

Sekisui House, Ltd.

Second Quarter of FY2021

(February 1, 2021 through July 31, 2021)

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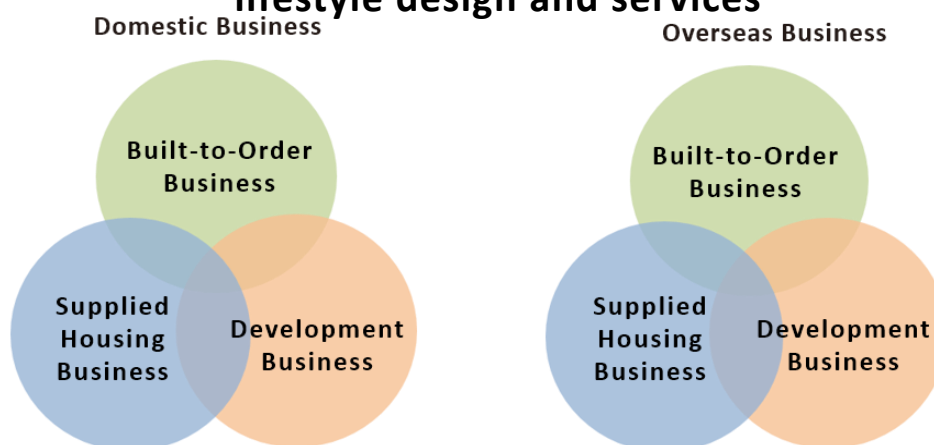
September 9, 2021

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 through
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

Net sales hit a record high for the first six months and operating income increased significantly, despite tough business conditions due to the spread of COVID-19.

The full-year forecasts have been revised upward, reflecting improvements in financial results in the first six months, strong orders both in Japan and abroad, and an increased profit ratio, among other factors.

In terms of shareholder returns, the expected year-end dividend will be increased by 2 yen to make the total dividend for the year 88 yen per share.

Highlights

■ **Built-to-Order Business:** Net sales and income increased in the custom detached houses business and rental housing business, reflecting strong orders continuing from the previous period. Profit margins improved significantly. The ASP per building continued to rise. Orders received were strong, reflecting the continued implementation of the three brand strategies and lifestyle design proposals in the custom detached houses business, as well as initiatives focused on sales from the Sha Maison ZEH rental housing and properties for corporate use in the rental housing business. Sales in the architectural/civil engineering business fell in reaction to sales from large projects in the previous fiscal year.

■ **Supplied Housing Business:** Sales in remodeling business continued to improve significantly for proposal-based remodeling corresponding to lifestyle changes and environment-based remodeling, such as energy-saving. The ratio of large-scale orders also rose. High occupancy rates and rents were maintained in the real estate management fees business with the offering of high quality buildings in good locations, coupled by residents first-oriented building management and services. Stable growth continued.

■ **Development Business:** Net sales and orders received increased in the houses for sales business due to the continuous procurement of high-quality land and the strengthening of the sales structure in response to strong demand.

The condominiums business made progress as planned in delivery. Orders received were strong.

In the urban redevelopment business, occupancy rates for offices and houses remained solid and the progress in property sales as planned. Earnings from the operation of hotels declined.

■ **Overseas Business:** The homebuilding business and master-planned community business in the United States posted significant increases in sales and income. In the multifamily business, one property was sold.

In the overseas business as a whole, sales and income increased due to strong business in the United States, while sales and income decreased in China.

(¥ billion)

	FY2020 (20/2-20/7)		FY2021 (21/2-21/7)			
	Results	Margin	Results	Margin	YOY	
					Amount	%
Net sales	1,167.9		1,223.6		55.6	4.8%
Built-to-Order	493.9		487.2		(6.7)	(1.4%)
Supplied Housing	346.0		371.1		25.1	7.3%
Development	151.1		178.2		27.1	18.0%
Overseas	140.5		149.5		8.9	6.4%
Gross profit	230.4	19.7%	252.7	20.7%	22.2	9.7%
Built-to-Order	101.8	20.6%	112.1	23.0%	10.3	10.1%
Supplied Housing	63.8	18.5%	72.6	19.6%	8.8	13.8%
Development	31.4	20.8%	30.9	17.4%	(0.4)	(1.4%)
Overseas	31.0	22.1%	34.1	22.8%	3.0	10.0%
SG&A	137.8		143.0		5.2	3.8%
Operating income	92.6	7.9%	109.6	9.0%	17.0	18.4%
Built-to-Order	48.3	9.8%	57.9	11.9%	9.5	19.7%
Supplied Housing	32.5	9.4%	39.8	10.7%	7.2	22.4%
Development	19.2	12.7%	16.4	9.2%	(2.7)	(14.4%)
Overseas	15.6	11.1%	18.1	12.1%	2.5	16.2%
Non-operating income/expenses	(1.9)		1.6		3.6	—
Ordinary income	90.6	7.8%	111.3	9.1%	20.6	22.8%
Extraordinary income	—		0.7		0.7	—
Extraordinary loss	1.4		0.9		(0.5)	(37.5%)
Profit attributable to owners of parent	59.4	5.1%	72.5	5.9%	13.1	22.1%
EPS (yen)	87.10		106.90			

(Non-operating income/expenses)
 • Equity in earnings (losses) of affiliates: ¥ (0.1 billion) (down ¥1.0 billion YOY)
 • Foreign exchange gain(loss): ¥1.1 billion (up ¥4.5 billion YOY)
 • Interest expenses: ¥1.4 billion (up ¥0.0 billion YOY)

State of Orders

(¥ billion)

Consolidated orders				Order backlog			
FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	YOY		FY2020 (Jan. 31, 2021)	FY2021 2Q (Jul. 31, 2021)	Change	
		Amount	%			Amount	%
1,135.4	1,342.1	206.7	18.2%	1,363.4	1,481.9	118.5	8.7%

2 Financial Position

Consolidated Balance Sheets

(¥ billion)							
(Assets)	FY2020 (Jan. 31, 2021)	FY2021 2Q (Jul. 31, 2021)	Amount changed	(Liabilities and net assets)	FY2020 (Jan. 31, 2021)	FY2021 2Q (Jul. 31, 2021)	Amount changed
Total current assets	1,780.7	1,867.0	86.3	Total current liabilities	835.7	829.0	(6.7)
Real estate for sale *	923.9	1,039.3	115.3	Total long-term liabilities	421.2	435.9	14.7
Total noncurrent assets	845.1	843.6	(1.4)	Total liabilities	1,256.9	1,264.9	7.9
Total assets	2,625.8	2,710.7	84.8	Total net assets	1,368.8	1,445.7	76.8
				Total liabilities and net assets	2,625.8	2,710.7	84.8

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

[Main factors of change]

- Assets: Accounts receivable from completed construction contracts decreased.
Real estate for sale increased. (including the impact of exchange rate fluctuations of ¥41.0 billion)
- Liabilities and net assets: Interest-bearing debts increased, including the impact of exchange rate fluctuations.
Translation adjustments increased.

Real estate for sale by segment

Houses for sale: ¥136.3 billion (As of Jan. 31, 2021: ¥120.8 billion) Condominiums: ¥166.9 billion (As of Jan. 31, 2021: ¥146.4 billion)

Urban redevelopment: ¥53.1 billion (As of Jan. 31, 2021: ¥46.9 billion) Overseas: ¥682.8 billion (As of Jan. 31, 2021: ¥609.7 billion)

State of Interest-bearing Debts

	FY2020 (Jan. 31, 2021)	FY2021 2Q (Jul. 31, 2021)	Amount changed
Interest-bearing debts (¥ billion)	562.9	567.3	4.3
D/E ratio	42.4%	40.5%	(1.9p)
taking into account hybrid bonds	36.3%	34.7%	(1.6p)
Equity ratio	50.5%	51.7%	1.2p

State of Cash Flows

(¥ billion)			
	FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	Amount changed
Net cash provided by (used in) operating activities	39.7	75.4	35.6
Net cash provided by (used in) investing activities	(40.8)	(39.8)	0.9
Free cash flow	(1.0)	35.5	36.6
Net cash provided by (used in) financing activities	(33.2)	(58.8)	(25.6)
Net increase (decrease) in cash and cash equivalents	(39.2)	(9.3)	29.9
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	544.0	593.1	

[Main factors of change]

- (Increase) decrease in inventories: Previous period ¥10.0 billion, Current period: ¥(41.6 billion)
- (Increase) decrease in notes and accounts receivable: Previous period ¥(5.7 billion), Current period: ¥26.5 billion

State of Investment

(¥ billion)				
	FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	Amount changed	FY2021 Full-year plan
Capital expenditures	34.0	47.7	13.7	100.0
Depreciation and amortization	10.4	11.8	1.4	22.0

3 Segment Information

Built-to-Order Business

(¥ billion)

	Net sales			
	FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	YOY	
			Amount	%
Custom detached houses	157.5	167.1	9.5	6.1%
Rental housing	176.3	183.0	6.7	3.8%
Architectural / Civil engineering	160.1	137.0	(23.0)	(14.4%)
Total	493.9	487.2	(6.7)	(1.4%)

Gross margin		
FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	Change
25.0%	26.7%	1.7p
24.0%	25.8%	1.8p
12.5%	14.7%	2.2p
20.6%	23.0%	2.4p

	Operating income			
	FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	YOY	
			Amount	%
Custom detached houses	14.9	20.3	5.4	36.5%
Rental housing	21.8	25.8	4.0	18.5%
Architectural / Civil engineering	11.6	11.7	0.0	0.7%
Total	48.3	57.9	9.5	19.7%

Operating margin		
FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	Change
9.5%	12.2%	2.7p
12.4%	14.1%	1.7p
7.3%	8.6%	1.3p
9.8%	11.9%	2.1p

(¥ billion)

	Orders			
	FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	YOY	
			Amount	%
Custom detached houses	155.3	179.2	23.9	15.4%
Rental housing	178.6	192.7	14.0	7.9%
Architectural / Civil engineering	136.3	157.7	21.4	15.7%
Total	470.2	529.7	59.4	12.6%

Order backlog		
FY2020 (Jan. 31, 2021)	FY2021 2Q (Jul. 31, 2021)	Amount changed
183.2	195.4	12.1
372.7	382.3	9.6
362.4	383.0	20.6
918.4	960.8	42.4

	ASP per building (10 thousand yen)		
	FY2020 (20/2-21/1)	FY2021 (21/2-21/7)	Amount changed
Custom detached houses	4,138	4,153	15
Rental housing	11,796	12,500	704

- Custom detached houses business
Ratio of Green First Zero: 90% (April through July)
Ratio of three- and four-story housing (in value): 9.1%
- Rental housing business
Ratio of three- and four-story housing (in value): 77.9%

Supplied Housing Business

(¥ billion)

	Net sales			
	FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	YOY	
			Amount	%
Remodeling	68.9	79.7	10.7	15.6%
Real estate management fees	277.0	291.4	14.3	5.2%
Total	346.0	371.1	25.1	7.3%

Gross margin		
FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	Change
27.5%	28.5%	1.0p
16.2%	17.2%	1.0p
18.5%	19.6%	1.1p

	Operating income			
	FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	YOY	
			Amount	%
Remodeling	9.7	13.2	3.4	35.4%
Real estate management fees	22.7	26.5	3.8	16.9%
Total	32.5	39.8	7.2	22.4%

Operating margin		
FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	Change
14.2%	16.6%	2.4p
8.2%	9.1%	0.9p
9.4%	10.7%	1.3p

(¥ billion)

	Orders			
	FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	YOY	
			Amount	%
Remodeling	66.5	81.1	14.5	21.8%
Real estate management fees	277.0	291.4	14.3	5.2%
Total	343.6	372.5	28.9	8.4%

Order backlog		
FY2020 (Jan. 31, 2021)	FY2021 2Q (Jul. 31, 2021)	Amount changed
28.5	29.9	1.3
—	—	—
28.5	29.9	1.3

- Real estate management fees business
Number of units under management: 666 thousand
Occupancy ratio: 98.0% (up 0.3p from the end of the previous year)

3 Segment Information

Development Business

(¥ billion)

	Net sales			
	FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	YOY	
			Amount	%
Houses for sale	62.7	86.1	23.4	37.3%
Condominiums	41.7	40.2	(1.5)	(3.7%)
Urban redevelopment	46.5	51.8	5.2	11.3%
Total	151.1	178.2	27.1	18.0%

Gross margin		
FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	Change
18.1%	19.2%	1.1p
20.8%	22.3%	1.5p
24.5%	10.6%	(13.9p)
20.8%	17.4%	(3.4p)

	Operating income			
	FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	YOY	
			Amount	%
Houses for sale	3.6	6.8	3.2	88.9%
Condominiums	6.0	5.9	(0.0)	(1.4%)
Urban redevelopment	9.5	3.6	(5.9)	(61.8%)
Total	19.2	16.4	(2.7)	(14.4%)

Operating margin		
FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	Amount changed
5.8%	7.9%	2.1p
14.5%	14.8%	0.3p
20.5%	7.1%	(13.4p)
12.7%	9.2%	(3.5p)

(¥ billion)

	Orders			
	FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	YOY	
			Amount	%
Houses for sale	67.2	102.4	35.2	52.4%
Condominiums	28.2	40.9	12.6	44.9%
Urban redevelopment	33.6	66.5	32.8	97.6%
Total	129.1	209.9	80.7	62.5%

Order backlog		
FY2020 (Jan. 31, 2021)	FY2021 2Q (Jul. 31, 2021)	Amount changed
47.7	63.9	16.2
91.6	92.3	0.6
28.9	43.6	14.7
168.2	199.9	31.6

Urban redevelopment business

Sales from property sales: ¥36.2 billion (Previous period: ¥30.7 billion)

Profit from property sales: ¥5.1 billion (Previous period: ¥8.4 billion)

Overseas Business

(¥ billion)

	FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	YOY	
			Amount	%
Net sales	140.5	149.5	8.9	6.4%
Operating income	15.6	18.1	2.5	16.2%
Orders	160.4	189.6	29.1	18.2%

	FY2020 (20/2-20/7)	FY2021 (21/2-21/7)	Change
Gross margin	22.1%	22.8%	0.7p
Operating margin	11.1%	12.1%	1.0p
Order backlog (¥ billion)	FY2020 (Jan. 31, 2021)	FY2021 2Q (Jul. 31, 2021)	Amount changed
	199.6	239.7	40.1

Overseas Business / Details by country

(¥ billion)

Country	FY2021 (21/2-21/7)				
	Net sales	Operating income	Ordinary income	Orders	Exchange rate(yen)
Australia	19.5	0.1	0.1	29.1	82.72
China	10.0	0.2	1.0	13.6	16.63
U.S.A	119.7	18.3	17.6	146.7	107.74
Singapore *			0.2		80.87
U.K.*			(0.1)		149.21
Other	0.0	(0.5)	(0.5)	0.0	—
Total	149.5	18.1	18.4	189.6	—

FY2021 2Q (Jul. 31, 2021)	
Order backlog	Investment balance
43.6	154.7
51.0	52.5
145.0	494.6
	36.3
	3.4
—	—
239.7	741.6

Country	FY2020 (20/2-20/7)				
	Net sales	Operating income	Ordinary income	Orders	Exchange rate(yen)
Australia	10.0	0.1	0.1	13.6	71.84
China	40.7	6.7	7.8	15.6	15.37
U.S.A	89.6	9.1	9.0	131.1	108.43
Singapore *			1.1		77.84
U.K.*			(0.4)		136.97
Other	0.0	(0.4)	(0.4)	0.0	—
Total	140.5	15.6	17.2	160.4	—

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 (20/2-20/7)					FY2021 (21/2-21/7)				
		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	157.5	14.9	9.5%	25.0%	155.3	167.1	20.3	12.2%	26.7%	179.2
	Rental housing	176.3	21.8	12.4%	24.0%	178.6	183.0	25.8	14.1%	25.8%	192.7
	Architectural / Civil engineering	160.1	11.6	7.3%	12.5%	136.3	137.0	11.7	8.6%	14.7%	157.7
	Subtotal	493.9	48.3	9.8%	20.6%	470.2	487.2	57.9	11.9%	23.0%	529.7
Supplied Housing Business	Remodeling	68.9	9.7	14.2%	27.5%	66.5	79.7	13.2	16.6%	28.5%	81.1
	Real estate management fees	277.0	22.7	8.2%	16.2%	277.0	291.4	26.5	9.1%	17.2%	291.4
	Subtotal	346.0	32.5	9.4%	18.5%	343.6	371.1	39.8	10.7%	19.6%	372.5
Development Business	Houses for sale	62.7	3.6	5.8%	18.1%	67.2	86.1	6.8	7.9%	19.2%	102.4
	Condominiums	41.7	6.0	14.5%	20.8%	28.2	40.2	5.9	14.8%	22.3%	40.9
	Urban redevelopment	46.5	9.5	20.5%	24.5%	33.6	51.8	3.6	7.1%	10.6%	66.5
	Subtotal	151.1	19.2	12.7%	20.8%	129.1	178.2	16.4	9.2%	17.4%	209.9
Overseas Business		140.5	15.6	11.1%	22.1%	160.4	149.5	18.1	12.1%	22.8%	189.6
Other Businesses		36.3	(1.4)	(3.9%)	10.4%	31.8	37.3	(0.5)	(1.6%)	11.9%	40.3
Eliminations and back office		—	(21.6)	—	—	—	—	(22.0)	—	—	—
Total		1,167.9	92.6	7.9%	19.7%	1,135.4	1,223.6	109.6	9.0%	20.7%	1,342.1

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	2,553.0	4.3%
Gross margin	473.5	517.0	9.2%
Operating income	186.5	220.0	18.0%
Ordinary income	184.6	218.0	18.0%
Profit attributable to owners of parent	123.5	148.0	19.8%
EPS (yen)	181.18	218.65	20.7%
ROA	7.3%	8.3%	—
ROE	9.5%	10.7%	—
Dividend per share (yen)	84.00	88.00	4.00
Payout ratio	46.4%	40.2%	—

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	382.0	23.2	6.5%
	Architectural / Civil engineering	302.8	269.0	(33.8)	(11.2%)
	Subtotal	984.9	995.0	10.0	1.0%
Supplied Housing Business	Remodeling	141.0	162.0	20.9	14.8%
	Real estate management fees	557.6	584.0	26.3	4.7%
	Subtotal	698.7	746.0	47.2	6.8%
Development Business	Houses for sale	139.1	172.0	32.8	23.6%
	Condominiums	77.0	91.0	13.9	18.0%
	Urban redevelopment	104.9	103.0	(1.9)	(1.9%)
	Subtotal	321.1	366.0	44.8	13.9%
Overseas Business		370.6	372.3	1.6	0.4%
Other Businesses		71.3	73.7	2.3	3.2%
Total		2,446.9	2,553.0	106.0	4.3%

Orders		(¥ billion)			
		FY2020 (20/2-21/1) Results	FY2021 (Full-Year) (21/2-22/1)		
			Plan	Amount changed	YOY
		322.3	362.0	39.6	12.3%
		354.9	392.0	37.0	10.4%
		278.6	286.0	7.3	2.6%
		955.9	1,040.0	84.0	8.8%
		141.6	162.0	20.3	14.3%
		557.6	584.0	26.3	4.7%
		699.3	746.0	46.6	6.7%
		145.3	189.0	43.6	30.0%
		80.9	87.0	6.0	7.4%
		103.2	89.0	(14.2)	(13.8%)
		329.5	365.0	35.4	10.8%
		347.9	359.7	11.7	3.4%
		69.0	74.0	4.9	7.2%
		2,401.8	2,584.7	182.8	7.6%

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	41.0	8.7	27.2%
	Rental housing	47.0	55.0	7.9	16.9%
	Architectural / Civil engineering	16.0	13.0	(3.0)	(19.0%)
	Subtotal	95.3	109.0	13.6	14.3%
Supplied Housing Business	Remodeling	20.4	27.0	6.5	31.8%
	Real estate management fees	43.8	51.5	7.6	17.4%
	Subtotal	64.3	78.5	14.1	22.0%
Development Business	Houses for sale	7.5	12.5	4.9	64.8%
	Condominiums	8.8	12.5	3.6	41.8%
	Urban redevelopment	16.5	11.0	(5.5)	(33.6%)
	Subtotal	32.9	36.0	3.0	9.2%
Overseas Business		39.7	42.5	2.7	7.0%
Other Businesses		(2.4)	(0.6)	1.8	—
Eliminations and back office		(43.3)	(45.4)	(2.0)	—
Total		186.5	220.0	33.4	18.0%

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%	11.9%	25.6%	26.7%
13.1%	14.4%	24.6%	25.8%
5.3%	4.8%	11.1%	11.5%
9.7%	11.0%	20.8%	22.3%
14.5%	16.7%	27.7%	28.4%
7.9%	8.8%	15.9%	17.0%
9.2%	10.5%	18.3%	19.5%
5.5%	7.3%	17.4%	18.6%
11.4%	13.7%	19.6%	22.5%
15.8%	10.7%	18.9%	13.6%
10.3%	9.8%	18.4%	18.2%
10.7%	11.4%	20.9%	21.0%
(3.5%)	(0.8%)	10.8%	13.0%
—	—	—	—
7.6%	8.6%	19.4%	20.3%

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.