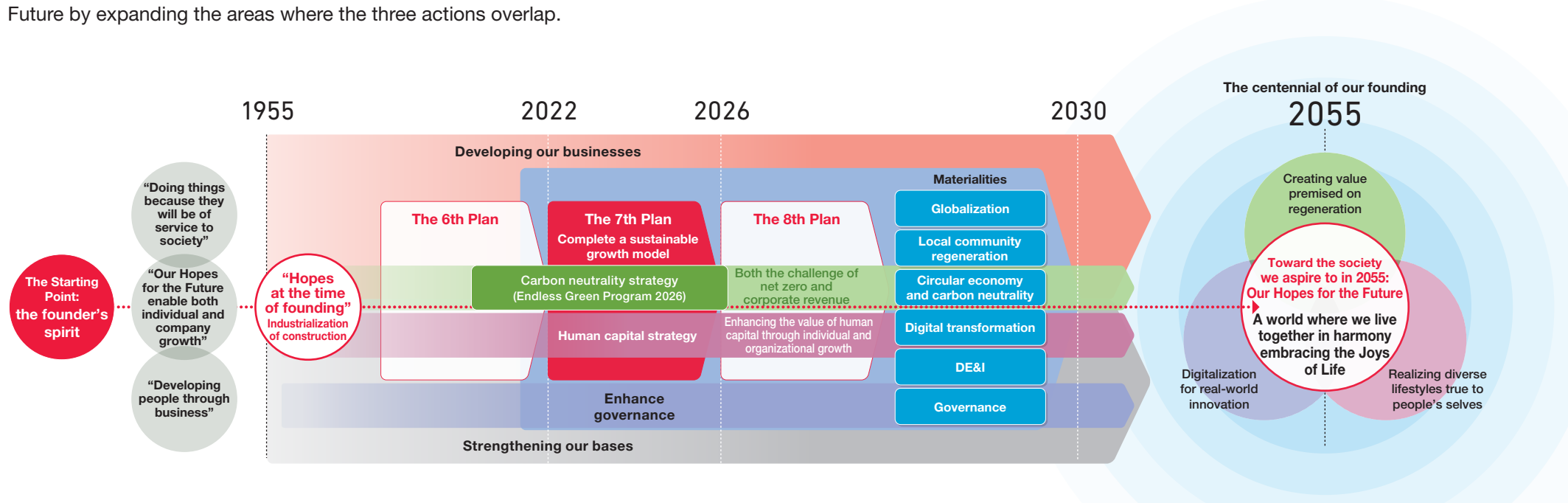


Materialities and Specification Processes

Roadmap to the Centennial Anniversary of Our Founding—Road to 2055

With our founder’s spirit as a starting point, we have achieved sustainable growth by always looking to what lies ahead and believing in Our Hopes for the Future. We will work to implement the 7th Medium-Term Management Plan with an awareness of materiality over the medium- to long-term, and aim to realize Our Hopes for the Future by expanding the areas where the three actions overlap.



KPIs for FY2026 Developing our businesses (Financial information)

Net sales	¥5.5trillion	ROE	13% or higher
Operating income*1	¥500billion	Dividend payout ratio	35% or higher and dividend per share of ¥130 or more
Net income attributable to owners of the parent	¥340billion	Debt-equity ratio	Around 0.6times

KPIs for FY2026 Strengthening our bases (Non-financial information)

Carbon neutrality strategy	Zero CO ₂ emissions in community development Scope 3 Category 11	Reduce GHG emissions by 54%*2 by making all buildings ZEH/ZEB and installing solar power generation equipment on them	Human capital strategy
	Zero CO ₂ emissions in business activities Scopes 1 and 2	Reduce GHG emissions by 55%*2 by promoting energy efficiency, renewable energy and electrification	
	Zero CO ₂ emissions in supply chains Scope 3 Category 1	90% or higher in principal suppliers' setting rates of GHG reduction targets in SBT level	
			Securing diverse human capital*3
			Ratio of females in management 8%
			Ratio of new female career hires 30%
			Ratio of males taking childcare leave 80%

*1 Exclusive of amortization of actuarial differences of retirement benefits *2 vs FY2015 *3 Target for April 1, 2027

Materialities and Specification Processes

Materialities and the 7th Medium-Term Management Plan

Taking materialities into account, under the 7th Medium-Term Management Plan, we uphold three management policies: Evolve revenue model, Optimize management efficiency, and Strengthen management base. These policies are the foundation upon which we tackle eight focal themes toward maximizing corporate value with a view to growth beyond the 8th Plan period.

Materialities	The 7th Medium-Term Management Plan: Eight focal themes	Principal KGI and KPI (FY2026 targets)	
		Investment (input)	Result (output or outcome)
Globalization	1 Accelerate growth of community-based overseas business	Real estate development investments ¥2.2 trillion (five-year plan)	Delivering quality housing with stability <ul style="list-style-type: none"> ● US: Supply of houses 10,000 units/enhance factory conversion rate ● China: Supply of condominiums 4,000 units/units under management 20 thousand-unit level
Local community regeneration	2 Expand a circular value chain from the perspective of local communities/customers		
Circular economy and carbon neutrality	3 Realize carbon neutrality by making all buildings carbon-free	Strategic investments (Overseas, renewable energy, M&A, etc.)	Contribution to carbon neutrality (FY2030 targets) <ul style="list-style-type: none"> ● Reduction rate of GHG emissions across the entire value chain (vs FY2015) Down 40% ● Renewable energy adoption Renewable energy generation equipment construction results (EPC) 5,000 MW Renewable energy power plants development and operating results (IPP) 2,500 MW
Digital transformation	4 Strengthen cost competitiveness and build a system for stable supply	Capital investment (Factories, offices, construction-sector DX, etc.) ¥370 billion (five-year plan)	
DE&I	5 Digital transformation	Strengthening the customer base	Creating a workplace environment that employees find easy to work in <ul style="list-style-type: none"> ● Increased engagement
Governance	6 Increase the value of our human capital	Strengthening the technology base	
	7 Achieve growth of profits coexisting with capital efficiency through portfolio optimization	Human capital strategy	Maintain and enhance capital efficiency <ul style="list-style-type: none"> ● ROE of 13% or higher ● Stable shareholder returns (payout ratio of 35% or more, realize minimum dividend amount of ¥130)
	8 Enhance governance	Investments associated with human resource development, educational facilities, etc.	
		Curbing investment into businesses of concern Sale of cross-shareholdings ¥100 billion Review of investment hurdle rates	Realize a highly effective Board of Directors and Audit & Supervisory Board <ul style="list-style-type: none"> ● Performance-based remuneration

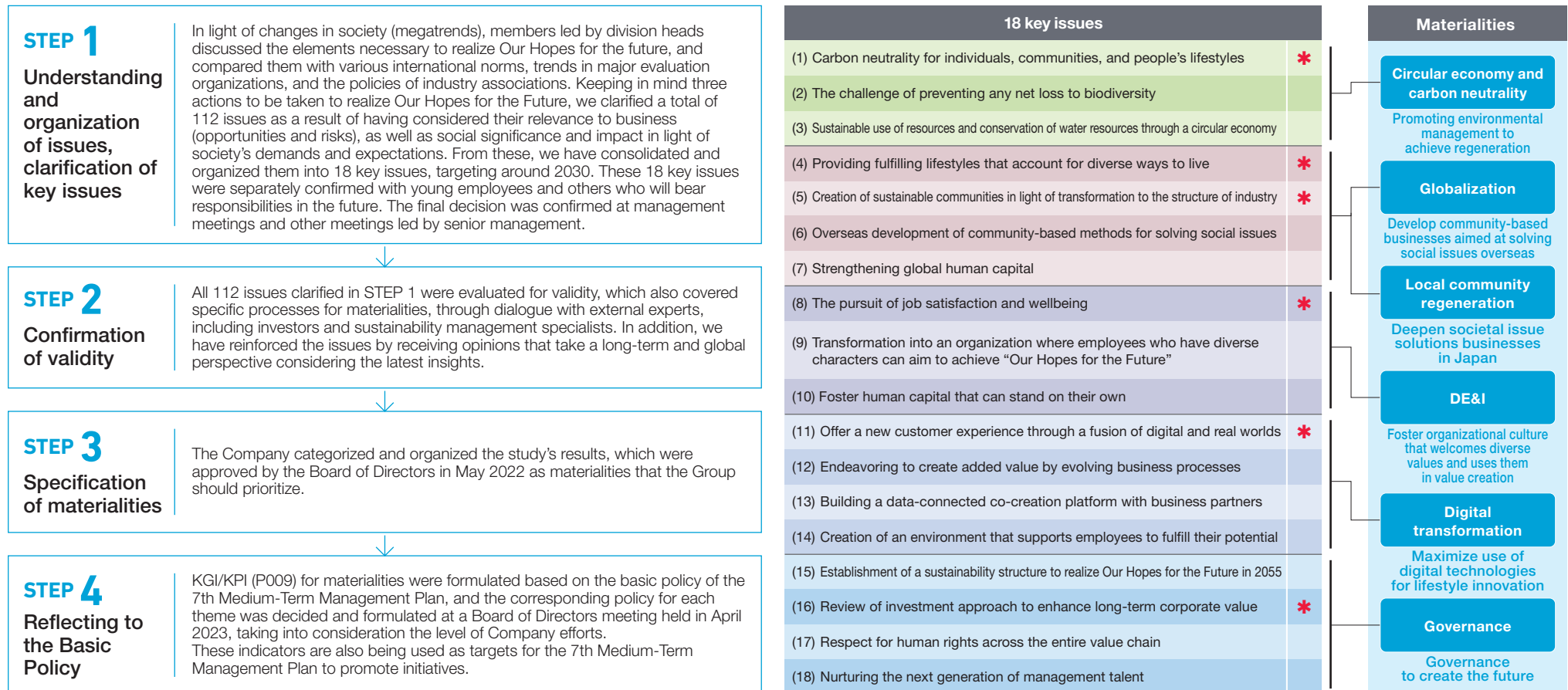


Materialities and Specification Processes

Processes for Specifying Materialities

In order to bolster the value creation process cycle, when we formulated Our Hopes for the Future, we identified materialities, or priority issues, in consideration of their degree of importance to our business (opportunities and risks) and their social significance and impact based on the needs and expectations of society, while also taking into account the opinions offered by experts.

We continued to consider KGI/KPI for materialities in fiscal 2022 in light of the level of action to be taken under the 7th Medium-Term Management Plan.



* Issues included in the key themes of the 7th Medium-Term Management Plan are marked with an asterisk (*)