Consolidated Financial Results for FY2020
(February 1, 2020 through January 31, 2021)

March 4, 2021

Company name	: Sekisui House, Ltd. (URL http://www.sekisuihouse.co.jp)
Listed exchanges	: Tokyo, Nagoya
Stock code	: 1928
Representative	: Yoshihiro Nakai, President and Representative Director
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Date of scheduled general shareholders' meeting	: April 27, 2021
Date of scheduled payment of dividends	: April 28, 2021
Date of scheduled filing of securities report	: April 28, 2021
Supplementary explanatory documents	: Yes
Earnings results briefing	: Yes (for institutional investors and analysts, in Japanese)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results for the FY2020 (February 1, 2020 through January 31, 2021)

(1) Consolidated Financial Results

(% figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Year ended January 31, 2021	2,446,904	1.3	186,519	(9.1)	184,697	(13.7)	123,542	(12.5)
Year ended January 31, 2020	2,415,186	11.8	205,256	8.5	213,905	9.6	141,256	9.9

(Note) Comprehensive income: Year ended Jan. 2021: ¥ 129,129 million (-13.1%) Year ended Jan. 2020: ¥148,588 million (218.2%)

	Profit per share	Fully diluted profit per share	Return on equity	Ordinary income ratio to total assets	Operating income ratio to net sales
	¥	¥	%	%	%
Year ended January 31, 2021	181.18	181.02	9.5	7.0	7.6
Year ended January 31, 2020	205.79	205.57	11.5	8.5	8.5

(Reference) Equity in earnings of affiliates: Year ended Jan. 2021: ¥ 619 million Year ended Jan. 2020: ¥10,483 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	¥ millions	¥ millions	%	¥
As of January 31, 2021	2,625,861	1,368,887	50.5	1,948.12
As of January 31, 2020	2,634,748	1,306,850	48.1	1,852.62

(Reference) Equity capital* As of January 31, 2021: ¥1,326,535 million As of January 31, 2020: ¥1,266,195 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents as of end of period
	¥ millions	¥ millions	¥ millions	¥ millions
Year ended January 31, 2021	191,972	(95,504)	(77,614)	600,234
Year ended January 31, 2020	363,766	(65,229)	(148,160)	583,297

2. Cash Dividends

	Dividends per share (¥)					Total dividends (annual) (¥ millions)	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual			
Year ended January 31, 2020	-	40.00	-	41.00	81.00	55,573	39.4	4.5
Year ended January 31, 2021	-	45.00	-	39.00	84.00	57,259	46.4	4.4
Year ending January 31, 2022 (Forecast)	-	43.00	-	43.00	86.00		42.9	

3. Consolidated Results Forecast for FY2021 (February 1, 2021 through January 31, 2022)

(% figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
Year ending January 31, 2022	2,552,000	4.3	200,000	7.2	200,000	8.3	135,000	9.3	200.62

* Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries that caused a change in scope of consolidation): Applicable

New Consolidated Companies: - Excluded: 1 company Sekisui House (Taicang) Co., Ltd.

(2) Changes in accounting policies, accounting estimates and restatements

(i) Changes in accounting policies due to amendment of accounting standards: Not applicable

(ii) Changes in accounting policies due other than (i): Not applicable

(iii) Changes in accounting estimates: Not applicable

(iv) Restatements: Not applicable

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of each period (including treasury stock):

As of Jan. 31, 2021: 684,683,466 shares As of Jan. 31, 2020: 690,683,466 shares

(ii) Number of treasury stock at the end of each period:

As of Jan. 31, 2021: 3,753,722 shares As of Jan. 31, 2020: 7,222,070 shares

(iii) Average number of shares outstanding in each period:

Year ended Jan. 2021: 681,885,131 shares Year ended Jan. 2020: 686,401,345 shares

(Reference) Summary of non-consolidated financial results

1. Non-Consolidated Results for the FY2020 (February 1, 2020 through January 31, 2021)

(1) Non-Consolidated Financial Results (% figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Year ended January 31, 2021	1,055,305	(12.3)	61,961	(17.3)	88,414	(15.0)	70,001	5.8
Year ended January 31, 2020	1,202,918	2.6	74,930	(17.6)	103,978	(11.3)	66,181	(17.0)

	Net income per share	Fully diluted Net income per share
	¥	¥
Year ended January 31, 2021	102.63	102.54
Year ended January 31, 2020	96.39	96.29

(Reason of change in non-consolidated financial results compared to the results in the previous fiscal year)

As described in "(1) Analysis of Business Results" of "1. Analyses of Business Results and Financial Position" of the "Attached Material" on page 7, change in non-consolidated financial results were mainly due to decreases in sales in the custom detached housing business, etc.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	¥ millions	¥ millions	%	¥
As of January 31, 2021	1,602,411	875,107	54.6	1,284.09
As of January 31, 2020	1,580,475	867,282	54.8	1,267.72

(Reference) Equity capital As of January 31, 2021: ¥874,598 million As of January 31, 2020: ¥866,672 million

*** This consolidated financial results repot are outside the scope of review by a certified public accountant or an audit firm.**

*** Notes Regarding the Appropriate Use of Results Forecasts and Other Important Matters**

This document contains forward-looking statements based on judgments and estimates derived from information available to the Company at the time of this release, and is therefore subject to risks and uncertainties. Actual future results may differ materially from any projections presented here due to a variety of factors, including economic conditions surrounding the business domain of the Company and Group companies, as well as market trends.

For details of results forecast, please refer to "(1) Analysis of Business Results (Future Outlook)" of "1. Analyses of Business Results and Financial Position" of the "Attached Material" on page 11.

(Obtaining supplementary explanatory documents)

The Company plans to hold a briefing for institutional investors and analysts on March 4, 2021. Relevant financial explanatory documents to be handed out at the briefing will be posted on our official website on the same day.

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Appendix 1: Results summary for the year ended January 31, 2021

¥ millions

Consolidated	FY2019	FY2020	YOY (%)	FY2021 forecast	YOY (%)
Net sales	2,415,186	2,446,904	1.3	2,552,000	4.3
Gross profit	478,036	473,511	(0.9)	496,000	4.7
Operating income	205,256	186,519	(9.1)	200,000	7.2
Ordinary income	213,905	184,697	(13.7)	200,000	8.3
Profit attributable to owners of parent	141,256	123,542	(12.5)	135,000	9.3
Total orders	2,480,066	2,401,877	(3.2)	2,518,000	4.8
Accumulated orders	1,408,448	1,363,421	(3.2)	1,329,421	(2.5)

Key management indicators

Consolidated	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 forecast
Profit per share (¥)	175.48	193.06	186.53	205.79	181.18	200.62
Net assets per share (¥)	1,598.90	1,731.60	1,718.82	1,852.62	1,948.12	2,063.20
Dividends per share (¥)	64.00	77.00	79.00	81.00	84.00	86.00
OP margin	9.09%	9.06%	8.76%	8.50%	7.62%	7.8%
ROE	11.28%	11.59%	10.82%	11.54%	9.53%	10.0%
ROA *	9.38%	9.03%	8.32%	8.78%	7.30%	7.6%

* ROA: Return on Assets = (Operating income + Interest and Dividends received+ Equity in earnings of affiliates) / Total assets

(Note) The Company adopted standards such as the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) at the beginning of the fiscal year under review, which has been applied retroactively to the key management indicators and other factors in the previous fiscal year presented in this report.

Appendix 2: Segment breakdown for the year ended January 31, 2021

(1) Sales

¥ millions

		FY2019	FY2020	YOY(%)	FY2021 Forecast	YOY(%)
Built-to-order Business	Custom detached houses	390,995	323,332	(17.3)	344,000	6.4
	Rental housing	360,026	358,745	(0.4)	388,500	8.3
	Architectural / Civil engineering	120,986	302,837	150.3	315,500	4.2
	Subtotal	872,008	984,915	12.9	1,048,000	6.4
Supplied Housing Business	Remodeling	152,729	141,090	(7.6)	167,000	18.4
	Real estate management fees	534,876	557,632	4.3	576,000	3.3
	Subtotal	687,606	698,722	1.6	743,000	6.3
Development Business	Houses for Sale	151,268	139,151	(8.0)	163,000	17.1
	Condominiums	103,984	77,091	(25.9)	84,000	9.0
	Urban redevelopment	131,920	104,953	(20.4)	103,000	(1.9)
	Subtotal	387,173	321,195	(17.0)	350,000	9.0
Overseas Business		389,866	370,686	(4.9)	333,000	(10.2)
Other Businesses		78,531	71,384	(9.1)	78,000	9.3
Consolidated		2,415,186	2,446,904	1.3	2,552,000	4.3

(2) Operating income and OP margin

¥ millions

		FY2019 Amount OP margin	FY2020 Amount OP margin	YOY(%)	FY2021 Forecast Amount OP margin	YOY(%)
Built-to-order Business	Custom detached houses	45,942 11.8%	32,231 10.0%	(29.8)	37,000 10.8%	14.8
	Rental housing	49,710 13.8%	47,052 13.1%	(5.3)	55,000 14.2%	16.9
	Architectural / Civil engineering	3,730 3.1%	16,051 5.3%	330.2	13,000 4.1%	(19.0)
	Subtotal	99,383 11.4%	95.335 9.7%	(4.1)	105,000 10.0%	10.1
Supplied Housing Business	Remodeling	23,535 15.4%	20,479 14.5%	(13.0)	26,500 15.9%	29.4
	Real estate management fees	41,054 7.7%	43,869 7.9%	6.9	50,000 8.7%	14.0
	Subtotal	64,589 9.4%	64,348 9.2%	(0.4)	76,500 10.3%	18.9
Development Business	Houses for Sale	12,259 8.1%	7,586 5.5%	(38.1)	11,000 6.7%	45.0
	Condominiums	10,134 9.7%	8,817 11.4%	(13.0)	11,500 13.7%	30.4
	Urban redevelopment	17,045 12.9%	16,565 15.8%	(2.8)	11,000 10.7%	(33.6)
	Subtotal	39,439 10.2%	32,969 10.3%	(16.4)	33,500 9.6%	1.6
Overseas Business		44,551 11.4%	39,708 10.7%	(10.9)	30,500 9.2%	(23.2)
Other Businesses		(273) (0.3%)	(2,480) (3.5%)	-	0 0.0%	-
Eliminations and back office		(42,434)	(43,363)	-	(45,500)	-
Consolidated		205,256 8.5%	186,519 7.6%	(9.1)	200,000 7.8%	7.2

(3) Orders

¥ millions

		FY2019	FY2020	YOY(%)	FY2021 Forecast	YOY(%)
Built-to-order Business	Custom detached houses	346,293	322,328	(6.9)	350,000	8.6
	Rental housing	391,991	354,929	(9.5)	390,000	9.9
	Architectural / Civil engineering	96,992	278,682	187.3	318,500	14.3
	Subtotal	835,277	955,941	14.4	1,058,500	10.7
Supplied Housing Business	Remodeling	149,716	141,698	(5.4)	167,000	17.9
	Real estate management fees	534,876	557,632	4.3	576,000	3.3
	Subtotal	684,593	699,330	2.2	743,000	6.2
Development Business	Houses for Sale	143,300	145,343	1.4	165,400	13.8
	Condominiums	73,692	80,979	9.9	80,000	(1.2)
	Urban redevelopment	160,645	103,241	(35.7)	74,100	(28.2)
	Subtotal	377,638	329,564	(12.7)	319,500	(3.1)
Overseas Business		500,886	347,983	(30.5)	319,000	(8.3)
Other Businesses		81,670	69,057	(15.4)	78,000	13.0
Consolidated		2,480,066	2,401,877	(3.2)	2,518,000	4.8

(4) Accumulated orders

¥ millions

		As of January 31, 2020	As of January 31, 2021	YOY(%)	As of January 31, 2022 forecast	YOY(%)
Built-to-order Business	Custom detached houses	184,302	183,298	(0.5)	189,298	3.3
	Rental housing	376,538	372,723	(1.0)	374,223	0.4
	Architectural / Civil engineering	386,561	362,407	(6.2)	365,407	0.8
	Subtotal	947,402	918,428	(3.1)	928,928	1.1
Supplied Housing Business	Remodeling	27,976	28,584	2.2	28,584	0.0
	Real estate management fees	-	-	-	-	-
	Subtotal	27,976	28,584	2.2	28,584	0.0
Development Business	Houses for Sale	41,513	47,705	14.9	50,105	5.0
	Condominiums	87,762	91,651	4.4	87,651	(4.4)
	Urban redevelopment	30,613	28,901	(5.6)	-	-
	Subtotal	159,889	168,259	5.2	137,759	(18.1)
Overseas Business		222,324	199,620	(10.2)	185,620	(7.0)
Other Businesses		50,854	48,527	(4.6)	48,527	0.0
Consolidated		1,408,448	1,363,421	(3.2)	1,329,421	(2.5)

The Architectural / Civil engineering Business was included in the reporting segment starting with the first quarter under review. Therefore, figures for the first quarter of the previous fiscal year are also presented after the reclassification.

1. Analyses of Business Results and Financial Position
(1) Analysis of Business Results

During the consolidated fiscal year under review, the global economy remained in difficult conditions due to the adverse effects COVID-19 generated through its global spread. The Japanese economy continued to face challenging conditions, with the declaration of a second state of emergency in response to rising COVID-19 infections. Nonetheless, signs of improvement could be seen.

In the housing market in Japan, the number of new housing starts decreased, reflecting the effects of a decline in reaction to the consumption tax hike which had continued from the previous year, in addition to the effects of self-restraint on sales activities exercised in connection with efforts to prevent the spread of COVID-19. As a result, severe conditions continued for orders received across the market. However, financial incentives, which had lost momentum under the impact of COVID-19, began to be implemented, including the establishment of a green housing point system, and the extension of the mortgage loan tax deduction and gift tax exemption for home buyers. In addition, as economic activity gradually resumed, evidence of a recovery became apparent.

Under these circumstances, the Company prioritized the safety of customers, suppliers, affiliates and employees, and continuously took measures and provided responses necessary to control the spread of the disease. The Company continued its initiatives to propose plans to customers through a web conference system in sales activities for the custom detached houses business and the remodeling business. It also focused its efforts on sales activities targeting corporations in the rental housing business. Simultaneously, the Company gradually resumed sales activities through open houses and so forth.

In the Overseas Business, sales fell temporarily in the housing market in the United States as the number of people infected with COVID-19 grew. However, sales in the market recovered and stayed high, partly buoyed by historically low mortgage rates.

To mark the 60th anniversary of its founding, the Company has adopted Make home the happiest place in the world as its global vision for the next 30 years, and has established the goal of becoming a global company that offers integrated proposals of technologies, lifestyle design and services, based on the residential domain. It has also formulated a fifth mid-term management plan (FY2020-FY2022) and established “Further strengthening core businesses and embarking on new businesses” as a fundamental policy under the management direction, “Deployment of growth strategies focused on the residential business domain.”

As part of the initiatives taken for new businesses, the Company continued to develop the Platform House to aid happiness in the era of the 100-year lifespan and gradually started consumer participation-type demonstration experiments of HED-Net, the world’s first in-home early acute-disease detection network, from December.

In addition, the Company opened eight Fairfield by Marriott hotels adjacent to Michi-no-Eki stations in four prefectures in and after October 2020 in cooperation with 25 prefectural governments and 34 partner companies through the Trip Base *Michi-no-Eki* Stations Project executed with Marriott International as a regional revitalization project. In the Project’s first stage, the Company will successively open 15 hotels in six prefectures by the spring of 2022.

Moreover, the Company launched the industry’s first one-stop service that uses blockchain technologies to simplify the tedious process of moving into rental housing from January 2021.

Net sales for the year ended January 31, 2021 amounted to ¥2,446,904 million (up 1.3% year-on-year). Operating income amounted to ¥186,519 million (down 9.1% year-on-year), ordinary income to ¥184,697 million (down 13.7% year-on-year) and profit attributable to owners of parent to ¥123,542 million (down 12.5% year-on-year).

Business results by segments are as follows. It should be noted that new reportable segments apply from the first quarter of the consolidated fiscal year under review and that the comparison and analysis of figures for the current period are based on the new reportable segments.

<Built-to-Order Business>

(Custom detached houses)

In the Custom detached houses business, the Company put on the market Family Suite Ouchi Premium, incorporating new lifestyle proposals linked with greater time spent at home into the Family Suite born out of a study of houses where people become happier as they reside longer. It has been well-received with an adoption rate of about 60%. The Company also promoted Green First Zero, its net zero energy house (ZEH), with an adoption rate reaching 87% (April-March 2020). In all products, the Company made proposals for life after COVID-19, including working from home. In December, the Company launched SMART-ECS, a next-generation indoor environment system for the new normal, taking into account viruses, pollen and other pollutants. Additionally, the Company expanded sales of high-end products in stages, including the market introduction of KOKAGE LOUNGE through the SHAWOOD series of wooden custom detached houses which enrich time spent at home with ceilings and eaves making the most of slopes, in addition to mainstay mid-range and high-end products. The Company also strengthened its second brand marketed by Sekisui House noie Limited. to promote products in a wider price range. In addition, the Company opened Minna no Kurashi 7 Stories, a lifestyle-based model house where its diverse proposals for happy living and technologies supporting them can be experienced all at once, within the Kanto Sumai no Yume Kojo facility.

Orders received fell, with the spread of COVID-19 leading to the cancellation of promotional events and otherwise disrupting sales activities. However, orders grew consistently during the second half, as restrictions on sales activities were gradually lifted.

Net sales in the Custom detached houses business amounted to ¥323,332 million, down 17.3% year-on-year, and operating income to ¥32,231 million, down 29.8% year-on-year.

(Rental housing business)

In the Rental housing business, the Company sought to win more orders for rental houses centered on those with three or four-stories by conducting exhaustive marketing in specific areas focused on urban districts and strengthening value-added proposals that lead to stable management in the long term, including the promotion of ZEH and the incorporation of elevators. Moreover, the Company focused on businesses targeting companies and public projects, and promoted sales in non-housing products built using materials shipped from the Company's factories. Orders received showed signs of a recovery as the Company took these measures. However, orders for non-housing products including hotels decreased under the adverse effects of COVID-19.

Net sales in the Rental housing business amounted to ¥358,745 million, down 0.4% year-on-year, and operating income to ¥47,052 million, down 5.3% year-on-year.

(Architectural / Civil engineering)

In the Architectural / Civil engineering business, sales in construction and civil engineering of Konoike Construction Co., Ltd., which became a consolidated subsidiary on October 1, 2019, were posted. The Company carried out sales promotion activities in the non-residential sector, which covers reinforced concrete (RC) commercial buildings, shops, offices and nursery schools.

Net sales in the Architectural / Civil engineering business amounted to ¥302,837 million, up 150.3% year-on-year, and operating income to ¥16,051 million, up 330.2% year-on-year.

<Supplied housing Business>

(Remodeling)

In the Remodeling business, the Company continued to promote the enhancement of proposal-based remodeling, which offers lifestyle ideas, and environment-based remodeling, such as energy-saving renovation, and took steps to bolster its sales structure. To owners of detached houses, the Company proposed Green First Renovation *Idokoro Dan-netsu,* products based on the idea of partial insulation. To the owners of Sha-Maison rental houses, the Company proposed renovations that would contribute to stable management in the long term, including the maintenance and improvement of rent levels and occupancy rates.

Orders received fell, with the spread of COVID-19 leading to the cancellation of home visits and other sales activities. However, as in the case of custom detached houses, orders grew consistently during the second half as restrictions on sales activities were gradually lifted.

Net sales in the Remodeling business amounted to ¥141,090 million, down 7.6% year-on-year, and operating income to ¥20,479 million, down 13.0% year-on-year.

(Real estate management fees)

In the Real estate management fees business, Sekiwa Real Estate companies changed their trade names to Sekisui House Real Estate companies and strengthened the rental and brokerage businesses to unify products under the Sekisui House brand and improve the unified business operation of the entire Group.

The number of Sha-Maison rental housing units for block leasing and that of housing units under management achieved solid growth. At the same time, the Company maintained high occupancy rates by meeting demand for high-quality rental houses featuring hotel-like specifications.

Net sales in the Real estate management fees business amounted to ¥557,632 million, up 4.3% year-on-year, and operating income to ¥43,869 million, up 6.9% year-on-year.

<Development Business>

(Houses for sale)

In the Houses for sale business, the Company continued to actively procure high-quality land for first-time buyers and worked to enhance sales to raise asset turnover. In addition, the Company advanced efforts to develop communities of high quality that can be passed on to the next generation in the forms of initiatives for planning and proposing not only individual gardens and external facilities but also integrated rows of houses and activities for supporting community development, adopting the concept of beauty that blooms with time in which attractions and value grow over the years.

Orders received fell, with the spread of COVID-19 leading to the cancellation of home visits and other sales activities. However, as in the case of custom detached houses, orders grew consistently during the second half as restrictions on sales activities were gradually lifted.

Net sales in the Houses for sale business amounted to ¥139,151 million, down 8.0% year on year, and operating income for the business came to ¥7,586 million, down 38.1% year-on-year.

(Condominiums)

In the Condominium business, the Company continued to implement its thorough area-specific strategies and advanced its brand strategies by integrating homebuilding knowhow gained through custom detached houses.

Sales remained strong for developments such as Grande Maison Shin Umeda Tower - THE CLUB RESIDENCE (Kita-ku, Osaka) and Grande Maison Josui Garden City Central Forest I (Chuo-ku, Fukuoka). Meanwhile, deliveries progressed as planned for properties centered on Grande Maison Shinagawa Seaside no Mori (Shinagawa-ku, Tokyo).

Net sales in the Condominiums business amounted to ¥77,091 million, down 25.9% year-on-year, and operating income to ¥8,817 million, down 13.0% year-on-year.

(Urban redevelopment)

In the Urban redevelopment business, occupancy rates remained solid for rental properties owned by the Sekisui House Group, such as offices, commercial buildings and Prime Maison rental houses developed by the Company. However, income from hotels declined due to falls in the numbers of travelers from Japan and overseas under the effects of COVID-19.

Meanwhile, the Company sold properties as planned, including The Ritz-Carlton Kyoto (part of the stake) and Grand Mast Hirose Do-ri (Sendai, Miyagi) rental housing, to Sekisui House Reit, Inc. in April.

Net sales in the Urban redevelopment business amounted to ¥104,953 million, down 20.4% year-on-year, and operating income to ¥16,565 million, down 2.8% year-on-year.

<Overseas Business>

In the Overseas Business, the Company operated its activities in line with the different measures taken in each country facing the spread of COVID-19.

In the United States, the Company completed delivery of three projects including Bear Creek (Denver) and Kiara (Seattle) in the multifamily business. However, the Company rescheduled sales plans for some of the properties to the next and subsequent fiscal years. The master-planned community business and the homebuilding business remained strong, too, supported by historically low mortgage rates. In China, the delivery of a condominium in Suzhou progressed smoothly.

In Australia, the Company reviewed its earnings plan for the condominium business but completed delivery of phase 1 of Sanctuary and Melrose Park (Sydney), and delivery of The Hermitage (Sydney) advanced steadily in the housing land development business.

Net sales in the Overseas Businesses amounted to ¥370,686 million, down 4.9% year-on-year, and operating income to ¥39,708 million, down 10.9% year-on-year.

<Other Businesses>

In the Exterior Business, the Company worked to enhance integrated proposals for houses and external facilities. The Company aggressively made proposals for building original gardens and external facilities in custom detached houses, rental houses, and condominiums based on the *Gohon no Ki* landscaping plan, through which garden trees are selected from natural and native species to match the local climate.

Moreover, the Company worked to strengthen the Exterior Business mainly through capital and business alliances with gardening companies.

Net sales in the Other Businesses amounted to ¥71,384 million, down 9.1% year-on-year, and operating loss to ¥2,480 million.

Aiming to be a leading company in environmental, social, and governance (ESG) management, the Company received for the second consecutive year the Silver Class in the Homebuilding category of the SAM Sustainability Award 2020, a sustainability assessment undertaken by RobecoSAM, a global class assessor of social responsibility investment (SRI).

The Company was selected as an index component of the Dow Jones Sustainability Indices World Index, a leading stock index for ESG investment, for the fifth consecutive year and as an index component of the Dow Jones Sustainability Indices Asia Pacific Index for the fourth year in a row. It also achieved the highest score in the homebuilding industry to which it belongs and was named as industry leader.

With respect to environmental efforts, the Company made a decarbonization declaration in 2008 to help build a sustainable society, with 2050 as the target year. The Company has continuously promoted efforts to popularize ZEH and reduce greenhouse gases generated from its business activities.

The Company won the Climate Change Action Grand Prize, the highest honor among the awards given by the Minister of the Environment for action on climate change, based on high evaluations for its initiatives to develop the ZEH market for rental housing.

To achieve RE100 at an early stage, the Company also adopted, in an industry first, renewable energy-based electricity using Sekisui House Owner Denki at facilities across Japan, including open houses and *Sumai no Yume Kojo*. This advanced model balancing owner services and achievement of RE100 was highly rated and the Company won the Agency for Natural Resources and Energy Commissioner's Award at the FY2020 Energy Conservation Grand Prize Awards.

To strengthen its position on social issues, the Company began operating the *Ikumen* Leave program (offering a childcare leave of at least one month to male employees) to continue its efforts to create workplaces that enable employees to maximize their diverse skills and turn their diversity into a growth driver. Eligible male employees at the Company have taken the *Ikumen* Leave at the rate of 100% continuously since its introduction in February 2019. The Company also received the Grand Prize in the *Ikumen* Award 2020 sponsored by the Ministry of Health, Labour and Welfare, based on high evaluations for its initiatives, including the publication of the *Ikumen* White paper and the hosting of *Ikumen* Forums. Taking an additional step, the Company joined The Valuable 500, a global initiative for helping disabled people play active roles in businesses.

In the area of governance, the Company has steadily implemented 21 specific measures in three years since 2018, the year that was positioned as the first year of governance reforms. The Company also established an Comprehensive Evaluation Committee with respect to the problems with the purchase of its land for condominiums which occurred in 2017, to fulfill its responsibility of providing an explanation to stakeholders and publicly disclosed a comprehensive evaluation report. It will continue to implement governance reforms both from senior management and business management, and develop an organizational climate for achieving innovation and communication to increase the effective of its corporate governance.

(Future Outlook)

While COVID-19 infections are continuing to spread across the world, the administration of vaccines has started. However, restrictions on economic activity as measures taken by countries to prevent the spread of COVID-19 infections, including restrictions on going out, have significant effects on the global economy, and it is likely to take time before a full recovery takes place. The future of the Japanese economy is uncertain, reflecting the effects of COVID-19 on the employment and income environment. The Company needs to pay attention to the effects on the housing market.

In this business environment, the Company will accelerate efforts to become a global company that offers integrated proposals of technologies, lifestyle design and services based on the residential domain under its global vision Make home the happiest place in the world and its fundamental policy of the fifth mid-term management plan (FY2020-FY2022), Further strengthening core businesses and embarking on new businesses. As part of its efforts, the Company will encourage online meetings to prevent COVID-19 infections and work to build relations with customers using IT technologies. The Company will also develop products in response to new lifestyles.

In the Build-to-Order Business, the Company will pursue high value added housing and living environments to expand earnings. In the Custom detached houses segment, it will widen its pricing brackets and strengthen and expand product development according to the price bracket. The Company will encourage sales of the Family Suite for enhancing time spent at home and SMART-ECS, which ventilates a house and purifies the air without changing the temperature significantly. In the Rental housing and non-housing (buildings for business use) business, the Company will promote sales of apartments of which all units meet ZEH standard and exhaustive marketing focusing on S and A areas, strategic areas in cities. To strengthen proposals for the effective use of corporate real estate (CRE) and public real estate (PRE), the Company will leverage the strengths of its original β system construction method, which uses heavy steel frames, in a wide range of applications and increase synergy with subsidiary Konoike Construction Co., Ltd.

In the Supplied Housing Business, the Company will actively expand proposal-based and eco-friendly remodeling in response to needs for a more comfortable life as time spent at home has increased. Sekisui House Real Estate companies will use blockchain technologies to unify processes of moving into rental housing. They will enhance services for tenants in rental housing and their brokerage business.

In the Development Business, the Company will raise asset turnover and acquire good land in accordance with area marketing to ensure stable earnings. In the Condominiums business, the Company will strengthen differentiated development, including the development of condominiums in which each unit is equipped with a fuel cell unit. In the Urban Redevelopment business, the Company will emphasize turnover and focus on the development of rental condominiums primarily in the Tokyo area. The Company will advance the Trip Base *Michi-no-Eki* Stations Project, which contributes to regional revitalization, leveraging its building technology.

In the Overseas Business, the Company will enter a new stage of deploying Sekisui House technologies in each country. It will focus on stable growth in the development business and the supply of houses, and will seek to build a structure for sustainable growth. In the United States, where the home building business is performing well, the Company will advance a pilot project using technologies for SHAWOOD wooden-framed houses, thereby enhancing brand awareness.

For the fiscal year ending January 31, 2022, the Company forecasts consolidated net sales of ¥2,552,000 million (up 4.3% from the current fiscal year under review), consolidated operating income of ¥200,000 million (up 7.2%), consolidated ordinary income of ¥200,000 million (up 8.3%), and profit attributable to owners of parent of ¥135,000 million (up 9.3%).

(2) Analysis on Financial Position

Total assets decreased ¥8,886 million, to ¥2,625,861 million, at the end of the consolidated fiscal year ended January 31, 2021. This was primarily attributable to decrease in real estate for sale. Liabilities decreased ¥70,923 million, to ¥1,256,974 million, mainly reflecting fell in advances received on construction projects in progress and notes and accounts payable. Net assets increased ¥62,036 million, to ¥1,368,887 million, reflecting the posting of profit attributable to owners of parent.

Cash flows from operating activities increased by ¥191,972 million (a year-on-year decrease of ¥171,793 million in net cash provided), primarily due to posting of profit before income taxes.

Cash flows used in investing activities decreased by ¥95,504 million (a year-on-year decrease of ¥30,274 million in net cash provided), mainly reflecting the purchase of property.

Cash flows used in financing activities decreased by ¥77,614 million (a year-on-year increase of ¥70,545 million in net cash provided), due to payment of dividends and repayment of borrowings.

As a result the balance of cash and cash equivalents for the current fiscal year increased ¥16,936 million from the end of the previous fiscal year to ¥600,234 million.

(3) Basic Policy on Profit Distribution, Dividend for the Current and Next Fiscal Years

The Company regards the maximization of shareholder value as one of its most important management issues. Accordingly, the Company will strive to increase earnings per share and will also seek to make investment in growth and enhance shareholder returns, taking into comprehensive account the status of profits and cash flows in each fiscal year and future business development, among other factors. The Company has set itself a medium-term target payout ratio of at least 40% and will also flexibly repurchase Company stock in an effort to improve shareholder value.

For the year ended January 31, 2021, we paid an interim dividend of ¥45 and plan to pay out a year-end dividend of ¥39.

For the next fiscal year ending January 31, 2022, we plan to pay out an interim dividend of ¥43, a year-end dividend of ¥43, totaling ¥86 for the full year.

2. Management Policy

(1) Basic Management Policy

Since the establishment of Sekisui House, we have aimed to create homes and environments with individuality and warmth, as a leading producer of housing in Japan. Providing first class product quality and technical skills is essential, and we aim every day to reflect our philosophy of love of humanity by creating houses that bring satisfaction to our customers. In the future, through rigorous quality control we aim to continue to raise customer satisfaction and to provide full after service to our customers. Housing is characterized by a very long product life and we believe that steadily pursuing these values in our business activities creates a powerful framework of trust that is the key to long-term growth and an essential element of our business. Further our basic stance is that true management of a company is borne out of three concepts: customer satisfaction, shareholder satisfaction and employee satisfaction and we must also fulfill our obligations as a corporate citizen while considering the stability and investment required to ensure continued long term growth while making determined efforts to expand our business.

(2) Targeted Performance Indicators

In order to promote business efficiency, we aim to take opportunities to strengthen our balance sheet and raise asset efficiency in each of our businesses. As a result of these initiatives, it aims to improve the rates of return on total assets and net assets, while achieving ROA of 10% and keeping ROE above 10%.

(3) Medium and Long- term Business Strategy

Under the fourth mid-term management plan (FY2017-FY2019) with Deployment of growth strategies focused on the residential business domain as the management direction, the Company focused on bolstering its residence and residential-related businesses and expanding new business domains, while pursuing the value that residences can provide to society across the Sekisui House Group as a whole. With the business environment set to change dramatically in the future, in order to achieve sustainable growth, the Company has adopted Make home the happiest place in the world as its global vision and has also formulated its fifth mid-term management plan (FY2020-FY2022) for the period up until the fiscal year ending January 31, 2023.

Sekisui House has set Further strengthening core businesses and embarking on new businesses as the basic direction of its fifth mid-term management plan, based on its global vision of Make home the happiest place in the world. Under the Plan, the Group will not only promote the spread of high added value housing and living environments such as net zero energy housing (ZEH) but will also implement the Platform House Concept, which involves installing services focused on health, connectedness and learning in homes, to realize its global vision. At the same time, Sekisui House aims to actively branch out into the non-residential sector, including hotels and childcare centers designed and built using its original β system construction method which is originally used for mid-rise buildings. Meanwhile, the Overseas Business will also enter the next stage and make further headway towards sustainable growth.

The business strategies of each business are as follows.

Built-to-Order Business (Custom detached housing / Rental housing/ Architectural and Civil engineering)

In the Custom Detached Housing business, the Group will propose new added value such the "Platform House Concept." It will also continue implementing a high-quality and high-performance product strategy through initiatives such as the spread of Green First Zero net-zero-energy housing and the proposal of mid-class and high-end products with the Company's original exterior walls. In addition, Sekisui House will propose new added value through the fusion of advanced technologies (technologies) with the research results (lifestyle design) of its Comprehensive Housing R&D Institute, which researches "happiness," including the Family Suite model, which proposes the concept of a new kind of living room. The Group will also expand its product pricing brackets through the sale of a second brand by Sekisui House noie Limited.

In the Rental housing business and Architectural / Civil Engineering business, Sekisui House will further increase proposals of high-quality, hotel-like three or four-stories rental housing through area marketing focused on prime city center locations. The Group will also seek to expand its business domains by actively making proposals for effective utilization of corporate real estate and public real estate in addition to utilizing its original β system construction method (three or four-stories houses) in a wide range of applications, including hotels, medical care facilities and childcare centers. Furthermore, the Group will contribute to regional revitalization through the active rollout of Trip Base *Michi-no-Eki* Stations Project.

Supplied Housing Business (Remodeling / Real Estate Management Fees)

In the Remodeling business, the Group will seek to actively expand eco-friendly proposal-based remodeling. In the remodeling of Sekisui House detached houses, the Sekisui House Remodeling, Ltd. will carry out energy-saving renovations to keep pace with advances in insulation performance and the flexible remodeling of living space to meet the needs of family life. Meanwhile, in the remodeling of rental housing, the six Sekisui House Real Estate companies will provide consulting services for the stable management of rental housing through improvement of asset value and improvement of tenant satisfaction.

In the Real Estate Management Fees business, the Group will change the name of Sekiwa Real Estate companies to Sekisui House Real Estate companies to unify the Sekisui House brand and further strengthen the sublease and brokerage business. The Group will also aim to improve the asset value of properties by maintaining high occupancy rates and improving the quality of management operations. At the same time, it will seek to strengthen the SumStock business and real estate brokerage business to meet the needs of the distribution market for existing housing, which is expected to expand further in the future.

Development Business (Houses for Sale / Condominiums / Urban Redevelopment)

Sekisui House will seek stable management through improvement of asset turnover and the acquisition of prime land. It will strengthen strategic land purchases while aiming to make well-balanced investments and developing properties based on awareness of ROA. In the Houses for Sale business, the Group will select target areas and promote group-wide purchases to strengthen the sales of Sekisui House noie Limited. In the Condominiums business, Sekisui House will conduct development centered on Tokyo, Nagoya, Osaka and Fukuoka and will also apply the environmental strategies developed in its housing business to the Condominiums business and promote the expansion of ZEH condominiums. In the Urban Redevelopment business, the Group will increase asset turnover in a bid to generate profit and will also strive to establish a pipeline through the development of luxury hotels, offices and rental condominiums in urban areas to maintain a stable supply of properties to Sekisui House REIT, Inc.

Overseas Business

In the Overseas Business, Sekisui House will continue to expand the multifamily business, developing high quality rental housing mainly on the U.S. West Coast, where the IT industry is concentrated, and implementing exit strategies, and it will conduct development in carefully selected areas where the rents will rise each year. Meanwhile, the Group will expand the construction of houses incorporating Sekisui House technologies in the U.S., Australia and also the U.K., where it began operating last year. By fusing the architectural styles of each country with Sekisui House technologies, the Group will homes that is high quality in every respect in regions with a growing population and a shortage of housing and it will promote business with an eye on the future.

3. Basic Approach to the Selection of Accounting Standards

The Sekisui House Group has been compiling its consolidated financial statements according to the Japanese standards. It will adopt international accounting standards appropriately in the future, factoring in the situations both in Japan and abroad.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(¥ millions)

	As of January 31, 2020	As of January 31, 2021
Assets		
Current assets		
Cash and deposits	584,635	600,284
Notes receivable, accounts receivable from completed construction contracts	133,978	144,253
Costs on uncompleted construction contracts	17,934	16,451
Buildings for sale	342,594	341,721
Land for sale in lots	541,524	495,950
Undeveloped land for sale	94,827	86,290
Other inventories	8,323	7,333
Other	93,374	89,500
Less allowance for doubtful accounts	(1,186)	(1,073)
Total current assets	1,816,005	1,780,711
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	355,787	363,229
Machinery, equipment and vehicles	71,325	70,786
Tools, furniture and fixtures	34,351	37,036
Land	284,769	287,307
Lease assets	4,138	4,257
Construction in progress	28,267	42,516
Less accumulated depreciation	(268,083)	(269,740)
Total property, plant and equipment	510,556	535,393
Intangible assets		
Goodwill	3,097	1,575
Industrial property	194	105
Leasehold right	4,183	4,172
Software	10,599	13,327
Right of using facilities	197	168
Telephone subscription right	321	320
Other	68	57
Total intangible assets	18,661	19,727
Investments and other assets		
Investments in securities	157,715	180,570
Long-term loans receivable	36,568	18,952
Asset for retirement benefits	1,502	1,381
Deferred income taxes	31,007	24,597
Other	63,218	65,026
Less allowance for doubtful accounts	(486)	(498)
Total investments and other assets	289,525	290,029
Total noncurrent assets	818,742	845,150
Total assets	2,634,748	2,625,861

(¥ millions)

	As of January 31, 2020	As of January 31, 2021
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts	125,955	104,972
Electronically recorded obligations-operating	93,594	97,780
Short-term loans	166,486	166,019
Short-term bonds	15,000	30,000
Current portion of long-term loans payable	18,693	56,520
Accrued income taxes	30,980	29,704
Advances received on construction projects in progress	241,805	208,750
Accrued employees' bonuses	27,939	26,105
Accrued directors' and corporate auditors' bonuses	1,523	1,258
Provision for warranties for completed construction	3,352	3,164
Other	96,535	111,485
Total current liabilities	821,866	835,763
Long-term liabilities		
Bonds payable	200,000	170,000
Long-term loans payable	178,928	132,665
Guarantee deposits received	59,164	59,169
Deferred income taxes	2,179	364
Accrued retirement benefits for directors and corporate auditors	1,107	857
Liabilities for retirement benefits	49,414	43,011
Other	15,236	15,142
Total long-term liabilities	506,030	421,211
Total liabilities	1,327,897	1,256,974
Net assets		
Shareholders' equity		
Common stock	202,591	202,591
Capital surplus	258,994	258,989
Retained earnings	786,591	839,985
Less treasury stock, at cost	(13,668)	(6,883)
Total shareholders' equity	1,234,509	1,294,682
Accumulated other comprehensive income		
Net unrealized holding gain on securities	39,894	40,174
Deferred (loss) gain on hedges	(60)	(45)
Translation adjustments	11,174	2,355
Retirement benefits liability adjustments	(19,322)	(10,631)
Total accumulated other comprehensive income	31,686	31,852
Stock subscription rights	609	508
Non-controlling interests	40,044	41,842
Total net assets	1,306,850	1,368,887
Total liabilities and net assets	2,634,748	2,625,861

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

(¥ millions)

	Feb. 1, 2019 – Jan. 31, 2020	Feb. 1, 2020 – Jan. 31, 2021
Net sales	2,415,186	2,446,904
Cost of sales	1,937,150	1,973,393
Gross profit	478,036	473,511
Selling, general and administrative expenses		
Selling expenses	55,082	54,576
General and administrative expenses	217,697	232,416
Total selling, general and administrative expenses	272,780	286,992
Operating income	205,256	186,519
Non-operating income		
Interest income	3,694	2,970
Dividends income	2,093	1,969
Foreign exchange gain	716	-
Equity in earnings of affiliates	10,483	619
Other	3,612	3,308
Total non-operating income	20,601	8,867
Non-operating expenses		
Interest expenses	4,915	2,769
Foreign exchange loss	-	3,575
Other	7,036	4,343
Total non-operating expenses	11,952	10,688
Ordinary income	213,905	184,697
Extraordinary income		
Gain on step acquisitions	718	3,594
Gain on sales of shares of subsidiaries and affiliates	8,598	-
Gain on sales of investments in securities	3,640	-
Total extraordinary income	12,956	3,594
Extraordinary loss		
Loss on sales or disposal of fixed assets	1,492	1,319
Loss related to COVID-19	-	615
Loss on revaluation of investments in securities	-	490
Loss on impairment of fixed assets	13,552	356
Loss on sales of investment securities	434	16
Total extraordinary losses	15,479	2,798
Profit before income taxes	211,383	185,494
Income taxes-current	60,197	57,091
Income taxes-deferred	2,656	(1,021)
Total income taxes	62,853	56,070
Profit	148,529	129,423
Profit attributable to non-controlling interests	7,273	5,881
Profit attributable to owners of parent	141,256	123,542

(Consolidated Statements of Comprehensive Income)

(¥ millions)

	Feb. 1, 2019 – Jan. 31, 2020	Feb. 1, 2020 – Jan. 31, 2021
Profit attributable to owners of parent	148,529	129,423
Other comprehensive income (loss)		
Net unrealized holding gain on securities	7,382	(196)
Translation adjustments	(10,152)	(8,219)
Retirement benefits liability adjustments	3,278	8,724
Share of other comprehensive gain (loss) of affiliates accounted for by the equity method	(450)	(602)
Total other comprehensive income	58	(294)
Comprehensive income	148,588	129,129
Comprehensive income attributable to		
Owners of the parent	141,023	123,707
Non-controlling interests	7,564	5,421

(3) Consolidated Statements of Changes in Net Assets

Previous consolidated fiscal year (February 1, 2019 to January 31, 2020)

(¥ millions)

	Equity capital				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Shareholders' equity
Balance at the end of previous period	202,591	251,563	700,949	(4,215)	1,150,888
Cumulative effects of changes in accounting policies	-	-	(304)	-	(304)
Restated balance	202,591	251,563	700,645	(4,215)	1,150,584
Changes of items during the period					
Cash dividends	-	-	(55,077)	-	(55,077)
Profit attributable to owners of parent	-	-	141,256	-	141,256
Repurchases of company stock	-	-	-	(10,012)	(10,012)
Sales of treasury stock	-	-	(232)	559	327
Purchase of shares of consolidated subsidiaries	-	308	-	-	308
Change in ownership interest of parent due to transactions with non-controlling interests	-	7,122	-	-	7,122
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during the period	-	7,430	85,946	(9,452)	83,925
Balance at the end of current period	202,591	258,994	786,591	(13,668)	1,234,509

	Accumulated other comprehensive income					Stock subscription rights	Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Deferred gain (loss) on hedges	Translation adjustment	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
Balance at the end of previous period	33,146	(56)	21,269	(22,440)	31,919	803	13,312	1,196,923
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	(304)
Restated balance	33,146	(56)	21,269	(22,440)	31,919	803	13,312	1,196,619
Changes of items during the period								
Cash dividends	-	-	-	-	-	-	-	(55,077)
Profit attributable to owners of parent	-	-	-	-	-	-	-	141,256
Repurchases of company stock	-	-	-	-	-	-	-	(10,012)
Sales of treasury stock	-	-	-	-	-	-	-	327
Purchase of shares of consolidated subsidiaries	-	-	-	-	-	-	-	308
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-	-	-	7,122
Net changes of items other than shareholders' equity	6,747	(4)	(10,095)	3,118	(233)	(193)	26,732	26,306
Total changes of items during the period	6,747	(4)	(10,095)	3,118	(233)	(193)	26,732	110,231
Balance at the end of current period	39,894	(60)	11,174	(19,322)	31,686	609	40,044	1,306,850

Current consolidated fiscal year (February 1, 2020 to January 31, 2021) (¥ millions)

	Equity capital				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Shareholders' equity
Balance at the end of previous period	202,591	258,994	786,591	(13,668)	1,234,509
Cumulative effects of changes in accounting policies	-	-	-	-	-
Restated balance	202,591	258,994	786,591	(13,668)	1,234,509
Changes of items during the period					
Cash dividends	-	-	(58,726)	-	(58,726)
Profit attributable to owners of parent	-	-	123,542	-	123,542
Repurchases of company stock	-	-	-	(5,010)	(5,010)
Sales of treasury stock	-	-	(99)	472	373
Cancellation of Treasury Stock	-	-	(11,323)	11,323	-
Purchase of shares of consolidated subsidiaries	-	(3)	-	-	(3)
Change in ownership interest of parent due to transactions with non-controlling interests	-	(1)	-	-	(1)
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes of items during the period	-	(4)	53,393	6,784	60,173
Balance at the end of current period	202,591	258,989	839,985	(6,883)	1,294,682

	Accumulated other comprehensive income					Stock subscription rights	Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Deferred gain (loss) on hedges	Translation adjustment	Retirement benefits liability adjustments	Total accumulated other comprehensive income			
Balance at the end of previous period	39,894	(60)	11,174	(19,322)	31,686	609	40,044	1,306,850
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	-
Restated balance	39,894	(60)	11,174	(19,322)	31,686	609	40,044	1,306,850
Changes of items during the period								
Cash dividends	-	-	-	-	-	-	-	(58,726)
Profit attributable to owners of parent	-	-	-	-	-	-	-	123,542
Repurchases of company stock	-	-	-	-	-	-	-	(5,010)
Sales of treasury stock	-	-	-	-	-	-	-	373
Cancellation of Treasury Stock	-	-	-	-	-	-	-	-
Purchase of shares of consolidated subsidiaries	-	-	-	-	-	-	-	(3)
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-	-	-	(1)
Net changes of items other than shareholders' equity	279	14	(8,819)	8,691	165	(100)	1,797	1,863
Total changes of items during the period	279	14	(8,819)	8,691	165	(100)	1,797	62,036
Balance at the end of current period	40,174	(45)	2,355	(10,631)	31,852	508	41,842	1,368,887

(4) Consolidated Statements of Cash Flows

(¥ millions)

	Feb. 1, 2019 – Jan. 31, 2020	Feb. 1, 2020 – Jan. 31, 2021
Cash flows from operating activities		
Profit before income taxes	211,383	185,494
Depreciation and amortization	21,518	21,726
Loss on impairment of fixed assets	13,552	356
Increase (decrease) in liability for retirement benefits	550	1,355
Increase in asset for retirement benefits	(1,567)	4,919
Interest and dividend income	(5,788)	(4,939)
Interest expense	4,915	2,769
Equity in earnings of affiliates	(10,483)	(619)
Loss(Gain) on step acquisitions	(8,598)	-
Loss (gain) on sales of investment securities	(283)	(3,578)
Loss (gain) on valuation of investments in securities	-	490
Gain on sales of shares of subsidiaries and affiliates	(3,640)	-
Decrease (increase) in notes and accounts receivable-trade	(18,176)	(10,246)
Decrease (increase) in inventories	161,677	71,847
Increase (decrease) in notes and accounts payable-trade	(13,523)	(14,672)
Increase (decrease) in advances received on construction projects in progress	71,973	(32,906)
Other, net	6,083	26,857
Subtotal	429,592	248,853
Interest and dividends income received	8,794	5,192
Interest expenses paid	(6,440)	(3,574)
Income taxes paid	(68,180)	(58,499)
Net cash provided by (used in) operating activities	363,766	191,972
Cash flows from investing activities		
Purchase of property, plant and equipment	(66,622)	(87,490)
Proceeds from sales of property, plant and equipment	413	1,183
Purchases of investments in securities	(10,644)	(12,427)
Proceeds from sales and redemption of investments in securities	8,627	6,927
Increase in loans receivable	(955)	(1,902)
Collection of loans receivable	6,927	2,776
Other, net	(2,974)	(4,571)
Net cash provided by (used in) investing activities	(65,229)	(95,504)
Cash flows from financing activities		
Increase (decrease) in short-term loans, net	(70,523)	8,968
Proceeds from long-term debt	88,130	28,666
Repayment of long-term debt	(62,354)	(32,351)
Redemption of bonds	(20,000)	(15,000)
Cash dividends paid	(55,077)	(58,726)
Purchases of treasury stock	(10,012)	(5,010)
Purchase of treasury shares of subsidiaries	(7,930)	(2)
Purchase of shares of subsidiary that do not result in change in scope of consolidation	(1,709)	(773)
Other, net	(8,683)	(3,386)

(¥ millions)

	Feb. 1, 2019 – Jan. 31, 2020	Feb. 1, 2020 – Jan. 31, 2021
Net cash provided by (used in) financing activities	(148,160)	(77,614)
Effect of exchange rate changes on cash and cash equivalents	(3,959)	(1,917)
Net increase (decrease) in cash and cash equivalents	146,417	16,936
Cash and cash equivalents at beginning of period	342,898	583,297
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	93,981	-
Cash and cash equivalents at end of period	583,297	600,234

(5) Notes to Consolidated Financial Statements

(Notes Regarding Assumption of Going Concerns)

Not applicable

(Additional Information)

(Impact of the COVID-19 pandemic when making accounting estimates)

The COVID-19 pandemic has impacted the business activities of the Group, but it is extremely difficult to predict how it will spread in the future and when it will be contained. The determination of the collectability of deferred tax assets and the recognition of impairment losses is estimated based on the assumption that the impact of the COVID-19 pandemic will continue in the next consolidated fiscal year but gradually be mitigated based on information available when preparing consolidated financial statements.

(Notes to Consolidated Statements of Income)

Loss on impairment of fixed assets

Impairment loss of the following group of assets was recorded.

Previous consolidated fiscal year (February 1, 2019 – January 31, 2020)

Location	Usage	Type
Shenyang, Heping, China, etc.	Real estate for leasing, etc.	Buildings and land, etc.

The Sekisui House Group recognizes impairment loss by grouping investment properties by project and grouping other assets by operating unit, which allow us to manage gains and losses in a rational manner. As a result, for the group of real estate for leasing, the book value was impaired down to the recoverable value, and this decrease was recorded as impairment loss under Extraordinary loss.

(Breakdown of impairment loss)

Type	Amount (¥ millions)
Buildings and structures	9,841
Machinery and equipment	47
Land	2,212
Other	1,451
Total	13,552

For these assets, the Company calculates the recoverable value of the relevant assets based on their use value or net selling prices. The use value is determined based on future cash flows, and the net selling price is determined based on the real estate appraisal value and other.

Current consolidated fiscal year (February 1, 2020 – January 31, 2021)

Location	Usage	Type
Kanagawa-ku, Yokohama City, etc.	Real estate for leasing, etc.	Buildings and land, etc.

The Sekisui House Group recognizes impairment loss by grouping investment properties by project and grouping other assets by operating unit, which allow us to manage gains and losses in a rational manner. As a result, for the group of real estate for leasing, the book value was impaired down to the recoverable value, and this decrease was recorded as impairment loss under Extraordinary loss.

(Breakdown of impairment loss)

Type	Amount (¥ millions)
Buildings and structures	163
Machinery and equipment	20
Land	172
Total	356

For these assets, the Company calculates the recoverable value of the relevant assets based on their use value or net selling prices. The use value is determined based on future cash flows, and the net selling price is determined based on the real estate appraisal value and other.

(Segment Information)

Segment Information

1. Summary of reportable segments

The reportable segments of the Sekisui House Group are its constituent units for which separate financial information is obtained and examined on a regular basis by its manager to determine the allocation of management resources and evaluate business performance.

Setting the global vision of Make home the happiest place in the world, and the management direction of deploying growth strategies focused on the residential business domain, the Group conducts business activities by drawing up strategies for each business area, with the aim of becoming a global company that offers proposals of technologies, lifestyle design and services.

The Group comprises segments by product and service based on their business areas, and its reportable segments are Custom detached houses, Rental housing, Architectural/Civil engineering, Remodeling, Real estate management fees, Houses for sale, Condominiums, Urban redevelopment and Overseas Business other than business areas in Other Businesses.

Details of the reportable segments are as follows:

Custom detached houses Business:	Designing, constructing, and contracting for sale detached houses
Rental housing Business:	Designing, constructing, and contracting for sale rental housing, medical and nursing care facilities, and other buildings
Architectural / Civil engineering Business:	Designing, constructing, and contracting for rental housing and buildings for business use, etc. of reinforced-concrete (RC) structure, and contracting for design and execution of civil engineering works
Remodeling Business:	Renovating housing
Real estate management fees Business:	Leasing, managing, maintaining, and brokering real estate.
Houses for sale Business:	Selling houses and real estate, and designing, constructing, and contracting for sale houses on residential land for sale
Condominiums Business:	Selling condominiums
Urban redevelopment Business:	Developing office buildings, commercial facilities, and other facilities, and managing and maintaining its own properties
Overseas Business:	Contracting for sale detached houses, sells houses and real estate, and develops facilities, including condominiums and commercial facilities, in overseas markets

2. Method of calculation for sales, income and loss, asset, liabilities and other items by each segment

The accounting treatment used for all reporting segments is basically the same as that stated in “Basic Important Matters for Preparation of Consolidated Financial Statements.”

3. Segment information on sales, income or loss, assets, liabilities and other items by reporting segment

Previous consolidated fiscal year (February 1, 2019 to January 31, 2020)

(¥ millions)

	Reportable Business Segments						
	Custom Detached Houses	Rental Housing	Architectural / Civil Engineering	Remodeling	Real Estate Management Fees	Houses for Sale	Condominiums
Sales							
(1) Sales to third parties	390,995	360,026	120,986	152,729	534,876	151,268	103,984
(2) Inter-group sales and transfers	-	3,884	-	306	3,058	-	-
Net sales	390,995	363,911	120,986	153,036	537,935	151,268	103,984
Operating income (loss)	45,942	49,710	3,730	23,535	41,054	12,259	10,134
Assets	58,049	39,773	218,571	17,948	125,341	133,647	143,006
Other items							
Depreciations	3,727	2,024	421	141	704	980	10
Net increase in property, plant and equipment, and intangible assets	3,209	593	300	41	1,397	725	23

	Reportable Business Segments			Other Businesses (Note: 1)	Total	Adjustments (Note:2)	Amounts on the consolidated financial statements (Note: 3)
	Urban Redevelopment	Overseas Business	Total				
Sales							
(1) Sales to third parties	131,920	389,866	2,336,655	78,531	2,415,186	-	2,415,186
(2) Inter-group sales and transfers	141	-	7,391	6,534	13,926	(13,926)	-
Net sales	132,061	389,866	2,344,047	85,066	2,429,113	(13,926)	2,415,186
Operating income (loss)	17,045	44,551	247,963	(273)	247,690	(42,434)	205,256
Assets	518,532	990,247	2,245,117	15,320	2,260,438	374,309	2,634,748
Other items							
Depreciations	7,645	2,242	17,898	762	18,660	2,858	21,518
Net increase in property, plant and equipment, and intangible assets	60,155	1,975	68,421	71	68,493	4,761	73,255

Notes

1. Other Businesses principally include the exterior business.
2. Adjustments are as follows:

(1) An adjustment of ¥42,434 million for segment income includes an elimination of inter-segment transactions of ¥2,961 million and corporate expenses of ¥39,472 million that have not been allocated to each segment. Corporate expenses mainly include selling, general and administration expenses and experiment and research expenses that do not belong to any reportable segments.

(2) An adjustment of ¥374,309 million for assets is corporate assets. Corporate assets are mainly parent company surplus operating funds (cash and short-term investment securities), long-term investment funds (investment securities) and assets of the administration division.

(3) An adjustment of ¥2,858 million for depreciation and amortization is depreciation related to corporate assets.

(4) An adjustment of ¥4,761 million for increases in property, plant, and equipment and intangible assets is a capital expenditure mainly for equipment for the headquarters.

3. Operating income (loss) by business segment is adjusted to correspond to operating income in the consolidated statements of income.

Current consolidated fiscal year (February 1, 2020 to January 31, 2021)

(¥ millions)

	Reportable Business Segments						
	Custom Detached Houses	Rental Housing	Architectural / Civil Engineering	Remodeling	Real Estate Management Fees	Houses for Sale	Condominiums
Sales							
(1) Sales to third parties	323,332	358,745	302,837	141,090	557,632	139,151	77,091
(2) Inter-group sales and transfers	-	3,098	6,580	477	3,209	-	-
Net sales	323,332	361,844	309,417	141,567	560,841	139,151	77,091
Operating income (loss)	32,231	47,052	16,051	20,479	43,869	7,586	8,817
Assets	53,521	42,719	226,536	16,992	129,178	140,667	153,256
Other items							
Depreciations	3,506	1,782	1,276	108	789	1,113	13
Net increase in property, plant and equipment, and intangible assets	3,701	1,525	1,904	78	769	994	374

	Reportable Business Segments			Other Businesses (Note: 1)	Total	Adjustments (Note:2)	Amounts on the consolidated financial statements (Note: 3)
	Urban Redevelopment	Overseas Business	Total				
Sales							
(1) Sales to third parties	104,953	370,686	2,375,520	71,384	2,446,904	-	2,446,904
(2) Inter-group sales and transfers	140	-	13,506	5,869	19,375	(19,375)	-
Net sales	105,093	370,686	2,389,026	77,254	2,466,280	(19,375)	2,446,904
Operating income (loss)	16,565	39,708	232,362	(2,480)	229,882	(43,363)	186,519
Assets	542,621	923,676	2,229,171	13,121	2,242,292	383,568	2,625,861
Other items							
Depreciations	7,759	1,474	17,823	683	18,506	3,219	21,726
Net increase in property, plant and equipment, and intangible assets	79,314	1,124	89,787	25	89,813	6,796	96,609

Notes

1. Other Businesses principally include the exterior business.

2. Adjustments are as follows:

(1) An adjustment of ¥43,363 million for segment income (loss) includes an elimination of inter-segment transactions of ¥3,145 million and corporate expenses of ¥40,217 million that have not been allocated to each segment. Corporate expenses mainly include selling, general and administration expenses and experiment and research expenses that do not belong to any reportable segments.

(2) An adjustment of ¥383,568 million for assets is corporate assets. Corporate assets are mainly parent company surplus operating funds (cash and short-term investment securities), long-term investment funds (investment securities) and assets of the administration division.

(3) An adjustment of ¥3,219 million for depreciation and amortization is depreciation related to corporate assets.

(4) An adjustment of ¥6,796 million for increases in property, plant, and equipment and intangible assets is a capital expenditure mainly for equipment for the headquarters.

3. Operating income (loss) by business segment is adjusted to correspond to operating income in the consolidated statements of income.

4. Matters concerning changes in reportable segments

From the first quarter of the consolidated fiscal year under review, the reportable segments have been changed from eight segments of Custom detached houses, Rental housing, Remodeling, Real estate management fees, Houses for sale, Condominiums, Urban redevelopment and Overseas Business to nine segments of Custom detached houses, Rental ousing, Architectural/Civil engineering, Remodeling, Real estate management fees, Houses for sale, Condominiums, Urban redevelopment and Overseas Business.

Business of Otori Holdings, Co., Ltd., which became a consolidated subsidiary in the third quarter of the previous consolidated fiscal year (Otori Holdings, Co., Ltd. disappeared as a result of the absorption-type merger in the third quarter of the consolidated fiscal year under review, and Konoike Construction Co., Ltd. is the surviving company), was included in Other Businesses in the past, but it has become the Architectural/Civil engineering business combined with contracting for the building of reinforced-concrete (RC) structures, which was included in the Rental housing Business, because its significance in value has increased.

Segment information for the previous consolidated fiscal year is prepared based on the classification of the reportable segments after the change.

(Per Share Information)

	Feb. 1, 2019 – Jan. 31, 2020	Feb. 1, 2020 – Jan. 31, 2021
Net assets per share	¥1,852.62	¥1,948.12
Profit per share	¥205.79	¥181.18
Fully diluted Profit per share	¥205.57	¥181.02

(Note) Basis for Calculation

1. Net assets per share

¥ millions, except where noted	As of January 31, 2020	As of January 31, 2021
Net assets recorded on balance sheet	1,306,850	1,368,887
Difference between net assets in consolidated balance sheet and net assets attributable to ordinary shares	40,654	42,351
Subscription rights to shares	609	508
Minority interests	40,044	41,842
Net assets attributable to ordinary shares	1,266,195	1,326,535
Number of ordinary shares outstanding (1,000 shares)	690,683	684,683
Number of ordinary shares held in treasury (1,000 shares)	7,222	3,753
Number of ordinary shares used to calculate shareholders' equity per share (1,000 shares)	683,461	680,929

2. Profit per share and fully diluted income per share

¥ millions, except where noted	Previous fiscal year (Feb. 1, 2019 - Jan. 31, 2020)	Current fiscal year (Feb. 1, 2020 - Jan. 31, 2021)
Profit per share		
Profit attributable to owners of parent	141,256	123,542
Amount not attributable to ordinary shares	-	-
Profit attributable to ordinary shares	141,256	123,542
Average number of ordinary shares outstanding during period (1,000 shares)	686,401	681,885
Fully diluted profit per share		
Adjustment to profit attributable to owners of parent	-	-
Number of ordinary shares increased (shares)		
Subscription rights to shares	741	558
Performance linked stock remuneration	-	42
Overview of residual securities not included in the calculation of fully diluted profit per share as they have no dilutive effect	-	-

(Significant Subsequent Event)

(Share Repurchase)

At the Board of Directors meeting held on March 4, 2021, the Company resolved to acquire its own shares under the provisions of Article 156 of the Companies Act, as applied pursuant to Article 165 (3) of the Companies Act.

(1) Reason for share repurchase

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

(2) Type of shares

Common stock of Sekisui House, Ltd.

(3) Aggregate number of shares to be repurchased

Up to 8,000,000 shares

(4) Aggregate price of shares to be repurchased

Up to 15,000 million yen

(5) Period for share repurchase

From March 5, 2021 to January 31, 2022

(6) Method of share repurchase

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