

Notice regarding Reorganization of Sekisui House Construction Companies (Company-Split with Consolidated Subsidiaries)

December 7, 2023 – At its meeting held today, the Board of Directors of Sekisui House, Ltd. (the "Company") resolved to perform an absorption-type company split (the "absorption-type company split") with Sekisui House Construction Holdings, Ltd. ("Construction HD", a wholly owned subsidiary the Company established on November 1, 2023), with February 1, 2024 as the effective date, and concluded an absorption-type company split agreement with Construction HD effective as of the same date in connection with the reorganization of Sekisui House Construction Companies (the "reorganization") the Company had announced in the 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) dated September 7, 2023.

The Company partially omitted disclosure items and disclosure content from this press release because this absorption-type company split is a simplified absorption-type company split involving its wholly owned subsidiaries.

I. Purpose of the reorganization

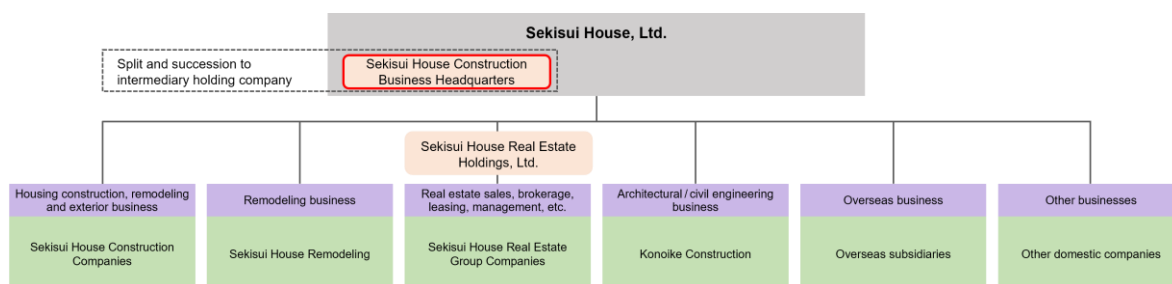
The Sekisui House Construction companies, which are subsidiaries of Sekisui House, comprise a general construction company group engaged in the design, construction, contracting and administration of building construction, civil engineering works and landscaping. As construction companies that perform 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.

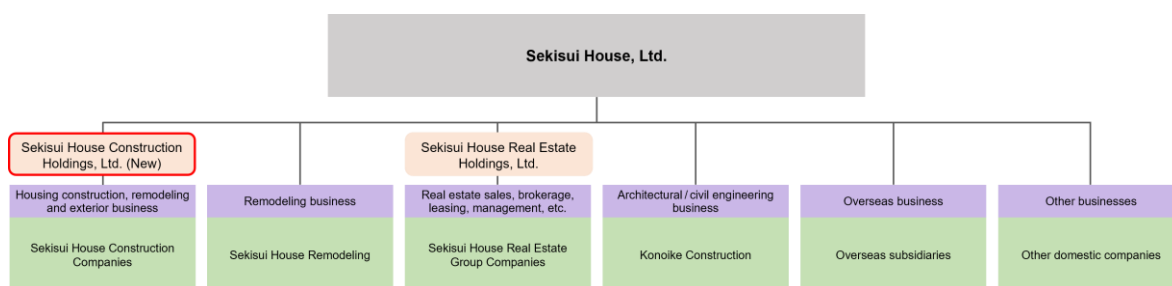


[Organization Chart of Sekisui House Construction Companies]

(Before reorganization)



(After reorganization)



II. Outline of the reorganization

Businesses under the jurisdiction of the Company's Sekisui House Construction Business Headquarters will be transferred to Construction HD through the absorption-type company split.

(1) Outline of the absorption-type company split

(i) Schedule of the absorption-type company split

i)	Date of resolution by the Company's Board of Directors to approve the absorption-type company split agreement (Company)	December 7, 2023
ii)	Date of resolution by the Construction HD's Board of Director to approve the absorption-type company split agreement (Construction HD)	December 7, 2023
iii)	Date of conclusion of the absorption-type company split agreement	December 7, 2023
iv)	Date of the general meeting of shareholders to approve the absorption-type company split agreement (Construction HD)	January 26, 2024 (scheduled)
v)	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.



(ii) Method of the absorption-type company split

The company split will be an absorption-type company split with the Company as the splitting company and the Construction HD, the Company's wholly subsidiary, as the successor company.

(iii) Details of allocation related to the company split

At the time of the company split, Construction HD will issue 1,800 shares of its common stock, all of which will be allocated to the Company.

(iv) 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.

(v) Increase/decrease in capital stock due to the absorption-type company split

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

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

Construction HD will take over assets, agreements, other rights and obligations, and the like in connection with businesses under the jurisdiction of the Company's Sekisui House Construction Business Headquarters within a scope prescribed in the absorption-type company split agreement dated December 7, 2023.

(vii) Prospects for fulfilling financial obligations

There is no problem with the fulfillment of financial obligations in the company split because the Company assumes obligations not releasing an obligator.

(2) Profiles of the parties involved in the company split

	Splitting Company	Successor Company
i) Name of company	Sekisui House, Ltd.	Sekisui House Construction Holdings, Ltd.
ii) Location	1-1-88, Oyodonaka, Kita-ku, Osaka	1-1-88, Oyodonaka, Kita-ku, Osaka
iii) Representative	Yoshihiro Nakai Representative Director President & Executive Officer, CEO	Yasushi Omura (*1) President & Representative Director
iv) 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;	Managing and controlling the Group by holding shares or equity interest

	remodeling and renovation of houses; and other related businesses	
v) Capital	202,854 million yen	10 million yen
vi) Establishment	August 1, 1960	November 1, 2023
vii) Total number of shares issued	662,862,666 shares	200 shares
viii) Fiscal period	January 31	January 31
ix) Major shareholders and shareholding ratios (*2)	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%
x) 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	2,466.04 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	

(*1) Yasushi Omura, currently a Managing Officer (Head of Sekisui House Construction Business Headquarters) of the Company.

(*2) 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.

(3) Outline of the business division to be split

(i) Outline of the business division to be split

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

(ii) Results of the business to be split

No profit-making operations are conducted.

(iii) Items and book value of assets to be split



Assets	
Items	Book value
Shares of affiliates and subsidiaries	1.0 billion yen
Other assets	0.7 billion yen
Total	1.8 billion yen

(*) Construction HD will not take over liabilities. The values of assets to be split are prepared on the basis of balance sheets as of October 31, 2023. The actual values of assets to be split will be determined after adjusting the values stated above with increases and decreases in the period through the effective date for the absorption-type company split.

(iv) Status after the absorption-type 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. Construction HD, the succeeding company, will allot 1,800 of its common shares to the Company through the absorption-type company split. As a result, the company's capital will increase by 90 million yen to 100 million yen.

III. Future outlook

The Company Reorganization 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.

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For further information, please contact:

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