

06 Integrity as Foundation

Strengthening Our Foundation

Financial Strategy and Corporate Governance

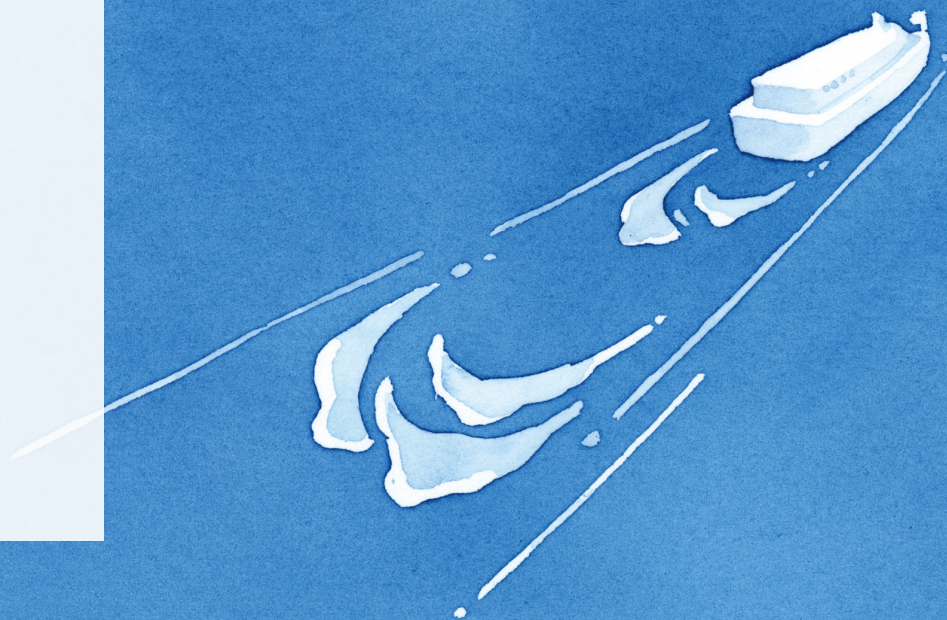
No matter how bold the vision,
without a strong foundation,
the future cannot be realized.

For years, we have continued to strengthen
the foundations of our management,
asking what must endure
and what must change.

Protecting what matters.

Changing what must be changed.

To build the future we envision.





Satoshi Tanaka

Representative Director of the Board
Executive Vice President, Executive Officer
Managing Finance Division and Auditing,
in charge of Human Resources Division and
Administration Division

Financial and Capital Strategy

We have formulated the financial strategy for the Seventh Mid-Term Management Plan. We will strengthen our ability to generate cash and improve capital efficiency to achieve sustainable growth and enhance shareholder value.

Results of the Sixth Mid-Term Management Plan and Financial and Capital Strategy for the Seventh Mid-Term Management Plan

Under the fundamental policy of “stable growth in Japan and proactive growth overseas” set forth in our previous Sixth Mid-Term Management Plan, we steadily advanced strategies for each of our businesses, exceeding the initial targets for both net sales and profit over the three-year period, while also achieving record highs in the final fiscal year of the plan.

We also made active growth investments. Overseas, the acquisition of MDC gave us a platform to drive the rapid expansion of our U.S. homebuilding business. In January 2026, we integrated MDC and three other builders, and

under the “One Company” structure, we launched initiatives to drive a game-changing transformation in the U.S. homebuilding industry.

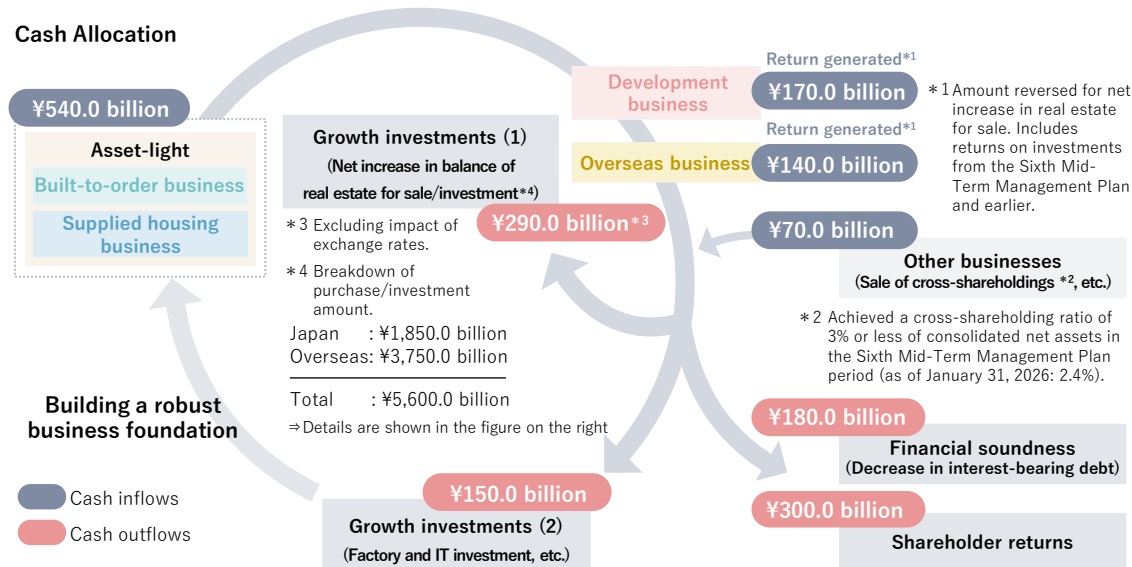
At the same time, the MDC acquisition has affected our financial soundness, underscoring the growing importance of cash allocation and improved asset efficiency (ROA) to sustainable growth. Based on these circumstances, in our newly formulated Seventh Mid-Term Management Plan, we aim to further enhance corporate value while maintaining a balanced approach to executing growth strategies, restoring financial soundness, and providing appropriate shareholder returns.

Financial and Capital Strategy

Cash Allocation and the Restoration of Financial Soundness

Our growth strategy is supported by the stable and robust cash generating capabilities of our built-to-order and supplied housing businesses. By constructing high-quality buildings through our built-to-order business and then carrying this forward into our supplied housing business in the form of subsequent remodeling and rental housing management, we achieve stable growth backed by our solid customer base. The built-to-order and supplied housing businesses are asset-light businesses that have a low impact on the balance sheet. Investing the cash generated into the development and overseas businesses, which involve real estate procurement and development, enables us to achieve even greater returns and growth, which in turn leads to the expansion of shareholder returns and investments in our growth platform. The Seventh Mid-Term Management Plan outlines our cash allocation approach in connection with this business model. By clarifying both our approach to allocating the cash we generate and the cash generation capabilities of each business, we aim to deepen the market's understanding of our capital policy and the strengths of our business model.

Cash Allocation



During the period of the Seventh Mid-Term Management Plan, we plan to make real estate investments exceeding the scale of those made during the previous Mid-Term Management Plan (¥5.6 trillion) with an eye to achieving sustainable growth. At the same time, we plan to execute our growth strategies and restore financial soundness through sales and recoupment that exceed this amount (¥6.6 trillion).

Regarding financial soundness, while we have maintained a domestic credit rating of AA, our overseas credit rating has been downgraded by two notches due to the increase in interest-bearing debt associated with the acquisition of MDC. Following the MDC acquisition, our debt repayment period (Net Debt/EBITDA*) rose to over three years—an issue we are addressing directly. In our Seventh Mid-Term Management Plan, we aim to reduce interest-bearing debt by achieving stable cash generation in our domestic businesses, restoring profitability in our U.S. homebuilding business, and accelerating the sale of properties held in our U.S. multifamily business. Our goal is to reduce the debt repayment period to about two years by FY2028, the final fiscal year of the plan. This will strengthen our financial foundation to drive further growth in the Eighth Mid-Term Management Plan and beyond.

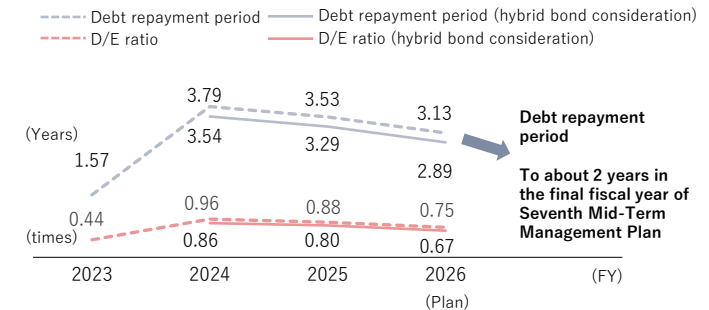
* EBITDA: Operating income + depreciation and amortization + amortization of goodwill + interest and dividend income

Results and Plans for Real Estate Investments

Purchase/investment of real estate for sale/investment			
	Japan	Overseas	(Trillions of yen)
Sixth Mid-Term Management Plan (three-year results)	¥1.4	¥3.1	Total: ¥4.5
Seventh Mid-Term Management Plan (three-year plan)	¥1.8	¥3.7	Total: ¥5.6

Sales/recoupment of real estate for sale/investment			
	Japan	Overseas	(Trillions of yen)
Sixth Mid-Term Management Plan (three-year results)	¥1.6	¥3.1	Total: ¥4.7
Seventh Mid-Term Management Plan (three-year plan)	¥1.8	¥4.8	Total: ¥6.6

Debt Repayment Period and D/E Ratio



Status of Long-Term Credit Ratings (as of July 2026)

Japan Credit Rating Agency (JCR)	AA
Rating and Investment Information (R&I)	AA-
S&P Global Ratings (S&P)	BBB+

Financial and Capital Strategy

Enhancing ROE with a Focus on Capital Efficiency

We position ROE as a key management indicator to enhance corporate value. In our Seventh Mid-Term Management Plan, we target an ROE in the high 12% range by FY2028, the final fiscal year of the plan. For each component of ROE, we have set targets of around 6% for the net profit margin, asset turnover ratio of 1 time or more, and financial leverage of around 2 times, respectively.

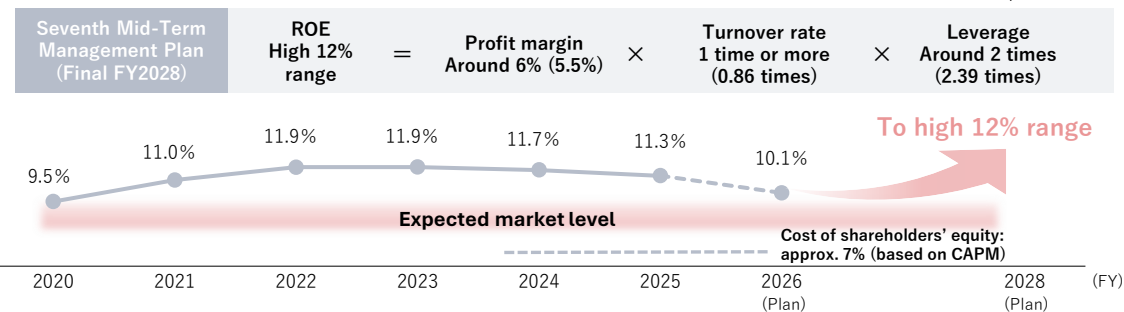
We aim to improve the profit margin by shifting toward mid-range to high-end lines in our U.S. homebuilding business, strengthening high-value-added proposals in our domestic businesses, and improving efficiency through DX and other means. Furthermore, given the increase in assets and liabilities following the acquisition of MDC, we will reduce U.S. multifamily business assets, and will also focus on improving the turnover rate by carefully selecting and appropriately controlling new property investments in Japan and overseas. While we intend to reduce financial leverage by repaying debt to improve financial soundness, as stated above, we believe that achieving our ROE target is entirely possible through improvements in the profit margin and the turnover rate that outweigh this reduction.

Improving market valuation requires widening the equity spread—the difference between ROE and the cost of shareholders' equity. We currently estimate our cost of shareholders' equity to be around 7% based on CAPM*, but we believe that market expectations are even higher in light of our endeavors in the United States. Going forward, we will work to widen the equity spread by pursuing further ROE improvement alongside efforts to reduce our cost of capital through enhanced information disclosure and proactive dialogue with stakeholders.

*CAPM: Capital Asset Pricing Model

Changes in ROE

FY2025 results shown in parentheses



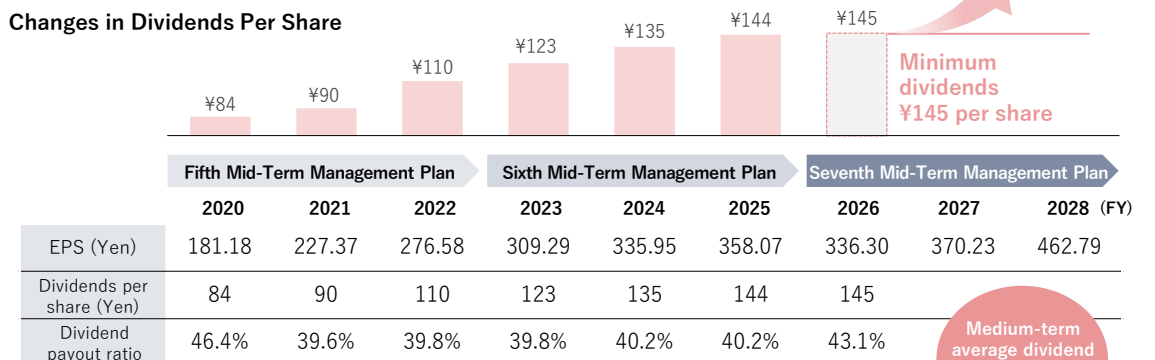
Enhancing Shareholder Returns and Increasing Shareholder Value Through Profit Growth

Regarding shareholder returns, we aim to increase dividends through profit growth, in line with our existing policy of maintaining a medium-term average dividend payout ratio of 40% or more. For FY2026, we plan to pay dividends per share of ¥145 (up ¥1 year on year), for a 15th consecutive year of dividend increases. Furthermore, we have raised the minimum dividends per share for the Seventh Mid-Term Management Plan period to ¥145, ensuring dividend stability. Regarding share buybacks, we plan to implement them in a flexible manner in light of financial soundness and other factors.

We believe that we can implement such shareholder returns even amid the highly uncertain business environment, as each of our businesses is well positioned for steady growth on the back of the robust earnings foundation of our domestic businesses. We are confident that by steadily expanding our unique core competencies supporting the above—technical expertise, construction expertise, and customer base—not only in Japan but also overseas, we can build an even stronger earnings foundation and further enhance shareholder returns. We look forward to delivering continued growth for the Sekisui House Group.



Changes in Dividends Per Share



Note: EPS for FY2027 and FY2028 is calculated based on the number of outstanding shares issued as of FY2026.

Results and Financial Analysis

Operating Results

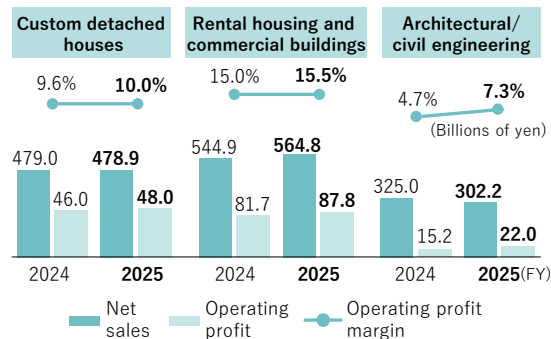
In FY2025, despite a challenging business environment that continued in the United States caused by persistently high interest rates and economic uncertainty, stable growth in domestic businesses, coupled with significant contributions from the sale of development properties in the urban redevelopment business, resulted in sales and profit growth, with net sales coming to ¥4,197.9 billion (up 3.4% year on year) and operating profit reaching ¥341.4 billion (up 3.0% year on year).

In non-operating income and expenses, the share of profit of entities accounted for using the equity method increased significantly due to the sale of properties by special purpose companies in which we have an equity interest. As a result, profit attributable to owners of parent was ¥232.0 billion (up 6.6% year on year), and net sales and profit achieved record highs.

Results by Segment

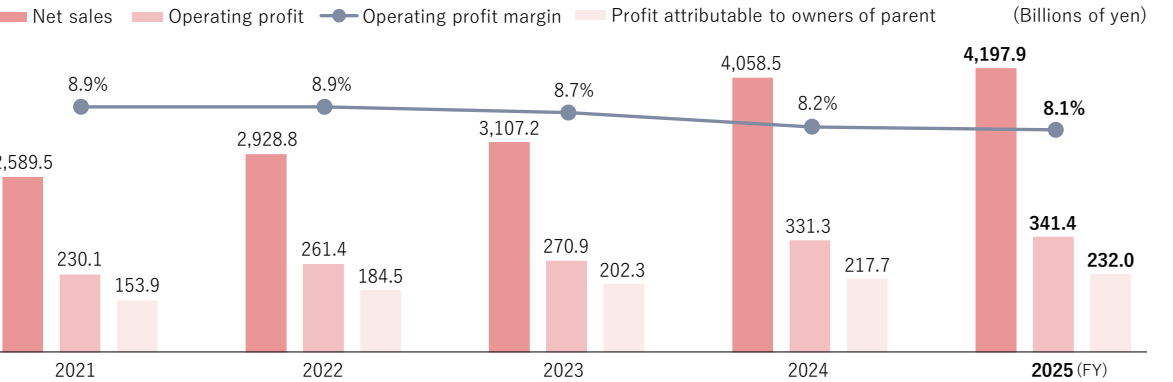
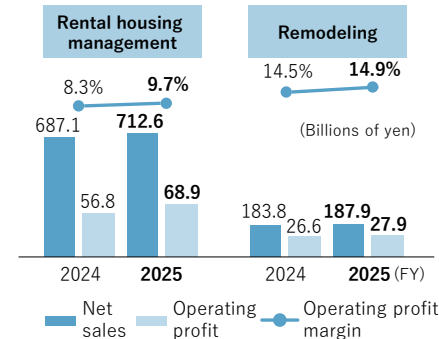
Built-to-Order Business

In the custom detached houses business and the rental housing and commercial buildings business, the high-value-added proposals proved successful, resulting in an increase in the average selling price of detached houses and rental housing and continued profit growth. In the architectural/civil engineering business, while the absence of large-scale projects recorded in the previous fiscal year weighed on performance, solid progress with other projects and improved profitability due to factors such as successful cost-pass-through measures contributed to profit growth.



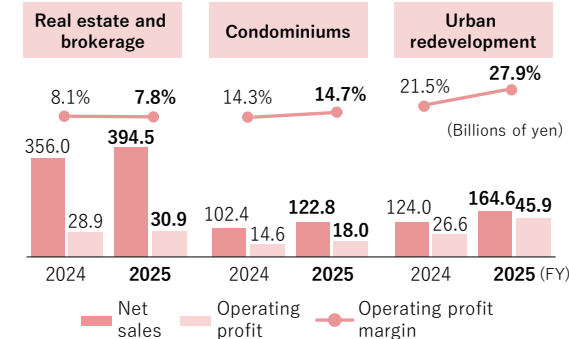
Supplied Housing Business

The rental housing management business achieved growth in sales and profit, due to the maintenance of high occupancy rates driven by the supply of well-located, high-quality buildings, as well as successful efficiency improvements owing partly to DX utilization. The remodeling business also achieved growth in sales and profit by continuing to promote proposal-based remodeling for detached houses tailored to family structure and lifestyles, and renovation proposals aimed at enhancing the asset value of rental housing.



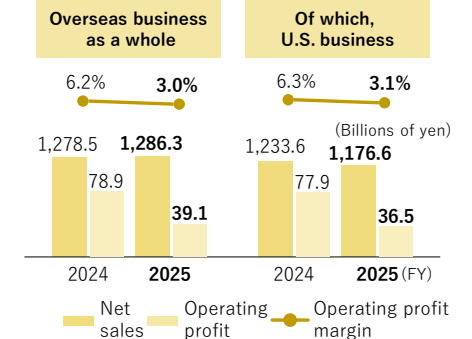
Development Business

The real estate and brokerage business achieved continued growth as Sekisui House Real Estate, established at the beginning of the fiscal year as a company specializing in the real estate and brokerage business, strengthened its procurement and sales of prime real estate for sale centered on residential land. In the condominiums and urban redevelopment businesses, sales exceeded our targets due to development focused on strategic areas, resulting in sales and profit growth.



Overseas Business

Overall, the overseas business experienced an increase in sales and a decrease in profit. In the U.S. business, the homebuilding business saw a decline in profit owing to increased incentives resulting from customers' continued wait-and-see attitude, as well as the recording of a loss on valuation of real estate for sale. Meanwhile, the master-planned community business and multifamily business both achieved profit growth on the back of progress with property sales.



Results and Financial Analysis

Financial Position

Total assets as of January 31, 2026 amounted to ¥5,006.6 billion (up 4.1% year on year). Real estate for sale increased 6.9% year on year to ¥3,034.6 billion due to proactive investments in Japan and overseas, primarily in the U.S. homebuilding business. Non-current assets amounted to ¥1,099.1 billion (up 0.2% year on year), due to the sale of real estate for leasing, etc., as well as continued capital investments and an increase in retirement benefit assets. Moreover, we continued to reduce our cross-shareholdings, which led to a ratio of cross-shareholdings to consolidated net assets at the end of FY2025 of 2.4%, achieving the target (3% or less) set in the Sixth Mid-Term Management Plan. Meanwhile, total liabilities amounted to ¥2,818.4 billion (up 1.0% year on year) and interest-bearing debt rose to ¥1,881.7 billion (up 0.2% year on year) due to investments in real estate for sale. Net assets were ¥2,188.2 billion (up 8.4% year on year) due mainly to the recording of profit.

Compared to the end of FY2022, the final fiscal year of the Fifth Mid-Term Management Plan, the balance sheet expanded and its composition changed significantly during the period of the Sixth Mid-Term Management Plan. In addition to the expansion of our U.S. business, including the acquisition of MDC in 2024, increased investments associated with the growth of our real estate and brokerage business in Japan led to a significant increase in real estate for sale and interest-bearing debt. As a result, total assets increased from ¥3,007.5 billion at the end of FY2022 to ¥5,006.6 billion at the end of FY2025.

Status of Cash Flows

Cash flows from operating activities

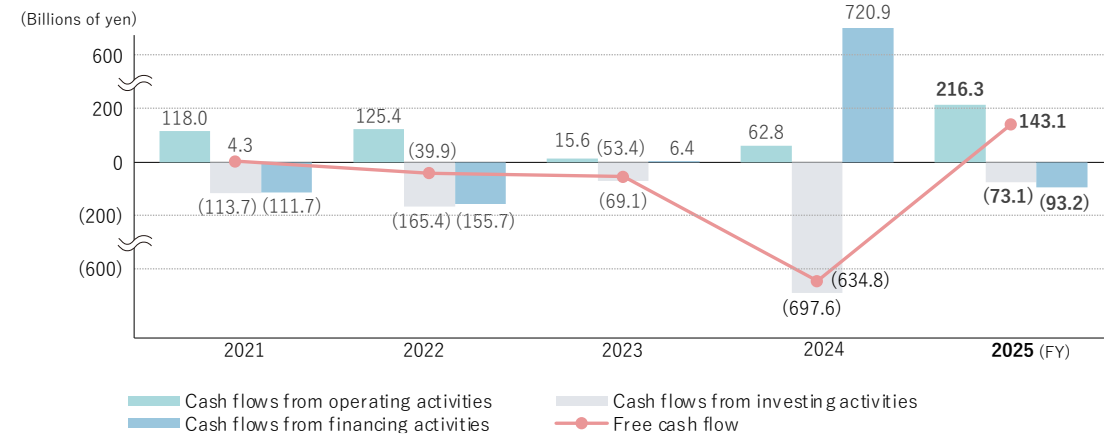
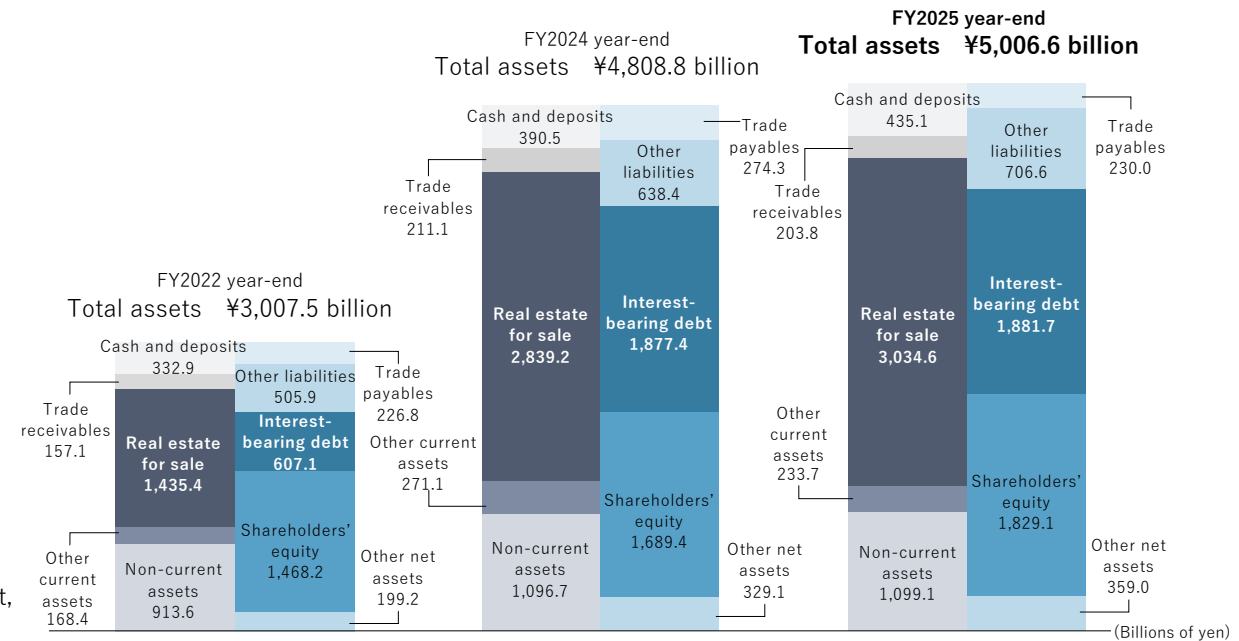
Net cash provided by operating activities amounted to ¥216.3 billion (a year-on-year increase of ¥153.4 billion), due in part to an increase in profit before income taxes.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥73.1 billion (a year-on-year increase of ¥624.5 billion), due in part to capital investments, compared to the previous fiscal year when there was a purchase of shares of subsidiaries associated with the acquisition of MDC.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥93.2 billion (a year-on-year decrease of ¥814.2 billion), mainly due to dividends paid, compared to the previous fiscal year when there was fundraising associated with the acquisition of MDC.



Results and Financial Analysis

Targeted Performance Indicators

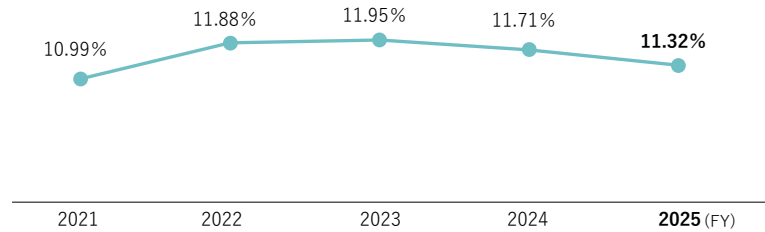
We position ROE as a key management indicator for enhancing corporate value, and as part of our efforts to improve it, we are working to strengthen the soundness of our balance sheet and enhance the profitability and efficiency of each business.

In our newly formulated Seventh Mid-Term Management Plan, we aim to raise ROE to the high 12% range in FY2028, the final fiscal year of the plan, and to reduce the debt repayment period to about two years as a benchmark for financial soundness.

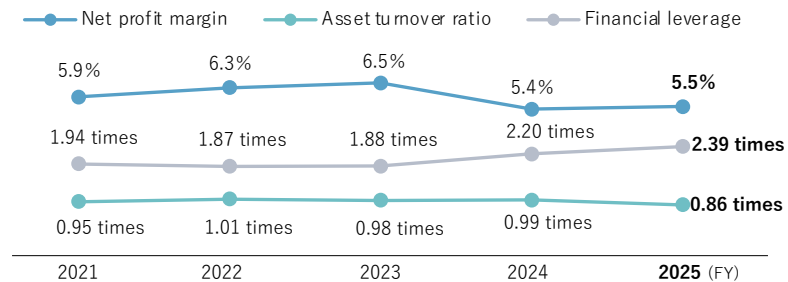
In FY2025, ROE was 11.32%. Breaking this down into its components, the net profit margin was 5.5%, asset turnover ratio was 0.86 times, and financial leverage was 2.39 times.

* ROE = net profit margin × asset turnover ratio × financial leverage

ROE (Return on Equity)



Breakdown of ROE



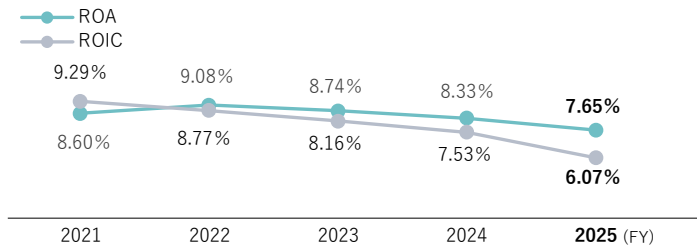
* Financial leverage is calculated using the average of the balances at the beginning and end of the period.

The net profit margin improved from the previous fiscal year, as high-value-added proposals and property sales in the domestic businesses contributed to improved profitability, despite an increase in incentives and the recording of a loss on valuation of real estate held for sale in the U.S. homebuilding business.

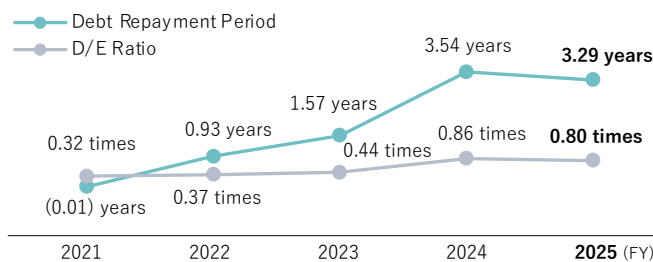
Asset turnover ratio declined from the previous fiscal year, as net sales decreased while inventory assets increased in the U.S. homebuilding business. ROA was 7.65%.

Although financial leverage increased from the previous fiscal year due to an increase in interest-bearing debt resulting from the acquisition of MDC in FY2024, the debt repayment period decreased to 3.29 years, reflecting profit generation in each business and progress in fund recovery through the sale of development properties. D/E ratio was 0.80 times.

ROA (Return on Assets)/ROIC (Return on Invested Capital)

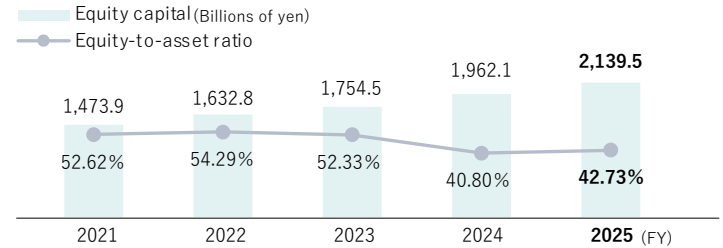


Debt Repayment Period / D/E Ratio

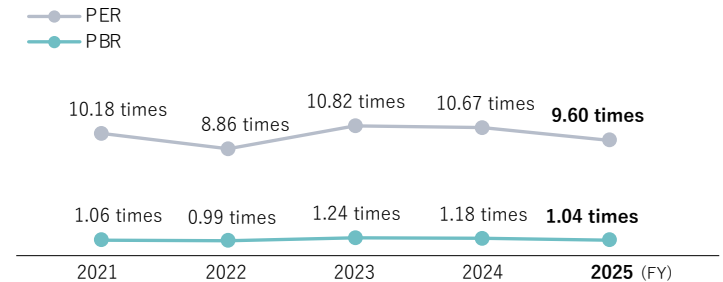


* These figures for the debt redemption period and D/E ratio in FY2021, FY2024, and FY2025 take into account the equity credit assigned to hybrid bonds by credit rating agencies.

Equity Capital/Equity-to-Asset Ratio



PER (Price Earnings Ratio)/PBR (Price Book-value Ratio)



11-Year Highlights (Consolidated)

Financial Data

(Millions of yen)

(Fiscal year)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business Performance											
Net sales	1,858,879	2,026,931	2,159,363	2,160,316	2,415,186	2,446,904	2,589,579	2,928,835	3,107,242	4,058,583	4,197,922
Gross profit	373,867	418,297	445,082	444,596	478,036	473,511	528,877	584,297	623,745	785,993	839,819
Gross profit margin (%)	20.1	20.6	20.6	20.6	19.8	19.4	20.4	19.9	20.1	19.4	20.0
Selling, general and administrative expenses	224,222	234,132	249,541	255,373	272,780	286,992	298,716	322,808	352,789	454,626	498,416
Operating profit	149,645	184,164	195,540	189,223	205,256	186,519	230,160	261,489	270,956	331,366	341,402
Operating profit margin (%)	8.1	9.1	9.1	8.8	8.5	7.6	8.9	8.9	8.7	8.2	8.1
Ordinary profit	160,589	190,989	203,678	195,190	213,905	184,697	230,094	257,272	268,248	301,627	327,800
Profit attributable to owners of parent	84,302	121,853	133,224	128,582	141,256	123,542	153,905	184,520	202,325	217,705	232,095
Return on Investment											
ROE (%)	7.9	11.3	11.6	10.8	11.5	9.5	11.0	11.9	11.9	11.7	11.3
ROA (%) *1	8.3	9.4	9.0	8.3	8.8	7.3	8.6	9.1	8.7	8.3	7.7
Assets and Interest-Bearing Debt											
Total assets	2,029,794	2,184,895	2,419,012	2,413,035	2,634,748	2,625,861	2,801,189	3,007,537	3,352,798	4,808,848	5,006,637
Total net assets	1,068,428	1,118,264	1,208,121	1,196,923	1,306,850	1,368,887	1,520,959	1,667,546	1,794,052	2,018,599	2,188,237
Equity capital	1,057,696	1,103,359	1,194,975	1,182,808	1,266,195	1,326,535	1,473,940	1,632,830	1,754,585	1,962,199	2,139,555
Equity-to-asset ratio (%)	52.11	50.50	49.40	49.02	48.06	50.52	52.62	54.29	52.33	40.80	42.73
Interest-bearing debt	426,013	491,017	622,084	639,510	586,891	562,966	549,862	607,198	774,965	1,877,410	1,881,709
D/E ratio (Times) *2	0.40	0.45	0.52 (0.45)	0.54 (0.47)	0.46 (0.40)	0.42 (0.36)	0.37 (0.32)	0.37	0.44	0.96 (0.86)	0.88 (0.80)
Debt repayment period (Years) *2	1.29	1.32	1.34 (1.07)	1.37 (1.10)	0.01 [(0.25)]	(0.18) [(0.46)]	0.13 [(0.01)]	0.93	1.57	3.79 (3.54)	3.53 (3.29)
Sales/Total assets (Times)	0.94	0.96	0.94	0.89	0.96	0.93	0.95	1.01	0.98	0.99	0.86
Cash Flows											
Cash flows from operating activities	45,884	115,820	165,355	125,088	363,766	191,972	118,034	125,464	15,683	62,885	216,325
Cash flows from investing activities	(76,166)	(107,397)	(76,150)	(70,184)	(65,229)	(95,504)	(113,706)	(165,409)	(69,124)	(697,687)	(73,172)
Cash flows from financing activities	32,084	5,511	30,154	(31,030)	(148,160)	(77,614)	(111,701)	(155,780)	6,483	720,967	(93,255)
Cash and cash equivalents at end of period	192,338	204,701	324,693	342,898	583,297	600,234	515,174	332,747	292,901	390,307	434,925
Investments											
Capital expenditure	81,258	98,277	68,799	58,680	73,255	96,609	89,512	95,330	86,709	99,891	99,696
Depreciation	24,438	23,125	21,983	22,155	21,518	21,726	24,069	26,711	27,745	35,235	42,761
R&D: Research and development expenses	4,772	4,991	5,181	6,041	7,313	9,665	9,478	9,562	9,050	10,581	10,520
Corporate Value											
Market capitalization at end of period	1,329,946	1,297,656	1,379,985	1,123,051	1,630,703	1,382,375	1,584,699	1,678,159	2,218,601	2,375,517	2,279,814
Stock price at end of period (Yen)	1,874.0	1,828.5	1,998.0	1,626.0	2,361.0	2,019.0	2,314.5	2,451.0	3,347.0	3,583.0	3,438.0
Per-Share Information											
EPS: Earnings per share (Yen)	120.16	175.48	193.06	186.53	205.79	181.18	227.37	276.58	309.29	335.95	358.07
BPS: Book value per share (Yen)	1,508.81	1,598.90	1,731.60	1,718.82	1,852.62	1,948.12	2,184.36	2,466.04	2,707.90	3,027.64	3,300.57
Dividends per share (Yen)	54.00	64.00	77.00	79.00	81.00	84.00	90.00	110.00	123.00	135.00	144.00
Dividend payout ratio (%)	44.9	36.5	39.9	42.4	39.4	46.4	39.6	39.8	39.8	40.2	40.2
Stock Price Indicators											
PER: Price Earnings Ratio (Times)	15.60	10.42	10.35	8.72	11.47	11.14	10.18	8.86	10.82	10.67	9.60
PBR: Price Book-value Ratio (Times)	1.24	1.14	1.15	0.95	1.27	1.04	1.06	0.99	1.24	1.18	1.04

* 1 (Operating profit + Interest income + Dividend income + Equity in earnings of affiliates) ÷ Total assets

* 2 Values in square brackets account for hybrid bonds

11-Year Highlights (Consolidated)

Other Key Reference Data

	(Fiscal year)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	(Millions of yen) 2025
New Housing Starts in Japan (Units) *1												
Owner-occupied houses		283,366	292,287	284,283	283,235	288,738	261,088	285,575	253,287	224,352	218,175	201,285
Ready-built detached houses		241,201	250,532	255,191	255,263	267,696	240,268	243,944	255,487	246,299	225,315	208,169
Condominiums		115,652	114,570	114,830	110,510	117,803	107,884	101,292	108,198	107,879	102,427	89,888
Detached houses		123,624	133,739	138,189	142,393	147,522	130,753	141,094	145,992	137,286	121,191	115,935
Rental housing		378,718	418,543	419,397	396,404	342,289	306,753	321,376	345,080	343,894	342,092	324,991
Corporate houses		6,014	5,875	5,770	7,468	6,400	7,231	5,589	5,675	5,078	6,613	6,222
Total		909,299	967,237	964,641	942,370	905,123	815,340	856,484	859,529	819,623	792,195	740,667
Number of Houses Built by Sekisui House in Japan (Units)												
Custom detached houses (Built-to-order)		11,248	11,105	10,617	9,822	10,663	8,411	8,349	7,842	8,967	8,273	7,891
Ready-built detached houses *2		2,364	2,071	2,677	2,336	2,589	1,958	2,261	2,219	205	279	268
Rental housing		32,631	35,156	32,937	30,078	27,981	26,033	25,321	27,203	23,676	21,660	20,299
Condominiums (for sale)		2,002	1,231	1,184	1,499	2,081	1,510	2,320	1,865	1,311	1,403	1,028
Total		48,245	49,563	47,415	43,735	43,314	37,912	38,251	39,129	34,159	31,615	29,486
Sekisui House's market share in Japan (%)		5.3	5.1	4.9	4.6	4.8	4.6	4.5	4.6	4.2	4.0	4.0
Total Number of Houses Built (Japan) *3		2,284,659	2,334,222	2,381,637	2,425,372	2,468,686	2,506,598	2,544,849	2,583,978	2,618,137	2,649,752	2,679,238
Total Number of Houses Built (Overseas)		5,345	8,251	12,731	16,137	22,301	27,953	33,166	38,767	44,046	57,085	70,282
Trend in Housing Constructed by Sekisui House												
Built-to-order detached houses												
Sales per detached house (Thousands of yen)		37,002	37,292	38,074	38,753	39,935	41,388	42,656	46,196	49,551	52,486	56,429
Floor area per detached house (Square meters)		140.43	138.63	137.94	138.03	137.68	135.91	135.04	137.41	136.23	135.75	136.08
Built-to-order rental housing (Low-rise apartments)												
Sales per building (Thousands of yen)		76,771	83,612	93,959	100,194	102,415	117,962	126,566	141,619	165,437	193,159	210,125
Floor area per building (Square meters)		366.10	385.19	418.35	432.28	427.67	470.83	485.52	515.23	550.03	599.67	600.13
Trends in Sekisui House Sha Maison PM companies Block Leasing Operation												
Occupancy ratio (%) *4		96.5	96.5	96.7	97.8	97.7	97.7	97.9	97.8	97.7	97.9	98.1
Units under management (Units)		565,471	584,096	601,582	619,494	639,780	657,190	674,125	691,635	708,464	721,293	723,808

* 1 Calendar year basis

* 2 In FY2023, built-to-order houses were recategorized from ready-built detached houses to detached houses (built-to-order).

* 3 Figures for FY2016 onward are for the entire Group.

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

11-Year Highlights (Consolidated)

Sales and Operating Profit by Segment

(Millions of yen)

Former segments ^{*1}		(Fiscal year)	2015	2016	2017	2018	2019	2020	2021	2022
Net sales	Built-to-Order Business									
	Custom detached houses		393,786	383,129	371,171	357,944	390,995	323,332	352,732	352,463
	Rental housing		400,601	440,312	442,845	416,062	360,026	358,745	384,022	426,116
	Architectural/Civil engineering		—	—	—	—	120,986	302,837	261,930	298,777
	Subtotal		794,388	823,442	814,017	774,006	872,008	984,915	998,685	1,077,357
	Supplied Housing Business									
	Real estate management fees		448,751	469,132	489,891	514,035	534,876	557,632	584,969	619,271
	Remodeling		134,458	133,498	136,843	141,416	152,729	141,090	156,167	165,910
	Subtotal		583,210	602,631	626,735	655,452	687,606	698,722	741,136	785,182
	Development Business									
	Ready-built detached houses		137,484	142,014	155,481	148,880	151,268	139,151	191,488	238,252
	Condominiums		81,470	66,125	77,497	89,581	103,984	77,091	90,612	90,883
	Urban redevelopment		93,038	130,491	103,777	173,391	131,920	104,953	102,736	135,320
	Subtotal		311,993	338,631	336,756	411,853	387,173	321,195	384,837	464,456
	Overseas Business									
	Overseas Business		89,522	182,127	306,716	245,953	389,866	370,686	388,936	521,124
	Other Business		79,764	80,099	75,137	73,050	78,531	71,384	75,984	80,715
	Total		1,858,879	2,026,931	2,159,363	2,160,316	2,415,186	2,446,904	2,589,579	2,928,835

Operating profit	Built-to-Order Business									
	Custom detached houses		47,208	49,514	48,043	42,255	45,942	32,231	42,475	38,309
	Rental housing		51,918	60,832	60,883	50,376	49,710	47,052	56,047	58,407
	Architectural/Civil engineering		—	—	—	—	3,730	16,051	15,146	13,214
	Subtotal		99,127	110,347	108,926	92,632	99,383	95,335	113,668	109,931
	Supplied Housing Business									
	Real estate management fees		26,819	31,278	33,133	39,407	41,054	43,869	50,480	50,659
	Remodeling		15,847	17,544	19,760	21,109	23,535	20,479	25,546	27,561
	Subtotal		42,667	48,823	52,893	60,516	64,589	64,348	76,027	78,221
	Development Business									
	Ready-built detached houses		11,919	8,822	13,460	11,088	12,259	7,586	14,548	20,777
	Condominiums		8,031	2,248	9,229	6,478	10,134	8,817	12,486	13,403
	Urban redevelopment		24,747	23,414	16,994	40,403	17,045	16,565	11,276	15,051
	Subtotal		44,698	34,485	39,684	57,970	39,439	32,969	38,311	49,233
	Overseas Business									
	Overseas Business		(5,673)	25,172	29,761	16,340	44,551	39,708	50,147	73,860
	Other Business		2,511	726	1,234	(44)	(273)	(2,480)	(1,208)	(439)
	Eliminations and back office		(33,686)	(35,390)	(36,960)	(38,192)	(42,434)	(43,363)	(46,786)	(49,317)
	Total		149,645	184,164	195,540	189,223	205,256	186,519	230,160	261,489

New segments ^{*2}		2022	2023	2024	2025
Built-to-Order Business					
Custom detached houses		476,416	471,056	479,091	478,952
Rental housing and commercial buildings		506,307	524,121	544,934	564,813
Architectural/Civil engineering		267,317	274,653	325,024	302,293
Subtotal		1,250,040	1,269,832	1,349,050	1,346,059
Supplied Housing Business					
Rental housing management		617,245	646,588	687,119	712,621
Remodeling		166,975	174,996	183,868	187,958
Subtotal		784,221	821,584	870,988	900,580
Development Business					
Real estate and brokerage		221,040	288,456	356,060	394,509
Condominiums		97,110	109,450	102,494	122,844
Urban redevelopment		86,130	135,131	124,021	164,634
Subtotal		404,281	533,039	582,576	681,989
Overseas Business					
Overseas Business		521,124	511,055	1,278,511	1,286,358
Other		9,454	11,171	14,066	16,451
Eliminations and back office		(40,287)	(39,440)	(36,610)	(33,516)
Total		2,928,835	3,107,242	4,058,583	4,197,922

Built-to-Order Business					
Custom detached houses		41,474	41,065	46,069	48,035
Rental housing and commercial buildings		74,450	78,016	81,796	87,826
Architectural/Civil engineering		11,826	12,904	15,218	22,049
Subtotal		127,751	131,986	143,084	157,911
Supplied Housing Business					
Rental housing management		47,585	50,180	56,804	68,996
Remodeling		22,431	23,482	26,624	27,966
Subtotal		70,016	73,663	83,429	96,962
Development Business					
Real estate and brokerage		17,531	25,857	28,971	30,915
Condominiums		13,762	17,532	14,648	18,062
Urban redevelopment		5,130	22,454	26,665	45,992
Subtotal		36,424	65,845	70,285	94,970
Overseas Business					
Overseas Business		73,854	48,898	78,945	39,102
Other		1,890	1,630	2,466	3,203
Eliminations and back office		(48,448)	(51,067)	(46,844)	(50,747)
Total		261,489	270,956	331,366	341,402

* 1 Architectural/civil engineering became a reportable segment as of FY2020. The figures for FY2019 have been reclassified to reflect this change.

* 2 To further enhance the link between business strategies, and organizational coherence and improve capital efficiency in FY2023, we introduced management methods for each individual business and revised segment composition. Thus, figures for FY2022 are shown alongside the figures after segment restructuring.

Message from the Chairperson of the Board of Directors

Taking on New Challenges to Realize Our Future Vision



Toshifumi Kitazawa
Independent Outside Director
of the Board (Chairperson of
the Board of Directors)

Has held positions including President & Chief Executive Officer, and Vice Chairman & Director at Tokio Marine & Nichido Fire Insurance Co., Ltd. Appointed Independent Outside Director of the Company in April 2020 and Chairperson of the Board of Directors in May 2021.

Taking on Challenges to Realize the Future We Envision and the Responsibilities of the Board of Directors

How will the Sekisui House Group continue to forge ahead toward a future we envision? These words embody our strong commitment to clearly outlining our vision for the future and boldly taking on challenges to achieve it, as we believe that company growth cannot be achieved through efforts that are just the extension of past endeavors. The Board of Directors is also constantly discussing how to achieve this vision, while focusing on preserving the things that must never change, changing the things that must change, and strengthening the things that must be strengthened.

Establishing the Sekisui House Economic Sphere and Enhancing Earnings Structure

At the core of our new endeavors is the Sekisui House Economic Sphere concept, which we have set as part of the fundamental policy of our Seventh Mid-Term Management Plan. To date, the relationships with our customers tended to gradually weaken after the delivery of their homes. However, a home is the vessel

that holds and protects our customers' lives, and Sekisui House must remain a presence that stays close to our customers over the long term, together with that vessel. By continuously supporting remodeling, relocations, and various lifestyle-related services as a unified Group, we can build relationships where customers think, "When something's wrong, Sekisui House is the first place to turn—that will put my mind at ease." The economic sphere we aim to achieve is also an initiative to fulfill our responsibility to stay close to our customers' lives and continue to be of service to them. As a result of these efforts, we will achieve stable business growth and advance our earnings structure over the long term.

Even at this very moment, about 10 million customers in Japan are living in various Sekisui House homes. If each of these customers comes to see us as their closest and most reliable partner, the potential of our economic sphere will expand even further, also enabling us to expand it overseas. We believe that continuing to seriously take on the challenge of realizing this concept as a unified Group will lead to the creation of new value and the expansion of our business domain.

Improving the Effectiveness of the Board of Directors in Driving the Economic Sphere Concept

As Sekisui House's business domain expands and our business model evolves, the role required of the Board of Directors is becoming more advanced year by year. We conduct an annual evaluation of the effectiveness of our Board of Directors by a third-party organization, and are working to improve effectiveness on an ongoing basis. The most recent evaluation indicated

that we are maintaining effectiveness at a high level, but there is also a need to respond quickly to new issues such as the globalization of our business and improving the efficiency of capital allocation.

Accordingly, the Board of Directors is working to enhance its functions by sharing important information earlier and expanding opportunities for discussion. Going forward, we will quantitatively monitor whether the economic sphere concept, which serves as the core initiative of our integrated Group management, is functioning properly, and further deepen discussions on enhancing customer value.

Advancing and Upgrading Group and Global Governance

As our business expands on a Group-wide and global scale, our governance is evolving from optimization at the individual business level to integrated optimization across the entire Group. In the Seventh Mid-Term Management Plan, a key management theme is the optimization of capital allocation and our business portfolio by further strengthening our circular business model that reinvests cash into the development and overseas businesses based on the stable cash generation of our built-to-order and supplied housing businesses. In our U.S. homebuilding business in particular, we are forging ahead with efforts to transfer Sekisui House technologies and build brands in order to establish a competitive advantage. Based on progress with post-merger integration (PMI) efforts following the acquisition of MDC, the Board of Directors is working to establish a decision-making system focused on Group-wide optimization. Going forward, we will also strive to enhance our monitoring

capabilities to ensure that integrated value creation is continuously achieved across the Group and on a global scale.

Sustainable Growth and Future Prospects Based on People and Culture

What supports these initiatives are Sekisui House's corporate culture—rooted in a spirit of mutual empathy and consideration—and its foundation of human capital. We have established the Integrity Code as the standards to be upheld by each and every employee. This is not a set of rules that restricts employees, but rather a guideline for working and growing with enthusiasm while respecting one another.

The Board of Directors will also monitor the progress of investments in human capital and our corporate culture to ensure that this corporate culture of Sekisui House becomes even more deeply rooted in the actual behavior of employees in Japan and overseas. As the Board of Directors, we intend to firmly support the entire Sekisui House Group in taking on new challenges to achieve customer happiness and enhance corporate value together.



Evaluation of Effectiveness of the Board of Directors

Evaluation Methods

- Questionnaire-based survey of all Directors of the Board and Audit and Supervisory Board Members (the questionnaire was prepared, distributed, and collected by the third-party organization)
- Interviews of all Directors of the Board and Audit and Supervisory Board Members, carried out by the third-party organization (approximately one-hour interview per interviewee)
- Examination of the materials and minutes of meetings of the Board of Directors

Questionnaire Items

- Overall evaluation of the Board of Directors
- Composition of the Board of Directors
- Preparations for the meetings of the Board of Directors
- Management of the meetings of the Board of Directors
- Debate in the meetings of the Board of Directors
- Nomination and Compensation Advisory Committee
- Supervision of business execution
- Importance of agenda items and the sufficiency of discussion

The third-party organization implemented an evaluation and compiled the results into a report. At a meeting of the Board of Directors held in February 2026, the contents of the report were explained by the evaluation company and discussed among the attendees of the meeting.

Outline of the Results of the Evaluation of the Effectiveness of the Board of Directors for the Fiscal Year Ended January 31, 2026

1. Conclusion

The Board of Directors evaluated and confirmed that a sufficiently high level of effectiveness has been achieved by the Board of Directors. Moreover, it confirmed that progress had been generally made on the issues indicated in the evaluation of effectiveness of the Board of Directors in the previous fiscal year.

Issues for the Fiscal Year Ended January 31, 2026	Initiatives/Issues Confirmed Through the Board of Directors Evaluation	Progress
1. Further strengthening of governance from a Group/global perspective	● Through PMI in the U.S., opportunities have increased for substantive discussions on group management from the perspective of improving corporate value (including on-site inspections and discussions in the U.S., as well as observation reports prepared by Outside Directors of the Board). ● The CFO function, centered on finance specialists, has also been strengthened, and opportunities for discussion were expanded by holding a meeting of the Management Investment Council in December 2025 to discuss investments and finances. ● Regarding timely and sufficient sharing of information with Directors of the Board, no particular issues were raised. ● On the other hand, as the number of agenda items at the Board of Directors meetings has increased, there were continued requests for improvements in Board operations to ensure sufficient time for strategic themes.	Improving
2. Enhancement of discussions on succession to ensure the continued high effectiveness of the Board of Directors	● Regarding board succession, the onboarding of newly appointed Directors of the Board who took office this fiscal year is underway, but it remains an important issue to continue efforts, including the search for candidates with a view to the transition of “leadership roles” in the Company’s governance. ● Regarding CEO succession, the Nomination and Compensation Advisory Committee has made progress in initiatives such as establishing opportunities for engagement with internal succession candidates, but initiatives remain ongoing and further efforts are required.	Improving

Evaluation of Effectiveness of the Board of Directors

2. Strengths supporting the effectiveness of the Board of Directors

Based on the evaluation made by the third-party organization, the Board of Directors confirmed that its effectiveness was supported by the “strengths” shown in items 1 to 3 below.

Strengths	Details of Strengths (Observations by the third-party organization)
1. Presence of leaders to ensure effective governance	Many Directors of the Board who play leadership roles, including the Chairperson (as well as newly appointed members), are able to balance supervision and business execution at a high level.
2. Strong commitment of Independent Outside Directors of the Board	- Proactive recommendations on business execution based on the premise of “moderate separation of supervision and execution.” - Guided by the belief that “seeing is believing,” a strong willingness to gain a deep understanding of operations by engaging with Management Meetings and business sites, together with a strong time commitment.
3. Further strengthening the Board Secretariat function supporting the Board of Directors	Proactive and prompt preparation and response by the Board of Directors Office and its commitment to further strengthening its functions.

3. Issues for further enhancement of effectiveness

Based on the findings and proposals made by the third-party organization, the Board of Directors confirmed that the items shown below are the issues and initiatives for consideration in the fiscal year ending January 31, 2027.

Issues for the Fiscal Year Ending January 31, 2027	Details of Issues (Observations by the third-party organization)	Initiatives for Consideration
1. Further strengthening of the monitoring function	- As the reinforcement of our executive team progresses and the scope of management to be covered has expanded both domestically and internationally, conditions are in place to further delegate authority to the executive team and strengthen the monitoring function. - Among Directors of the Board and Audit and Supervisory Board Members, there has been an increasing view that the “moderate separation of supervision and execution” should be further promoted to strengthen the monitoring function.	To consider the direction and options for the future, with reference to practices at other companies.
2. Prioritization of agenda items to enable focused discussions of strategically important themes	a. Securing opportunities to discuss important themes - There were calls to expand opportunities to discuss important themes from the perspective of improving corporate value (e.g., governance of overseas business and long-term vision). - Regarding individual agenda items, there were also requests for a deeper understanding of the strategic positioning and management’s intent from an execution standpoint.	- To discuss and agree on the selection of important themes. - To reflect them in the annual discussion schedule. - To establish forums outside the Board of Directors meetings.
	b. Creating time by making the operations of the Board of Directors more efficient - As the number of agenda items at the Board of Directors meetings has increased, concerns were expressed that time constraints may affect the depth of discussions. - Although efforts have been made to improve the setting of agenda items and the efficiency of Board operations, there were views that further improvements remain possible.	
3. Strengthening initiatives regarding succession	a. Succession and integration of Outside Directors of the Board - Steps are underway toward the replacement of Outside Directors of the Board who have played leading roles in the Company’s governance. - Regarding succession, including the integration of newly appointed Outside Directors of the Board, careful consideration is required to ensure that the high level of commitment by Outside Directors of the Board, which is a characteristic of the Company’s governance, is inherited and further evolved.	To hold off-site meetings for Outside Directors of the Board aimed at the inheritance and evolution of governance.
	b. Succession of the executive team As the Company continues to pursue new challenges both domestically and internationally, the succession of the executive team, which has led reforms across both execution and governance, is important.	

Message from the Chairperson of the Audit and Supervisory Board

Supporting the Spread of the Integrity Code to Contribute to the Group's Sustainable Growth and the Enhancement of Corporate Value



Yoritomo Wada

Outside Audit and Supervisory Board Member (Chairperson of the Audit and Supervisory Board)

Drawing on his professional expertise as a certified public accountant and his experience as an outside audit and supervisory board member at other companies, Mr. Wada assumed the position of Outside Audit and Supervisory Board Member in 2020. He assumed the position of Chairperson of the Audit and Supervisory Board in April 2026.

Building on Our “Strengths” to Reach New Heights of Effectiveness — Current State and Future Outlook of the Audit and Supervisory Board —

The current Audit and Supervisory Board consists of two Internal Audit and Supervisory Board Members with extensive work experience and three Outside Audit and Supervisory Board Members with overseas experience and diverse expertise, ensuring a well-balanced composition.

In FY2025, we focused on consultations with senior management and audit divisions through on-site audits of U.S. subsidiaries, confirming progress in information security controls, and clarifying the skills expected of future Audit and Supervisory Board Member candidates. We continue to have the effectiveness of the Audit and Supervisory Board evaluated by a third-party organization, and this fiscal year, we again received an evaluation confirming that a high level of effectiveness had been ensured in its activities and that a robust governance structure had been established. We will continue to value our Audit and Supervisory Board's strengths, such as frank

exchanges with senior management based on an understanding of operations, an organizational culture that welcomes such exchanges, and close cooperation with audit divisions and the Accounting Auditor through three-pillar audits. This year, we aim to increase opportunities for such dialogue and further enhance effectiveness through early risk detection and recommendations to improve the Company.

Audit Policy for FY2026

We will continue to adhere to the audit policy formulated two years ago through extensive discussions at Audit and Supervisory Board meetings: “As an independent body responsible for corporate governance, we will focus on preventive audits while striving to monitor and verify the establishment and operation of the internal control system and to contribute to the sound and sustainable growth of the Sekisui House Group.”

[Priority Audit Item] Group Governance and Overseas Business

As the consolidated Group is more than twice the size of the parent company on a non-consolidated basis, supporting the enhancement of audit effectiveness across the Group, including subsidiaries where part-time corporate auditors serve concurrently in other positions, is one of my key responsibilities. In the overseas business, four U.S. subsidiaries were integrated at the beginning of 2026, and SEKISUI HOUSE U.S., Inc. was established. As the chain of command changes following organizational

integration, we are further strengthening our existing internal control system into a more robust structure. During this transitional period, we will focus our audits on confirming whether our control mechanisms are robust and whether any inappropriate conduct may exist.

[Priority Audit Item] Cybersecurity Measures and Information Security

Alongside overseas business, we consider preparation against cyberattacks to be another major risk area. Recently, there have been cases at other companies involving factory shutdowns and information leaks. Once such an incident occurs, the damage to the company is immeasurable. We will focus our audits on assessing whether the Company's measures to address these risks are sufficient and whether the Company-wide management system for IT security is functioning effectively.

[Priority Audit Item] Instilling the Integrity Code

This fiscal year, the Integrity Code, which replaces our previous Corporate Code of Conduct and Corporate Ethics Guidelines, was established. The Audit and Supervisory Board places great importance on this new set of principles that every member of the Sekisui House Group is expected to uphold. We believe that if this Code takes root among all officers and employees, it will not only help prevent inappropriate conduct but also lead to the sustainable growth of the Company and the enhancement of corporate value. As the Audit and Supervisory Board, we will watch over and support the executive team's

efforts to instill this spirit throughout the organization and provide advice as necessary.

Commitment of the Chairperson of the Audit and Supervisory Board

Our audit activities aim to confirm whether Directors of the Board are fulfilling their duty of care and, as an independent body entrusted by shareholders, to ensure the soundness and transparency of management with a strong resolve to say what needs to be said from an objective standpoint.

Specifically, we will attend important meetings, such as Board of Directors meetings, to examine the appropriateness of decision-making, demand accountability through dialogue with management, and engage in efficient audit activities through three-pillar audit coordination with the Auditing Department and the Accounting Auditor.

Through these actions, we will not only prevent erosion of the Sekisui House Group's value, but also ensure its sound and sustainable growth and play an active role, together with the Board of Directors, in establishing corporate governance and ensuring its effective operation.



Evaluation of Effectiveness of the Audit and Supervisory Board

Evaluation Methods

- Questionnaire-based survey of all Audit and Supervisory Board Members (the questionnaire was prepared, distributed, and collected by the third-party organization)
- Interviews of all Audit and Supervisory Board Members; Director of the Board managing the Finance Division, Human Resources and Auditing, in charge of the Administration Division; Director of the Board managing the Building Sales Administration, in charge of TKC Project; Head of the Corporate Administration Headquarters; Head of the Auditing Department; International Auditing Office Lead; and the Accounting Auditor, carried out by the third-party organization (approximately one-hour interview per interviewee)
* To gain new insights based on the opinions of collaborators and audit subjects, the interviewees were partially changed in the fiscal year ended January 31, 2026, and Director of the Board managing the Building Sales Administration, in charge of TKC Project, and Head of the Corporate Administration Headquarters became new subjects to the interview.
- Examination of the materials and minutes of meetings of the Audit and Supervisory Board

Main Questionnaire Items

- Audit policy and plans
- Recommendations for senior management and audits of the execution of duties
- Internal audit framework
- Auditing framework at subsidiaries
- Fraud detection framework
- Accounting audit framework
- Cooperation through the three-pillar audit system
- Audits of the establishment and operation of the internal control system
- Operation of the Audit and Supervisory Board, etc.

The third-party organization implemented an evaluation and compiled the results into a report. The Audit and Supervisory Board was briefed on the content of the report by the third-party organization and deliberated on this content at the meetings held in January and February 2026.

Outline of the Results of the Evaluation of the Effectiveness of the Audit and Supervisory Board for the Fiscal Year Ended January 31, 2026

1. Conclusion

The Audit and Supervisory Board confirmed that a high level of effectiveness has been ensured for the auditing activities of the Audit and Supervisory Board and Audit and Supervisory Board Members, based on analysis of the results of the questionnaire and interviews and the recommendations of the third-party organization. Moreover, the Audit and Supervisory Board confirmed that, in addition to its normal auditing activities, the issues raised in the previous fiscal year's evaluation of the effectiveness of the Audit and Supervisory Board had been generally improved or progress had been made toward improvement.

Issues for the Fiscal Year Ended January 31, 2026	Initiatives/Issues Confirmed Through the Audit and Supervisory Board Evaluation	Progress
1. Confirmation of the adequacy of controls in response to the expansion of the U.S. business	During on-site audits and visits to the U.S. subsidiaries, Audit and Supervisory Board Members (including Outside Audit and Supervisory Board Members) conducted interviews with local senior management regarding the outlook for the U.S. homebuilding business, the status of PMI following the acquisition of M.D.C. Holdings, Inc., and progress toward becoming "One Company." They also conducted interviews with the Audit Committee and Internal Audit of the U.S. subsidiaries, and discussed the level of controls in light of business practices in the U.S. Based on this, in cooperation with the executive team (Overseas Business, Accounting Department, Auditing Department, and International Auditing Office) and the Accounting Auditor (in Japan and the U.S.), Audit and Supervisory Board Members and the Audit and Supervisory Board confirmed the progress of the executive team's initiatives regarding priority audit items.	Improved
2. Confirmation of the adequacy of system and information security controls	● Q&A sessions regarding reports from the Information Security Committee were conducted at Audit and Supervisory Board meetings, and ongoing discussions were held between the Standing Audit and Supervisory Board Members and the secretariat of the Information Security Committee. The progress of the executive team's initiatives (including the development of information security personnel) to ensure the adequacy of controls related to information security across the Group, and the implementation of an information security assessment by a third-party organization were confirmed, and a certain degree of improvement was made regarding the issues pointed out by the Audit and Supervisory Board. ● On the other hand, given the increasing information security threats in the external environment, the Audit and Supervisory Board will continue to closely monitor the adequacy of information security controls.	Improving
3. Identification of the skills and experience expected for future members of the Audit and Supervisory Board	Through repeated deliberations at the Audit and Supervisory Board meetings, the optimal combination of skills and experience required for the Audit and Supervisory Board, considering the medium- to long-term business expansion of the Group, was organized, and it was confirmed that this would be utilized when considering future candidates for Audit and Supervisory Board Members.	Improved

Evaluation of Effectiveness of the Audit and Supervisory Board

2. Strengths supporting the effectiveness of the Audit and Supervisory Board

Based on the evaluation made by the third-party organization, the Audit and Supervisory Board confirmed that its effectiveness was supported by the “strengths” shown below.

Strengths	Details of Strengths (Observations by the third-party organization)
1. Exchange of opinions with and recommendations to senior management	• In exchanging opinions with senior management, Audit and Supervisory Board Members maintain an appropriate distance from the executive team. Rather than merely communicating concerns, they provide findings and recommendations based on a sufficient understanding of operations through on-site audits and interviews. • As a result, a relationship of trust between senior management and Audit and Supervisory Board Members has been built, allowing for frank exchanges of opinions and recommendations. An organizational culture has also taken root in which senior management positively accepts and responds to matters pointed out by Audit and Supervisory Board Members.
2. Cooperation with the internal audit divisions and the Accounting Auditor	• The presence of the Head of the Auditing Department and the Accounting Auditor at interviews with the executive team conducted by Audit and Supervisory Board Members has increased opportunities for information sharing and cooperation, leading to further enhancement of the three-pillar audit system. • At the Three-Pillar Audit System Cooperation Meetings, which started in the fiscal year ended January 31, 2024, discussions and information sharing reflecting the respective perspectives of Audit and Supervisory Board Members, the Auditing Department, and the Accounting Auditor are conducted, serving not merely as a forum for reporting but as an opportunity to further strengthen the substantive value of cooperation.
3. Appropriateness of the audit plan	• Through exchanges of opinions with senior management and discussions with the Auditing Department and the Accounting Auditor, audit plans are formulated by considering internal and external environmental changes and taking into account the impact of risk factors on the auditing environment. • Based on the issues identified in the annual analysis and evaluation of the effectiveness of the Audit and Supervisory Board, priority audit items are identified and reflected in the audit plans. • Audit and Supervisory Board Members share the annual audit policy (including matters discussed at the Audit and Supervisory Board meetings) with senior management and confirm the progress in addressing audit findings from previous fiscal years. • As this enables senior management to reconfirm the Audit and Supervisory Board’s recognition of issues, exchanges of opinions with Audit and Supervisory Board Members are regarded as a meaningful opportunity.

3. Issues for further enhancement of effectiveness

Based on the issues for consideration to further improve effectiveness indicated by the third-party organization, the Audit and Supervisory Board confirmed that the items shown below are key issues for consideration going forward.

Issues for the Fiscal Year Ending January 31, 2027	Details of Issues	Initiatives to be Considered
1. Further confirmation of the adequacy of controls in response to the organizational restructuring of the U.S. business	Continue to confirm the adequacy of controls at each stage, given that the U.S. business is in a transitional phase of organizational restructuring, including the move toward “One Company.”	To continue conducting audits by the Audit Committee and Internal Audit of the U.S. subsidiaries and to cooperate with relevant departments, and to continue confirming the progress of the executive team’s initiatives regarding risk assessment at each stage and the adequacy of controls in response to changes in the business environment.
2. Confirmation of the adequacy of system and information security controls	Continue to confirm the adequacy of controls related to information security, in light of the organizational restructuring regarding information security management (including the separation of the second and third lines).	To confirm in greater detail the executive team’s initiatives to ensure the adequacy of controls through monitoring the activities of the Information Security Committee and conducting interviews with information security departments (including those of domestic and overseas subsidiaries).

Corporate Governance | Corporate Governance Reforms

The Sekisui House Group's Corporate Governance Reforms

Why has the Sekisui House Group been able to pursue such bold reforms at this pace? And why do we continue to strengthen them? At the heart of these questions is another question: Are we truly evolving into a company suited to the next era? Have we created an organization that can embrace differing opinions? Has sound discipline functioned effectively? Have we built an organization in which leaders can consistently put sound

judgment first? We confronted these questions and fundamentally reassessed the organization and corporate culture we aspired to create. Beginning in 2018, we undertook wide-ranging structural and organizational reforms. As a result, the Sekisui House Group has transformed our management foundation to support sustainable growth and value creation. Underpinning this transformation is integrity, which guides every decision and action.

Integrity as Foundation

01 The Roots of Our Reforms

Sekisui House once had a culture that placed a strong emphasis on results. It is also true that, during Japan's period of rapid economic growth and the expansion of the housing market, this culture strongly supported our growth.

However, sustainably enhancing corporate value requires management that not only pursues results, but also embraces diverse perspectives and enables sound discussion and checks and balances. Our predecessors evolved the Company in response to the needs of their eras. We, too, have worked to address the changes required in our own time.

We sought to transform Sekisui House into a company suited to the next era. To do so, we reexamined the very structure of management itself. One of the key pillars of this effort was governance reform. We asked ourselves what kind of corporate and management structure

Sekisui House needed to become such a company. This question marked the starting point of our governance reforms.

For us, corporate governance reforms come down to one point: improving the quality of management. The objective is not simply to adopt formal standards or overseas frameworks. What matters is that we identify and build the form of governance truly needed by Sekisui House, based on our history and distinctive strengths. We have remained firmly committed to that approach throughout our reforms.

To establish a framework in which sounder discussion and appropriate checks and balances could function effectively, we concluded that we first needed to change how decisions were made. We therefore began our reforms with the Board of Directors, the highest decision-making body and the foremost priority for governance reform.

02 Balanced Supervision and Execution

To ensure that we started from the right premise, we fundamentally reassessed the respective roles of supervision and execution when clarifying the division of responsibilities within the Board of Directors. What matters is not the form of the system itself, but the role the Board of Directors should fulfill and how it should assume responsibility for enhancing corporate value.

In medium-term management strategy and major decision-making, the Board of Directors does more than monitor. Through advice and the provision of direction, the Board engages proactively in management and assumes responsibility for medium- to long-term management. For day-to-day business execution, meanwhile, authority is clearly delegated to the executive side, enabling those closest to operations to make decisions and act

swiftly and responsibly.

This approach led us to the concept of a “moderate separation of supervision and execution.” It does not mean completely separating the two functions. The Board of Directors is deeply involved in medium- to long-term management, while business execution is entrusted to the executive side. Both function with appropriate tension and mutual trust, thereby achieving both effectiveness and agility.

We deliberately use the word “moderate” because this balance matters. We arrived at this approach by pursuing the form of governance most effective for Sekisui House.

While building on our strengths, we will continue to refine the form of management best suited to Sekisui House. Our commitment to continuous improvement will remain unchanged.

Corporate Governance | Corporate Governance Reforms

Integrity as Foundation

03

Three Requirements for Leaders

No matter how well a system is designed, governance will not function unless the leaders entrusted with it can make sound decisions. For this reason, following the reform of the Board of Directors, we also clarified a common set of requirements for those responsible for execution, including Executive Officers, division heads, and branch managers. We identified three essential qualities: integrity, grit, and human resource development.

We view integrity as maintaining high ethical standards. It means choosing to do what is right, even when no one is watching. People are imperfect, and judgment can sometimes be clouded by thoughts such as, “That much should be acceptable,” or “This is a special case.” Precisely because of this, leaders must continue to ask themselves what is right and put that judgment into practice.

The second quality is grit, the ability to see things through. It means carrying through on a decision to the end, refusing to give up halfway, and continuing to take on challenges, adapting one’s approach even after failure. Adversity is inevitable in business. Whether a leader continues to face those difficulties without

walking away is where their true worth as a leader is tested. A leader who turns away at such moments represents a serious loss to the organization and a profound misfortune for those who follow.

The final quality is human resource development, by which we mean developing the next generation of leaders. There was a time when a “learn by watching me” approach to leadership worked. Today, however, value is no longer created through the strength of individuals alone, but through the collective capabilities of the entire organization.

That is why division heads and branch managers are expected, once they assume their roles, to develop successors who may one day surpass them. Leaders must remain mindful of succession, cultivate multiple candidates, and provide opportunities for demanding experiences and challenges, including stretch assignments. As outstanding leaders emerge, their values and conduct spread throughout the organization, supporting sustainable growth. Human resource development is therefore an important management priority that must be embraced throughout the Company, including by senior management.

04

The Resolve to Change and Preserve

Through the structural reforms we began in 2018, the Sekisui House Group has changed significantly. At the same time, no matter how much the world changes, there are things that must not change. One is our Corporate Philosophy of “Love of Humanity.” Another is integrity, which is what enables us to continue putting that philosophy into practice.

Integrity reflects what we believe is right and the kind of Company we choose to be and how we choose to act. It is not required only of leaders. It is an attitude expected of every employee.

As society becomes more complex and values become more diverse, there is not always a single correct answer. That is why it is important to make decisions and act not based on immediate gain or convenience, but in accordance with one’s own conscience.

Integrity does not mean behaving properly simply because someone is watching. It means choosing and standing by what is right even when no one is watching, and continuing to do so consistently through our everyday decisions and actions. It is also a way of embodying our Corporate Philosophy of “Love of Humanity” in

our everyday work.

Nor is integrity about striving for perfection. It is about choosing actions that will delight our customers, engaging openly with colleagues and treating them with sincerity, and continuing to pursue the value society needs. Integrity is expressed in each of these actions.

It is through the accumulation of such actions that we earn the trust of customers and society and shape the character and dignity of the Sekisui House Group as a company worthy of that trust.

While preserving our unchanging philosophy, we will continue to change the systems and structures that must evolve. Upholding integrity, we will continue to evolve.



➡ P.69 What Makes Us Sekisui House

➡ P.132 Promoting Compliance

Corporate Governance | Strengthening Governance

Basic Approach

The Sekisui House Group positions corporate governance as an important management issue, in accordance with our Corporate Philosophy—founded on the core principle of “Love of Humanity” and upholding “Truth & Trust,” “Deliver the highest quality and technology,” and “Create enriching homes and environments.” To sustainably enhance corporate value while earning the trust of all our stakeholders, including our shareholders and investors, we are working to enhance the effectiveness of our corporate governance, build the necessary structures, and pursue swift and sincere management.

[Basic Policy on Corporate Governance](#)

Strengthening the Corporate Governance Structure

The Group has positioned 2018 as the “first year of governance reform,” and has steadily implemented measures such as a mandatory retirement age of 70 for Representative Directors of the Board, the establishment of Management Meetings, the clarification of Directors’ areas of responsibility, reform of the officer remuneration system, and reform of the Executive Officer system, in order to build a resilient management foundation for long-term, sustainable corporate value enhancement. Going forward, we will continue to disclose our approach to and framework for corporate governance to stakeholders while further enhancing them.

Milestones in Our Governance Reforms

2018	2019	2020	2021-2022
- Introduced a mandatory retirement age of 70 for Representative Directors of the Board - Appointed female Outside Officers - Enhanced transparency and vitalized operation of the Board of Directors - Established Management Meetings - Clarified the areas of responsibility of Directors of the Board - Began conducting evaluations of the effectiveness of the Board of Directors - Reformed the internal approval (<i>Ringi</i>) system - Secured the independence of General Affairs Department heads at the Sales Administration Division and branches and strengthened their check-and-balance function - Enhanced integrity of branch managers	- Developed next-generation management and leadership talent - Introduced a restricted stock remuneration system - Abolished the officer bonus system for Outside Directors of the Board - Reviewed the term of office for Directors of the Board - Abolished the senior advisor and advisor system	- Reviewed the remuneration composition ratio and set appropriate remuneration levels - Introduced Shareholding Guidelines - Established selection and dismissal criteria and procedures for senior management - Enhanced the independence of the Board of Directors - Strengthened the effectiveness of the Nomination and Compensation Advisory Committee - Established an internal reporting system for overseas operations - Established the Directors’ Office	- Reformed the Executive Officer system - Selected an Outside Director of the Board as Chairperson of the Board of Directors - Began individual disclosure of remuneration for Internal Directors of the Board



Changes in the Composition Ratio of Officers

	2018-19	2020	2021	2022-25	2026 (As of April 23, 2026)
Ratio of Outside Directors of the Board	27.3%	33.3%	40.0%	50.0%	50% (5/10) of which 3 are women
Ratio of Outside Officers (Directors of the Board and Audit and Supervisory Board Members)	41.2%	44.4%	50.0%	53.3%	53.3% (8/15) of which 4 are women

Corporate Governance | Strengthening Governance

Strengthening Governance across Top Management, Business Management, and Global Management

Under the Sixth Mid-Term Management Plan, which began in FY2023, we worked to further strengthen governance through the two pillars of top management and business management, promoting more active discussion of medium- and long-term strategy based on our Global Vision,

strengthening the supervisory function over business execution, and enhancing the effectiveness of the governance network across the Group. Under the Seventh Mid-Term Management Plan, beginning in FY2026, we will further deepen governance across each level of top management, business management, and global management.

2023-2025 | Sixth Mid-Term Management Plan

Top Management Level

Moving from Building the Corporate Governance Framework to the Stage of Making It Function

— A diverse Board of Directors fully demonstrates its functions

- Vitalizing Board of Directors discussions based on our Global Vision
- Strengthening the effectiveness of the management talent pipeline

Enhancing stakeholder engagement

— Pursue consistent information disclosure based on independent judgment

- Further upgrading information disclosure

■ FY2025 Highlights

Results of the Board of Directors effectiveness evaluation by a third-party organization

- Increased opportunities for substantive discussions on Group management from the perspective of enhancing corporate value, through PMI in the U.S.

Upgrading statutory disclosure

- Submission of the Annual Securities Report prior to the General Meeting of Shareholders and simultaneous disclosure in English

Business Management Level

Global expansion of Group governance

— Eliminate barriers between domestic and overseas Group companies to create a network based on mutual trust

- Establishing Group governance in the U.S.
- Promoting the governance network
- Strengthening the global internal audit structure

Fostering an organizational culture founded on trust built through communication

— Aim to realize a vibrant workplace environment with high psychological safety

- Developing an environment to raise compliance awareness and strengthening autonomous organizational management capabilities

■ FY2025 Highlights

Strengthening Group governance

- Assignment of governance personnel at major subsidiaries

Developing an environment to raise compliance awareness

- Expanded the scope of participants in Risk Management Training and promoted integrity-enhancement training for branch managers and other future management-level personnel
- Conducted deliberations, dialogue, and solicitation of opinions toward the establishment of the Integrity Code

2026-2028 | Seventh Mid-Term Management Plan

Top Management

Further deepening the functions of the Board of Directors

- Continuing effectiveness evaluations by a third-party organization and embedding the improvement process
- Enhancing discussions on risk-taking related to Group and global strategy

Enhancing the management talent pipeline

- Further expanding the succession plan to Group companies
- Clarifying the selection and remuneration decision-making process for Group company management

Linking sustainability disclosure with governance

- Building a structure to respond to changes in disclosure standards
- Integrated strengthening of governance through Group-wide disclosure response

Business Management

Strengthening Group governance

- Tailoring governance frameworks to each Group company

Advancing risk management

- Strengthening frameworks for key risks, including information security

Global Management

Globalizing Group governance

- Upgrading corporate functions at overseas Group companies

Strengthening global risk management

- Building robust risk-asset management frameworks globally

Global promotion of a corporate culture centered on integrity and respect for human rights

- Instilling the Integrity Code in line with our Corporate Philosophy
- Identifying and addressing key human rights issues and developing a consultation structure

Corporate Governance | Corporate Governance Structure

Corporate Governance Structure

The Company has adopted the corporate governance structure of a company with an Audit and Supervisory Board, under which the Audit and Supervisory Board and its members maintain a high degree of independence. In addition, we have introduced an Executive Officer system in order to accelerate decision-making and build a management structure capable of responding accurately to rapidly changing economic and market conditions. Through the reform of the Executive Officer system implemented in April 2021, we established four tiers:

“Entrusted Executive Officers” (President, Vice President, and Senior Managing Officer) who concurrently serve as Directors of the Board;

“Entrusted Executive Officers” (Senior Managing Officer and Managing Officer) who are candidates for Director of the Board; “Employed Executive Officers,” who retain employee status to allow for flexible promotion; and “Operating Officers,” who are candidates for Employed Executive Officer. By clarifying roles, human resource requirements, and selection and dismissal processes, we are strengthening the development of management talent in each division and building a sustainable leadership pipeline.

Since April 2021, we have expanded the function of Management Meetings, which serve not only for the preliminary review of important matters to be submitted to the Board of Directors, but also as a

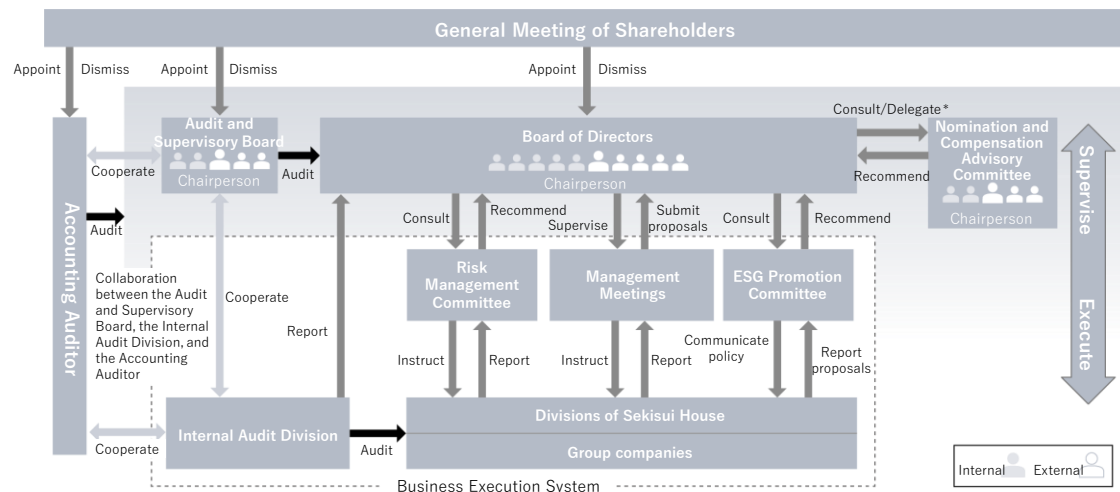
forum for decision-making on individual business execution matters and information sharing among Entrusted Executive Officers at the level of Managing Officer and above. Outside Directors of the Board and Audit and Supervisory Board Members may also attend as observers, at their discretion.

The Board of Directors, including Outside Directors of the Board, is supported by a skill matrix encompassing diverse knowledge, experience, and capabilities. This enables the Board of Directors to formulate business strategies, management policies, and plans while overseeing the execution of medium- to long-term key business initiatives. To ensure a balanced governance structure, short-term and segment-specific business execution is delegated to Management Meetings and similar bodies, allowing for a moderate separation between supervisory and executive functions.

Outside Director of the Board, Toshifumi Kitazawa, has served as the Chairperson of the Board of Directors, while Representative Director of the Board, President, Executive Officer, Yoshihiro Nakai, serves as the convener.

The Board of Directors is composed of a size deemed appropriate to allow for substantive discussion, with Independent Outside Directors of the Board appointed such that they account for at least one-third of the Board. After formulating a skill matrix based on our management strategy and plans, the Board is composed to achieve both diversity and an appropriate size, taking into account knowledge, experience, capabilities, tenure, and gender, and including members with expertise in areas such as finance, accounting, and legal and regulatory compliance. In addition, we have established the Directors’ Office to support the duties of Outside Directors of the Board, staffed by multiple employees, including dedicated personnel.

Corporate Governance Structure (As of April 23, 2026)



* The Board of Directors delegates the authority to determine the amount of remuneration for individual Directors to the Nomination and Compensation Advisory Committee.

Board of Directors

The Board of Directors consists of ten members (seven men and three women), including five Outside Directors of the Board. In principle, the Board meets once a month. Its primary responsibilities include formulating management policies, strategies and plans, and making decisions on key business operations, as well as supervising and evaluating the performance of Directors of the Board and Executive Officers and establishing systems, such as internal control and risk management, to ensure sound corporate governance and management integrity.

To encourage constructive dialogue, we have separated the roles of Chairperson of the Board of Directors and the convener. Since May 2021, an

Please refer to the Annual Securities Report for details on the following committees and their roles.

- [Audit and Supervisory Board P.118](#)
- [Nomination and Compensation Advisory Committee P.120](#)
- [Management Meetings P.120](#)
- [ESG Promotion Committee P.121](#)
- [Risk Management Committee P.121](#)
- [Annual Securities Report](#)

Corporate Governance | Internal Control System

Internal Control System

In accordance with the Companies Act and its Enforcement Regulations, the Company has established and operates an internal control system based on basic policies approved by the Board of Directors. The Auditing Department, our dedicated internal audit division, conducts internal audits to verify the appropriateness and effectiveness of internal controls and management practices based on laws, regulations, and internal rules. Where necessary, the department issues recommendations for corrective action. Audit results are reported to Directors of the Board, Audit and Supervisory Board Members, and relevant departments, and are shared regularly at meetings of the Board of Directors. The Auditing Department works closely with the Accounting Auditor to ensure internal audits are conducted effectively and efficiently.

To oversee internal controls at Group companies, including those overseas, we dispatch Directors of the Board and other personnel to monitor management conditions and receive reports on key operational matters, and the internal audit division conducts regular audits of Group companies. In addition, we aim to strengthen oversight of overseas operations by establishing an International Auditing Office within the Auditing Department. Please refer to the Annual Securities Report for details on the fundamental policies of the development of the internal control system as well as its status of operations.

➤ [Annual Securities Report P.121-125 Fundamental policies of the development of the internal control system, and Status of operations of the internal control system](#)

Strengthening Group Company Administrative Systems

The Company has established a two-tier administrative framework to reinforce its Group Governance Structure. This includes administrative departments responsible for segment-based management and supervision of Group company operations, and specialized departments at the head office that provide functional support and leadership for highly specialized business areas.

Administrative departments regularly or as needed request reports from subsidiaries on the status of their business execution. They also collaborate with head office departments to develop operational standards. In turn, head office departments provide guidance and oversight aligned with their respective responsibilities.

For certain subsidiaries, the Company dispatches personnel to serve as Directors of the Board or Audit and Supervisory Board Members, thereby strengthening supervision and audit functions.

Strengthening Governance through Restructuring Group Companies

We established Sekisui House Real Estate Holdings, Ltd., a holding company for Sekisui House Real Estate companies, in February 2022, and Sekisui House Construction Holdings, Ltd., a holding company for Sekisui House Construction companies, in February 2024. In February 2025, to strengthen the expertise of each business, the Company reorganized the Group companies of Sekisui House Real Estate.

Furthermore, the after-sales service business of the Company was spun off to Sekisui House Support Plus, Ltd., establishing a structure aimed at enhancing added value in after-sales services. We are promoting the delegation of authority and assignment of specialist organizations and personnel to achieve a balance between governance and business operations.

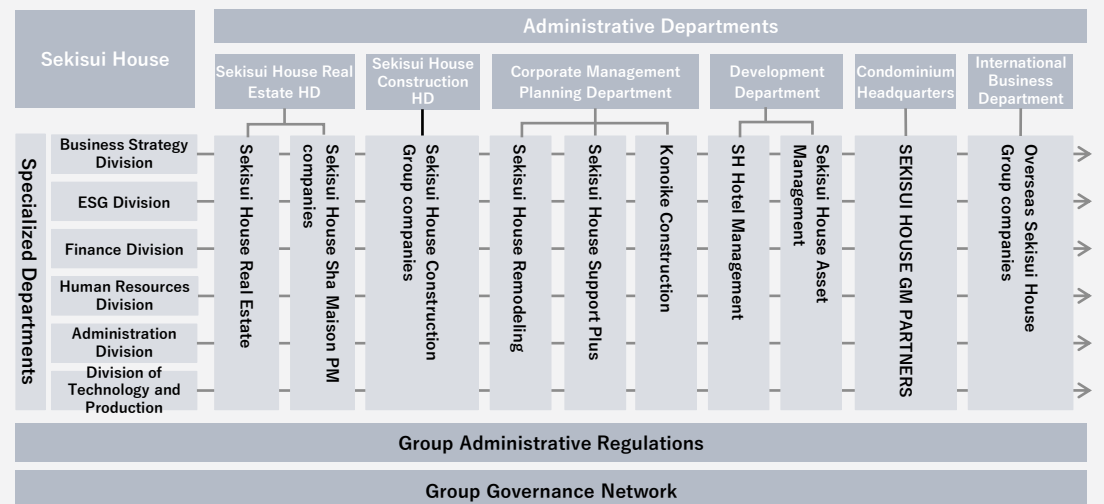
Initiatives Related to Group Company Management

In order to strengthen the Group's internal control through the development of regulations at each Group company, the Company revised the Group

administrative regulations (which stipulate the Company's responsibilities and authority with respect to Group companies and the management structure) by resolution of the Board of Directors, with the aim of clarifying the key regulations to be introduced by each company and the departments responsible for their implementation, thereby developing regulations.

In addition, the Company convenes regular Sekisui House Group Audit and Supervisory Board Collaborative Meetings for the purpose of exchanging information and deepening awareness of issues between the audit and supervisory board members.

Management Framework for Main Group Companies (As of February 1, 2026)



Corporate Governance | CEO Evaluation and Selection Processes

CEO Evaluation Meeting by Outside Members

The CEO evaluation meeting is held annually under the Nomination and Compensation Advisory Committee, an advisory body to the Board of Directors chaired by an independent Outside Director of the Board and composed of a majority of Independent Outside Directors of the Board.

This meeting, aimed at enhancing the transparency of CEO evaluations and selection processes, is attended by three Outside Directors of the Board who serve on the Nomination and Compensation Advisory Committee, along with the CEO. At the meeting, CEO evaluation is conducted based on the publicly disclosed CEO Evaluation Criteria, and includes discussions on the CEO's performance for the fiscal year, awareness of challenges, self-assessment, management vision, and other relevant matters.

The outcomes of the meeting, along with recommendations for the appointment of Directors for the next term, are reported to the Board of Directors. The evaluation criteria are reviewed annually to determine whether updates are necessary.

CEO Successor Requirements and a Development Framework

As part of the goal of the Sixth Mid-Term Management Plan (FY2023–2025) to strengthen the effectiveness of the management talent pipeline, discussions were held in FY2023 within the Nomination and Compensation Advisory Committee. Based on these discussions, the CEO Successor Requirements and the CEO Successor Development Framework were introduced to the Board of Directors and formally established.

These frameworks aim to improve objectivity and transparency in the CEO selection process, and to share with all employees the desire for them to understand that “it is the responsibility of a leader to develop successors who can carry on their mission.”

The Nomination and Compensation Advisory Committee continues to review, and updates as necessary, the ideal profile for the next CEO in light of the management environment. Furthermore, when developing CEO successors, the CEO Succession Plan Council is established to create a list of candidates and to monitor their development process through challenging assignments, personnel rotations, and other initiatives.

Key Points of CEO Evaluation

Qualification Requirements	Embodies our Corporate Philosophy and possesses a broad perspective	Whether they extensively promote specific measures based on our Corporate Philosophy to achieve our Global Vision
Competence Requirements	Conceives solutions to problems confronting society	Whether they accurately understand social issues and clearly envision how to resolve them as they develop business models
	Innovates to create new markets	Whether they properly delegate authority to foster a creative corporate culture that can respond to new markets
	Cooperates with various stakeholders	Whether they are constantly continuing to build and strengthen relationships with customers, employees, suppliers, investors, and other stakeholders
	Develops organizations that enhance the Group's comprehensive power	Whether they, as the leader of the entire Group, are at the forefront of evolution and development of organizational systems, including those supporting global operations
Motivation and Health	Supports the stability of mid-term management	Whether they pay attention to their health, and are motivated to complete their duties as the head of management

Requirements for the Next CEO

Qualification	- Capable of carrying out the Sekisui House Group's social duties and, to this end, personifying our Corporate Philosophy - Possesses unwavering and steadfast integrity	
Competence	Conceptualization	Identifies new challenges arising from changes in society, envisions a future in which “happiness” is realized through housing, and develops this vision into business models
	Innovativeness	Elicits diverse ideas in conversations, uses a flexible way of thinking to take appropriate opportunities to promote rapid innovation
	Cooperation	Accepts a variety of people, can create strong and trusting relationships with various stakeholders
	Organizational development ability	Fosters a highly autonomous global organizational culture, increases the value of the Sekisui House Group's human resources
Mindset	- Has a strong determination to lead the entire Sekisui House Group based on their personal responsibility - Is dedicated and continuously passionate towards realizing our Global Vision	

Corporate Governance | Selection Process for Director of the Board and Executive Officer/Officer Remuneration

Stance on and Procedures for Selection of Prospective Directors of the Board

The Company shall select prospective Directors from among individuals who demonstrate high integrity and possess strong management capabilities, are well-suited to embody and practice our Corporate Philosophy, show a deep insight into our businesses, and have the insight and commitment necessary to contribute to the creation of corporate value and the enhancement of business performance. The stance on the selection of prospective Directors and specific proposals shall be reviewed at the Nomination and Compensation Advisory Committee and determined by the Board of Directors based on the recommendations of the committee.

Regarding the selection of prospective Internal Directors of the Board, the qualification requirements and competence requirements shall be specified, and these criteria shall be reviewed at the Nomination and

Compensation Advisory Committee based on requirements for human resources and a performance evaluation.

Selection of Entrusted Executive Officers

When selecting Entrusted Executive Officers, we conduct a management talent assessment. For new candidates, in addition to performance evaluations and multi-rater evaluations, an external agency conducts a management talent assessment, comprehensively judging current capabilities and growth potential through interviews, psychological tests, and other methods.

Based on the results of these evaluations, the Nomination and Compensation Advisory Committee deliberates on candidate selection, and a future development plan is formulated through feedback provided to the individual.

Remuneration Governance

To enhance the objectivity and independence of the remuneration decision-making process, the Board of Directors, by its resolution, delegates the authority to determine the amount of remuneration for individual Directors of the Board to the Nomination and Compensation Advisory Committee.

[Annual Securities Report, Basic policy on officer remuneration](#)

Remuneration, etc. for Directors of the Board (Including the CEO and Excluding Outside Directors of the Board)

■ Remuneration levels

We determine officer remuneration using objective remuneration market survey data provided by external specialist organizations. A benchmark group of companies is selected, and remuneration levels are set appropriately in line with the scale of the Sekisui House Group's operations and financial performance.

■ Remuneration structure and incentive remuneration scheme

Remuneration for Directors of the Board (including the CEO and excluding Outside Directors of the Board) consists of basic remuneration (fixed amount) and incentive remuneration (variable amount). The latter includes: Performance-related bonuses (linked to short-term operating results), Performance Share Units (PSUs: linked to medium-term performance), and Restricted stock remuneration (linked to long-term performance).

As for the remuneration composition ratio, with the aim of providing sound incentives to pursue long-term, sustainable improvement of corporate value, in addition to single-year operating results targets, the specific ratio for each Director of the Board is set in

line with their position-based roles and responsibilities.

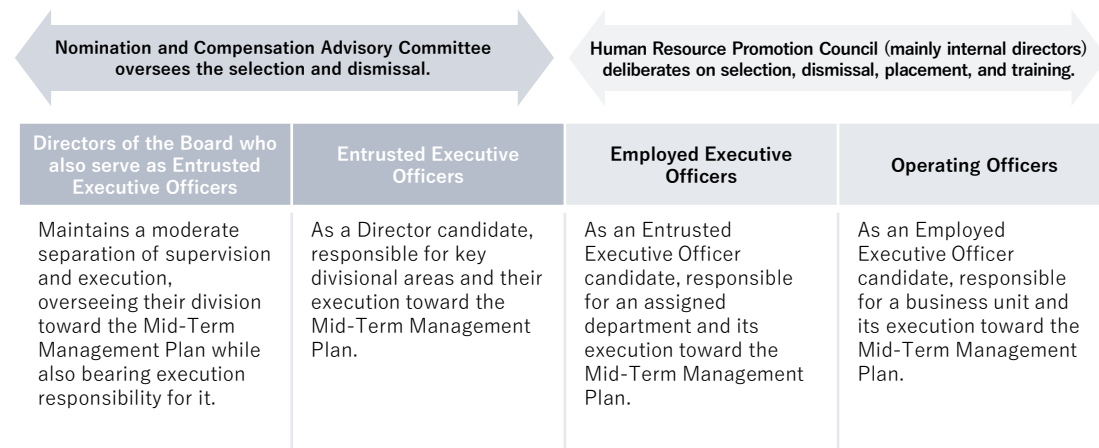
Based on this policy, the ratio of basic remuneration, performance-related bonus and share-based remuneration for the CEO is set at about 1:1.4:1.8, and for other Representative Directors of the Board at about 1:1.2:1.4 (provided that the Company achieves base performance).

Remuneration for Outside Directors of the Board

Remuneration for Outside Directors of the Board consists of basic remuneration (fixed amount) and allowances, determined based on their responsibilities as Chairperson of the Board, or Chairperson or Member of the Nomination and Compensation Advisory Committee. These amounts are set with reference to objective market data provided by external specialist organizations, reflecting their supervisory role and independent oversight of the Company's management.

Remuneration for Audit and Supervisory Board Members

Remuneration for Audit and Supervisory Board Members consists solely of basic remuneration (fixed amount) in recognition of their independent supervisory role. The level of remuneration is determined based on their responsibilities and benchmarked against objective market data from external specialist organizations. The fundamental policy, structure and individual remuneration amounts are determined through deliberation among Audit and Supervisory Board Members at the Audit and Supervisory Board, within the maximum limit approved at the General Meeting of Shareholders.

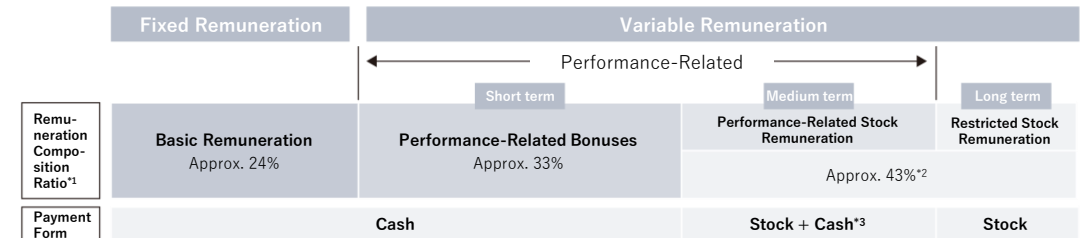


Corporate Governance | Officer Remuneration

Remuneration Structure and Incentive Remuneration Scheme for Directors of the Board Who Supervise Business Execution (Including the CEO and Excluding Outside Directors of the Board)

Type of Remuneration			KPI	Overview and Reasons for Selecting Indicators Related to Performance-Linked Remuneration
Fixed	Basic Remuneration		—	The amount shall be determined based on criteria such as representation rights and position and shall be paid on a monthly basis.
	Short Term	Performance-Related Bonuses	Consolidated Ordinary Profit	The amount shall be calculated by multiplying consolidated ordinary profit, a key management indicator, by a predetermined bonus coefficient based on each Director of the Board who supervises business execution. The bonuses shall not be paid if profit attributable to owners of parent is less than ¥160 billion.
	Medium Term	Performance-Related Stock Remuneration (PSU ^{*1})	ROE and ESG	Performance is evaluated using ROE, a key medium-term financial indicator, and ESG management indicators, a non-financial indicator. Executive Directors are granted base stock units based on a predetermined amount for their position. Depending on target achievement over the three-year evaluation period, the number of units paid is set within a range of 0%-150%, with 50% delivered in stock and the remainder paid in cash for tax purposes. ROE and ESG indicators are weighted 80% and 20%, respectively, and the Nomination and Compensation Advisory Committee conducts a rigorous review of ESG target-setting and evaluation to ensure objectivity and transparency. Annual Securities Report, ESG management indicators-linked portion
Variable	Long Term	Restricted Stock Remuneration (RS ^{*2})	—	A number of shares of the Company's common stock (subject to transfer restrictions), corresponding to a predetermined base amount for each position of Directors of the Board who supervise business execution, is delivered, and the transfer restrictions are lifted once the recipient loses their position as both a Director of the Board and an Executive Officer of the Company.

Image of Remuneration Composition Ratio for the CEO at Base Performance



* 1 The remuneration composition ratio varies according to position, as well as the Company's performance and the degree of achievement of performance evaluation indicators. The figures shown represent the remuneration composition ratio for Representative Directors of the Board at base performance.

* 2 The composition ratio of performance-related stock remuneration to restricted stock remuneration is approximately 2.7:1 (at base performance).

* 3 50% of the performance-related stock remuneration is paid in cash for the purpose of covering tax payments.

Target Values and Results Basis for Performance-Related Stock Remuneration (PSU 4th Payment) for FY2023 through FY2025

KPI	Evaluation Weight	Changes in Payment Ratio	Target Value		Results	Payment Ratio by Indicator
ROE Average for Three Years	80%	0%-150%	Maximum	13.00%	11.65%	116%
			Standard	11.00%		
			Minimum	9.00%		
ESG Management Indicator	20%	0%-150%	*			131%

* For this PSU, ESG management indicator targets are set for each of the following items and their degree of achievement is evaluated by the Nomination and Compensation Advisory Committee: E (Environment) {① CO₂ emissions reduction rate in business activities, ② ZEH ratio for detached houses, ③ ZEH ratio for Sha Maison}; S (Social) {④ number of female managers, ⑤ percentage of male employees taking childcare leave, ⑥ percentage of annual paid leave taken}; and G (Governance) {⑦ strengthening the information security structure, ⑧ establishing Group governance in the U.S.}.

* 1 PSU: Performance Share Unit * 2 RS: Restricted Stock

Corporate Governance | Officer Remuneration/Cross-Shareholdings

FY2025 | Total Remuneration for Parent Company Officers by Category, Type of Remuneration, and Number of Eligible Officers

Officer Category	Total Remuneration (Millions of yen)	Total Remuneration by Type (Millions of yen)				Number of Eligible Officers
		Basic Remuneration	Performance-Related Bonuses	Performance-Related Stock Remuneration	Restricted Stock Remuneration	
Directors of the Board (Excluding Outside Directors of the Board)	745	268	282	89	105	7
Audit and Supervisory Board Members (Excluding Outside Members)	88	88	—	—	—	3
Outside Officers	197	197	—	—	—	10

The above includes a Director who retired from office as of the end of the 72nd General Meeting of Shareholders on April 25, 2023, as well as a Director, an Outside Director, an Audit and Supervisory Board Member, and an Outside Audit and Supervisory Board Member who retired as of the end of the 74th General Meeting of Shareholders on April 23, 2025.

FY2025 | Total Consolidated Remuneration for Directors of the Board (Excluding Outside Directors of the Board)

Name	Remuneration by Type (Millions of yen)				Total Remuneration (Millions of yen)
	Basic Remuneration	Performance-Related Bonuses	Performance-Related Stock Remuneration	Restricted Stock Remuneration	
Yoshihiro Nakai	82	101	36	40	261
Satoshi Tanaka	49	61	20	24	156
Toru Ishii	41	40	10	12	103
Hiroshi Shinozaki	41	40	12	12	105
Yasushi Omura	38	40	10	8	97

The above shows individuals whose total consolidated remuneration is ¥100 million or more, and who were Directors of the Board of the Company (excluding Outside Directors of the Board) as of January 31, 2026.

Introduction of Shareholding Guidelines

The Company considers it important to ensure the long-term and sustainable sharing of value with our shareholders. To this end, we have established Shareholding Guidelines that encourage Directors of the Board who supervise business execution to increase their shareholdings of Company stock during their tenure until reaching a predetermined benchmark amount (based on market value), and require them to continue holding at least that amount once the benchmark is reached. The benchmark amounts are as follows.

- **CEO: Three times the annual basic remuneration**
- **Other Representative Directors of the Board: Twice the annual basic remuneration**
- **Other eligible Directors of the Board (excluding Outside Directors of the Board): Equal to the annual basic remuneration**

Stock Remuneration Return (Malus and Clawback Provisions)

With the aim of restraining excessive risk-taking by Directors of the Board who supervise business execution and ensuring the soundness of management, the Company has established malus and clawback provisions in its officer remuneration regulations. Under these provisions, if a serious matter such as misconduct or a violation of laws or regulations arises in connection with, or related to, the performance of duties or conduct of a Director of the Board who supervises business execution, the Company may, by resolution of the Board of Directors based on deliberations by the Nomination and Compensation Advisory Committee, acquire without compensation, forfeit, or demand the return of all or part of the shares or base stock units already allotted as stock remuneration, or an equivalent amount in cash.

Basic Stance on Cross-Shareholdings

The Company shall not engage in cross-shareholdings with business partners unless it determines that such holdings contribute to medium- and long-term enhancement of corporate value through the stable maintenance and strengthening of business relationships. The appropriateness of cross-shareholdings shall be reviewed annually by the Board of Directors, and the summary shall be disclosed in reports related to the Corporate Governance Structure.

Overview of an Analysis on Cross-Shareholdings

At the Board of Directors meeting held in October 2025, the Company conducted a comprehensive review of the significance of holding all listed shares held as cross-shareholdings (14 issues, excluding Sekisui House Reit, Inc. and equity-method affiliates), taking into account their holding status, risk and return (stock price divergence, dividend yield, ROE, credit ratings, etc.), and the importance of the related business relationships. Under a policy of gradually reducing such holdings from the perspective of improving capital efficiency, the Company has set a target of keeping the ratio to consolidated net assets at 3% or less* during the period of the Sixth Mid-Term Management Plan (through the end of January 2026).

- **Stocks sold during FY2025: Of the 14 companies reviewed, the Company sold all shares in two companies and a portion of shares in two companies.**
- **Ratio of cross-shareholdings to consolidated net assets: 2.4% (at the end of FY2025)**

* Refers to the ratio of the balance sheet amount of stocks for investment held for purposes other than pure investment (including unlisted stocks), stated in the Annual Securities Report, to consolidated net assets.

Strengthening Risk Management

The Sekisui House Group takes a Group-wide approach to managing increasingly diverse and sophisticated risks from both short-term and medium- to long-term perspectives, linking them to business growth and value creation with a view to enhancing corporate value sustainably and achieving stable business growth.

Risk Management Structure

The Group has established a comprehensive risk management structure to accurately identify significant risks that may arise in the course of business activities. In the event that such risks materialize, we are prepared to take appropriate measures to mitigate their impact on the Group's operations. Strategic risks and financial/market risks are deliberated by the Board of Directors, Management Meetings, and other decision-making bodies. Operational risks and hazard risks are monitored by the Risk Management Committee, an advisory body to the Board of Directors.

The Risk Management Committee is composed primarily of members appointed by resolution of the

Board of Directors. For each material risk item, the Committee conducts evaluation and provides guidance based on the management status in the specialized departments, etc. at the head office, and reports its deliberations to the Board of Directors on a semi-annual basis. The Internal Audit Division is also involved, ensuring coordination with periodic audits.

In addition, the Group has established the Quality Management Committee and the Information Security Committee. These subcommittees take a specialized, cross-divisional approach to identify and address risks in their respective areas. These deliberations are reported to the Risk Management Committee three times each year.

Risk Management Process

Strategic risks as well as financial and market risks identified by relevant departments are assessed, along with reviews of their countermeasures, through deliberations by the Board of Directors, Management Meetings, and other decision-making bodies on the Mid-Term Management Plan and individual projects. These bodies monitor for incidents that could materially affect the Company's business operations.

The likelihood and potential impact of operational risks and hazard risks are assessed by the Risk Management Committee based on monitoring activities conducted across domestic and overseas Group companies, as well as from interviews with each head office department. A risk map is then compiled to identify material risks.

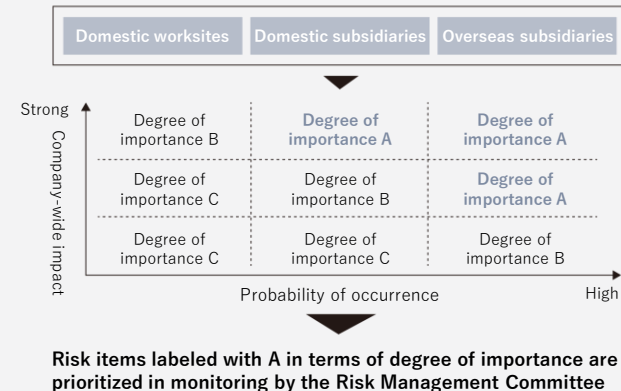
For risks identified, the responsible departments formulate a management plan and report progress to the Risk Management Committee, thus promoting a PDCA cycle. With regard to Group companies, we are working to strengthen the governance network through matrix-based management by administrative departments and specialized departments.

In the event that a serious incident expected to affect the Group's overall operations occurs, it is reported to the Risk Management Committee in accordance with the Crisis Response Manual. We have developed the system by establishing a Crisis Countermeasures Headquarters and taking other measures. We have also conducted drills to validate and improve the system.

Risk Management Structure Diagram



Risk Map



Individual Risks

Major risks that are recognized as having the potential to seriously affect investors' decisions are provided in our Annual Securities Report. [Annual Securities Report](#)

- [Strategic risks, financial and market risks](#)
- [Operational risks, hazard risks](#)
- [Risks related to sustainability](#)

Promoting Compliance

To enhance corporate value sustainably and build trust with society, the Sekisui House Group considers it important to embed fair and sincere decision-making and actions throughout the organization, in addition to ensuring thorough compliance with laws and regulations and corporate ethics, in accordance with the Sekisui House Group Integrity Code. Under our governance structure for advancing compliance, we are working to enhance effectiveness by fostering strong awareness and strengthening monitoring functions.

Sekisui House Group Integrity Code

Founded upon our Corporate Philosophy of “Love of Humanity” and our stance of “Truth & Trust,” the Sekisui House Group established the Sekisui House Group Integrity Code in February 2026 to embed actions based on a higher standard of ethics throughout the organization.

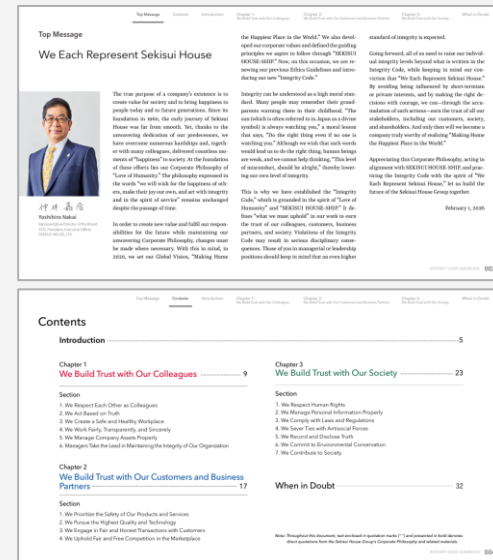
This Code replaces our previous Corporate Code of Conduct and Corporate Ethics Guidelines. It goes beyond mere compliance with laws and regulations, calling on us to independently choose the right decisions and actions without being swayed by short-term gain or personal considerations.

Our integrity is reflected in the following three principles:

- 1. Judge and act autonomously based on “what is right,” not “who is right”**
- 2. Act with sincerity to build long-term relationships of trust**
- 3. Acknowledge human weakness and adopt an attitude of learning from failure rather than assigning blame**

Guided by this belief, the continued accumulation of sincere actions by each and every officer and employee serves as the foundation of trust with all

stakeholders, including colleagues, customers, business partners, and local communities. We believe that this leads to the sustainable enhancement of corporate value and the realization of our Global Vision.



 [Sekisui House Group Integrity Code](#)

Initiatives to Raise Compliance Awareness

We conduct Human Rights and Compliance Training for all employees, with the aim of raising compliance awareness, deepening knowledge of human rights issues, and improving the workplace environment through dialogue. Since FY2024, this training has evolved into its current form by integrating it with human rights training.

Through group discussion-based training that uses cases involving compliance violations, including breaches of corporate ethics, as discussion materials, employees are given opportunities to think for themselves, develop their own insights, and actively listen to the differing perspectives of their colleagues. Starting in FY2026, following the establishment of the Integrity Code, we will also focus on integrity, promoting self-directed behavioral change and further improvement of our organizational culture.

In addition, with the aim of strengthening compliance at business sites, we provide Risk Management Training to business site managers. In FY2025, the training covered themes such as risk mapping, key risks at each business site, and integrity. The sessions were discussion-based, allowing participants to gain insights from one another and learn from different perspectives.

Post-training, managers bring the results of these discussions back to their respective business sites and hold further discussions among business site managers, thereby reinforcing their awareness of their leadership role in promoting compliance across the entire business site. Since FY2023, this training has been extended to senior managers at Group companies to further strengthen our Group-wide framework for promoting compliance.

Implementing the Governance Awareness Survey

Every year, we conduct the Governance Awareness Survey targeting all Group employees. This anonymous survey covers corporate ethics, the Corporate Code of Conduct, workplace conditions, and compliance-related matters, and enables regular assessments of these areas. The Board of Directors evaluates the survey results with a focus on how well the Corporate Philosophy, the Corporate Code of Conduct, and related principles have been embedded throughout the organization.

Each organizational unit also uses the findings to assess current workplace conditions and provide opportunities for dialogue and exchange of views, thereby helping to foster a more open workplace culture.

Promoting Compliance

Promoting the Use of the Internal Reporting and Consultation System

The Sekisui House Group has established multiple internal reporting and consultation channels, including the Sekisui House Group Compliance Helpline, the Sexual and Power Harassment Hotline, and the Sekisui House Global Helpline. These systems are operated in accordance with the Whistleblower Protection Act, and the Human Rights and Compliance Promotion Department accepts reports and consultations related to actual or suspected violations of laws, Corporate Ethics Guidelines, various forms of harassment, or human rights violations. The Board of Directors receives regular updates on the operation of these systems and exercises appropriate oversight.

In preparation for the enforcement of the revised Whistleblower Protection Act in June 2022, we established internal regulations in May 2022 titled “Rules on the Internal Reporting and Consultation System.” In June 2024, we expanded the scope of eligible reporters and consultees from Group officers and employees to include ongoing business partners. We also conducted awareness-raising activities to communicate the details of the revised system at health and safety conventions nationwide.

These regulations stipulate matters such as accepting anonymous reports and consultations, prohibiting disadvantageous treatment based on a report or consultation, prohibiting, in principle, the identification of users of the reporting channels, and

maintaining the confidentiality of users, thereby ensuring thorough protection for those who use these channels.

In addition, where internal consultation is difficult, we have also established an external reporting and consultation channel operated by a law firm. We will continue our awareness-raising activities to promote these channels as trusted reporting and consultation channels, and, under the Sekisui House Group Integrity Code established in February 2026, we will continue to promote awareness of the system and further enhance its effectiveness.

Trends in the Number of Reports Received and Responses

The number of reports and consultations received by each channel is set as a KPI for raising awareness of these channels and enhancing trust in them, and the trends are shown in the table on the right. We view the increasing trend in the number of reports received as evidence that awareness of the system is rising and that an environment in which employees can report and consult without hesitation is steadily being established.

In addition to the cases for which corrective actions were taken, other reports and consultations are also handled appropriately according to the nature of each case. Once again in FY2025, no serious human rights violations related to our business were identified.

 [Sekisui House Group Human Rights Report](#)

System	Point of Contact	Consultation Methods	Subject and Scope of Reports and Consultations
Sekisui House Group Compliance Helpline	Internal Human Rights and Compliance Promotion Department	Phone Letter Email	For Group officers, employees, and business partners. Accepts reports on actual or suspected violations of laws, regulations, or the Group’s Corporate Ethics Guidelines and Code of Conduct, including bribery-related cases.
Sexual and Power Harassment Hotline			For Group officers, employees, and business partners. Handles consultations on harassment (sexual, power, and customer harassment, as well as issues related to pregnancy, childbirth, childcare/nursing care leave, and job hunting) and human rights.
Sekisui House Global Helpline	External Law firm	Email (English language support available)	For officers and employees of overseas subsidiaries in English-speaking regions. Covers harassment, bullying, human rights violations, and suspected breaches of laws, regulations, or corporate ethics.

	FY2023	FY2024	FY2025
Total number of consultations received by Sekisui House Group Compliance Helpline	63	81	100
Of which, cases involving corrective action	—	67	56
Total number of consultations received by the Sexual and Power Harassment Hotline	253	258	309
Of which, cases regarding harassment complaints	131	150	196
Of which, cases involving corrective action	76	83	130
Total number of consultations received by Sekisui House Global Helpline	—	11	11
Of which, cases involving corrective action	—	4	8

Understanding Awareness of Human Rights

In the anonymous Governance Awareness Survey conducted annually for all Group employees, we include three questions asking whether the workplace culture categorically does not tolerate sexual harassment, power harassment, and discrimination that violates human rights. This allows us to understand Group-wide awareness and conditions that cannot be captured through individual case reports. The survey results are used to facilitate exchanges of opinions within each organizational unit, helping to improve the workplace culture.

Promoting Compliance

Initiatives for Compliance with Laws and Regulations

The Sekisui House Group conducts its business activities in compliance with various laws and regulations in Japan and overseas. In Japan, we ensure compliance with laws and regulations through the introduction of a regulatory check system at the design stage and a double-check structure involving the head office and business sites, while also working to properly manage assigned engineers and secure and develop qualified personnel. Overseas, we continuously monitor developments in local laws and regulations and respond swiftly in cooperation with local legal departments and outside experts.

In addition, specialized departments collect and analyze information on laws and regulations and share it internally, striving to ensure thorough compliance with laws and regulations across the Group.

🔗 [Annual Securities Report P.67 Risk related to laws and regulations](#)

Marketing and Advertising Policy

As stipulated in the Sekisui House Group Integrity Code, the Group provides consumers and customers with appropriate information about our products and services. To conduct sales and advertising activities appropriately in compliance with relevant laws, including the Construction Business Act and the Building Lots and Buildings Transaction Business Act, we have developed rules and manuals, provided training to employees involved in real estate advertising, conducted regular audits by the Internal Audit Division, and conducted regular business inspections by the headquarters overseeing sales locations. We have also built and operate a system for continuously checking advertising and display content on our website. Through these initiatives, we continuously confirm the effectiveness of legal compliance in our sales and advertising activities.

Anti-Corruption Initiatives

The Sekisui House Group Integrity Code clearly prohibits inappropriate relationships with public officials, and based on our Anti-Bribery and Corruption Policy and Anti-Corruption Guidelines, we have established specific rules to prevent inappropriate relationships and transactions by officers and employees.

When in doubt, employees are encouraged to consult in advance with their supervisor or the Human Rights and Compliance Promotion Department at the head office, and to keep a record of such consultations.

The Internal Audit Division confirms the status of the development and dissemination of the anti-corruption structure, as well as responses to legal risks, through periodic audits conducted every two years domestically and every year at overseas Group companies.

🔗 [Annual Securities Report P.158 Status of internal audits](#)

🔗 [Anti-Bribery and Corruption Policy Sekisui House, Ltd.](#)

Personal Information Protection Initiatives

In accordance with our Rules on the Handling of Personal Information, we have established a management structure headed by the Head of the Corporate Headquarters as the person with overall responsibility, and we strive to handle personal information appropriately.

We disclose our Customer Information Protection Policy and Information Security Policy, and deepen employees' understanding of the personal information handled at each business location through training and e-learning. We have also established a dedicated department with a consultation point, respond to requests for disclosure and correction, and provide prompt explanations and responses in the event of an incident.

In addition, we are also developing structures and providing training overseas in accordance with the laws and regulations of each country.

🔗 [Global Website Privacy Policy](#)

🔗 [Sekisui House Group Information Security Policy](#)

Tax Transparency

The Sekisui House Group is committed to complying with the tax laws of all the countries in which we conduct business, and to fulfilling our fair share of tax payments.

Our detailed policy on tax transparency, along with our tax payment results by country for FY2025, are disclosed on our website.

🔗 [Tax Transparency](#)

Legal Compliance Status in FY2025

- There were no significant violations of laws or regulations or voluntary standards related to bribery or corruption within the Group.
- There were no disciplinary actions or dismissals of employees due to violation of the Anti-Corruption Policy. To the best of our knowledge, the Group did not incur any costs related to fines, surcharges, or settlements associated with corruption.
- There were no significant violations or penalties related to environmental laws or regulations, no spills at factories that affected the surrounding environment, and no ESG-related provisions, including environmental provisions.
- There were no fines paid for violations of laws or regulations related to the provision or use of our products and services. In the event that a significant matter concerning our products or services is discovered, we will conduct an investigation and, if the facts are confirmed, promptly disclose the details of the matter and our response policy.
- There were no infractions of health and safety regulations or voluntary standards.
- There were no substantiated complaints or petitions for redress related to customer privacy infringements or loss of customer data.
- The Group faced no legal action, significant fines, or punitive measures related to anti-competitive behavior, antitrust violations, or monopolistic practices.

Stakeholder Engagement

The Sekisui House Group places great importance on dialogue with diverse stakeholders, including customers, shareholders and investors, business partners, employees, and local communities. We take the issues and expectations we receive seriously, reflect them in our business, and actively promote engagement with the aim of fostering understanding and appropriate evaluation.

Small-group meeting between Outside Directors of the Board and institutional shareholders

In December 2025, two Independent Outside Directors of the Board—Kitazawa, Chairperson of the Board of Directors, and Yoshimaru, Chairperson of the Nomination and Compensation Advisory Committee—held frank and sincere discussions with institutional investors on a wide range of topics. We present some highlights of that day’s dialogue below.

Q. As an Outside Director, how do you view the Board’s role in providing both an “accelerator” and a “brake” for the executive side?

■ **Kitazawa** | As Chairperson of the Board of Directors, I am constantly mindful about enhancing the functions of the Board. Every year, we conduct an effectiveness evaluation of the Board using a third-party organization. We position the issues identified as important indicators and work to improve the operation of the Board.

With the acquisition of MDC and the “One Company” integration of our U.S. business,

among other developments, the scale of our Group’s operations has expanded dramatically. For the business to grow soundly, I believe the Board needs to enhance its monitoring function and assess risk, while at the same time giving the executive side the confidence to take on important challenges that the Company should pursue from a long-term perspective. Outside Directors in particular bring diverse insights and extensive experience. I therefore believe it is important for the Board to accurately exercise both its “brake” function to avoid various risks and its “accelerator” function to encourage the challenges needed for growth.

One example of the accelerator function was the acquisition of the land for condominiums in a prime location in Tokyo. This land is in an extremely rare location, but the fundamental premise for a land acquisition decision is securing profitability. The executive side’s initial proposal placed such emphasis on profitability that there was a risk of losing the bid. During Board discussions, Outside Directors raised the view that, in addition to profitability, the bid

price should be reconsidered in light of the flagship value of GRAND MAISON in Tokyo. In response, the bid price was reviewed, and following re-deliberation, the bid was successfully won and the land acquired.

I see this as an example of the Outside Directors exercising the accelerator function by asserting that the elements of long-term brand value building also be given weight, then turning it into a growth opportunity.

Q. How does the Board monitor the governance of the U.S. business following the acquisition of MDC?

■ **Kitazawa** | The acquisition of MDC was an extremely important decision for our Group. We conduct our business under a Global Vision aimed at expanding Japan’s advanced housing technologies overseas and providing more comfortable, secure homes around the world. MDC has a nationwide business base across the U.S., and its acquisition represented both a major growth opportunity and an excellent opportunity to realize our Global Vision.

To achieve this, it is essential that management is resolved to drive the various domestic divisions such as Corporate Management Planning, Human Resources, Accounting and Finance, IT, Legal, and Research & Development to work as one with the International Division in supporting the U.S. business, thereby ensuring that the acquisition



of MDC does not remain simply as an investment for business expansion, but leads to the realization of the Company’s objectives. The Board discussed the acquisition from this perspective, and a resolution was passed on the acquisition.

Even more important is supporting post-acquisition growth. All of our Outside Directors visited Denver, where MDC’s headquarters is located, as well as business sites in various locations, engaging in serious discussions with U.S. management team and strongly conveying our determination, as a company, to support the growth of the U.S. business.

Even today, our Outside Directors visit the U.S. every year, continuing to exchange views with U.S. management team to support the provision of safe, secure, and comfortable housing, as well as other efforts. In addition, we require regular reports to the Board on the progress of the U.S. business and continue to monitor it from the perspectives of both strengthening governance and business growth.

Stakeholder Engagement

Q. What do you see as the strengths of Sekisui House's governance, and what challenges remain going forward?

■ **Kitazawa** | Since President Nakai took office in 2018, the Company has actively pursued governance reforms. As a result, an awareness of the need to strengthen governance and achieve sound growth has been strongly shared across the entire management team, and this serves as an important foundation for driving our governance reforms. Since our founding, we have conducted our business by cherishing the spirit of “Love of Humanity.” The idea of “wishing for another’s happiness, and to take joy in their joy” is deeply rooted in each and every employee, forming a corporate culture in which we strive to do work that pleases our customers. I believe that by guiding it in the right direction, this corporate culture has become a powerful force supporting the enhancement of our governance.

At the same time, human capital is essential to further advance our governance. In particular, with the expansion of our U.S. business, strengthening global governance has become an important theme. For this reason, we need to take urgent steps to further nurture specialized talent in areas such as finance and governance going forward.

■ **Yoshimaru** | I joined the Company in 2018, which we designated as the “launch year of governance reform,” and since then, I have felt that our Board of Directors has evolved significantly year after year for effective corporate governance. We have established a framework under which Outside Directors of the

Board participate in internal management meetings as observers and gain a deeper understanding of business execution through visits to projects both in Japan and overseas, enabling them to provide informed and constructive input. One of the strengths of our management team is its willingness to take the views of Outside Directors seriously and to move swiftly to implement those recommendations that it considers valuable. Another clear and distinctive strength is our ability to make bold decisions quickly, as exemplified by the acquisition of MDC.

Importantly, our strengths do not end with decision-making. Through my monitoring of management’s execution of the Company’s strategy, I have also observed the Company’s ability to maintain a high level of speed and focus on priorities during the execution phase. I believe this is one of the Company’s defining characteristics.

Looking ahead, I believe there are a number of important challenges to address as the business environment continues to change significantly. These include strengthening governance across the Group as our business footprint expands, incorporating technological innovations such as generative AI, and further developing our talent strategy and related systems.

Q. How are you making the development of next-generation management talent and CEO succession effective?

■ **Kitazawa** | I believe the role of Outside Directors is also significant in human resource development.

For the Board to hold grounded, substantive discussions, it is essential that Outside Directors correctly understand the Company’s business and its people. At our Company, Outside Directors are given wide-ranging opportunities to participate in various internal meetings and events. Through these opportunities, they deepen their understanding of the business content of each division and gain firsthand knowledge of the mindsets, attitudes, and personalities of the employees active there.

I, too, serve as a member of the Nomination and Compensation Advisory Committee, and I feel that this accumulated experience forms the foundation for evaluating next-generation management talent on a well-informed, personal basis.

■ **Yoshimaru** | At the Nomination and Compensation Advisory Committee, we have placed particular emphasis on CEO succession planning and are working to build a robust pipeline of next-generation management talent, with CEO succession at its core. Approximately three years ago, we established a formal CEO succession planning framework. Since then, we have clarified the competencies and attributes required for the role, as well as the nomination and selection process, and have narrowed down the pool of candidates through ongoing discussion and review. We currently assess potential candidates across multiple generations—the next generation, the generation after that, and a younger talent pool—and review the candidates every six months.

The Company has also been putting in place

various mechanisms, including succession planning meetings focused on potential executive officer candidates and talent appointment meetings. Through these initiatives, the concept of “tough assignments”—providing high-potential talent with challenging roles and opportunities to stretch themselves—is beginning to take root across the organization as an important approach to talent development.

Conclusion

■ **Kitazawa** | Through this dialogue with institutional investors, we were able to gain many valuable insights. Receiving incisive questions from everyone gives us the opportunity to organize our own thoughts on challenges and to remain conscious of taking the right actions as Directors. To ensure our Group can achieve sustainable growth both in Japan and overseas, the Board will continue to appropriately apply both the accelerator and the brake, firmly supporting and overseeing execution toward sound growth.

■ **Yoshimaru** | It was a very valuable opportunity to hear and discuss directly about the interests and expectations of institutional investors. In particular, I was reminded of the strong expectations placed on us with regard to strengthening global governance and further developing our CEO succession planning. I intend to incorporate the perspectives and insights gained through these dialogues into my activities going forward.

Stakeholder Engagement

Engagement With Individual Shareholders

With the aim of deepening individual shareholders' understanding of our business, we held facility tours in November 2025 at "JUNOPARK," a housing "edutainment" facility that nurtures children's sensibilities, which opened in August 2025, and at "Tomorrow's Life Museum Kansai," a theme park dedicated to housebuilding. This was the first time a tour was held on a Saturday, making it an event that families with children could more easily attend. As a result, we received an even greater response than in previous years.

At "JUNOPARK," participants ranging from children to adults enjoyed a variety of activities, including experiences such as designing rooms to suit their own preferences. This provided an opportunity for participants to realize and discover what elements such as "comfort," "like," and "important" mean to them personally. Furthermore, at "Tomorrow's Life Museum Kansai," we introduced the latest lifestyle proposal-oriented model houses, as well as the structure and strengths of our homes, which are not usually visible to the public, giving visitors a firsthand sense of

the Company's commitment to housebuilding.

Following the tour, we gave a presentation on our business, creating an opportunity for active dialogue with individual shareholders. The post-event survey received many expressions of satisfaction, helping to promote understanding of our initiatives. Going forward, we will continue to engage in sincere and attentive communication through facility tours and other events as we strive to deepen high-quality engagement.



Main Engagement Activities in FY2025

■ Events for Institutional Shareholders/Investors and Analysts

- Financial results briefing: **4 times**
- Management plan briefing: **2 times**
- Business and ESG-related briefing: **1 time**
- Individual IR interviews: **335 companies**
- Individual SR interviews: **17 companies**
- Overseas IR meetings: **6 times/76 companies**
- Small-group meetings with Outside Directors of the Board: **1 time/15 companies**

- Small-group meetings with securities firms: **2 times/28 companies**
- Conferences sponsored by securities firms: **4 times/40 companies**
- Tours of Company facilities: **6 times/30 companies**

■ Events for Individual Shareholders/Investors

- Facility tours for individual shareholders: **1 time**
- Briefings organized by securities firms: **2 times**

Directors of the Board and Outside Directors of the Board (As of August 1, 2026)

Yoshihiro Nakai

Representative Director of the Board, CEO, President, Executive Officer



Number of years in office 10

Mr. Nakai held positions as Head of Corporate Management Planning Department and was in charge of Corporate Management Planning and Accounting & Finance of the Company. Assumed the positions of Director of the Board in April 2016, President, Representative Director of the Board in February 2018. Assumed the positions of Representative Director of the Board, President, Executive Officer, CEO, and in charge of Business Strategy Division and Division of Built-to-Order Business in April 2021. Assumed the current position in April 2025.

Satoshi Tanaka

Representative Director of the Board Vice President, Executive Officer Managing Finance Division and Auditing, in charge of Human Resources Division and Administration Division

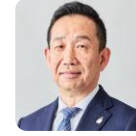


Number of years in office 6

Mr. Tanaka held positions including Representative Director of the Board, Executive Vice President, CAO, CIO, and CPO of Mitsui & Co., Ltd. Assumed the position of Outside Director of the Board of the Company in April 2020, and Representative Director of the Board, Executive Vice President, Executive Officer in April 2021, in charge of the Administration and Human Resources Divisions. Assumed the current position in July 2025.

Toru Ishii

Director of the Board Senior Managing Officer In Charge of Division of Development Business, and Head of International Business Division

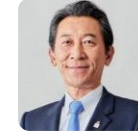


Number of years in office 6

Mr. Ishii held positions as Head of Development Department, Head of International Business Department of the Company. Assumed the positions of Managing Officer in April 2016, Director of the Board, Senior Managing Officer in April 2020. In charge of Development, Condominiums, and International Businesses. In charge of Division of Development Business in February 2021. Assumed the current position in May 2024.

Yasushi Omura

Director of the Board Senior Managing Officer In Charge of Corporate Strategy, and Managing TKC Project



Number of years in office 1

Mr. Omura held positions as Head of the Sales Administration Division of the Company and President, Representative Director of the Board of Sekisui House Construction Holdings, Ltd. Assumed the positions of Managing Officer of the Company, Head of the Sekisui House Construction Business Division in April 2023, and Director of the Board, Senior Managing Officer in April 2025. In charge of managing the Detached Housing Business and the Remodeling Business. Assumed the current position in August 2026.

Masaru Noma

Director of the Board Senior Managing Officer Managing Division of Technology and Production

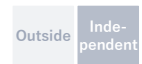


Assumed office in April 2026

Mr. Noma held positions as Head of Comprehensive Housing R&D Institute, Head of Research & Development Headquarters of the Company. Assumed the positions of Managing Officer in April 2022, Senior Managing Officer, in charge of Division of Technology and Production in April 2024, Managing Division of Technology and Production in February 2026, Director of the Board in April 2026.

Yukiko Yoshimaru

Outside Director of the Board

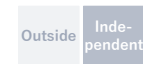


Number of years in office 8

Ms. Yoshimaru held positions including Director of the Board of the U.S. subsidiary of Oki Electric Industry Co., Ltd., Head of the Diversity Development Office of Nissan Motor Co., Ltd., and Executive Officer of Nifco Inc. Assumed the position of Outside Director of the Board of the Company in April 2018. Has served as Chairperson of the Nomination and Compensation Advisory Committee since May 2020.

Toshifumi Kitazawa

Outside Director of the Board

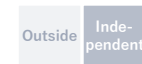


Number of years in office 6

Mr. Kitazawa held positions including President, Director of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd., Director of the Board of Tokio Marine Holdings, Inc., and Vice Chairman, Director of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd. Assumed the position of Outside Director of the Board of the Company in April 2020. Has served as Chairperson of the Board of Directors since May 2021.

Yoshimi Nakajima

Outside Director of the Board

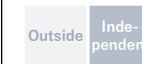


Number of years in office 5

Ms. Nakajima held positions including Country Manager (President) of American Express International, Inc., Singapore, and President, Representative Director of the Board of American Express Japan, Inc. Assumed the position of Outside Director of the Board of the Company in April 2021.

Shinichi Abe

Outside Director of the Board

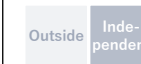


Number of years in office 4

Mr. Abe served as Executive Officer of Oracle Corporation Japan and Representative of Google Cloud Japan G.K., among other positions, before becoming President, Representative Director of the Board of MNES, Inc. (current position). Assumed the position of Outside Director of the Board of the Company in April 2022.

Yukiko Kuroda

Outside Director of the Board



Number of years in office 1

Ms. Kuroda worked at Sony Corporation and a U.S.-affiliated management consulting firm before founding People Focus Consulting Co., Ltd. Assumed the position of Outside Director of the Board of the Company in April 2025.

Audit and Supervisory Board Members (As of August 1, 2026)

Takashi Ogino

Standing Audit and Supervisory Board Member



Number of years in office 4

Mr. Ogino held positions as branch head, Head of Auditing Department, Operating Officer of the Company. Assumed the position of Standing Audit and Supervisory Board Member in April 2022.

Osamu Minagawa

Standing Audit and Supervisory Board Member



Number of years in office 1

Mr. Minagawa held positions including branch head, Head of the Sales Administration Division, Managing Officer, and was in charge of Human Resources Division and Auditing of the Company. Assumed the position of Standing Audit and Supervisory Board Member in April 2025.

Yoritomo Wada

Outside Audit and Supervisory Board Member

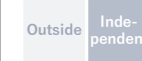


Number of years in office 6

After working as partner of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC), Mr. Wada assumed the position of Outside Audit and Supervisory Board Member of the Company in April 2020. Has served as Chairperson of the Audit and Supervisory Board since April 2026.

Yuko Tamai

Outside Audit and Supervisory Board Member

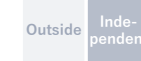


Number of years in office 1

Ms. Tamai currently serves as a Partner of Nagashima Ohno & Tsunematsu. Assumed the position of Outside Audit and Supervisory Board Member of the Company in April 2025.

Nobuo Hanada

Outside Audit and Supervisory Board Member



Assumed office in April 2026

Mr. Hanada held positions including Head of the Auditing Department, Head of Global Auditing, and Standing Audit & Supervisory Board Member of FUJIFILM Holdings Corporation. Assumed the position of Outside Audit and Supervisory Board Member of the Company in April 2026.

Directors of the Board	Attendance at Board of Directors FY2025	Particular Knowledge, Experience, and Abilities Expected (Not All Skills are Displayed)					
		Corporate Management/ Business Strategy	Overseas Business/ International Knowledge	Financial Strategy and Accounting	Technology and Environment/ Innovation	Improvement of Social Value/ Human Resource Development/ Diversity	Governance/ Risk Management/ Compliance
Yoshihiro Nakai	13/13	●		●		●	●
Satoshi Tanaka	13/13	●	●	●		●	●
Toru Ishii	13/13	●	●			●	
Yasushi Omura	9/9	●			●		●
Masaru Noma	—	●			●		●
Yukiko Yoshimaru	13/13	●	●			●	●
Toshifumi Kitazawa	13/13	●	●	●			●
Yoshimi Nakajima	13/13	●	●	●		●	
Shinichi Abe	13/13	●	●		●	●	
Yukiko Kuroda	9/9	●	●			●	●

Audit and Supervisory Board Members	Attendance FY2025		Particular Knowledge, Experience, and Abilities Expected (Not All Skills are Displayed)					
	Board of Corporate Auditors	Board of Directors	Corporate Management	Overseas Business/ International Knowledge	Quality and Technology/ Business Processes	Financial Strategy and Accounting/ Disclosure	Legal Affairs	Governance/ Risk Management/ Compliance
Takashi Ogino	18/18	13/13	●		●			●
Osamu Minagawa	10/10	9/9	●		●			●
Yoritomo Wada	18/18	13/13		●		●		●
Yuko Tamai	10/10	9/9		●		●	●	●
Nobuo Hanada	—	—		●		●		●

For the significant concurrent posts at other companies and reasons for selecting each item in the skill matrix, please refer to the Annual Securities Report.

[Annual Securities Report](#)

06 Integrity as Foundation

Summary | A foundation shaped by questions

What must change
to realize the future we seek to create?
By continually asking ourselves that question,
we have continued to evolve
the way we manage our business.
Not for the sake of systems and structures,
but in pursuit of better management.
That is the answer we have chosen.

Reflection | Our integrity

Doing good work with sincerity.
Being appreciated by our customers.
Earning the trust of our colleagues.
Being someone others want to work with.
Perhaps that is what integrity is:
a quiet strength that brings out the best in us.

