



News Release

**Notice regarding Determination of Policies on Reorganization of
Sekisui House Construction Companies
(Company-Split and Establishment of a Preparatory Company Associated with
Transition to an Intermediary Holding Company)**

September 7, 2023 – At the meeting of the Board of Directors held today, Sekisui House, Ltd. (the “Company”) determined to reorganize Sekisui House Construction Companies, which is scheduled to be implemented on February 1, 2024, and to establish a company-split preparatory company associated with a transition to an intermediary holding company. As this is a simplified absorption-type company split with wholly-owned subsidiaries of the Company, some details have been omitted from this press release.

I. Purpose of the reorganization

The Sekisui House Construction companies, which are subsidiaries of Sekisui House, comprise a general construction company group engaged in the design, construction, contracting and administration of building construction, civil engineering works and landscaping. As construction companies that perform the foundation work and framing assembly for housing built by the Company, they play an important role in ensuring the quality of the Company’s housing and are central to the Sekisui House Group’s construction capabilities, which are one of its core competencies. They are also helping to expand orders for remodeling to improve seismic resistance and thermal insulation, and for primary contracting for the new construction of such facilities as stores, distribution warehouses and factories.

Enhancing and expanding construction capabilities is an important aspect of the Sekisui House Group’s growth strategy, and as such, the ongoing growth of the Sekisui House Construction group, which is central to said construction capabilities, is essential. The Company has therefore decided to establish an intermediate holding company to oversee the Sekisui House Construction Group and promote business with an eye to business domain expansion. While keeping the Sekisui House Construction companies closely rooted in local communities, this move is aimed at realizing high-quality, safe construction and implementing flexible personnel system reforms while delegating authority to the intermediate holding company and clarifying responsibility to grow the built-to-order business by realizing growth strategy and reinforcing governance.

II. Outline of the reorganization

In the reorganization, Sekisui House Construction Holdings, Ltd. (owned 100% by the Company; the “Company-Split Preparatory Company”) will be established as an intermediary holding company having control over Sekisui House Construction Group and the Company-Split Preparatory Company will absorb the business under the scope of Sekisui House Construction Business Headquarters of the Company (the “Company Split”).



(1) Schedule of the Company Split

| | |
|---|---------------------------------|
| (1) Date of resolution by the Company's Board of Directors to approve the absorption-type company split agreement | Early December 2023 (scheduled) |
| (2) Date of conclusion of the absorption-type company split agreement | Early December 2023 (scheduled) |
| (3) Effective date of the Company Split | February 1, 2024 (scheduled) |

(*) Since the Company Split will be a simplified company split that satisfies the conditions described under Article 784, Paragraph 2 of the Companies Act, no general meeting of shareholders of the Company will be held to approve the absorption-type company split agreement.

(2) Method of the Company Split

The Company Split will be an absorption-type company split with the Company as the splitting company and the Company-Split Preparatory Company as the successor company.

(3) Details of allocation related to the Company Split

At the time of the Company Split, the Company-Split Preparatory Company will issue 1,800 shares of its common stock, all of which will be allocated to the Company.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights

There will be no change in the handling of stock acquisition rights issued by the Company, and the Company has not issued any bonds with stock acquisition rights.

(5) Increase/decrease in capital stock due to the Company Split

There will be no change to the amount of the Company's capital.

(6) Rights and obligations to be assumed by the successor company

Through the Company Split, the Company-Split Preparatory Company which is the successor company will take over the assets, obligations, agreements and other rights and obligations in relation to the business under the scope of Sekisui House Construction Business Headquarters to the extent specified in the absorption-type company split agreement.

(7) Prospects for fulfilling financial obligations

Detailed financial obligations to be assumed by the successor company will be announced as soon as they are determined.

III. Profiles of the parties involved in the Company Split

| | Splitting Company | Successor Company |
|---|--|--|
| ① Name of company | Sekisui House, Ltd. | Sekisui House Construction Holdings, Ltd. |
| ② Location | 1-1-88, Oyodonaka, Kita-ku, Osaka | 1-1-88, Oyodonaka, Kita-ku, Osaka |
| ③ Representative | Yoshihiro Nakai Representative Director President & Executive Director, CEO | To be determined |
| ④ Business description | Contracting of design and construction of pre-engineered houses; sale of houses and residential land; sale, acquisition, brokerage, leasing and management of real estate; remodeling and renovation of houses; and other related businesses | Managing and controlling the Group by holding shares or equity interest |
| ⑤ Capital | 202,854 million yen | 10 million yen |
| ⑥ Establishment | August 1, 1960 | November 1, 2023 |
| ⑦ Total number of shares issued | 662,862,666 shares | 200 shares |
| ⑧ Fiscal period | January 31 | January 31 |
| ⑨ Major shareholders and shareholding ratios (*) | The Master Trust Bank of Japan, Ltd. (Trust account) 17.00% Custody Bank of Japan, Ltd. (Trust account) 6.34% SMBC Nikko Securities Inc. 3.82% Employees' Stockholding 3.14% Sekisui Chemical Co., Ltd. 2.17% | Sekisui House, Ltd. 100% |
| ⑩ Business results and financial position of the last fiscal year | | |
| Fiscal period | Consolidated fiscal year ended January 31, 2023 | — |
| Net assets | 1,667,546 million yen | Since the fiscal year ending January 31, 2024 is the first year of the establishment of Sekisui House Construction Holdings, Ltd., information on the financial situation and results of operations of the immediately preceding fiscal year does not exist. |
| Total assets | 3,007,537 million yen | |
| Book value per share | 2,466.06 yen | |
| Net sales | 2,928,835 million yen | |
| Operating income | 261,489 million yen | |
| Ordinary income | 257,272 million yen | |
| Net income attributable to owners of parent | 184,520 million yen | |
| Net income per share | 276.58 yen | |



(*) Major shareholders and shareholding ratios of the splitting company are as of July 31, 2023. The ratio of shareholding is calculated deducting shares of treasury stock from the total number of shares issued.

IV. Outline of the business Division to be split

(1) Outline of the business division to be split

Business under the scope of Sekisui House Construction Business Headquarters of the Company

(2) Results of the business to be split

No profit-making operations are conducted.

(3) Items and book value of assets and liabilities to be split

Assets: To be determined

Liabilities: To be determined

Details will be disclosed as soon as they are determined.

V. Status after the Company Split

There will be no change to the name, location, representative person, business description, capital, or accounting period of the Company which is the splitting company. The Company-Split Preparatory Company which is the successor company is scheduled to allot 1,800 shares of its common stock to the Company through the Company Split. Although the amount of its capital will increase, details are not yet determined. There will be no change to the name, location, business description or accounting period of the Company-Split Preparatory Company, and its representative person is not yet determined.

VI. Future outlook

The Company Split is anticipated to have an insignificant impact on the Company's consolidated business results because it is reorganization between the Company and its consolidated subsidiary.

*** **

For further information, please contact:

Mr. Atsushi Yoshida

Executive Officer, Head of Investor Relations Department

Sekisui House, Ltd.

Email: info-ir@qz.sekisuihouse.co.jp