

Sekisui House, Ltd.

First Quarter of FY2021

(February 1, 2021 through April 30, 2021)

- Summary of Consolidated Financial Results -

- 1 Overview
 - 2 Financial Position
 - 3 Segment Information
 - Built-to-Order Business
 - Supplied Housing Business
 - Development Business
 - Overseas Business
- <Reference> Full-Year Plan for FY2021

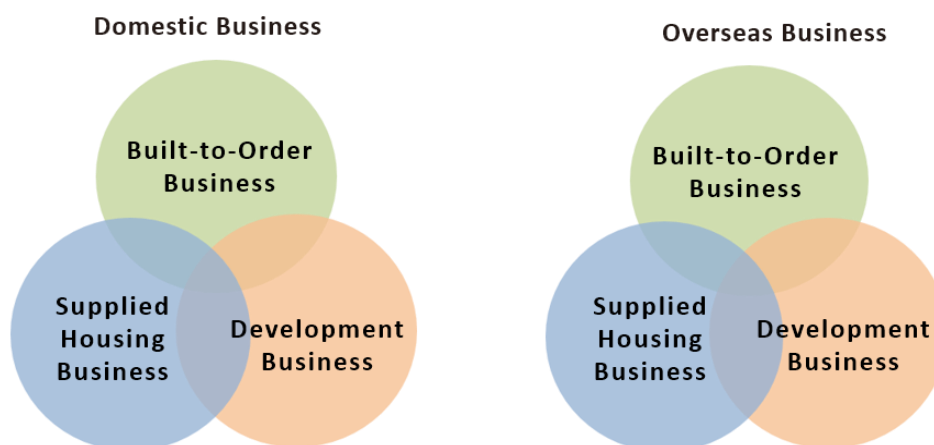
June 10, 2021

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

Both net sales and operating income hit a record high in the first quarter amid the COVID-19 pandemic.

Housing business has been strong both in Japan and overseas due to the success of high value-added proposals, reflecting increasing interest in housing. Orders received increased 12% year on year.

Highlights

- **Built-to-Order Business:** Profit margins improved significantly in the custom detached houses business and the rental housing business chiefly due to high value-added proposals. ASP per building continued to rise. Orders received were strong, reflecting lifestyle design proposals in response to the diverse needs of customers and a focus on the sale of ZEH rental housing among other factors. Sales in the architectural/civil engineering business fell chiefly in reaction to sales from large projects in the previous fiscal year.
- **Supplied Housing Business:** Profit margins continued to improve in the remodeling business chiefly due to proposal-based remodeling corresponding to new lifestyles and environment-based remodeling. Stable growth continued in the real estate management fees business, chiefly reflecting rising occupancy rates owing to area marketing strategies.
- **Development Business:** Net sales and orders received increased in the houses for sale business due to the procurement of high-quality land and the strengthening of the sales structure in response to strong demand. The condominiums business made progress as planned. Orders were firm. In the urban redevelopment business, properties were sold as planned. The operation of hotels continued to be affected by the COVID-19 pandemic.
- **Overseas Business:** The homebuilding business and master-planned community business in the United States remained strong. In the multifamily business, properties will be sold in the second quarter or later. Good progress was made in each country, compared with full-year plans. Orders received increased 63% year on year.

(¥ billion)

	FY2020 (20/2-20/4)		FY2021 (21/2-21/4)			
	Results	Margin	Results	Margin	YOY	
					Amount	%
Net sales	598.0		608.5		10.4	1.8%
Built-to-Order	245.6		238.1		(7.5)	(3.1%)
Supplied Housing	171.4		181.2		9.7	5.7%
Development	92.3		102.8		10.4	11.4%
Overseas	70.0		68.3		(1.7)	(2.5%)
Gross profit	120.8	20.2%	125.1	20.6%	4.2	3.5%
Built-to-Order	51.4	21.0%	54.2	22.8%	2.7	5.4%
Supplied Housing	32.6	19.0%	36.6	20.2%	4.0	12.4%
Development	20.4	22.1%	17.9	17.5%	(2.4)	(11.9%)
Overseas	15.1	21.6%	14.8	21.7%	(0.2)	(1.9%)
SG&A	69.9		70.4		0.4	0.6%
Operating income	50.8	8.5%	54.6	9.0%	3.8	7.5%
Built-to-Order	23.6	9.6%	27.5	11.6%	3.8	16.2%
Supplied Housing	16.6	9.7%	20.3	11.2%	3.6	22.2%
Development	13.8	15.0%	10.8	10.5%	(2.9)	(21.6%)
Overseas	8.1	11.6%	7.1	10.4%	(0.9)	(12.3%)
Non-operating income/expenses	(3.2)		0.9		4.2	-
Ordinary income	47.5	8.0%	55.6	9.1%	8.0	16.9%
Extraordinary income	-		-		-	
Extraordinary loss	0.7		0.5		(0.1)	(22.9%)
Profit attributable to owners of parent	30.6	5.1%	36.1	5.9%	5.5	18.1%

(Non-operating income/expenses)
 • Equity in earnings (losses) of affiliates : ¥(0.1 billion)(down ¥0.6 billion YOY)
 • Foreign exchange gain(loss): ¥1.0 billion (up ¥4.4 billion YOY)
 • Interest expenses: ¥0.7 billion (down ¥0.0 billion YOY)

EPS (yen)	44.85		53.20			
-----------	-------	--	-------	--	--	--

State of Orders

(¥ billion)

Consolidated orders				Order backlog			
FY2020 (20/2-20/4)	FY2021 (21/2-21/4)	YOY		FY2020 (Jan. 31, 2021)	FY2021 1Q (Apr. 30, 2021)	Change	
		Amount	%			Amount	%
571.7	644.4	72.6	12.7%	1,363.4	1,399.2	35.8	2.6%

2 Financial Position

Consolidated Balance Sheets

(¥ billion)

(Assets)	FY2020 (Jan. 31, 2021)	FY2021 1Q (Apr. 30, 2021)	Amount changed	(Liabilities and net assets)	FY2020 (Jan. 31, 2021)	FY2021 1Q (Apr. 30, 2021)	Amount changed
Total current assets	1,780.7	1,803.4	22.7	Total current liabilities	835.7	818.9	(16.8)
Real estate for sale *	923.9	972.4	48.5	Total long-term liabilities	421.2	436.0	14.8
Total noncurrent assets	845.1	864.7	19.5	Total liabilities	1,256.9	1,254.9	(1.9)
Total assets	2,625.8	2,668.1	42.2	Total net assets	1,368.8	1,413.1	44.2
				Total liabilities and net assets	2,625.8	2,668.1	42.2

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

[Main changes]

- Assets: Cash and deposits decreased following the payments of dividends and income taxes, among others.
Real estate for sale increased. (including impact of exchange rate fluctuations of ¥42.9 billion)
- Liabilities and net assets: Notes and accounts payable decreased, and loans payable and translation adjustments increased.

Real estate for sale by segment

Houses for sale: ¥128.8 billion (As of Jan. 31, 2021: ¥120.8 billion) Condominiums: ¥148.9 billion (As of Jan. 31, 2021: ¥146.4 billion)

Urban redevelopment: ¥27.2 billion (As of Jan. 31, 2021: ¥46.9 billion) Overseas: ¥667.3 billion (As of Jan. 31, 2021: ¥609.7 billion)

State of Interest-bearing Debts

	FY2020 (Jan. 31, 2021)	FY2021 1Q (Apr. 30, 2021)	Amount changed
Interest-bearing debts (¥ billion)	562.9	588.1	25.2
D/E ratio	42.4%	43.0%	0.6p
taking into account hybrid bonds	36.3%	37.0%	0.7p
Equity ratio	50.5%	51.3%	0.8p

State of Cash Flows

(¥ billion)

	FY2020 (20/2-20/4)	FY2021 (21/2-21/4)	Amount changed
Net cash provided by (used in) operating activities	(20.6)	0.4	21.1
Net cash provided by (used in) investing activities	(25.0)	(26.8)	(1.7)
Free cash flow	(45.7)	(26.3)	19.3
Net cash provided by (used in) financing activities	(48.3)	(30.6)	17.7
Net increase (decrease) in cash and cash equivalents	(98.8)	(44.9)	53.9
Cash and cash equivalents at beginning of period	583.2	600.2	
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	2.1	
Cash and cash equivalents at end of period	484.4	557.5	

[Main changes]

- (Increase) decrease in inventories: Previous period ¥15.1 billion, Current period: ¥(7.7) billion

State of Investment

(¥ billion)

	FY2020 (20/2-20/4)	FY2021 (21/2-21/4)	Amount changed	FY2021 Full-year plan
Capital expenditures	19.7	25.1	5.4	100.0
Depreciation and amortization	5.1	5.6	0.4	22.0

3 Segment Information

Built-to-Order Business

(¥ billion)

	Net sales			
	FY2020 (20/2-20/4)	FY2021 (21/2-21/4)	YOY	
			Amount	%
Custom detached houses	71.3	74.6	3.2	4.6%
Rental housing	89.2	89.3	0.0	0.1%
Architectural / Civil engineering	84.9	74.0	(10.9)	(12.8%)
Total	245.6	238.1	(7.5)	(3.1%)

Gross margin		
FY2020 (20/2-20/4)	FY2021 (21/2-21/4)	Change
24.1%	26.8%	2.7p
23.2%	25.8%	2.6p
15.9%	15.1%	(0.8p)
21.0%	22.8%	1.8p

	Operating income			
	FY2020 (20/2-20/4)	FY2021 (21/2-21/4)	YOY	
			Amount	%
Custom detached houses	5.4	9.3	3.8	70.9%
Rental housing	8.7	11.3	2.5	29.1%
Architectural / Civil engineering	9.4	6.8	(2.5)	(27.3%)
Total	23.6	27.5	3.8	16.2%

Operating margin		
FY2020 (20/2-20/4)	FY2021 (21/2-21/4)	Change
7.6%	12.5%	4.9p
9.8%	12.7%	2.9p
11.1%	9.3%	(1.8p)
9.6%	11.6%	2.0p

(¥ billion)

	Orders			
	FY2020 (20/2-20/4)	FY2021 (21/2-21/4)	YOY	
			Amount	%
Custom detached houses	78.8	82.4	3.5	4.5%
Rental housing	91.2	96.1	4.8	5.3%
Architectural / Civil engineering	95.7	84.1	(11.5)	(12.1%)
Total	265.8	262.7	(3.1)	(1.2%)

Order backlog		
FY2020 (Jan. 31, 2021)	FY2021 1Q (Apr. 30, 2021)	Amount changed
183.2	191.0	7.7
372.7	379.4	6.7
362.4	372.5	10.0
918.4	943.0	24.6

	ASP per building (10 thousand yen)		
	FY2020 (20/2-21/1)	FY2021 (21/2-21/4)	Amount changed
Custom detached houses	4,138	4,191	53
Rental housing	11,796	12,821	1,025

■ Custom detached houses business

Ratio of Green First Zero: 90% (as of Apr. 30, 2021)

Ratio of three- and four-story housing (in value): 8.7%

■ Rental housing business

Ratio of three- and four-story housing (in value): 77.2%

Supplied Housing Business

(¥ billion)

	Net sales			
	FY2020 (20/2-20/4)	FY2021 (21/2-21/4)	YOY	
			Amount	%
Remodeling	31.6	34.4	2.7	8.7%
Real estate management fees	139.8	146.8	7.0	5.0%
Total	171.4	181.2	9.7	5.7%

Gross margin		
FY2020 (20/2-20/4)	FY2021 (21/2-21/4)	Change
27.1%	28.7%	1.6p
17.2%	18.3%	1.1p
19.0%	20.2%	1.2p

	Operating income			
	FY2020 (20/2-20/4)	FY2021 (21/2-21/4)	YOY	
			Amount	%
Remodeling	3.9	5.2	1.2	30.6%
Real estate management fees	12.6	15.0	2.4	19.6%
Total	16.6	20.3	3.6	22.2%

Operating margin		
FY2020 (20/2-20/4)	FY2021 (21/2-21/4)	Change
12.6%	15.2%	2.6p
9.0%	10.3%	1.3p
9.7%	11.2%	1.5p

(¥ billion)

	Orders			
	FY2020 (20/2-20/4)	FY2021 (21/2-21/4)	YOY	
			Amount	%
Remodeling	31.8	39.9	8.1	25.6%
Real estate management fees	139.8	146.8	7.0	5.0%
Total	171.6	186.8	15.1	8.9%

Order backlog		
FY2020 (Jan. 31, 2021)	FY2021 1Q (Apr. 30, 2021)	Amount changed
28.5	34.1	5.5
—	—	—
28.5	34.1	5.5

■ Real estate management fees business

Number of units under management: 662 thousand

Occupancy ratio: 98.4% (up 0.7p from the end of the previous period)

3 Segment Information

Development Business

(¥ billion)

	Net sales			
	FY2020	FY2021	YOY	
	(20/2-20/4)	(21/2-21/4)	Amount	%
Houses for sale	26.2	40.3	14.0	53.4%
Condominiums	28.9	20.7	(8.2)	(28.4%)
Urban redevelopment	37.0	41.7	4.6	12.6%
Total	92.3	102.8	10.4	11.4%

Gross margin		
FY2020	FY2021	Change
(20/2-20/4)	(21/2-21/4)	
18.2%	19.3%	1.1p
20.6%	21.9%	1.3p
26.1%	13.6%	(12.5p)
22.1%	17.5%	(4.6p)

	Operating income			
	FY2020	FY2021	YOY	
	(20/2-20/4)	(21/2-21/4)	Amount	%
Houses for sale	1.0	3.1	2.0	198.9%
Condominiums	4.3	3.2	(1.0)	(24.8%)
Urban redevelopment	8.3	4.4	(3.9)	(47.4%)
Total	13.8	10.8	(2.9)	(21.6%)

Operating margin		
FY2020	FY2021	Change
(20/2-20/4)	(21/2-21/4)	
4.0%	7.8%	3.8p
15.1%	15.9%	0.8p
22.6%	10.6%	(12.0p)
15.0%	10.5%	(4.5p)

(¥ billion)

	Orders			
	FY2020	FY2021	YOY	
	(20/2-20/4)	(21/2-21/4)	Amount	%
Houses for sale	30.8	47.0	16.1	52.4%
Condominiums	14.2	20.2	5.9	41.8%
Urban redevelopment	18.5	14.2	(4.2)	(23.1%)
Total	63.6	81.5	17.8	28.1%

Order backlog		
FY2020	FY2021 1Q	Amount
(Jan. 31, 2021)	(Apr. 30, 2021)	changed
47.7	54.4	6.7
91.6	91.1	(0.4)
28.9	1.3	(27.5)
168.2	146.9	(21.2)

Urban redevelopment business

Sales from property sales: ¥33.8 billion (Previous period: ¥28.4 billion)

Profit from property sales: ¥4.8 billion (Previous period: ¥8.0 billion)

Overseas Business

(¥ billion)

	FY2020	FY2021	YOY	
	(20/2-20/4)	(21/2-21/4)	Amount	%
Net sales	70.0	68.3	(1.7)	(2.5%)
Operating income	8.1	7.1	(0.9)	(12.3%)
Orders	59.1	96.7	37.6	63.6%

	FY2020	FY2021	Change
	(20/2-20/4)	(21/2-21/4)	
Gross margin	21.6%	21.7%	0.1p
Operating margin	11.6%	10.4%	(1.2p)
Order backlog (¥ billion)	FY2020	FY2021 1Q	Amount
	(Jan. 31, 2021)	(Apr. 30, 2021)	changed
	199.6	228.0	28.4

Overseas Business / Details by country

(¥ billion)

Country	FY2021 (21/2-21/4)				
	Net sales	Operating income	Ordinary income	Orders	Exchange rate(yen)
Australia	14.0	0.6	0.6	12.7	81.65
China	4.8	0.2	0.8	6.0	16.31
U.S.A	49.3	6.5	6.2	77.8	106.24
Singapore *			0.2		79.71
U.K.*			(0.1)		145.94
Other	0.0	(0.2)	(0.2)	0.0	—
Total	68.3	7.1	7.4	96.7	—

FY2021 1Q (Apr. 30, 2021)	
Order backlog	Investment balance
32.7	154.7
48.6	55.0
146.6	478.2
	46.3
	3.4
—	—
228.0	737.7

Country	FY2020 (20/2-20/4)				
	Net sales	Operating income	Ordinary income	Orders	Exchange rate(yen)
Australia	6.9	0.2	0.2	4.3	71.96
China	12.7	2.4	2.8	4.7	15.56
U.S.A	50.3	5.7	5.6	49.9	109.22
Singapore *			0.7		79.01
U.K.*			(0.2)		140.20
Other	0.0	(0.2)	(0.2)	0.0	—
Total	70.0	8.1	8.9	59.1	—

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

* Accounted for by the equity method.

3 Segment Information

(¥ billion)

		FY2020 (20/2-20/4)					FY2021 (21/2-21/4)				
		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	71.3	5.4	7.6%	24.1%	78.8	74.6	9.3	12.5%	26.8%	82.4
	Rental housing	89.2	8.7	9.8%	23.2%	91.2	89.3	11.3	12.7%	25.8%	96.1
	Architectural / Civil engineering	84.9	9.4	11.1%	15.9%	95.7	74.0	6.8	9.3%	15.1%	84.1
	Subtotal	245.6	23.6	9.6%	21.0%	265.8	238.1	27.5	11.6%	22.8%	262.7
Supplied Housing Business	Remodeling	31.6	3.9	12.6%	27.1%	31.8	34.4	5.2	15.2%	28.7%	39.9
	Real estate management fees	139.8	12.6	9.0%	17.2%	139.8	146.8	15.0	10.3%	18.3%	146.8
	Subtotal	171.4	16.6	9.7%	19.0%	171.6	181.2	20.3	11.2%	20.2%	186.8
Development Business	Houses for sale	26.2	1.0	4.0%	18.2%	30.8	40.3	3.1	7.8%	19.3%	47.0
	Condominiums	28.9	4.3	15.1%	20.6%	14.2	20.7	3.2	15.9%	21.9%	20.2
	Urban redevelopment	37.0	8.3	22.6%	26.1%	18.5	41.7	4.4	10.6%	13.6%	14.2
	Subtotal	92.3	13.8	15.0%	22.1%	63.6	102.8	10.8	10.5%	17.5%	81.5
Overseas Business		70.0	8.1	11.6%	21.6%	59.1	68.3	7.1	10.4%	21.7%	96.7
Other Businesses		18.5	(0.9)	(5.0%)	10.7%	11.4	18.0	(0.2)	(1.4%)	12.7%	16.6
Eliminations and back office		—	(10.4)	—	—	—	—	(10.8)	—	—	—
Total		598.0	50.8	8.5%	20.2%	571.7	608.5	54.6	9.0%	20.6%	644.4

<Reference> 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%	—

<Reference> Full-Year Plan For FY2021 by Segment

Net 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%

Although the document is prepared on the information believed to be credible, Sekisui House does not guarantee the accuracy or the completeness of such information. Also the information herein contains forward-looking statements regarding the company's plan, outlook, strategies and results for the future. The Company undertakes no obligation to publicly update any forward-looking statements. All the forward looking statements are based on judgments derived from information available to the Company at the time for this release. Certain risks and uncertainties could cause the company's actual results to differ materially from any projections presented here.