	¥ 2,193	¥ 1,999	¥ 1,428	¥ 832	¥ 1,145	¥ 1,831	¥ 9,430
Valuation allowance	(1,537)	(1,698)	(1,135)	(601)	(1,145)	(1,819)	(7,936)
Deferred tax assets	655	301	293	231	—	12	1,493

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

## Notes to Consolidated Financial Statements

### As of January 31, 2022

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*	¥1,306	¥ 1,423	¥ 830	¥ 1,057	¥ 1,125	¥ 5,032	¥10,775
Valuation allowance	(986)	(1,277)	(830)	(1,057)	(1,125)	(3,706)	(8,984)
Deferred tax assets	319	145	—	—	—	1,326	1,791

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

### As of January 31, 2022

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*	\$11,313	\$ 12,327	\$ 7,190	\$ 9,156	\$ 9,745	\$ 43,590	\$ 93,339
Valuation allowance	(8,541)	(11,062)	(7,190)	(9,156)	(9,745)	(32,103)	(77,824)
Deferred tax assets	2,763	1,256	—	—	—	11,486	15,515

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

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

Fiscal year ended January 31, 2021	Fiscal year ended January 31, 2022
The description is omitted because the difference between the statutory tax rate and the rate of income tax after applying tax effect accounting is less than 5%.	The description is omitted because the difference between the statutory tax rate and the rate of income tax after applying tax effect accounting is less than 5%.

### (Business combinations)

Business combinations through acquisitions

#### 1. Overview of business combinations

##### (1) Name and description of business of the acquired company

Name of the acquired company	THE HOLT GROUP, INC. and 28 other companies
Description of business	Sales business for custom detached house and development and sales business for residential land

##### (2) Main reasons for the business combination

Acquired shares, etc. of THE HOLT GROUP, INC., etc. for the purpose of expanding the overseas business by broadening the area for the U.S. business of custom detached house sales to the Northwest of the West Coast.

##### (3) Date of the business combination

December 22, 2021 (U.S. time)

#### (4) Legal form of the business combination

Acquisition of shares, etc.

#### (5) Name of the company after the business combination

No change

#### (6) Acquired voting rights ratio

100%

#### (7) Main reason for determining the acquiring company

HOLT GROUP HOLDINGS, LLC, which was newly established as a subsidiary of SH RESIDENTIAL HOLDINGS, LLC, a consolidated subsidiary of the Company, acquired shares, etc. through cash consideration.

## 2. The period of financial results of the acquiring company included in the Company's consolidated financial statements

With December 31, 2021 as the deemed acquisition date, only the balance sheet as of December 31, the fiscal year end date of the acquired company, was consolidated, and the acquired company's earnings are not included.

## 3. Acquisition cost for the acquired company and a breakdown of consideration by type

Consideration for the acquisition	Cash (including accounts payable)	¥39,656 million (\$343,520 thousand)
Acquisition cost		¥39,656 million (\$343,520 thousand)

(Note) The above is a provisional amount since the acquisition cost had not been finalized as of January 31, 2022.

## 4. Details and amount of major expenses for the acquisition

Advisory expenses, etc. ¥441 million (\$3,820 thousand)

## 5. Amount of goodwill generated, reason for generation of goodwill, and method and period of amortization

There is no goodwill or negative goodwill.

(Note) A provisional accounting treatment was performed based on reasonable information available at the time, since the acquisition cost had not been finalized nor had the allocation of acquisition cost been completed as of January 31, 2022.

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

	Millions of yen	Thousands of U.S. dollars
Current assets	¥57,191	\$495,418
Non-current assets	27	234
Total assets	57,218	495,651
Current liabilities	3,904	33,818
Non-current liabilities	13,658	118,313
Total liabilities	¥17,562	\$152,131

## Notes to Consolidated Financial Statements

### 7. The approximate amount of the impact of the business combination on the consolidated statement of income for the current fiscal year assuming the business combination was completed on the beginning date of the current fiscal year and the calculation method

Net sales	<b>¥39,787 million (\$344,655 thousand)</b>
Operating profit	<b>¥ 5,048 million (\$ 43,728 thousand)</b>

(Method for calculating the approximate amount)

Difference between net sales and information of profit and loss calculated assuming the business combination was completed on the beginning date of the current fiscal year and the net sales and information of profit and loss in the Company's consolidated statement of income was used as the approximate amount of the impact.

This note was unaudited.

#### (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 expected useful life is estimated for each project and the amount of asset retirement obligations is calculated 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, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
Balance at beginning of period	¥3,698	<b>¥3,679</b>	<b>\$31,869</b>
Increase due to acquisition of property, plant and equipment	222	<b>169</b>	<b>1,464</b>
Adjustments due to passage of time	19	<b>17</b>	<b>147</b>
Decrease due to implementation of asset retirement obligations	(189)	<b>(119)</b>	<b>(1,031)</b>
Other changes	(72)	<b>(57)</b>	<b>(494)</b>
Balance at end of period	¥3,679	<b>¥3,690</b>	<b>\$31,965</b>

#### (Real estate for lease, etc.)

The Company and some of its consolidated subsidiaries own houses, office buildings for leasing and the like in Tokyo and other areas. For the fiscal year ended January 31, 2021, net rental income for such real estate for lease, etc. was ¥5,012 million (rental income is mainly recorded as net sales and rental expenses is mainly recorded as cost of sales) and impairment loss was ¥320 million (recorded as extraordinary loss). For the fiscal year ended January 31, 2022, net rental income for such real estate for lease, etc. was ¥2,804 million (\$24,290 thousand) (rental income is mainly 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 period 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, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
Amount stated in consolidated balance sheet			
Balance at beginning of period	¥406,069	<b>¥433,407</b>	<b>\$3,754,392</b>
Change during the period	27,337	<b>3,539</b>	<b>30,657</b>
Balance at end of period	433,407	<b>436,946</b>	<b>3,785,049</b>
Fair value at the end of period	¥535,435	<b>¥519,730</b>	<b>\$4,502,166</b>

- (Note) 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 fiscal year ended January 31, 2021 mainly resulted from increases due to real estate acquisition (¥76,302 million) and decreases due to transfers with inventories (¥40,767 million) and depreciation (¥7,929 million). Changes during the fiscal year ended January 31, 2022 mainly resulted from increases due to real estate acquisition (¥64,772 million (\$61,088 thousand)) and decreases due to transfers with inventories (¥52,515 million (\$454,912 thousand)) and depreciation (¥9,134 million (\$79,123 thousand)).
3. Fair values at the end of period for major properties are calculated based on real estate appraisal by real estate appraiser. Fair values at the end of period for other properties are calculated by the Company based on the Real Estate Appraisal Standard.

# Notes to Consolidated Financial Statements

## (Segment information, etc.)

### [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 managers for the purpose of deciding the allocation of management resources and evaluating operating results.

The Group has adopted “Make home the happiest place in the world” as its global vision, under the management direction of aiming for deployment of growth strategies focused on the residential business domain and set the goal of becoming a global company that provides tangible and intangible services, plans strategies and undertakes business activities in each business domain.

The Group is comprised of segments by product and services founded on business domains, and excluding business domains under “Other,” the reportable segments are “Custom detached houses Business,” “Rental housing Business,” “Architectural / Civil engineering Business,” “Remodeling Business,” “Real estate management fees Business,” “Houses for sale Business,” “Condominiums Business,” “Urban redevelopment Business” and “Overseas Business.”

The details of each reportable segment are as follows.

Custom detached houses Business:	Contracting of design and construction of custom detached houses
Rental housing Business:	Contracting of design and construction of rental housing, commercial buildings and other properties
Architectural / Civil engineering Business:	Construction of reinforced concrete rental housing and commercial buildings, and contracting of design and construction of civil engineering works
Remodeling Business:	Remodeling and renovation of houses, etc.
Real estate management fees Business:	Subleasing, management, operation and brokerage of real estate, etc.
Houses for sale Business:	Sale of houses and residential land; contracting of design and construction of houses on residential land for sale
Condominiums Business:	Sales of condominiums
Urban redevelopment Business:	Development of office buildings and commercial facilities; management and operation of real estate owned by the Group
Overseas Business:	Contracting of detached houses; sales of ready-built detached houses and residential land; and development and sale of condominiums, commercial facilities, etc. in overseas markets

#### 2. Method for calculating sales, profit (loss), asset, liability, and other items for each reportable segment

The accounting policies for reportable operating segments are the same as noted under “Significant accounting policies for preparation of consolidated financial statements.”

#### 3. Information about sales, profit (loss), asset, liability, and other items for each reportable segment

	Fiscal year ended January 31, 2021						
	Millions of yen						
	Reportable segments						
	Custom detached houses Business	Rental housing Business	Architectural / Civil engineering Business	Remodeling Business	Real estate management fees Business	Houses for sale Business	Condominiums Business
Net sales							
(1) Sales to external customers	¥323,332	¥358,745	¥302,837	¥141,090	¥557,632	¥139,151	¥ 77,091
(2) Intersegment sales or transfers	—	3,098	6,580	477	3,209	—	—
Total	323,332	361,844	309,417	141,567	560,841	139,151	77,091
Segment profit (loss)	32,231	47,052	16,051	20,479	43,869	7,586	8,817
Segment assets	53,521	42,719	226,536	16,992	129,178	140,667	153,256
Other items							
Depreciation	3,506	1,782	1,276	108	789	1,113	13
Increase in property, plant and equipment and intangible assets	3,701	1,525	1,904	78	769	994	374

	Reportable segments				Total	Adjustment (Note 2)	Amount stated in consolidated financial statements (Note 3)
	Urban redevelopment Business	Overseas Business	Total	Other (Note 1)			
Net sales							
(1) Sales to external customers	¥104,953	¥370,686	¥2,375,520	¥71,384	¥2,446,904	¥ —	¥2,446,904
(2) Intersegment sales or transfers	140	—	13,506	5,869	19,375	(19,375)	—
Total	105,093	370,686	2,389,026	77,254	2,466,280	(19,375)	2,446,904
Segment profit (loss)	16,565	39,708	232,362	(2,480)	229,882	(43,363)	186,519
Segment assets	542,621	923,676	2,229,171	13,121	2,242,292	383,568	2,625,861
Other items							
Depreciation	7,759	1,474	17,823	683	18,506	3,219	21,726
Increase in property, plant and equipment and intangible assets	79,314	1,124	89,787	25	89,813	6,796	96,609

(Note) 1. Other is mainly the Exterior Business.

2. Adjustments are as follows.

- An adjustment of ¥(43,363) million for segment profit (loss) includes an elimination of intersegment transactions of ¥(3,145) million and corporate expenses of ¥(40,217) million that have not been allocated to each segment. Corporate expenses mainly include general and administration expenses and experimentation and research expenses that do not belong to any reportable segments.
- An adjustment of ¥383,568 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.
- An adjustment of ¥3,219 million for depreciation is depreciation related to corporate assets.
- An adjustment of ¥6,796 million for increase in property, plant, and equipment and intangible assets is a capital expenditure mainly for equipment for the headquarters.

3. Segment profit (loss) is adjusted to correspond to operating profit in the consolidated financial statements.

## Notes to Consolidated Financial Statements

## Fiscal year ended January 31, 2022

	Millions of yen						
	Reportable segments						
	Custom detached houses Business	Rental housing Business	Architectural / Civil engineering Business	Remodeling Business	Real estate management fees Business	Houses for sale Business	Condominiums Business
Net sales							
(1) Sales from external customers	¥352,732	¥384,022	¥261,930	¥156,167	¥584,969	¥191,488	¥ 90,612
(2) Intersegment sales or transfers	—	3,324	8,846	566	3,538	—	—
Total	352,732	387,347	270,776	156,733	588,507	191,488	90,612
Segment profit (loss)	42,475	56,047	15,146	25,546	50,480	14,548	12,486
Segment assets	53,782	43,486	239,315	17,596	125,055	174,079	226,803
Other items							
Depreciation	3,519	1,765	1,400	110	804	1,271	46
Increase in property, plant and equipment and intangible assets	5,592	2,010	4,050	61	931	1,546	215

	Reportable segments					Adjustment (Note 2)	Amount stated in consolidated financial statements (Note 3)
	Urban redevelopment Business	Overseas Business	Total		Other (Note 1)		
			Total	Total			
Net sales							
(1) Sales from external customers	¥102,736	¥ 388,936	¥2,513,595	¥75,984	¥2,589,579	¥ —	¥2,589,579
(2) Intersegment sales or transfers	648	—	16,923	6,828	23,752	(23,752)	—
Total	103,384	388,936	2,530,519	82,812	2,613,331	(23,752)	2,589,579
Segment profit (loss)	11,276	50,147	278,155	(1,208)	276,946	(46,786)	230,160
Segment assets	565,506	1,022,182	2,467,808	13,528	2,481,336	319,852	2,801,189
Other items							
Depreciation	9,023	1,573	19,515	661	20,177	3,891	24,069
Increase in property, plant and equipment and intangible assets	67,931	1,477	83,817	76	83,893	5,618	89,512

(Note) 1. Other is mainly the Exterior Business.

2. Adjustments are as follows.

- (1) An adjustment of ¥(46,786) million (\$ (405,284) thousand) for segment profit (loss) includes an elimination of intersegment transactions of ¥(3,484) million (\$ (30,180) thousand) and corporate expenses of ¥(43,301) million (\$ (375,095) thousand) that have not been allocated to each segment. Corporate expenses mainly include general and administration expenses and experimentation and research expenses that do not belong to any reportable segments.
- (2) An adjustment of ¥319,852 million (\$2,770,721 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 ¥3,891 million (\$33,706 thousand) for depreciation is depreciation related to corporate assets.
- (4) An adjustment of ¥5,618 million (\$48,666 thousand) for increase in property, plant, and equipment and intangible assets is a capital expenditure mainly for equipment for the headquarters.

3. Segment profit (loss) is adjusted to correspond to operating profit in the consolidated financial statements.

## Fiscal year ended January 31, 2022

	Thousands of U.S. dollars						
	Reportable segments						
	Custom detached houses Business	Rental housing Business	Architectural / Civil engineering Business	Remodeling Business	Real estate management fees Business	Houses for sale Business	Condominiums Business
Net sales							
(1) Sales from external customers	\$3,055,544	\$3,326,594	\$2,268,971	\$1,352,798	\$5,067,299	\$1,658,766	\$ 784,927
(2) Intersegment sales or transfers	—	28,794	76,629	4,903	30,648	—	—
Total	3,055,544	3,355,397	2,345,599	1,357,701	5,097,947	1,658,766	784,927
Segment profit (loss)	367,940	485,508	131,202	221,292	437,283	126,022	108,160
Segment assets	465,887	376,698	2,073,068	152,426	1,083,290	1,507,961	1,964,683
Other items							
Depreciation	30,483	15,289	12,128	953	6,965	11,010	398
Increase in property, plant and equipment and intangible assets	48,441	17,412	35,083	528	8,065	13,392	1,862

	Reportable segments					Adjustment (Note 2)	Amount stated in consolidated financial statements (Note 3)
	Urban redevelopment Business	Overseas Business	Total		Other (Note 1)		
			Total	Total			
Net sales							
(1) Sales from external customers	\$ 889,951	\$3,369,161	\$21,774,038	\$658,212	\$22,432,251	\$ —	\$22,432,251
(2) Intersegment sales or transfers	5,613	—	146,596	59,148	205,752	(205,752)	—
Total	895,565	3,369,161	21,920,643	717,360	22,638,002	(205,752)	22,432,251
Segment profit (loss)	97,678	434,399	2,409,520	(10,464)	2,399,047	(405,284)	1,993,763
Segment assets	4,898,701	8,854,660	21,377,408	117,186	21,494,595	2,770,721	24,265,324
Other items							
Depreciation	78,162	13,626	169,049	5,726	174,783	33,706	208,498
Increase in property, plant and equipment and intangible assets	588,453	12,795	726,065	658	726,724	48,666	775,398

(Note) 1. Other is mainly the Exterior Business.

2. Adjustments are as follows.

- (1) An adjustment of ¥(46,786) million (\$ (405,284) thousand) for segment profit (loss) includes an elimination of intersegment transactions of ¥(3,484) million (\$ (30,180) thousand) and corporate expenses of ¥(43,301) million (\$ (375,095) thousand) that have not been allocated to each segment. Corporate expenses mainly include general and administration expenses and experimentation and research expenses that do not belong to any reportable segments.
- (2) An adjustment of ¥319,852 million (\$2,770,721 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 ¥3,891 million (\$33,706 thousand) for depreciation is depreciation related to corporate assets.
- (4) An adjustment of ¥5,618 million (\$48,666 thousand) for increase in property, plant, and equipment and intangible assets is a capital expenditure mainly for equipment for the headquarters.

3. Segment profit (loss) is adjusted to correspond to operating profit in the consolidated financial statements.

# Notes to Consolidated Financial Statements

## [Related information]

Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)

### 1. Information for each product or service

Omitted because similar information is disclosed in segment information.

### 2. Information for each region

#### (1) Net sales

Millions of yen			
Japan	United States	Other regions	Total
¥2,069,993	¥240,711	¥136,200	¥2,446,904

(Note) Net sales are classified founded on the region where the business activities are conducted.

#### (2) Property, plant and equipment

Omitted because the 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

Omitted because no single customer accounted for 10% or more of total sales of all segments.

## Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)

### 1. Information for each product or service

Omitted because similar information is disclosed in segment information.

### 2. Information for each region

#### (1) Net sales

Millions of yen			
Japan	United States	Other regions	Total
¥2,180,221	¥297,432	¥111,925	¥2,589,579

Thousands of U.S. dollars			
Japan	United States	Other regions	Total
\$18,886,183	\$2,576,507	\$969,551	\$22,432,251

(Note) Net sales are classified founded on the region where the business activities are conducted.

(Changes in presentation)

Net sales for "United States" included under "Other regions" for the fiscal year ended January 31, 2021 has been classified separately from the fiscal year ended January 31, 2022 due to increased materiality. To reflect this change in presentation, "2. Information for each region (1) Net sales" for the fiscal year ended January 31, 2021 has been restated.

As a result, the ¥376,911 million presented as "Other regions" for the fiscal year ended January 31, 2021 has been restated as ¥240,711 million in "United States" and ¥136,200 million in "Other regions."

### (2) Property, plant and equipment

Omitted because the 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

Omitted because 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, 2021 (February 1, 2020 to January 31, 2021)						
Millions of yen						
	Custom detached houses Business	Rental housing Business	Architectural / Civil engineering Business	Remodeling Business	Real estate management fees Business	Houses for sale Business
Impairment losses	¥43	¥—	¥13	¥—	¥—	¥—

	Condominiums Business	Urban redevelopment Business	Overseas Business	Other	Unallocated amounts and elimination	Total
Impairment losses	¥—	¥278	¥—	¥20	¥—	¥356

Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)						
Millions of yen						
	Custom detached houses Business	Rental housing Business	Architectural / Civil engineering Business	Remodeling Business	Real estate management fees Business	Houses for sale Business
Impairment losses	¥—	¥—	¥—	¥11	¥—	¥—

	Condominiums Business	Urban redevelopment Business	Overseas Business	Other	Unallocated amounts and elimination	Total
Impairment losses	¥—	¥—	¥—	¥61	¥466	¥539

Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)						
Thousands of U.S. dollars						
	Custom detached houses Business	Rental housing Business	Architectural / Civil engineering Business	Remodeling Business	Real estate management fees Business	Houses for sale Business
Impairment losses	\$—	\$—	\$—	\$95	\$—	\$—

	Condominiums Business	Urban redevelopment Business	Overseas Business	Other	Unallocated amounts and elimination	Total
Impairment losses	\$—	\$—	\$—	\$528	\$4,037	\$4,669

## Notes to Consolidated Financial Statements

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

	Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)					
	Millions of yen					
	Custom detached houses Business	Rental housing Business	Architectural / Civil engineering Business	Remodeling Business	Real estate management fees Business	Houses for sale Business
Amortization amount for the period	¥—	¥—	¥—	¥—	¥—	¥—
Balance at end of period	—	—	—	—	—	—
	Condominiums Business	Urban redevelopment Business	Overseas Business	Other	Unallocated amounts and elimination	Total
Amortization amount for the period	¥—	—	¥1,391	¥—	¥—	¥1,391
Balance at end of period	—	—	1,575	—	—	1,575
Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)						
Millions of yen						
	Custom detached houses Business	Rental housing Business	Architectural / Civil engineering Business	Remodeling Business	Real estate management fees Business	Houses for sale Business
Amortization amount for the period	¥—	¥—	¥—	¥—	¥—	¥—
Balance at end of period	—	—	—	—	—	—
	Condominiums Business	Urban redevelopment Business	Overseas Business	Other	Unallocated amounts and elimination	Total
Amortization amount for the period	¥—	¥—	¥1,433	¥—	¥—	¥1,433
Balance at end of period	—	—	250	—	—	250
Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)						
Thousands of U.S. dollars						
	Custom detached houses Business	Rental housing Business	Architectural / Civil engineering Business	Remodeling Business	Real estate management fees Business	Houses for sale Business
Amortization amount for the period	\$—	\$—	\$—	\$—	\$—	\$—
Balance at end of period	—	—	—	—	—	—
	Condominiums Business	Urban redevelopment Business	Overseas Business	Other	Unallocated amounts and elimination	Total
Amortization amount for the period	\$—	\$—	\$12,413	\$—	\$—	\$12,413
Balance at end of period	—	—	2,166	—	—	2,166

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

Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)

Not applicable

Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)

Not applicable

### [Information about related parties]

Transactions with related parties

Transactions between the reporting company and related parties

Directors (and other officers) of the reporting company and major shareholders (limited to individuals), etc.

Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)

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 period (Millions of yen)
Directors (and other officers)	Shiro Inagaki	—	¥—	The Company's Vice Chairman & Representative Director	(Owning) Directly 0.00%	Contracting house remodeling	Contracting house remodeling	¥37	—	¥—

(Note) 1. Transaction amounts do not include consumption tax, etc.

2. Transaction terms and policies for determining transaction terms, etc.

The above transactions are determined in the same way as for general transaction terms.

Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)

Not applicable



## Notes to Consolidated Financial Statements

### (Per share information)

Item	Yen		U.S. dollars
	Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
Net assets per share	¥1,948.12	¥2,184.36	\$18.92
Profit per share	181.18	227.37	1.97
Diluted profit per share	181.02	227.25	1.97

(Note) Basis for calculation  
1. Net assets per share

	Millions of yen		Thousands of U.S. dollars
	As of January 31, 2021	As of January 31, 2022	As of January 31, 2022
Net assets recorded on consolidated balance sheet	¥1,368,887	¥1,520,959	\$13,175,321
Difference between net assets recorded on consolidated balance sheet and net assets attributable to ordinary shares	42,351	47,018	407,294
[of which, share acquisition rights]	[508]	[186]	[1,611]
[of which, non-controlling interests]	[41,842]	[46,832]	[405,683]
Net assets attributable to ordinary shares	1,326,535	1,473,940	12,768,018
Number of ordinary shares outstanding (1,000 shares)	684,683	684,683	
Number of ordinary shares held in treasury (1,000 shares)	3,753	9,913	
Number of ordinary shares used to calculate net assets per share (1,000 shares)	680,929	674,769	

2. Profit per share and diluted profit per share

	Millions of yen		Thousands of U.S. dollars
	Fiscal year ended January 31, 2021 (February 1, 2020 to January 31, 2021)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)	Fiscal year ended January 31, 2022 (February 1, 2021 to January 31, 2022)
Profit per share			
Profit attributable to owners of parent	¥123,542	¥153,905	\$1,333,203
Amount not attributable to ordinary shareholders	—	—	—
Profit attributable to owners of parent related to ordinary shares	123,542	153,905	1,333,203
Average number of ordinary shares outstanding during the period (1,000 shares)	681,885	676,884	
Diluted profit per share			
Adjustment to profit attributable to owners of parent	—	—	—
Number of ordinary shares increased (1,000 shares)			
Share acquisition rights	558	264	
Performance-linked share awards	42	103	
Overview of residual securities not included in the calculation of diluted profit per share as they have no dilutive effect	—	—	

### (Significant subsequent events)

(Share repurchase)

At the Board of Directors meeting held on March 10, 2022, the Company resolved to acquire its own shares under the provisions of Article 156 of the Companies Act, as applied pursuant to Article 165, paragraph (3) of the Companies Act, and repurchased shares as follows.

#### 1. Content of the Board of Directors' resolution concerning the repurchase of shares

##### (1) Reason for share repurchase

To implement flexible capital policies in accordance with the business environment and to improve capital efficiency to increase shareholder value

##### (2) Type of shares

Ordinary shares of the Company

##### (3) Aggregate number of shares to be repurchased

Up to 15,000,000 shares

##### (4) Aggregate amount of shares to be repurchased

Up to ¥30,000 million (\$259,875 thousand)

##### (5) Period for share repurchase

From March 11, 2022 to January 31, 2023

##### (6) Method of share repurchase

Market purchases (including "Off-Auction Own Share Repurchase Trading [N-NET3]" of the Nagoya Stock Exchange)

#### 2. Share repurchase status as of the end of the month prior to the month of filing the Annual Securities Report

##### (1) Type of shares repurchased

Ordinary shares of the Company

##### (2) Aggregate number of shares repurchased

1,567,100 shares

##### (3) Aggregate amount of shares repurchased

¥3,758 million (\$32,554 thousand)

##### (4) Period for share repurchase

From March 11, 2022 to March 31, 2022

##### (5) Method of share repurchase

Market purchases on the Tokyo Stock Exchange

## Notes to Consolidated Financial Statements

### (Annexed consolidated detailed schedules)

#### [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.	Series 19 unsecured bonds (with limited inter-bond pari passu clause)	July 14, 2016	¥ 30,000 [30,000]	¥ —	\$ 259,875 [259,875]	\$ —	0.04	Unsecured	July 20, 2021
Sekisui House, Ltd.	Series 20 unsecured bonds (with limited inter-bond pari passu clause)	July 14, 2016	30,000	30,000	259,875	259,875	0.11	Unsecured	July 20, 2023
Sekisui House, Ltd.	Series 21 unsecured bonds (with limited inter-bond pari passu clause)	July 14, 2016	20,000	20,000	173,250	173,250	0.20	Unsecured	July 17, 2026
Sekisui House, Ltd.	Series 1 unsecured bonds with interest deferrable clause and early redemption option (subordinated bond)	August 18, 2017	120,000	120,000	1,039,501	1,039,501	0.81* <sup>1</sup>	Unsecured	August 18, 2077 * <sup>2</sup>
Total	—	—	¥200,000 [30,000]	¥170,000	\$1,732,502 [259,875]	\$1,472,626	—	—	—

(Note) 1. Amounts due to mature within one year are shown in parenthesis.

2. \*1. A fixed rate of interest from the day following August 18, 2017 until August 18, 2022, then a variable interest rate from the day following August 18, 2022 (A step up in the interest rate on August 19, 2022)

\*2. There is a special clause that gives the Company the option of early redemption on each interest payment date after August 18, 2022

3. 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
¥—	¥30,000	¥—	¥—	¥20,000

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
\$—	\$259,875	\$—	\$—	\$173,250

#### [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	¥166,019	¥219,218	\$1,438,141	\$1,898,978	1.22	—
Current portion of long-term borrowings	36,582	8,244	316,892	71,414	1.39	—
Current portion of non-recourse long-term borrowings	19,938	7,991	172,713	69,222	0.92	—
Current portion of lease obligations	864	982	7,484	8,507	—	—
Long-term borrowings (excluding current portion)	115,778	110,299	1,002,928	955,466	1.84	2023 to 2029
Non-recourse long-term borrowings (excluding current portion)	16,886	26,256	146,275	227,443	1.15	2023 to 2024
Lease obligations (excluding current portion)	6,896	6,869	59,737	59,503	—	2023 to 2049
Total	¥362,966	¥379,862	\$3,144,196	\$3,290,558	—	—

(Note) 1. The calculation of the average interest rate is disclosed as the weighted average interest rate for the balance at the end of period based on the interest rate at the end of period.

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 obligation in the consolidated balance sheet.

3. The amounts of long-term borrowings, non-recourse debts 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	¥45,184	¥5,018	¥37,956	¥20,789
Non-recourse long-term borrowings	17,935	8,321	—	—
Lease obligations	894	647	481	399

	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	\$391,407	\$43,468	\$328,794	\$180,085
Non-recourse long-term borrowings	155,362	72,081	—	—
Lease obligations	7,744	5,605	4,167	3,456

#### [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.

## Notes to Consolidated Financial Statements

### [Other]

Quarterly information for the fiscal year ended January 31, 2022

(Cumulative period)	1st quarter	2nd quarter	3rd quarter	Fiscal year ended January 31, 2022
Net sales				
(Millions of yen)	¥608,590	¥1,223,605	¥1,844,812	¥2,589,579
(Thousands of U.S. dollars)	\$5,271,916	\$10,599,489	\$15,980,700	\$22,432,251
Profit before income taxes				
(Millions of yen)	¥55,042	¥111,216	¥173,582	¥234,334
(Thousands of U.S. dollars)	\$476,802	\$963,410	\$1,503,656	\$2,029,920
Profit attributable to owners of parent				
(Millions of yen)	¥36,171	¥72,552	¥115,895	¥153,905
(Thousands of U.S. dollars)	\$313,332	\$628,482	\$1,003,941	\$1,333,203
Profit per share				
(Yen)	¥53.20	¥106.90	¥171.06	¥227.37
(U.S. dollars)	\$0.46	\$0.93	\$1.48	\$1.97
(Accounting period)	1st quarter	2nd quarter	3rd quarter	4th quarter
Profit per share				
(Yen)	¥53.20	¥53.71	¥64.22	¥56.33
(U.S. dollars)	\$0.46	\$0.47	\$0.56	\$0.49

# Independent Auditor's Report

The Board of Directors Sekisui House, Ltd.

## 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, 2022, and the consolidated statements of income, comprehensive income, changes in net assets, 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, 2022, 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition on sales of real estate to special purpose companies	
Description of Key Audit Matter	Auditor's Response
<p>For the year ended January 31, 2022, the Group recorded sales of ¥70,130 million related to the urban redevelopment business. This included sales of real estate to special purpose companies.</p> <p>In general, the terms and conditions of real estate sales transactions to special purpose companies are highly specific, and each transaction amount is material. In addition, if the Group has continuing involvement such as providing management services, granting repurchase options, sales and leaseback transactions or the partial holding of equity interest, the judgement as to whether substantially all of the risks and rewards of ownership have been transferred may be complicated. In the event that such judgment is erroneous, revenue from real estate sales transactions to special purpose companies under which substantially all of the risks and rewards of ownership have not been transferred may be recognized.</p> <p>Accordingly, we have determined revenue recognition on sales of real estate to special purpose companies to be a key audit matter.</p>	<p>We conducted the following procedures to assess the judgement as to whether the risks and rewards of ownership regarding real estate sales transactions to special purpose companies have been transferred.</p> <ul style="list-style-type: none"> <li>• In order to understand the entire transaction scheme, we inspected the minutes of Board of Directors' meetings and management committee meetings, the requests for approval and related documents as well as made inquiries to the department in charge.</li> <li>• In order to assess whether any conditions of continuing involvement exist in relation to the transferred assets, we inspected the minutes of Board of Directors' meetings and management committee meetings, the request for approval and related contracts such as sales contracts.</li> <li>• In order to evaluate transaction amounts, we compared with other transactions in the neighborhood and examined evidence such as contracts and/or cash receipts.</li> <li>• In order to assess whether the assets had actually been transferred, we inspected the evidence such as cash receipts.</li> </ul>

## Independent Auditor's Report

Valuation of real estate for sale	
Description of Key Audit Matter	Auditor's Response
<p>The Group recorded land held for sales, construction for sale, including projects under construction and land held for development in the amounts of ¥436,973 million, ¥589,879 million and ¥149,828 million, respectively, in the consolidated balance sheet as of January 31, 2022. The Company sometimes holds such assets over long periods of time from the acquisition of land to sale. As described in Note "Significant Accounting Estimates, (1) Valuation of real estate for sale," if net selling price of real estate for sales at the end of the year is less than the carrying value, the carrying value is reduced to its net selling price, and the difference is recognized as loss on impairment. The net selling value was calculated by deducting development cost from revenue earned by future sales. For real estate, which has a long development period, there is high uncertainty in the estimates since future revenue as a key assumption may be significantly affected by the conditions of the real estate market. In addition, it is based on subjective judgments from management since they estimate it taking into consideration the specific condition of each property. Accordingly, we have determined valuation of real estate for sale to be a key audit matter.</p>	<p>We mainly conducted the following procedures to assess valuation of real estate for sale.</p> <ul style="list-style-type: none"> <li>• In order to understand the business plan, to assess 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' and management committee meetings, the request for approval and related documents.</li> <li>• In order to evaluate the estimation of future revenue, we compared other transactions in the neighborhood and most recent actual results.</li> <li>• In order to assess the effectiveness of management's estimation process, we analyzed the estimates and actual amounts of sales price in the prior years.</li> <li>• For the foreign subsidiaries assessed as significant components since their valuation of real estate for sale is material, we made inquiries to the component's managements in order to understand the real estate market and competitive environment at their locations and areas, whether there have been any amendments to applicable laws and their business plans.</li> <li>• For the foreign subsidiaries assessed as being significant components since their valuation of real estate for sale is material, we involved the component auditors in order to evaluate the valuation of real estate for sale based on International Financial Reporting Standards or Generally Accepted Accounting Principles in U.S.</li> </ul>

Indications of impairment of investment and rental properties	
Description of Key Audit Matter	Auditor's Response
<p>The Group recorded property, plant and equipment in the amount of ¥540,711 million in the consolidated balance sheet as of January 31, 2022. As described in Note "Real estate for lease, etc.," this included investment in rental properties in the amount of ¥436,946 million, which consisted mainly of office buildings, hotels and residential rental properties.</p> <p>As described in the Note, "Significant accounting estimates, (2). Evaluation of property, plant and equipment," whenever there are indications of impairment for an asset or an asset group, the Company determines whether recognition of loss on impairment is necessary. When the Company determines that an asset or an asset group is impaired, the Company reduces the carrying amount to the recoverable amount and recognizes the difference as loss on impairment of fixed assets. Indications of impairment include continuous negative operating results or cashflow, deterioration of the business environment, significant declines in market prices and so on. The recoverable amount is the higher of net selling value or value in use of an asset or an asset group.</p> <p>When the Company calculated market price used to determine if there are any indications of impairment, the Company used cap rate and NOI ("Net Operating Income before depreciation") over a stable operating period. The cap rate for key property was evaluated by real estate appraiser (hereinafter "third party report"). The cap rate and significant factors of NOI including rent, Average Daily Rate ("ADR"), vacancy rate and operating ratio were significant assumptions. Since they may be significantly affected by the economic environment and competition in the real estate market, there is a high degree of uncertainty in the estimates. In addition, the calculation of the market price is based on subjective judgments from management since they estimate it taking into consideration the specific condition of each property.</p> <p>Accordingly, we have determined identifying whether there are any indications of impairment of investment and rental properties to be a key audit matter.</p>	<p>We conducted the following procedures to assess indicators of impairment of investment and rental properties included in fixed assets.</p> <ul style="list-style-type: none"> <li>• In order to assess the asset grouping used for identifying indications of impairment of investment and rental properties, we inspected the impairment assessment documents prepared by the Company</li> <li>• In order to assess whether or not operating results or cashflow was expected to continue to be negative, we inspected the documentation prepared by the Company. Also, in order to assess the accuracy and completeness of the documents, we evaluated whether these materials were consistent with underlying accounting data.</li> <li>• In order to assess whether there has been any deterioration of the business environment, we made inquiries to the management and department in charge and inspected the minutes of the Board of Directors' meetings, the request for approval and related documents.</li> <li>• In order to assess whether there has been any significant decline in market prices, we obtained the third-party report used by the Company. For samples of assets or asset groups meeting specific criteria, we compared the cap rate, rental fee, ADR and vacancy rate and operating rate, which are key assumptions, with available external data and/or actual historical data of similar property. We involved the valuation specialist of our network firm to assist in verifying part of the assets or asset groups.</li> </ul>

## Independent Auditor's Report

### Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors 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 Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors 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 Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the 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, related safeguards.

## Independent Auditor's Report

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From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, 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.

### 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.

### Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended January 31, 2022 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.

Ernst & Young ShinNihon LLC  
Osaka, Japan

April 26, 2022

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/s/ Shin Ichinose  
Designated Engagement Partner  
Certified Public Accountant

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/s/ Yasuhiro Kozaki  
Designated Engagement Partner  
Certified Public Accountant

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/s/ Yusaku Iriyama  
Designated Engagement Partner  
Certified Public Accountant