

Sekisui House, Ltd.

Third Quarter of FY2021

(February 1, 2021 through October 31, 2021)

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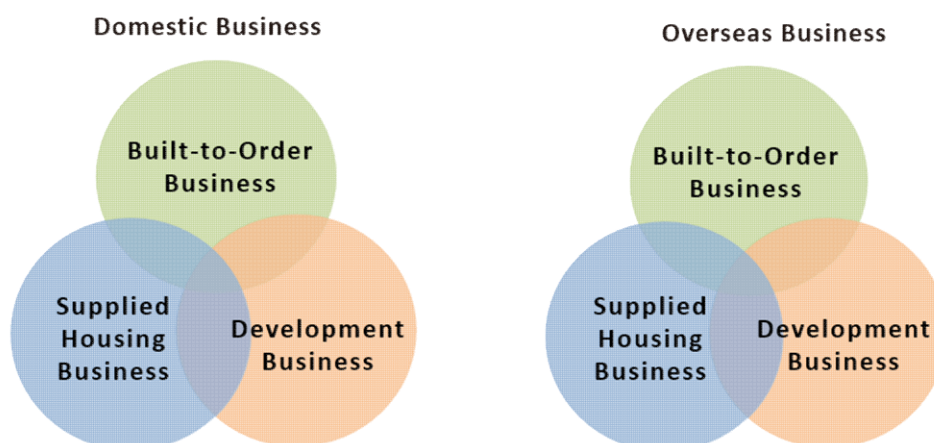
December 9, 2021

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 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

Net sales and operating income hit record highs for the first nine months. We expect to achieve our full-year plan.
Orders received rose year-on-year in all segments, securing a strong order backlog.

Highlights

■ **Built-to-Order Business:** In the custom detached houses business and rental housing business, sales and profit rose, reflecting strong orders received and profit margin improvement achieved despite rising material prices.
Orders received remained strong thanks to the three brand strategies and lifestyle design proposals in the custom detached houses business as well as the promotion of properties for corporate use and ZEH rental housing.
Sales in the architectural/civil engineering business fell, reflecting sales of large projects in the previous fiscal year.

■ **Supplied Housing Business:** In the remodeling business, our strategy has aligned well with changing housing needs, and remodeling sales for both detached houses and rental housing were strong, driving up sales and profits.
The real estate management fees business maintained high occupancy rates and rents thanks to high-quality buildings in good locations and resident-first building management and services, leading to continued stable growth.

■ **Development Business:** In the houses for sales business, sales and orders received increased due to ongoing high-quality land procurement and sales structure reinforcement in response to strong demand.
In the condominiums business, delivery plans progressed as planned, and the profit margin improved. Orders received were strong.
In the urban redevelopment business, property sales advanced steadily, but earnings from hotel operations continued to decline.

■ **Overseas Business:** The homebuilding business and master-planned community business in the United States posted significant increases in sales and profit. Property sales proceeded as planned in the multifamily business.
In Australia, plans proceeded on track, but the business environment remained challenging, reflecting restrained foreign investment and the COVID-19 pandemic.
In China, sales and profit fell, reflecting strong performance in the previous year, but almost all units of all projects sold.

	FY2020 (20/2-20/10)		FY2021 (21/2-21/10)			
	Results	Margin	Results	Margin	YOY	
					Amount	%
Net sales	1,768.8		1,844.8		75.9	4.3%
Built-to-Order	735.0		725.6		(9.4)	(1.3%)
Supplied Housing	514.7		549.1		34.4	6.7%
Development	204.8		273.4		68.6	33.5%
Overseas	263.0		242.9		(20.0)	(7.6%)
Gross profit	342.5	19.4%	383.6	20.8%	41.1	12.0%
Built-to-Order	149.8	20.4%	164.5	22.7%	14.7	9.8%
Supplied Housing	94.2	18.3%	106.3	19.4%	12.0	12.8%
Development	40.7	19.9%	50.5	18.5%	9.7	24.0%
Overseas	54.6	20.8%	58.5	24.1%	3.8	7.1%
SG&A	207.6		215.4		7.7	3.8%
Operating income	134.8	7.6%	168.2	9.1%	33.4	24.8%
Built-to-Order	69.1	9.4%	83.5	11.5%	14.3	20.8%
Supplied Housing	46.6	9.1%	56.7	10.3%	10.0	21.6%
Development	22.9	11.2%	28.8	10.6%	5.9	25.9%
Overseas	30.6	11.6%	34.0	14.0%	3.4	11.2%
Non-operating income/expenses	(3.1)		0.4		3.5	-
Ordinary income	131.6	7.4%	168.6	9.1%	36.9	28.1%
Extraordinary income	3.1		6.0		2.8	90.6%
Extraordinary loss	2.0		1.1		(0.8)	(44.1%)
Profit attributable to owners of parent	88.9	5.0%	115.8	6.3%	26.9	30.3%
EPS (yen)	130.41		171.06			

Non-operating income/expenses
• Equity in earnings (losses) of affiliates: ¥ (0.8 billion) (down ¥1.2 billion YOY)
• Foreign exchange gain(loss): ¥1.2 billion (up ¥5.0 billion YOY)
• Interest expenses: ¥2.2 billion (up ¥0.1 billion YOY)

Extraordinary income
Liquidation of SPC and sale of factory in China business
• Gain on liquidation of subsidiaries and associates: ¥3.0 billion
• Gain on sales of shares of subsidiaries and affiliates: ¥2.2 billion

State of Orders

Consolidated orders				Order backlog			
FY2020 (20/2-20/10)	FY2021 (21/2-21/10)	YOY		FY2020 (Jan. 31, 2021)	FY2021 3Q (Oct. 31, 2021)	Change	
		Amount	%			Amount	%
1,779.0	1,978.5	199.5	11.2%	1,363.4	1,497.1	133.7	9.8%

2 Financial Position

Consolidated Balance Sheets

(¥ billion)

(Assets)	FY2020 (Jan. 31, 2021)	FY2021 3Q (Oct. 31, 2021)	Amount changed	(Liabilities and net assets)	FY2020 (Jan. 31, 2021)	FY2021 3Q (Oct. 31, 2021)	Amount changed
Total current assets	1,780.7	1,895.5	114.8	Total current liabilities	835.7	858.3	22.5
Real estate for sale *	923.9	1,051.8	127.9	Total long-term liabilities	421.2	436.3	15.1
Total noncurrent assets	845.1	855.3	10.1	Total liabilities	1,256.9	1,294.6	37.7
Total assets	2,625.8	2,750.9	125.0	Total net assets	1,368.8	1,456.2	87.3
				Total liabilities and net assets	2,625.8	2,750.9	125.0

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

[Main factors of change]

- Assets: Real estate for sale increased. (including the impact of exchange rate fluctuations of ¥42.4 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: ¥144.2 billion (As of Jan. 31, 2021: ¥120.8 billion) Condominiums: ¥172.7 billion (As of Jan. 31, 2021: ¥146.4 billion)

Urban redevelopment: ¥41.5 billion (As of Jan. 31, 2021: ¥46.9 billion) Overseas: ¥693.2 billion (As of Jan. 31, 2021: ¥609.7 billion)

State of Interest-bearing Debts

	FY2020 (Jan. 31, 2021)	FY2021 3Q (Oct. 31, 2021)	Amount changed
Interest-bearing debts (¥ billion)	562.9	588.4	25.4
D/E ratio	42.4%	41.7%	(0.7p)
taking into account hybrid bonds	36.3%	36.0%	(0.3p)
Equity ratio	50.5%	51.2%	0.7p

State of Cash Flows

(¥ billion)

	FY2020 (20/2-20/10)	FY2021 (21/2-21/10)	Amount changed
Net cash provided by (used in) operating activities	70.4	107.4	37.0
Net cash provided by (used in) investing activities	(66.4)	(56.8)	9.5
Free cash flow	4.0	50.6	46.6
Net cash provided by (used in) financing activities	(64.3)	(71.2)	(6.9)
Net increase (decrease) in cash and cash equivalents	(63.8)	(5.8)	57.9
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	519.4	596.5	

[Main factors of change]

- (Increase) decrease in inventories: Previous period ¥20.2 billion, Current period: ¥(60.8 billion)
- (Increase) decrease in notes and accounts receivable: Previous period ¥(15.9 billion), Current period: ¥24.2 billion

State of Investment

(¥ billion)

	FY2020 (20/2-20/10)	FY2021 (21/2-21/10)	Amount changed	FY2021 Full-year plan
Capital expenditures	65.1	67.3	2.2	100.0
Depreciation and amortization	16.0	17.8	1.8	22.0

3 Segment Information

Built-to-Order Business

(¥ billion)

	Net sales			
	FY2020 (20/2-20/10)	FY2021 (21/2-21/10)	YOY	
			Amount	%
Custom detached houses	235.2	254.8	19.5	8.3%
Rental housing	262.5	276.4	13.9	5.3%
Architectural / Civil engineering	237.2	194.2	(42.9)	(18.1%)
Total	735.0	725.6	(9.4)	(1.3%)

Gross margin		
FY2020 (20/2-20/10)	FY2021 (21/2-21/10)	Change
25.1%	26.5%	1.4p
24.1%	25.6%	1.5p
11.6%	13.5%	1.9p
20.4%	22.7%	2.3p

	Operating income			
	FY2020 (20/2-20/10)	FY2021 (21/2-21/10)	YOY	
			Amount	%
Custom detached houses	22.5	30.6	8.1	36.4%
Rental housing	32.3	39.5	7.1	22.2%
Architectural / Civil engineering	14.3	13.3	(0.9)	(6.9%)
Total	69.1	83.5	14.3	20.8%

Operating margin		
FY2020 (20/2-20/10)	FY2021 (21/2-21/10)	Change
9.6%	12.0%	2.4p
12.3%	14.3%	2.0p
6.0%	6.9%	0.9p
9.4%	11.5%	2.1p

(¥ billion)

	Orders			
	FY2020 (20/2-20/10)	FY2021 (21/2-21/10)	YOY	
			Amount	%
Custom detached houses	238.8	270.2	31.3	13.1%
Rental housing	265.1	287.9	22.7	8.6%
Architectural / Civil engineering	222.5	235.7	13.1	5.9%
Total	726.6	793.9	67.3	9.3%

Order backlog		
FY2020 (Jan. 31, 2021)	FY2021 3Q (Oct. 31, 2021)	Amount changed
183.2	198.6	15.3
372.7	384.1	11.4
362.4	403.8	41.4
918.4	986.7	68.2

	ASP per building (10 thousand yen)		
	FY2020 (20/2-21/1)	FY2021 (21/2-21/10)	Amount changed
Custom detached houses	4,138	4,191	53
Rental housing	11,796	12,454	658

■ Custom detached houses business

Ratio of Green First Zero: 89% (April through October)

Ratio of three- and four-story housing (in value): 8.8%

■ Rental housing business

Ratio of three- and four-story housing (in value): 77.7%

Supplied Housing Business

(¥ billion)

	Net sales			
	FY2020 (20/2-20/10)	FY2021 (21/2-21/10)	YOY	
			Amount	%
Remodeling	98.1	111.3	13.1	13.4%
Real estate management fees	416.5	437.8	21.2	5.1%
Total	514.7	549.1	34.4	6.7%

Gross margin		
FY2020 (20/2-20/10)	FY2021 (21/2-21/10)	Change
27.4%	28.3%	0.9p
16.2%	17.1%	0.9p
18.3%	19.4%	1.1p

	Operating income			
	FY2020 (20/2-20/10)	FY2021 (21/2-21/10)	YOY	
			Amount	%
Remodeling	12.9	17.4	4.5	34.8%
Real estate management fees	33.7	39.2	5.5	16.5%
Total	46.6	56.7	10.0	21.6%

Operating margin		
FY2020 (20/2-20/10)	FY2021 (21/2-21/10)	Change
13.2%	15.7%	2.5p
8.1%	9.0%	0.9p
9.1%	10.3%	1.2p

(¥ billion)

	Orders			
	FY2020 (20/2-20/10)	FY2021 (21/2-21/10)	YOY	
			Amount	%
Remodeling	104.7	120.5	15.7	15.1%
Real estate management fees	416.5	437.8	21.2	5.1%
Total	521.3	558.3	37.0	7.1%

Order backlog		
FY2020 (Jan. 31, 2021)	FY2021 3Q (Oct. 31, 2021)	Amount changed
28.5	37.7	9.1
—	—	—
28.5	37.7	9.1

■ Real estate management fees business

Number of units under management: 669 thousand

Occupancy ratio: 98.0% (up 0.3p from the end of the previous year)

3 Segment Information

Development Business

(¥ billion)

	Net sales			
	FY2020	FY2021	YOY	
	(20/2-20/10)	(21/2-21/10)	Amount	%
Houses for sale	94.8	134.8	40.0	42.2%
Condominiums	48.3	51.3	2.9	6.1%
Urban redevelopment	61.5	87.2	25.6	41.7%
Total	204.8	273.4	68.6	33.5%

Gross margin		
FY2020	FY2021	Change
(20/2-20/10)	(21/2-21/10)	
18.2%	18.9%	0.7p
20.4%	22.1%	1.7p
22.1%	15.7%	(6.4p)
19.9%	18.5%	(1.4p)

	Operating income			
	FY2020	FY2021	YOY	
	(20/2-20/10)	(21/2-21/10)	Amount	%
Houses for sale	5.4	10.6	5.1	94.6%
Condominiums	6.4	7.2	0.8	13.5%
Urban redevelopment	11.0	10.9	(0.0)	(0.8%)
Total	22.9	28.8	5.9	25.9%

Operating margin		
FY2020	FY2021	Change
(20/2-20/10)	(21/2-21/10)	
5.8%	7.9%	2.1p
13.2%	14.2%	1.0p
18.0%	12.6%	(5.4p)
11.2%	10.6%	(0.6p)

(¥ billion)

	Orders			
	FY2020	FY2021	YOY	
	(20/2-20/10)	(21/2-21/10)	Amount	%
Houses for sale	109.6	155.1	45.5	41.5%
Condominiums	51.1	60.9	9.8	19.3%
Urban redevelopment	64.4	79.2	14.7	22.9%
Total	225.1	295.3	70.1	31.2%

Order backlog		
FY2020	FY2021 3Q	Amount
(Jan. 31, 2021)	(Oct. 31, 2021)	changed
47.7	67.9	20.2
91.6	101.2	9.6
28.9	20.8	(8.0)
168.2	190.1	21.8

Urban redevelopment business

Sales from property sales: ¥63.6 billion (Previous period: ¥37.7 billion)
Profit from property sales: ¥12.5 billion (Previous period: ¥9.6 billion)

Overseas Business

(¥ billion)

	FY2020	FY2021	YOY	
	(20/2-20/10)	(21/2-21/10)	Amount	%
Net sales	263.0	242.9	(20.0)	(7.6%)
Operating income	30.6	34.0	3.4	11.2%
Orders	259.1	273.2	14.0	5.4%

	FY2020	FY2021	Change
	(20/2-20/10)	(21/2-21/10)	
Gross margin	20.8%	24.1%	3.3p
Operating margin	11.6%	14.0%	2.4p
Order backlog (¥ billion)	FY2020	FY2021 3Q	Amount
	(Jan. 31, 2021)	(Oct. 31, 2021)	changed
	199.6	229.8	30.2

Overseas Business / Details by country

(¥ billion)

Country	FY2021 (21/2-21/10)				
	Net sales	Operating income	Ordinary income	Orders	Exchange rate(yen)
Australia	23.2	(0.4)	(0.4)	45.4	82.05
China	27.1	4.1	5.3	22.3	16.77
U.S.A	192.4	31.2	30.0	205.3	108.55
Singapore *			0.3		81.09
U.K.*			(0.6)		149.89
Other	0.1	(0.8)	(0.7)	0.1	—
Total	242.9	34.0	33.7	273.2	—

FY2021 3Q (Oct. 31, 2021)	
Order backlog	Investment balance
56.1	151.8
42.6	40.2
131.0	517.1
	36.3
	6.2
—	—
229.8	751.6

Country	FY2020 (20/2-20/10)				
	Net sales	Operating income	Ordinary income	Orders	Exchange rate(yen)
Australia	15.1	0.1	0.1	35.0	73.13
China	66.2	11.6	12.9	26.4	15.34
U.S.A	181.5	19.4	19.1	197.5	107.48
Singapore *			1.2		77.61
U.K.*			(0.6)		137.27
Other	0.1	(0.7)	(0.5)	0.1	—
Total	263.0	30.6	32.1	259.1	—

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 (20/2-20/10)					FY2021 (21/2-21/10)				
		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	235.2	22.5	9.6%	25.1%	238.8	254.8	30.6	12.0%	26.5%	270.2
	Rental housing	262.5	32.3	12.3%	24.1%	265.1	276.4	39.5	14.3%	25.6%	287.9
	Architectural / Civil engineering	237.2	14.3	6.0%	11.6%	222.5	194.2	13.3	6.9%	13.5%	235.7
	Subtotal	735.0	69.1	9.4%	20.4%	726.6	725.6	83.5	11.5%	22.7%	793.9
Supplied Housing Business	Remodeling	98.1	12.9	13.2%	27.4%	104.7	111.3	17.4	15.7%	28.3%	120.5
	Real estate management fees	416.5	33.7	8.1%	16.2%	416.5	437.8	39.2	9.0%	17.1%	437.8
	Subtotal	514.7	46.6	9.1%	18.3%	521.3	549.1	56.7	10.3%	19.4%	558.3
Development Business	Houses for sale	94.8	5.4	5.8%	18.2%	109.6	134.8	10.6	7.9%	18.9%	155.1
	Condominiums	48.3	6.4	13.2%	20.4%	51.1	51.3	7.2	14.2%	22.1%	60.9
	Urban redevelopment	61.5	11.0	18.0%	22.1%	64.4	87.2	10.9	12.6%	15.7%	79.2
	Subtotal	204.8	22.9	11.2%	19.9%	225.1	273.4	28.8	10.6%	18.5%	295.3
Overseas Business		263.0	30.6	11.6%	20.8%	259.1	242.9	34.0	14.0%	24.1%	273.2
Other Businesses		51.2	(2.3)	(4.6%)	10.5%	46.6	53.5	(1.2)	(2.3%)	11.8%	57.7
Eliminations and back office		—	(32.2)	—	—	—	—	(33.7)	—	—	—
Total		1,768.8	134.8	7.6%	19.4%	1,779.0	1,844.8	168.2	9.1%	20.8%	1,978.5

<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	2,553.0	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%	—

<Reference> 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.