

Sekisui House, Ltd.

FY2020

(February 1, 2020 through January 31, 2021)

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March 4, 2021

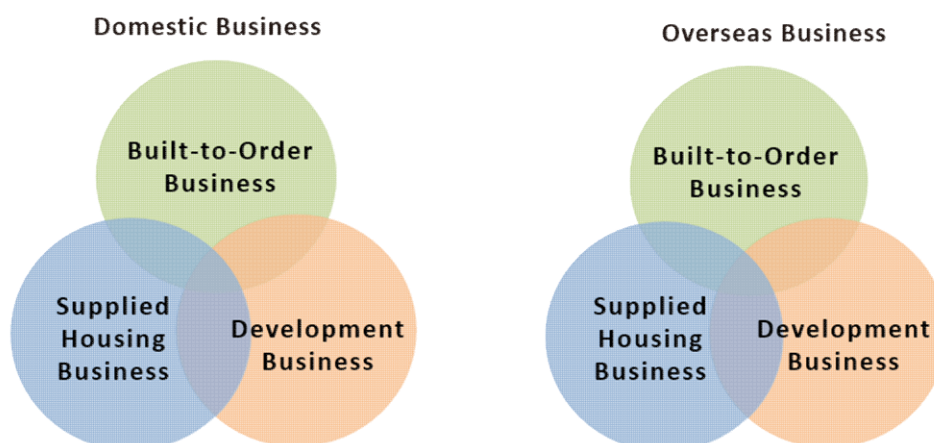
The Architectural / Civil engineering Business was included starting with the current fiscal year, and therefore, figures for the previous fiscal year are also presented after the reclassification.

Fundamental Policy of Fifth Mid-Term Management Plan

**Further strengthening core businesses
and embarking on new businesses**

Sekisui House's Goals

**Expand domestic and overseas businesses by
offering integrated proposals of technologies,
lifestyle design and services**



**Realize sustainable growth of Sekisui House Group
through the organic growth of six business pillars.**

1 Overview

Overview

Income decreased in the first year under the Mid-Term Management Plan attributable to the spread of COVID-19.

However, the Company achieved earnings higher than the target set in the revised plan by minimizing the effects of the pandemic.

The Company increased dividends by 2 yen from the amount set in the revised plan in view of balance between growth investment and shareholder returns, making them to rise for the ninth consecutive year.

Highlights

■ **Built-to-order business:** Operating income surpassed the target set in the revised plan. Profit margin improved with the aid of high value-added proposals. Orders for custom detached houses increased 8.9% in the second half (August to January), reflecting factors including sales activities and product proposals in line with the new normal. In rental housing, orders for Sha Maison rental housing showed signs of improvement. In the architectural/civil engineering business, Konoike Construction contributed to earnings.

■ **Supplied housing business:** Sales decreased in the remodeling business, but the profit margin continued to improve with the expansion of proposal-based remodeling in line with the new normal. Orders increased 8.2% in the second half (August to January). The real estate management fees business remained firm with area marketing strategies keeping occupancy rates at high levels.

■ **Development business:** The houses for sale business recovered with steady demand from the second half as support. Orders increased 1.4% year on year. In urban redevelopment, the Company sold properties according to its plan. The pandemic affected earnings from hotels, but its effects were limited.

■ **Overseas business:** In the multifamily business in the United States, the Company sold properties through three projects. Results for the business surpassed targets in the revised plan, with the strong performance of the homebuilding business and the master-planned community business in the United States. Condominium sales in China also made steady progress. The investment balance shrank to 52.2 billion yen, half its level at the end of the previous fiscal year.

(¥ billion)						
	FY2019 (19/2-20/1)		FY2020 (20/2-21/1)			
	Results	Margin	Results	Margin	YOY	
					Amount	%
Net sales	2,415.1		2,446.9		31.7	1.3%
Built-to-Order	872.0		984.9		112.9	12.9%
Supplied Housing	687.6		698.7		11.1	1.6%
Development	387.1		321.1		(65.9)	(17.0%)
Overseas	389.8		370.6		(19.1)	(4.9%)
Gross profit	478.0	19.8%	473.5	19.4%	(4.5)	(0.9%)
Built-to-Order	200.7	23.0%	204.4	20.8%	3.7	1.9%
Supplied Housing	124.9	18.2%	127.7	18.3%	2.7	2.2%
Development	65.0	16.8%	59.1	18.4%	(5.8)	(9.0%)
Overseas	79.7	20.4%	77.4	20.9%	(2.2)	(2.8%)
SG&A	272.7		286.9		14.2	5.2%
Operating income	205.2	8.5%	186.5	7.6%	(18.7)	(9.1%)
Built-to-Order	99.3	11.4%	95.3	9.7%	(4.0)	(4.1%)
Supplied Housing	64.5	9.4%	64.3	9.2%	(0.2)	(0.4%)
Development	39.4	10.2%	32.9	10.3%	(6.4)	(16.4%)
Overseas	44.5	11.4%	39.7	10.7%	(4.8)	(10.9%)
Non-operating income/expenses	8.6		(1.8)		(10.4)	—
Ordinary income	213.9	8.9%	184.6	7.5%	(29.2)	(13.7%)
Extraordinary income	12.9		3.5		(9.3)	(72.3%)
Extraordinary loss	15.4		2.7		(12.6)	(81.9%)
Profit attributable to owners of parent	141.2	5.8%	123.5	5.0%	(17.7)	(12.5%)
EPS (yen)	205.79		181.18			

(Non-operating income/expenses)
 • Equity in earnings of affiliates:
 ¥0.6 billion (down ¥9.8 billion YOY)
 • Foreign exchange gain(loss): ¥(3.5 billion) (down ¥4.2 billion YOY)
 • Interest expenses: ¥2.7 billion (down ¥2.1 billion YOY)

(Extraordinary income)
 (Previous period) Gain on step acquisition associated with the consolidation of KONOIKE CONSTRUCTION CO., LTD. of ¥8.5 billion was posted.

(Extraordinary loss)
 (Previous period)
 Loss on impairment: ¥13.5 billion

State of Orders

Consolidated orders				Order backlog			
FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	YOY		FY2019 (Jan. 31, 2020)	FY2020 (Jan. 31, 2021)	Change	
		Amount	%			Amount	%
2,480.0	2,401.8	(78.1)	(3.2%)	1,408.4	1,363.4	(45.0)	(3.2%)

2 Financial Position

Consolidated Balance Sheets

(¥ billion)

(Assets)	FY2019 (Jan. 31, 2020)	FY2020 (Jan. 31, 2021)	Amount changed	(Liabilities and net assets)	FY2019 (Jan. 31, 2020)	FY2020 (Jan. 31, 2021)	Amount changed
Total current assets	1,816.0	1,780.7	(35.2)	Total current liabilities	821.8	835.7	13.8
Real estate for sale *	978.9	923.9	(54.9)	Total long-term liabilities	506.0	421.2	(84.8)
Total noncurrent assets	818.7	845.1	26.4	Total liabilities	1,327.8	1,256.9	(70.9)
Total assets	2,634.7	2,625.8	(8.8)	Total net assets	1,306.8	1,368.8	62.0
				Total liabilities and net assets	2,634.7	2,625.8	(8.8)

* Total of Buildings for sale, Land for sale in lots, and Undeveloped land for sale.

[Main factors of change]

- Current assets: Real estate for sale decreased.
- Liabilities and net assets: Notes and accounts payable and advances received on construction projects in progress decreased.

Real estate for sale by segment

Houses for sale : ¥120.8 billion (As of Jan. 31, 2020: ¥113.5 billion) Condominiums : ¥146.4 billion (As of Jan. 31, 2020: ¥137.0 billion)

Urban redevelopment : ¥46.9 billion (As of Jan. 31, 2020: ¥50.9 billion) Overseas : ¥609.7 billion (As of Jan. 31, 2020: ¥677.3 billion)

State of Interest-bearing Debts

	FY2019 (Jan. 31, 2020)	FY2020 (Jan. 31, 2021)	Amount changed
Interest-bearing debts (¥ billion)	586.8	562.9	(23.9)
D/E ratio	46.4%	42.4%	(4.0p)
taking into account hybrid bonds	39.7%	36.3%	(3.4p)
Equity ratio	48.1%	50.5%	2.4p

State of Cash Flows

(¥ billion)

	FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	Amount changed
Net cash provided by (used in) operating activities	363.7	191.9	(171.7)
Net cash provided by (used in) investing activities	(65.2)	(95.5)	(30.2)
Free cash flow	298.5	96.4	(202.0)
Net cash provided by (used in) financing activities	(148.1)	(77.6)	70.5
Net increase (decrease) in cash and cash equivalents	146.4	16.9	(129.4)
Cash and cash equivalents at beginning of period	342.8	583.2	
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	93.9	—	
Cash and cash equivalents at end of period	583.2	600.2	

* Associated with the consolidation of KONOIKE CONSTRUCTION CO.,LTD.

[Main factors of change]

- (Increase) decrease in inventories: Previous period ¥161.6 billion, Current period: ¥71.8 billion

State of Investment

(¥ billion)

	FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	Amount changed	FY2021 Full-year plan
Capital expenditures	73.2	96.6	23.3	100.0
Depreciation and amortization	21.5	21.7	0.2	22.0

3 Segment Information

Built-to-Order Business

(¥ billion)

	Net sales			
	FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	YOY	
			Amount	%
Custom detached houses	390.9	323.3	(67.6)	(17.3%)
Rental housing	360.0	358.7	(1.2)	(0.4%)
Architectural / Civil engineering	120.9	302.8	181.8	150.3%
Total	872.0	984.9	112.9	12.9%

Gross margin		
FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	Change
25.4%	25.6%	0.2p
25.0%	24.6%	(0.4p)
9.7%	11.1%	1.4p
23.0%	20.8%	(2.2p)

	Operating income			
	FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	YOY	
			Amount	%
Custom detached houses	45.9	32.2	(13.7)	(29.8%)
Rental housing	49.7	47.0	(2.6)	(5.3%)
Architectural / Civil engineering	3.7	16.0	12.3	330.2%
Total	99.3	95.3	(4.0)	(4.1%)

Operating margin		
FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	Change
11.8%	10.0%	(1.8p)
13.8%	13.1%	(0.7p)
3.1%	5.3%	2.2p
11.4%	9.7%	(1.7p)

(¥ billion)

	Orders			
	FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	YOY	
			Amount	%
Custom detached houses	346.2	322.3	(23.9)	(6.9%)
Rental housing	391.9	354.9	(37.0)	(9.5%)
Architectural / Civil engineering	96.9	278.6	181.6	187.3%
Total	835.2	955.9	120.6	14.4%

Order backlog		
FY2019 (Jan. 31, 2020)	FY2020 (Jan. 31, 2021)	Amount changed
184.3	183.2	(1.0)
376.5	372.7	(3.8)
386.5	362.4	(24.1)
947.4	918.4	(28.9)

	ASP per building (10 thousand yen)		
	FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	Amount changed
Custom detached houses	3,993	4,138	145
Rental housing	10,241	11,796	1,555

- Custom detached houses business
Ratio of Green First Zero: 86% (April through January)
Ratio of three- and four-story housing (in value): 9.1%
- Rental housing business
Ratio of three- and four-story housing (in value): 76.5%

Supplied Housing Business

(¥ billion)

	Net sales			
	FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	YOY	
			Amount	%
Remodeling	152.7	141.0	(11.6)	(7.6%)
Real estate management fees	534.8	557.6	22.7	4.3%
Total	687.6	698.7	11.1	1.6%

Gross margin		
FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	Change
27.5%	27.7%	0.2p
15.5%	15.9%	0.4p
18.2%	18.3%	0.1p

	Operating income			
	FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	YOY	
			Amount	%
Remodeling	23.5	20.4	(3.0)	(13.0%)
Real estate management fees	41.0	43.8	2.8	6.9%
Total	64.5	64.3	(0.2)	(0.4%)

Operating margin		
FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	Change
15.4%	14.5%	(0.9p)
7.7%	7.9%	0.2p
9.4%	9.2%	(0.2p)

(¥ billion)

	Orders			
	FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	YOY	
			Amount	%
Remodeling	149.7	141.6	(8.0)	(5.4%)
Real estate management fees	534.8	557.6	22.7	4.3%
Total	684.5	699.3	14.7	2.2%

Order backlog		
FY2019 (Jan. 31, 2020)	FY2020 (Jan. 31, 2021)	Amount changed
27.9	28.5	0.6
—	—	—
27.9	28.5	0.6

- Real estate management fees business
Number of units under management: 657 thousand
Occupancy ratio: 97.7% (±0.0p from the end of the previous period)

3 Segment Information

Development Business

(¥ billion)

	Net sales			
	FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	YOY	
			Amount	%
Houses for sale	151.2	139.1	(12.1)	(8.0%)
Condominiums	103.9	77.0	(26.8)	(25.9%)
Urban redevelopment	131.9	104.9	(26.9)	(20.4%)
Total	387.1	321.1	(65.9)	(17.0%)

Gross margin		
FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	Change
18.6%	17.4%	(1.2p)
16.5%	19.6%	3.1p
14.9%	18.9%	4.0p
16.8%	18.4%	1.6p

	Operating income			
	FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	YOY	
			Amount	%
Houses for sale	12.2	7.5	(4.6)	(38.1%)
Condominiums	10.1	8.8	(1.3)	(13.0%)
Urban redevelopment	17.0	16.5	(0.4)	(2.8%)
Total	39.4	32.9	(6.4)	(16.4%)

Operating margin		
FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	Change
8.1%	5.5%	(2.6p)
9.7%	11.4%	1.7p
12.9%	15.8%	2.9p
10.2%	10.3%	0.1p

(¥ billion)

	Orders			
	FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	YOY	
			Amount	%
Houses for sale	143.3	145.3	2.0	1.4%
Condominiums	73.6	80.9	7.2	9.9%
Urban redevelopment	160.6	103.2	(57.4)	(35.7%)
Total	377.6	329.5	(48.0)	(12.7%)

Order backlog		
FY2019 (Jan. 31, 2020)	FY2020 (Jan. 31, 2021)	Amount changed
41.5	47.7	6.1
87.7	91.6	3.8
30.6	28.9	(1.7)
159.8	168.2	8.3

Urban redevelopment business

Sales from property sales: ¥72.4 billion (Previous period: ¥88.9 billion)

Profit from property sales: ¥15.5 billion (Previous period: ¥11.3 billion)

Overseas Business

(¥ billion)

	FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	YOY	
			Amount	%
Net sales	389.8	370.6	(19.1)	(4.9%)
Operating income	44.5	39.7	(4.8)	(10.9%)
Orders	500.8	347.9	(152.9)	(30.5%)

	FY2019 (19/2-20/1)	FY2020 (20/2-21/1)	Change
Gross margin	20.4%	20.9%	0.5p
Operating margin	11.4%	10.7%	(0.7p)
Order backlog (¥ billion)	FY2019 (Jan. 31, 2020)	FY2020 (Jan. 31, 2021)	Amount changed
	222.3	199.6	(22.7)

Overseas Business / Details by country

(¥ billion)

Country	FY2020 (20/2-21/1)				
	Net sales	Operating income	Ordinary income	Orders	Exchange rate(yen)
Australia	37.9	0.5	0.5	45.2	73.89
China	91.8	14.9	16.4	38.6	15.44
U.S.A	240.7	25.2	24.7	263.9	106.67
Singapore *			1.7		77.56
U.K.*			(0.8)		137.41
Other	0.1	(0.9)	(0.9)	0.1	—
Total	370.6	39.7	41.7	347.9	—

FY2020 (Jan. 31, 2021)	
Order backlog	Investment balance
34.0	149.1
47.4	52.2
118.1	428.4
	45.7
	3.4
—	—
199.6	678.9

Country	FY2019 (19/2-20/1)				
	Net sales	Operating income	Ordinary income	Orders	Exchange rate(yen)
Australia	23.4	(2.2)	(2.3)	29.1	76.12
China	57.1	3.6	6.2	135.8	15.85
U.S.A	309.1	44.4	41.2	335.7	109.37
Singapore *			6.6		80.18
U.K.*			(0.4)		139.57
Other	0.1	(1.3)	(1.4)	0.1	—
Total	389.8	44.5	46.3	500.8	—

FY2019 (Jan. 31, 2020)	
Order backlog	Investment balance
26.6	140.3
100.7	116.8
94.9	444.5
	43.8
	3.4
—	—
222.3	749.0

* Accounted for by the equity method.(Ordinary income of Singapore business in FY2019 included equity in earnings/loss of affiliates and gain on sale of equity (extraordinary income).)

3 Segment Information

(¥ billion)

		FY2019 (19/2-20/1)					FY2020 (20/2-21/1)				
		Net sales	Operating income	Operating margin	Gross margin	Orders	Net sales	Operating income	Operating margin	Gross margin	Orders
Built-to-Order Business	Custom detached houses	390.9	45.9	11.8%	25.4%	346.2	323.3	32.2	10.0%	25.6%	322.3
	Rental housing	360.0	49.7	13.8%	25.0%	391.9	358.7	47.0	13.1%	24.6%	354.9
	Architectural / Civil engineering	120.9	3.7	3.1%	9.7%	96.9	302.8	16.0	5.3%	11.1%	278.6
	Subtotal	872.0	99.3	11.4%	23.0%	835.2	984.9	95.3	9.7%	20.8%	955.9
Supplied Housing Business	Remodeling	152.7	23.5	15.4%	27.5%	149.7	141.0	20.4	14.5%	27.7%	141.6
	Real estate management fees	534.8	41.0	7.7%	15.5%	534.8	557.6	43.8	7.9%	15.9%	557.6
	Subtotal	687.6	64.5	9.4%	18.2%	684.5	698.7	64.3	9.2%	18.3%	699.3
Development Business	Houses for sale	151.2	12.2	8.1%	18.6%	143.3	139.1	7.5	5.5%	17.4%	145.3
	Condominiums	103.9	10.1	9.7%	16.5%	73.6	77.0	8.8	11.4%	19.6%	80.9
	Urban redevelopment	131.9	17.0	12.9%	14.9%	160.6	104.9	16.5	15.8%	18.9%	103.2
	Subtotal	387.1	39.4	10.2%	16.8%	377.6	321.1	32.9	10.3%	18.4%	329.5
Overseas Business		389.8	44.5	11.4%	20.4%	500.8	370.6	39.7	10.7%	20.9%	347.9
Other Businesses		78.5	(0.2)	(0.3%)	13.4%	81.6	71.3	(2.4)	(3.5%)	10.8%	69.0
Eliminations and back office		—	(42.4)	—	—	—	—	(43.3)	—	—	—
Total		2,415.1	205.2	8.5%	19.8%	2,480.0	2,446.9	186.5	7.6%	19.4%	2,401.8

4 Full-Year Plan For FY2021

(¥ billion)

	FY2020 (20/2-21/1) Results	FY2021 (21/2-22/1)	
		Plan	YOY
Net sales	2,446.9	2,552.0	4.3%
Gross margin	473.5	496.0	4.7%
Operating income	186.5	200.0	7.2%
Ordinary income	184.6	200.0	8.3%
Profit attributable to owners of parent	123.5	135.0	9.3%
EPS (yen)	181.18	200.62	10.7%
ROA	7.3%	7.6%	—
ROE	9.5%	10.0%	—
Dividend per share (yen)	84.00	86.00	2.00
Payout ratio	46.4%	42.9%	—

4 Full-Year Plan For FY2021 by Segment

Sales		(¥ billion)			
		FY2020 (20/2-21/1) Results	FY2021 (Full-Year) (21/2-22/1)		
			Plan	Amount changed	YOY
Built-to-Order Business	Custom detached houses	323.3	344.0	20.6	6.4%
	Rental housing	358.7	388.5	29.7	8.3%
	Architectural / Civil engineering	302.8	315.5	12.6	4.2%
	Subtotal	984.9	1,048.0	63.0	6.4%
Supplied Housing Business	Remodeling	141.0	167.0	25.9	18.4%
	Real estate management fees	557.6	576.0	18.3	3.3%
	Subtotal	698.7	743.0	44.2	6.3%
Development Business	Houses for sale	139.1	163.0	23.8	17.1%
	Condominiums	77.0	84.0	6.9	9.0%
	Urban redevelopment	104.9	103.0	(1.9)	(1.9%)
	Subtotal	321.1	350.0	28.8	9.0%
Overseas Business		370.6	330.0	(37.6)	(10.2%)
Other Businesses		71.3	78.0	6.6	9.3%
Total		2,446.9	2,552.0	105.0	4.3%

Orders		(¥ billion)			
		FY2020 (20/2-21/1) Results	FY2021 (Full-Year) (21/2-22/1)		
			Plan	Amount changed	YOY
		322.3	350.0	27.6	8.6%
		354.9	390.0	35.0	9.9%
		278.6	318.5	39.8	14.3%
		955.9	1,058.5	102.5	10.7%
		141.6	167.0	25.3	17.9%
		557.6	576.0	18.3	3.3%
		699.3	743.0	43.6	6.2%
		145.3	165.4	20.0	13.8%
		80.9	80.0	(0.9)	(1.2%)
		103.2	74.1	(29.1)	(28.2%)
		329.5	319.5	(10.0)	(3.1%)
		347.9	319.0	(28.9)	(8.3%)
		69.0	78.0	8.9	13.0%
		2,401.8	2,518.0	116.1	4.8%

Operating income		(¥ billion)			
		FY2020 (20/2-21/1) Results	FY2021 (Full-Year) (21/2-22/1)		
			Plan	Amount changed	YOY
Built-to-Order Business	Custom detached houses	32.2	37.0	4.7	14.8%
	Rental housing	47.0	55.0	7.9	16.9%
	Architectural / Civil engineering	16.0	13.0	(3.0)	(19.0%)
	Subtotal	95.3	105.0	9.6	10.1%
Supplied Housing Business	Remodeling	20.4	26.5	6.0	29.4%
	Real estate management fees	43.8	50.0	6.1	14.0%
	Subtotal	64.3	76.5	12.1	18.9%
Development Business	Houses for sale	7.5	11.0	3.4	45.0%
	Condominiums	8.8	11.5	2.6	30.4%
	Urban redevelopment	16.5	11.0	(5.5)	(33.6%)
	Subtotal	32.9	33.5	0.5	1.6%
Overseas Business		39.7	30.5	(9.2)	(23.2%)
Other Businesses		(2.4)	0.0	2.4	—
Eliminations and back office		(43.3)	(45.5)	(2.1)	—
Total		186.5	200.0	13.4	7.2%

Operating margin		Gross margin	
FY2020 (20/2-21/1) Results	FY2021 (21/2-22/1) Plan	FY2020 (20/2-21/1) Results	FY2021 (21/2-22/1) Plan
10.0%	10.8%	25.6%	25.9%
13.1%	14.2%	24.6%	25.2%
5.3%	4.1%	11.1%	9.8%
9.7%	10.0%	20.8%	20.8%
14.5%	15.9%	27.7%	27.8%
7.9%	8.7%	15.9%	16.7%
9.2%	10.3%	18.3%	19.2%
5.5%	6.7%	17.4%	17.8%
11.4%	13.7%	19.6%	22.6%
15.8%	10.7%	18.9%	13.6%
10.3%	9.6%	18.4%	17.7%
10.7%	9.2%	20.9%	20.3%
(3.5%)	0.0%	10.8%	12.8%
—	—	—	—
7.6%	7.8%	19.4%	19.4%

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