

Sekisui House Group

Sixth Mid-Term Management Plan

2023 - 2025



SEKISUI HOUSE

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Happiness

in the Era of the 100-Year

Lifespan



Global Vision

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Phase

1

1960 - 1990

Safety and Security

Phase

2

1990 - 2020

Comfort and Eco-Friendliness

Phase

3

2020 - 2050

Health, Connectedness and Learning

The Sekisui House Global Vision

Make home the happiest place in the world



Propose happiness through the integration of technologies, lifestyle design and services



Become a leading company in ESG management



Make Sekisui House technologies the global de facto standard

Review of the Fifth Mid-Term Management Plan



Global Vision

Review of the Fifth Mid-Term Management Plan

1. Rapid Changes in the External Environment and the Company's Responses
2. Earnings Plan and Results

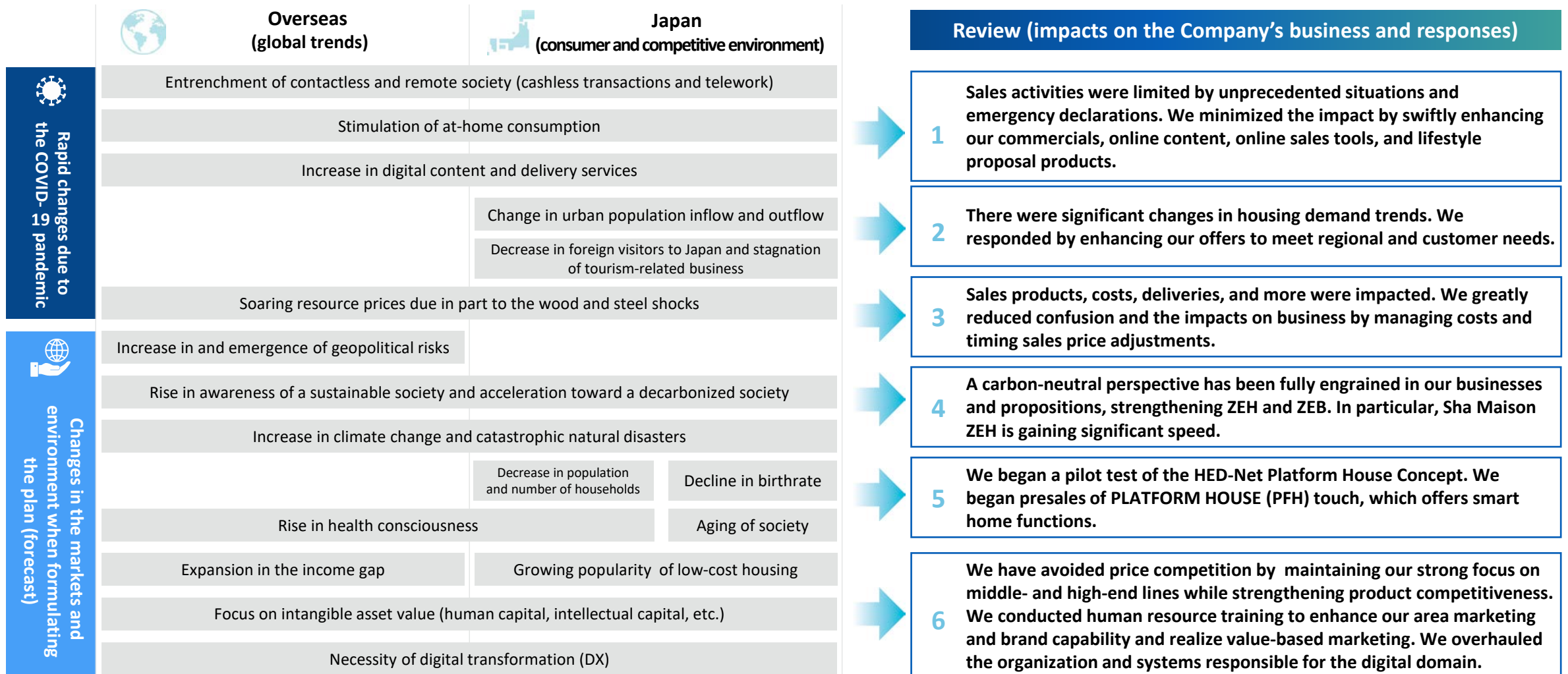
Sixth Mid-Term Management Plan

3. Fundamental Policy
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1. Rapid Changes in the External Environment and the Company's Responses

Although the COVID-19 pandemic had an outsized impact on the Company's business and markets, the Company was able to robustly respond.





2. Earnings Plan and Results

Results in the first year, FY2020, were lower than the plan's original projections due to the effects of the COVID-19 pandemic, but the three-year results significantly outperformed the initial targets.

Each business steadily grew based on the business strategy with the aim of realizing our global vision to make home the happiest place in the world.

■ Fifth Mid-Term Management Plan's earnings plan (when announced in March 2020)

	FY2020	FY2021	FY2022	Total in three years
Net sales	2,585.0	2,578.0	2,700.0	7,863.0
Operating profit	206.0	210.0	220.0	636.0
Ordinary profit	205.0	208.0	219.0	632.0
Profit attributable to owners of parent	137.0	138.0	147.0	422.0
ROE	10.6%	10% or higher		

(Billions of yen)

■ Three-year results

	FY2020	FY2021	FY2022	Total in three years	Compared to the original mid term plan
Net sales	2,446.9	2,589.5	2,928.8	7,965.3	+102.3
Operating profit	186.5	230.1	261.4	678.1	+42.1
Ordinary profit	184.6	230.0	257.2	672.0	+40.0
Profit attributable to owners of parent	123.5	153.9	184.5	461.9	+39.9
ROE	9.5%	11.0%	11.9%	10.8%	+0.8p

Sixth Mid-Term Management Plan



Global Vision

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Changes in the External Environment



Housing and Cities



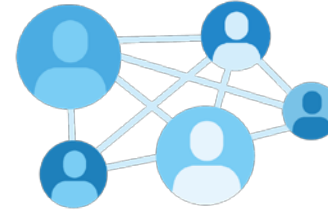
Universal imposition of conformity with energy-saving standards

Acceleration toward compact cities

Shortage of construction workers

Shift to long-life quality housing and the spread of wooden housing equipped with earthquake resistance

Community and Lifestyle



Coming of the era of the 100-year lifespan

Living with COVID-19 and adopting post-COVID-19 norms

Rising health awareness

Decrease in population and number of households

Environment and Resources



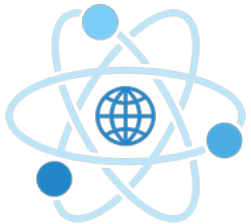
Promotion of carbon neutrality

Conservation of biodiversity

Frequent natural disasters

Promotion of a circular economy

Economics and Distribution



Concerns about geopolitical risks

Soaring resource prices

Rising interest rates and volatile foreign exchange rates

Rising energy costs

Corporations and Labor



Respect for human resource diversity

Support for employee autonomy and career development

Balance between work and child rearing or nursing care

Acceleration of globalization

Technology and Science



Diversification of IT

Advancement of energy storage technologies and shift toward EVs

Upgrading of legacy systems

Application of leading-edge technologies



3. Fundamental Policy

The Sekisui House Global Vision

Make home the happiest place in the world

Propose happiness through the integration of technologies, lifestyle design and services

- ✓ Introducing the “life knit design” concept that interweaves lifestyles
- ✓ Creating value through data-driven DX
- ✓ Offering PLATFORM HOUSE, health services, and lifestyle services

Become a leading company in ESG management

- ✓ Helping solve environmental issues through residences
- ✓ Making employee autonomy a growth driver
- ✓ Innovation and communication

Make Sekisui House technologies the global de facto standard

- ✓ Entering the southeastern United States
- ✓ Expanding the sale of our SHAWOOD products, which leverages safety, comfort, and design
- ✓ Engraining such lifestyle design as our lifestyle proposal capabilities, customer engagement, and brands

Stable Growth in Japan and Proactive Growth Overseas

Utilizing Management Resources and Enhancing Value



Human capital



DX and data



Products and services



Growth investments

Our core competencies

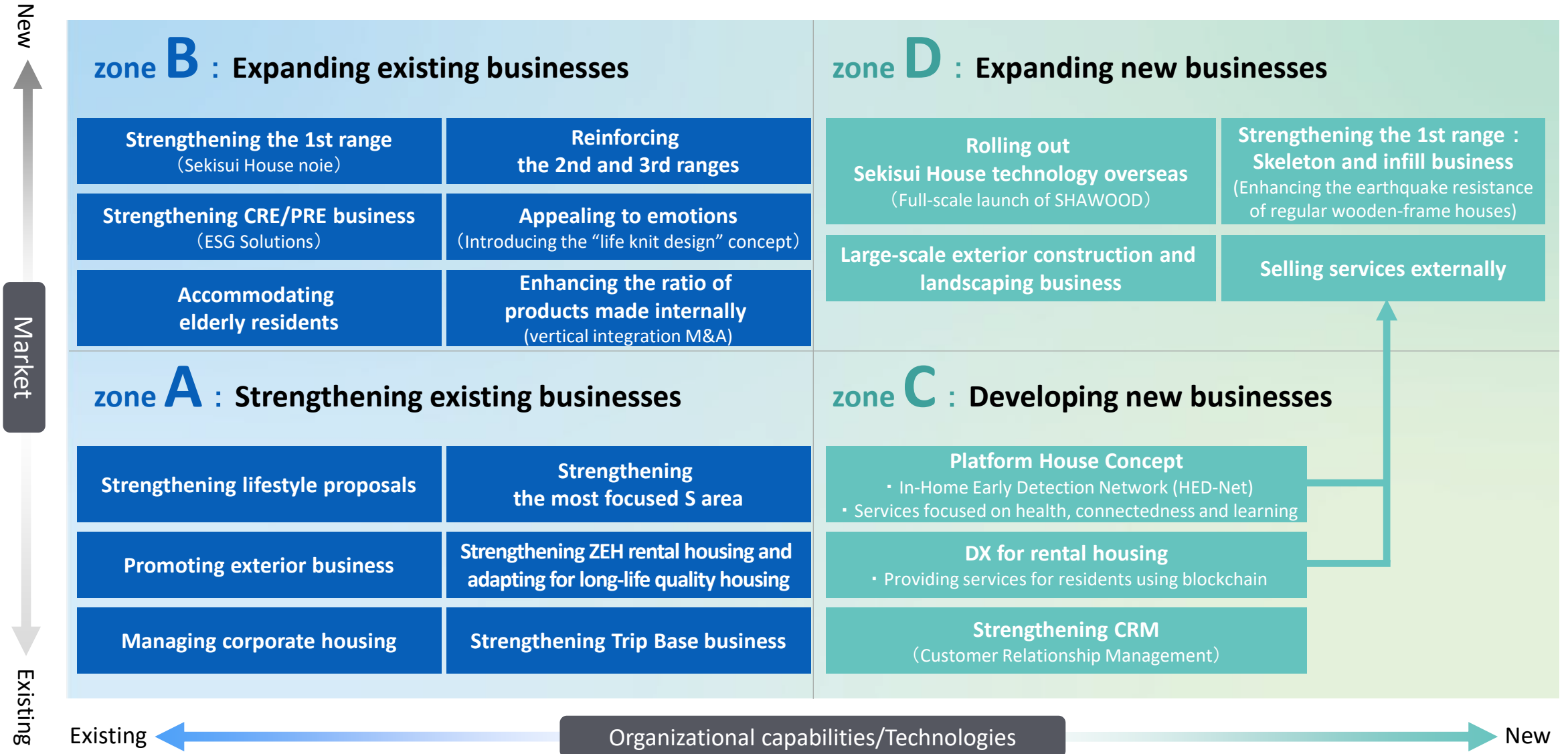
Technical capabilities

Construction capabilities

Customer base



4. Priority Issues | Aiming for Stable Growth in Japan and Proactive Growth Overseas



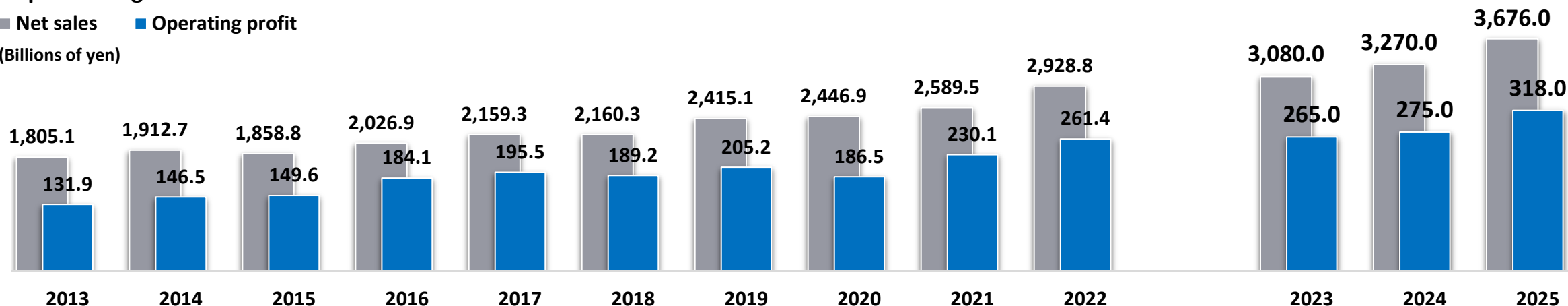
5. Earnings Plan



Aiming for record-high profit for each fiscal year and an operating profit of more than ¥300 billion in the plan's final year through stable growth in Japan and proactive growth overseas

■ Net sales ■ Operating profit

(Billions of yen)



Total in three years

Net Sales
Operating profit

Third Mid-Term Management Plan

initial plan

result

Net Sales	¥5,850.0 billion	¥5,798.5 billion
Operating profit	¥463.0 billion	¥480.4 billion

Fourth Mid-Term Management Plan

initial plan

result

Net Sales	¥6,727.0 billion	¥6,734.8 billion
Operating profit	¥622.0 billion	¥590.0 billion

Fifth Mid-Term Management Plan

initial plan

result

Net Sales	¥7,863.0 billion	¥7,965.3 billion
Operating profit	¥636.0 billion	¥678.1 billion

Sixth Mid-Term Management Plan

Sixth Mid-Term Management Plan

FY2023

FY2024

FY2025

Total in three years

Net sales	¥3,080.0 billion	¥3,270.0 billion	¥3,676.0 billion	¥10,026.0 billion
Operating profit	¥265.0 billion	¥275.0 billion	¥318.0 billion	¥858.0 billion
Ordinary profit	¥259.0 billion	¥269.0 billion	¥311.0 billion	¥839.0 billion
Profit attributable to owners of parent	¥193.0 billion	¥196.0 billion	¥214.0 billion	¥603.0 billion
ROE	11.6%	Steadily 11% or higher		





Business Segments

We will introduce management methods for each individual business to further enhance the link between the business strategy and organization and enhance capital efficiency. We will review the composition of segments.

Old (– FY2022)		New (FY2023 –)	Overview	Main companies
Built-to-order		Built-to-order		
Custom detached houses	(1) 	Detached houses	Sales of built-to-order and built-for-sale houses (including exteriors)	Sekisui House* Sekisui House noie
Rental housing		Rental housing and commercial buildings	Contracting and selling rental housing (Sha Maison) and commercial and office buildings (including exteriors)	Sekisui House*
Architectural/civil engineering		Architectural/civil engineering	Design and construction of conventionally built structures Design and construction for civil engineering	Konoike Construction Group
Supplied housing		Supplied housing		
Real estate management fees	(2) 	Rental housing management	Leasing and management operations for rental housing (Sha Maison)	Sekisui House Real Estate Group
Remodeling		Remodeling	Remodeling of housing built by the Company (detached houses and rentals) Remodeling of properties in general	Sekisui House Remodeling* Sekisui House Real Estate Group*
Development		Development		
Houses for sale	(3) (4) 	Real estate and brokerage	Brokerage and sales of land for housing and existing homes Brokerage and sales of real estate (land, buildings) for profit	Sekisui House Sekisui House Real Estate Group
Condominiums		Condominiums	Development, sales and management of condominiums	Sekisui House - Affiliate subsidiaries
Urban redevelopment		Urban redevelopment	Development and management of hotels and other properties, mainly in urban areas /Regional Trip Base	Sekisui House - Affiliate subsidiaries
Overseas		Overseas		Overseas subsidiaries
Other businesses	(5)	Other businesses		Domestic subsidiaries

- (1) Architectural/civil engineering:
- (2) Real estate management fees:
- (3) Houses for sale:
- (4) Condominiums, Urban redevelopment:
- (5) Other businesses:

- ① Changed Sekisui House’s built-to-order business to “rental housing and commercial buildings” ② No change of Konoike Construction’s built-to-order business from “architectural/civil engineering business”
- ① Changed the rental housing management business to “rental housing management” ② Brokerage business changed to “real estate and brokerage”
- ① Changed the building business to “detached houses” ② Changed the land business to “real estate and brokerage”
- The real estate business handled by the Sekisui House Real Estate Group became “real estate and brokerage.”
- Changed exteriors to “detached houses” and “rental housing and commercial buildings” depending on the building applications

* Including Sekisui House Construction companies as a subcontractor



Breakdown by Business Segment

(Billions of yen)

Business Segment	FY2023			FY2024			FY2025		
	Net sales	Operating profit	Operating profit margin	Net sales	Operating profit	Operating profit margin	Net sales	Operating profit	Operating profit margin
Built-to-order	1,290.0	136.0	10.5%	1,336.0	146.5	11.0%	1,368.0	154.5	11.3%
Detached houses	482.0	44.0	9.1%	487.0	47.0	9.7%	495.0	51.0	10.3%
Rental housing and commercial buildings	535.0	82.0	15.3%	558.0	86.0	15.4%	577.0	89.0	15.4%
Architectural/civil engineering	273.0	10.0	3.7%	291.0	13.5	4.6%	296.0	14.5	4.9%
Supplied housing	817.0	73.0	8.9%	845.0	78.0	9.2%	882.0	83.0	9.4%
Rental housing management	638.0	49.0	7.7%	657.0	51.0	7.8%	682.0	53.0	7.8%
Remodeling	179.0	24.0	13.4%	188.0	27.0	14.4%	200.0	30.0	15.0%
Development	513.0	57.0	11.1%	487.0	44.5	9.1%	522.0	47.5	9.1%
Real estate and brokerage	279.0	23.0	8.2%	296.0	25.5	8.6%	332.0	28.5	8.6%
Condominiums	110.0	16.0	14.5%	95.0	11.0	11.6%	100.0	12.0	12.0%
Urban redevelopment	124.0	18.0	14.5%	96.0	8.0	8.3%	90.0	7.0	7.8%
Overseas business	482.5	49.0	10.2%	630.6	54.7	8.7%	927.0	93.0	10.0%
Other businesses	11.0	1.0	9.1%	12.0	1.0	8.3%	12.0	1.0	8.3%
Eliminations and back office	(33.5)	(51.0)	-	(40.6)	(49.7)	-	(35.0)	(61.0)	-
Total	3,080.0	265.0	8.6%	3,270.0	275.0	8.4%	3,676.0	318.0	8.7%

6. Business Strategy by segment

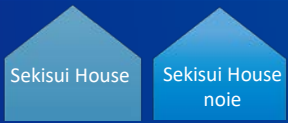




Built-to-Order Business | Detached Houses

Business Policy and Strategy

Strengthening our detached house brands by enhancing our strategies for each price range



Enhancing our three-brand strategy

1st Range

- Creating packages for and strengthening the online presence of Sekisui House noie
- Began a skeleton and infill business (joint construction) with partner companies

2nd and 3rd Range

- Strengthening our product lineup + design capabilities + proposal capabilities
- Investing management resources in strengthening services for high-priced properties
- Strengthening our ability to acquire land for housing

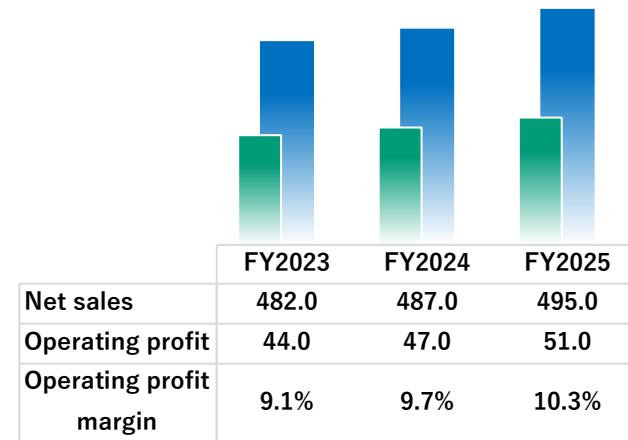
Promoting CRM* strategy

- Strengthening the utilization of digital technology in sales processes and customer relationship development
- Utilizing various types of data aimed at scientific sales management

Integrating our technologies, lifestyle design and services

- Striving to evolve product technologies, enhance lifestyle design proposals and engrain services centered on Suite Concier
- Supplying beautiful buildings that appeal to people's emotions

■ Net sales ■ Operating profit (Billions of yen)



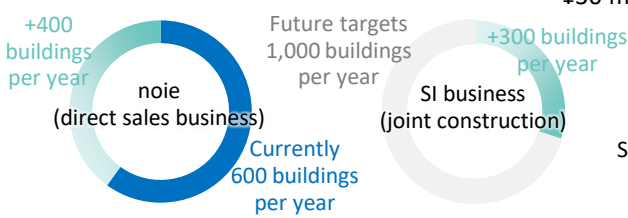
1st Range ¥30 million



2nd Range



3rd Range ¥50 million

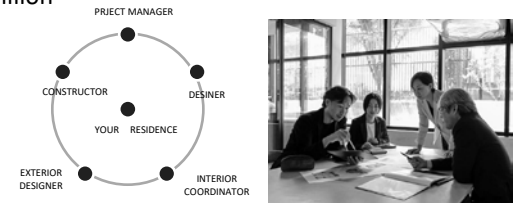


Establishing a system capable of selling 1,000 units per year in FY2025 by strengthening sales and products

Externally transplanting SHAWOOD technologies Aiming to supply 300 buildings in FY2025



Aiming to increase cumulative orders 10% during the Sixth Mid-Term Management Plan period by offering integrated proposals of technologies, lifestyle design and services



The DESIGN OFFICE team, which comprises experts in various fields, uncompromisingly provides totally unique residence proposals

- Human capital**
 - Strengthening management personnel
 - Strengthening exterior design personnel
- DX and data**
 - Creating value utilizing customer data (CRM)
 - Visualizing and analyzing sales activities and productivity
- Products and services**
 - Developing elemental housing technologies indispensable to realizing lifestyle design and services
- Growth investments**
 - DX to strengthen customer relations
 - Supporting self-directed career development

15 * Customer Relationship Management (CRM): Management systems and methods that aim to build and maintain good customer relations, create value and enhance earnings by centrally managing data gained from customers and utilizing it in a timely and appropriate manner.

Highlight 1 | Strengthening 1st Range, Skeleton and Infill business (joint construction initiatives)

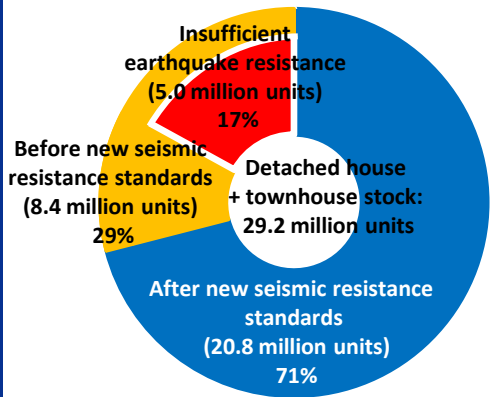
Addressing social issues related to “housing”

Sekisui House’s **Mission**

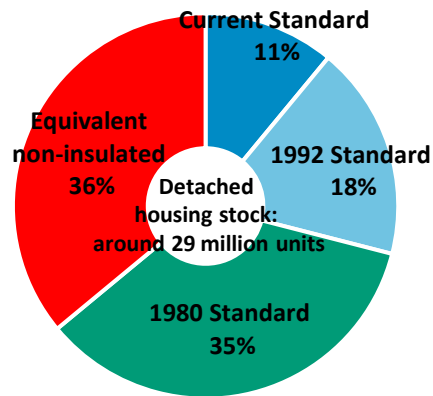
Pursuing evolution in the performance of wooden-framed houses and creating high-quality housing stock in Japan

Background | State of Housing Stock in Japan

- ❑ **Seismic resistance:** 30% of existing detached houses do not meet seismic resistance standards, and 17% are deemed to have insufficient seismic resistance.
- ❑ **Insulation:** Only 11% of the housing stock meets current energy conservation standards.



- Chart 1 -



- Chart 2 -

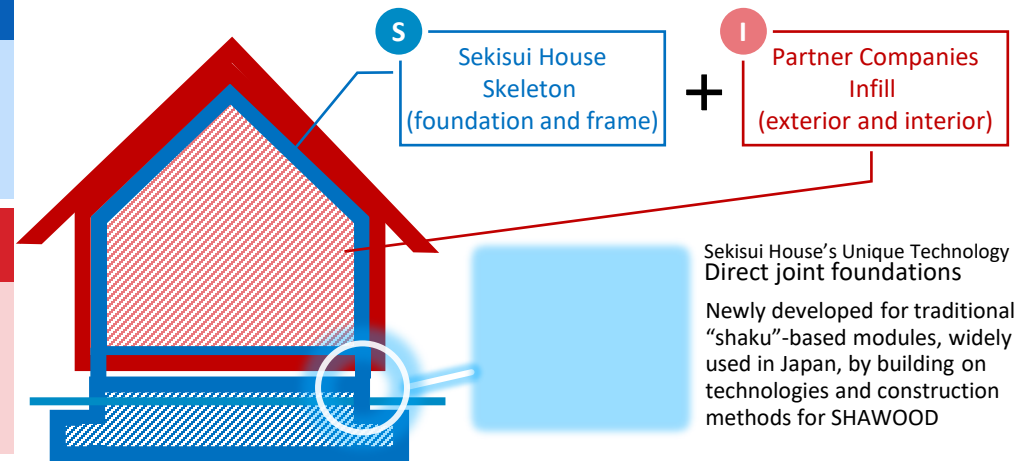
(Source)
 Chart1 : Compiled by the Company from the 2018 Housing and Land Survey’s basic data on houses and households
 Chart2 : Study Group on Energy Efficiency Measures, etc. in Housing and Buildings toward a Decarbonized Society
 Calculated and created by the Company from Material 4 prepared via the 5th meeting of the Study Group

Joint Construction Business Model Leveraging Mutual Strengths

- ❑ Rolling out an SI* business that integrates the strengths of the Company and local builders
- ❑ Creating high-quality housing stock centered on new wooden-frame building methods that utilize Sekisui House’s technical capabilities and various types of support that utilize its comprehensive strengths

*Skeleton and Infill (SI): A construction method involving clearly distinct building skeletons (building frames) and infill (interiors, room layouts, etc.)

Responsible construction undertaken by the Sekisui House Group
<ul style="list-style-type: none"> ✓ Installing Sekisui House’s technologies ✓ Construction by and quality of Sekisui House Construction companies ✓ Various types of support from Sekisui House
Regional strategies of partner companies
<ul style="list-style-type: none"> ✓ Proposals based on local characteristics ✓ Strong procurement and sales capabilities in local areas ✓ Customer engagement rooted in local communities



Working to make Japan’s houses more resilient in conjunction with the revision of the fourth exception* and the universal imposition of insulation grade 4 conformity

FY2025 target: 300 units = The combined total number of housing units to be supplied by multiple partner companies (approximately 3,000 units/year) × The ratio of units utilizing the SI business approach (10%)

* Fourth exception: A rule that allows partial exemption of building inspections under certain circumstances based on part four of Article 6 of the Building Standard Law. This exception is scheduled for review in 2025.

Highlight 2 | Strengthening Design Capabilities



life knit design

Plan to release in end of June 2023

Design Concept for Housing where Attachment Keeps Growing over Time

Creating high-quality housing stock by providing houses where attachment keeps growing



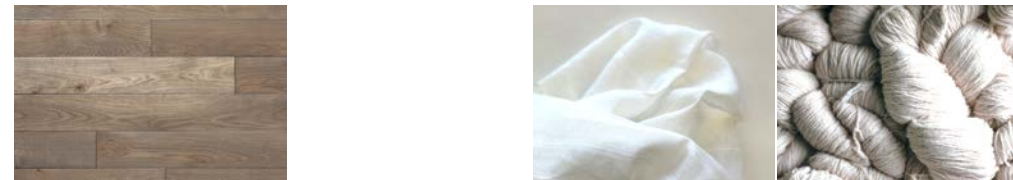
Komazawa Exhibition Hall incorporating the life knit design concept

Point #1 Designing spaces with universal beauty that reflects emotions



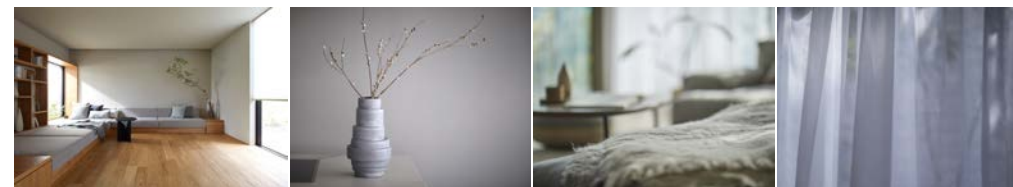
Space proposals starting from six emotions

Point #2 Providing materials with genuine quality that enhances tastes over the passage of time



Designing spaces with universal beauty that reflects emotions

Point #3 Selecting eco-friendly materials



Selecting materials to secure high-quality housing stock for future generations



Built-to-Order Business | Rental Housing and Commercial Buildings



Business Policy and Strategy

Striving to supply high value-added properties based on area strategy and enhancing the Sha Maison brand

Strengthening area marketing

Price leader strategy

- Accumulating and analyzing accurate data regarding the rental housing market through organizational area work
- Proposing added value bolstered by our own data
- Cultivating brand value that dominates competitors by building up our supply of properties that drive the market

High value-added Sha Maison

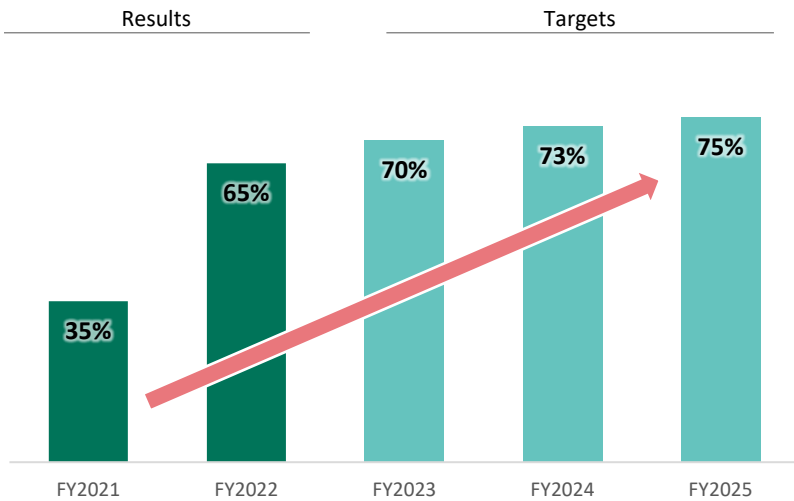
- Differentiating from competitors by realizing ZEH through the sale of residents' excess electricity
- Adapting to three- and four-story long-life quality housing properties under the beta (β) brand
- Supplying a flagship model equipped with beautiful interiors and exteriors for high-level rental management

Strengthening CRE* and PRE* businesses

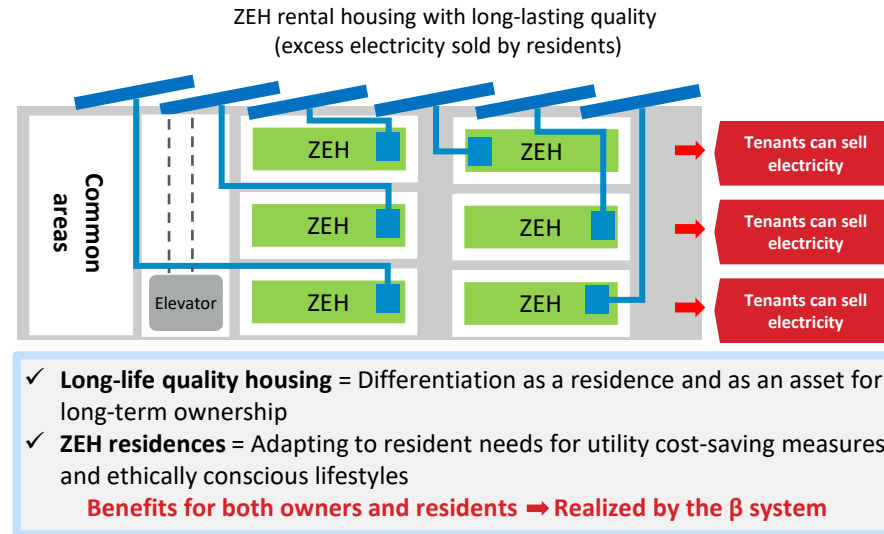
- Training specialists to handle corporate and public business
- Strengthening the acquisition of land to increase properties capable of generating profit
- Strengthening ESG solution proposals to utilize vacant land

* CRE: Corporate real estate; PRE: Public real estate

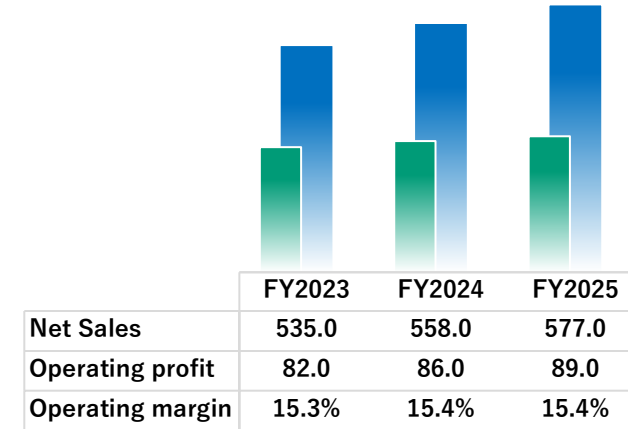
Further promoting Sha Maison ZEH



Acquiring and promoting certifications for long-life quality housing



■ Net sales ■ Operating profit (Billions of yen)



Human capital

- Optimally placing personnel in markets
- Strengthening personnel who can cultivate new sales routes

DX and data

- Constructing unique rental housing market data
- Strengthening our organizational approach to data analysis and utilization

Products and services

- Strengthening the development of products of technologies (Flexible β System) that enable ZEH, ZEB, and long-life quality housing

Growth investments

- Developing new products for the S area
- Funding systems that enhance area analysis and presentations

* Net zero energy house (ZEH): Houses that aim to achieve net zero consumption of primary energy sources by installing energy-efficient, renewable-energy, and other technologies

* Long-life quality housing: Housing certified based on the Act for Promotion of Long-Life Quality Housing and with measures in place to ensure it can be used over the long term in quality conditions



Built-to-Order Business | Architectural/Civil Engineering

Business Policy and Strategy

Konoike Construction

Constructing a stable foundation to create sustainable value for customers and society driven by eco-friendly measures and technical capabilities

[Architectural construction]

Expanding and enhancing our channels for receiving orders

Non-residential

- Expanding growth applications, such as distribution, data centers, medical facilities, and facilities for the elderly
- Strengthening added value proposals, such as ZEB*, wooden-frame non-housing, and renovations
- Matching real estate information

Residential

- Orders for constructing condominiums and rental condominiums

[Civil engineering]

Differentiating through eco-friendly measures and technologies

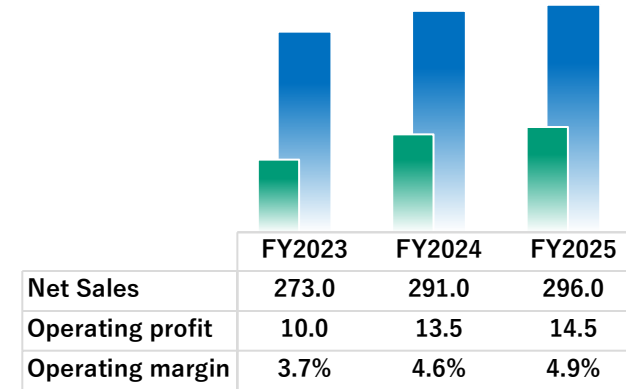
Civil engineering technologies

- Strengthening technological proposals to meet ever-diversifying requests from society and customers
- Renewal of aging infrastructure (roads, shinkansen, linear motion trains)

Environmental solutions

- Further enhancing our technological capabilities and, to this end, taking full advantage of our unique strength in the environment field
- Focusing on locally rooted projects associated with micro-hydroelectric and biomass-fired power generation and striving to secure relevant orders

■ Net sales ■ Operating profit (Billions of yen)



Architectural construction

Residential

- Promoting proposal-based sales to expand the volume of orders for residential applications
- Establishing a collaborative mode of construction involving Sekisui House Construction companies
- Working to streamline the construction process and shorten construction periods by considering the sharing of components developed by Sekisui House and expansion in the scope of their usage

Non-residential

Strengthening our proposal and technological capabilities to win orders for the construction of facilities in which demand is growing (logistics, data centers, medical institutions, facilities for the elderly, etc.)



Civil engineering technologies

Strengthening initiatives in areas with potential for demand growth (e.g., countermeasures against the aging of infrastructure in line with a government policy of enhancing national resilience)



Civil engineering

Environmental solutions

Deepening Konoike's distinctively unique environmental technologies to enable it to win unrivalled presence in the environment field

- Soil and water purification (response to tightened environmental regulations)
- Renewable energy (solar, micro-hydroelectric and biomass)



Ratio of sales from environment-related construction projects to net sales

Sixth Mid-Term Management Plan: 20% → FY2030 : 30%

*Net zero energy building (ZEB): Buildings that aim to achieve net zero consumption of primary energy sources by installing energy-efficient, renewable-energy and other technologies

Human capital

- Initiatives to hire people and pass on skills aimed at maintaining construction capabilities

DX and data

- Building environments that enable the centralized accumulation of data on each operational process and the utilization of such data

Products and services

- Construction proposals based on highly unique environmental measures and construction technologies

Growth investments

- Investing in the development of technologies related to the environment and enhancing productivity
- Joint research aimed at creating Group-wide collaboration effects

Supplied Housing Business | Rental Housing Management



Sekisui House Real Estate

Business Policy and Strategy

Practicing property management that offers enhanced services to owners and tenants

For Owners

Maximizing asset value

Diverse solution proposals

- Earnings improvement proposals: Helping owners enjoy growth in earnings and asset value via the provision of rent pricing assessments in conjunction with delivering remodeling proposals
- Estate planning consultations: Introducing trust services

Strengthening relations with owners

- Increasing opportunities to consult on how to utilize assets and share information on property management in a timely manner

For Tenants

Strengthening services

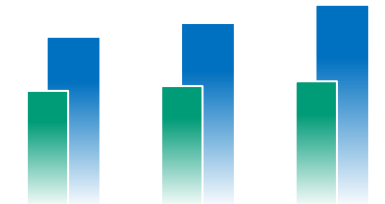
Building services that utilize blockchains

- Building systems to bring various procedures online and enable self-guided property tours
- One-stop handling of procedures when moving in or out of a property, such as those related to utilities and administrative bodies

Centralizing services

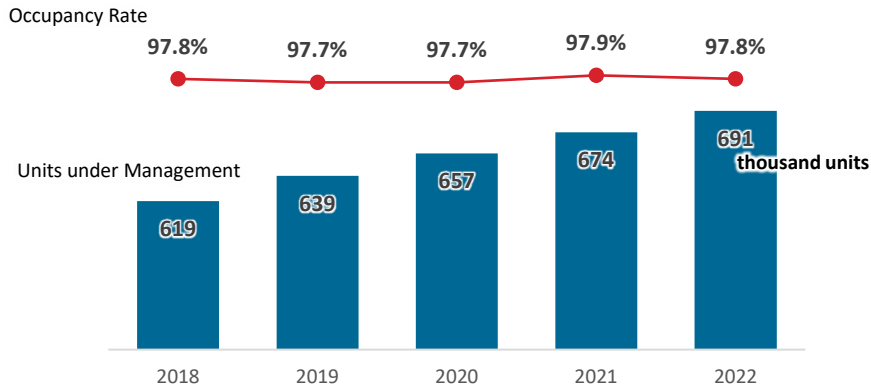
- Centrally handling resident inquiries and applications for services

■ Net sales ■ Operating profit (Billions of yen)



	FY2023	FY2024	FY2025
Net sales	638.0	657.0	682.0
Operating profit	49.0	51.0	53.0
Operating margin	7.7%	7.8%	7.8%

Units under Management and Occupancy Rate



- ✓ A steady increase in the number of units under management thanks to the supply of newly built properties
- ✓ Enhanced value of the Sha Maison brand resulted in a robust occupancy rate

Stable improvement in earnings power

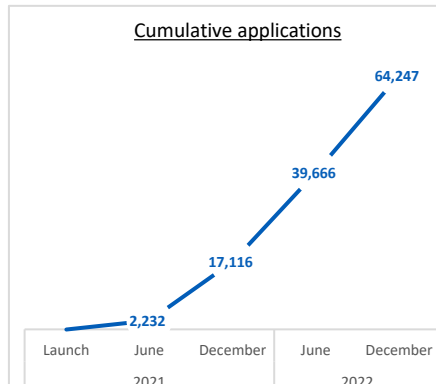
Strengthening tenant services

Building services that use blockchains

One-stop handling of various procedures and applications using the unique traits of blockchains (Nearly half of tenants use these services.)

Centralizing services

Simultaneously strengthening our ability to meet tenant needs and making operations more efficient by cooperating with call centers and centrally managing tenant contacts with an app.



Human capital

- Strengthening systems aimed at securing renovation orders and facilitating collaboration with other businesses

DX and data

- Moving rental operations online
- Enhancing productivity by visualizing sales activities

Products and services

- Tenant services starting from an app

Growth investments

- Investing in DX that enhances productivity

Supplied Housing Business | Remodeling



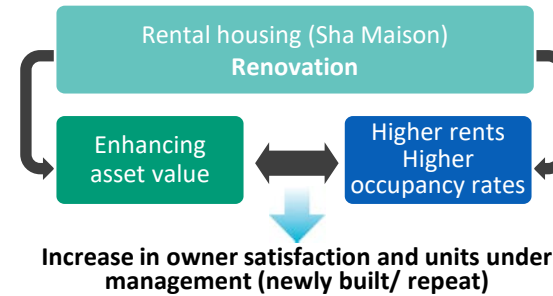
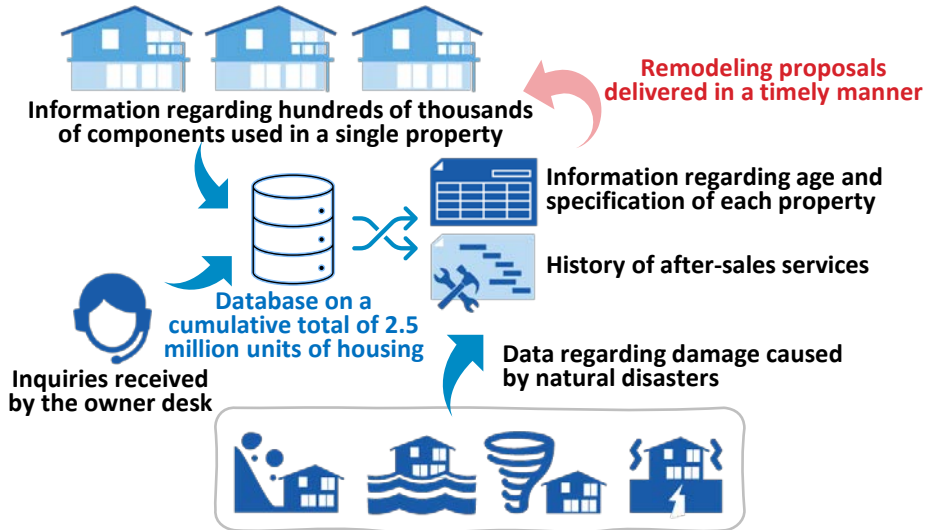
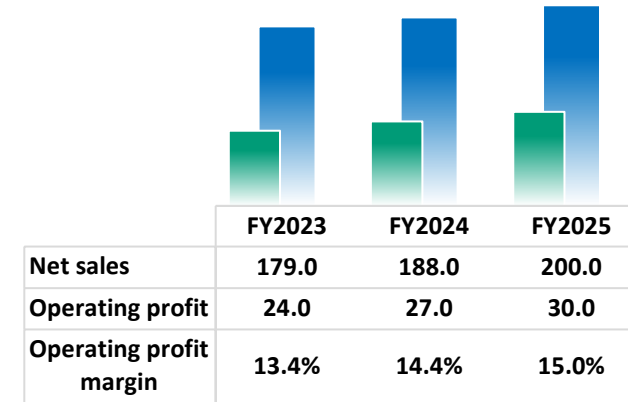
Business Policy and Strategy

Sekisui House Remodeling
Sekisui House Real Estate

Proposals to extend the life of our robust housing stock, backed by our track record in supplying a cumulative total of 2.5 million units, and to enhance its asset value

<p>[Detached Houses]</p> <p>Strengthening large-scale remodeling</p> <p>Proposal-based remodeling</p> <ul style="list-style-type: none"> Renovation proposals to update the ways housing is used in line with changes in family composition and lifestyles Maintenance that aims to enhance the beauty and extend the life of buildings <p>Environment-based remodeling</p> <ul style="list-style-type: none"> Updating existing insulation specifications Installing the latest energy-conserving, energy-producing, and energy-storing equipment 	<p>[Rental Housing]</p> <p>Asset value-enhancing renovation</p> <ul style="list-style-type: none"> Proposing renovations aimed at enhancing the profitability of rental properties Working to increase rents and maintain high occupancy rates by maintaining high-quality residential environments through proposals that meet tenant needs Proposing full renovations (interior, exterior, structural) aimed at maximizing asset value and extending the life of the entire building
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■ Net sales ■ Operating profit (Billions of yen)



<FY2025 Targets>
Percentage of each type of remodeling [monetary basis]
 • Proposal-based remodeling: 45% • Environment-based remodeling: 35%

<FY2025 Targets>
Rental housing renovation
 8,400 units Note: Around 6,000 units in FY2022 (results)

- Human capital**
 - Strengthening training of and increasing personnel in response to rising housing stock
 - Strengthening technical personnel who form the foundation of our proposal capabilities
- DX and data**
 - Enhancing value creation capabilities utilizing digital technologies and data
- Products and services**
 - Developing remodeling products that utilize and develop product know-how related to new buildings
- Growth investments**
 - Increasing personnel and organizational structures through more robust hiring
 - Investing in DX to enhance productivity

Development Business | Real Estate and Brokerage / Condominiums / Urban Redevelopment

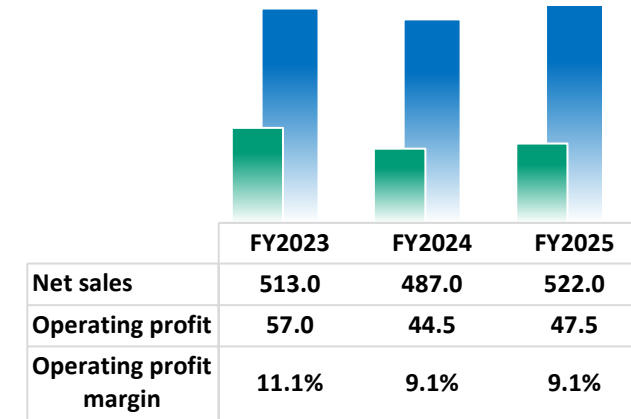


Business Policy and Strategy

Developing cities and rural areas through sophisticated area marketing and investment decisions from a medium- to long-term perspective

Urban redevelopment of four main metro areas	Housing (GRANDE MAISON and Prime Maison) <ul style="list-style-type: none"> Focusing on supplying high asset-value properties that have been rigorously selected based on area-specific needs Supplying land and buildings that enhance brand power, including super high-end properties 	Development business that contributes to regional revitalization	Development of residential land for detached houses (house sales and brokerage) <ul style="list-style-type: none"> Developing beautiful, attractive residential land Working to revitalize existing housing stock through sales brokerage
	Non-residential (offices, hotels, commercial facilities) <ul style="list-style-type: none"> Promoting ZEB by specializing in urban centers and focusing on mid- to large-scale urban developments that will become landmarks 		Regional revitalization facilities <ul style="list-style-type: none"> Regional revitalization-based hotel business focused on Trip Base Upgrading residential environments through collaboration with local municipalities, universities, and public organizations (upgrading facilities, including dorms, parks, medical buildings, nursing care facilities, and welfare facilities)

■ Net sales ■ Operating profit (Billions of yen)



Condominiums	Rental condominiums	Non-residential urban development	Residential land development	Regional revitalization facilities
<p>We strive to enhance the GRANDE MAISON brand in the markets of Tokyo, Nagoya, Osaka, and Fukuoka. Our policy is to acquire high value-added land carefully selected for low-rise to tower buildings and construct condominiums for sale in lots, each outfitted with ZEH specs.</p>	<p>We sell high-grade rental condominiums under the Prime Maison brand, especially in the Tokyo metro area. We recoup our investments through sales to institutional investors, REITs and others after the completed buildings attain stable management. We will accelerate our strategy from acquiring land to exiting.</p>	<p>We operate a large-scale urban redevelopment business that includes office buildings, luxury hotels, and commercial facilities. We will leverage our concepts and know-how as a living environment design company to create properties that will, in turn, become symbols and assets of surrounding communities.</p>	<p>We sell ready-built detached houses and residential land lots after acquiring land in areas around Japan. In addition, we conduct brokerage and resale of existing houses. We supply ready-built detached houses and develop beautiful residential land with high asset value and focus on upgrading green environments and the resale of existing houses.</p>	<p>We utilize land owned by local municipalities, universities, public organizations, and others; promote the Park-PFI business; and implement real estate solutions aimed at solving urban issues, such as those related to medical care, nursing care, and welfare. We will continue to develop Trip Base <i>Michi-no-Eki</i> Stations Project (development of lodging facilities at roadside rest areas).</p>
Short-term assets	Short-term assets	Medium- to long-term assets	Short-term assets Non-assets	Non-assets

Human capital	<ul style="list-style-type: none"> Appropriate placement aligned to each type of area and business type Strengthening expertise in development business
DX and data	<ul style="list-style-type: none"> Utilizing customer data and real estate data to strengthen marketing and make operations more efficient
Products and services	<ul style="list-style-type: none"> Rolling out the product concepts and know-how of built-to-order business model into the development business
Growth investments	<ul style="list-style-type: none"> Investing in building a portfolio that optimizes turn-over periods

Notes: 1. Net zero energy house (ZEH): Houses that aim to achieve net zero consumption of primary energy sources by installing energy-efficient, renewable-energy and other technologies
 2. Net zero energy building (ZEB): Buildings that aim to achieve net zero consumption of primary energy sources by installing energy-efficient, renewable-energy and other technologies

Overseas Business | Overseas Portfolio

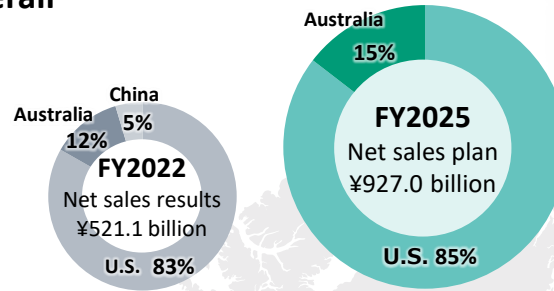


To move from a development business-centered portfolio to one supported by the dual pillars of the development business and the homebuilding business, we will maintain a proactive growth strategy for homebuilding business.

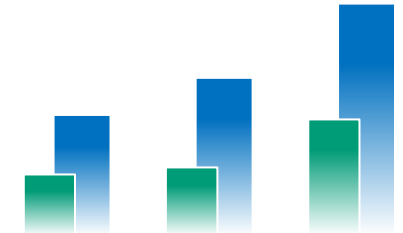
We aim to achieve a **supply of 10,000 units** overseas by 2025 in the homebuilding business in the United States, Australia.

In the development business, we aim to maximize profit and achieve stability by diversifying partners and strengthening alliances with them.

Overall



■ Net sales ■ Operating profit (Billions of yen)



	FY2023	FY2024	FY2025
Net sales	482.5	630.6	927.0
Operating profit	49.0	54.7	93.0
Operating profit margin	10.2%	8.7%	10.0%

UK

Building a base for the homebuilding business with new business partners

U.S.

Homebuilding business: Expanding our area into the southeastern region with the aim of an annual supply of 9,000 units
Among our U.S. operations, the SHAWOOD business has just been launched on a full scale with the aim of an annual supply of 300 units

Multifamily business: Expanding our area into promising area with a collaboration with new partners while being mindful of the investment balance

China

Aiming to end our business in FY2025

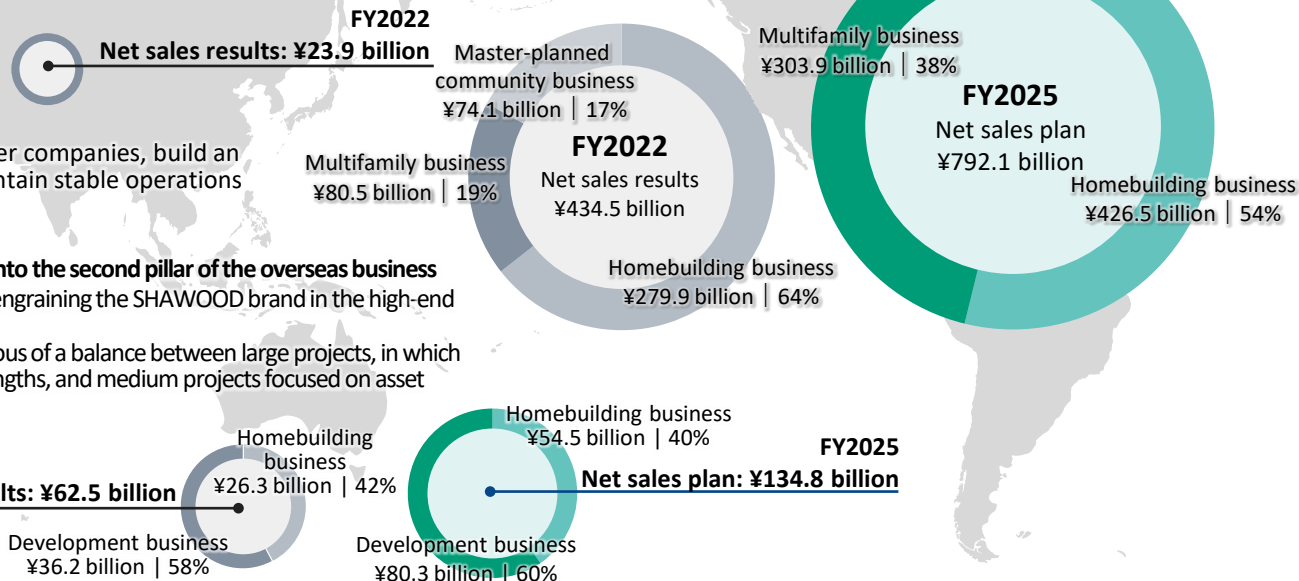
Singapore

We will strengthen alliances with local partner companies, build an optimal business portfolio, and strive to maintain stable operations

Australia

Homebuilding business: Expanding business and engraining the SHAWOOD brand in the high-end market

Development business: Shift to a portfolio conscious of a balance between large projects, in which we can leverage our strengths, and medium projects focused on asset turnover



Human capital

- Strengthening global management personnel responsible for managing overseas subsidiaries

DX and data

- Customer relationship management (CRM) and research of latent needs in various countries

Products and services

- The Center for Global Product Design and Development, an organization tasked with transferring technologies cultivated in Japan, provides a robust structure for supporting local operations

Growth investments

- Aggressive investment focused on growing housing markets overseas

Overseas Business | U.S. (Homebuilding business, Master-planned community business)

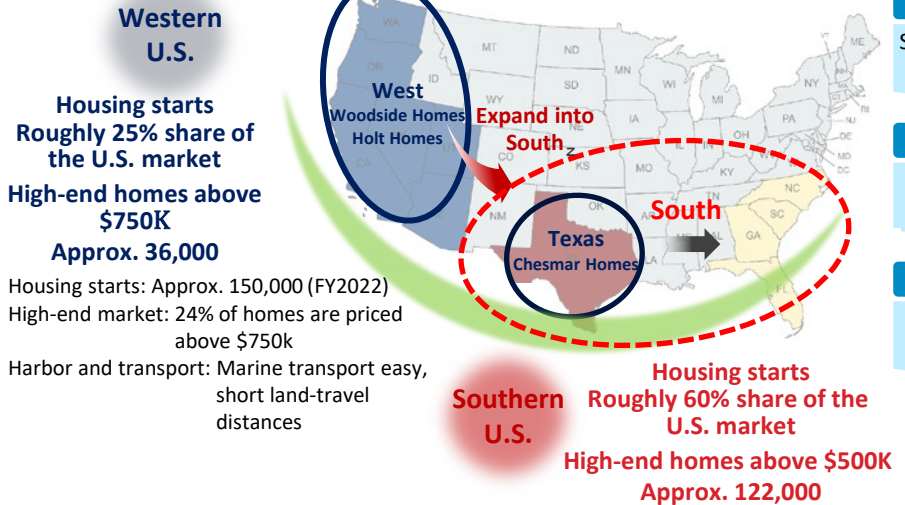
Business Policy and Strategy

Expanding our sales area through M&A and comprehensively promoting the transfer of technologies, including product and lifestyle proposals

Builders M&A	Strengthening governance for the Group's builders	Technology transfer	Transferring Sekisui House technologies
	<ul style="list-style-type: none"> Cultivating markets through Woodside Homes, Holt Homes, and Chesmar Homes 		<ul style="list-style-type: none"> Engraining customer approach and brand loyalty through data analysis and the development of lifestyle proposal products
	Proactively promoting intragroup collaboration		Expanding our own brand (SHAWOOD)
	<ul style="list-style-type: none"> Promoting housing sales within communities being developed by the Company 		<ul style="list-style-type: none"> Establishing market competitiveness through unique value proposals leveraging safety, comfort, and design
	Entering the southeastern United States through M&A		
	<ul style="list-style-type: none"> Securing new platforms in Florida, Georgia, North Carolina and South Carolina 		

	FY2023	FY2024	FY2025
Homebuilding business			
Net sales	265.1	348.0	426.5
Operating profit	14.3	25.6	36.1
Operating profit margin	5.4%	7.4%	8.5%
Master-planned community business			
Net sales	56.8	60.6	61.7
Operating profit	10.0	10.2	11.5
Operating profit margin	17.6%	16.8%	18.6%

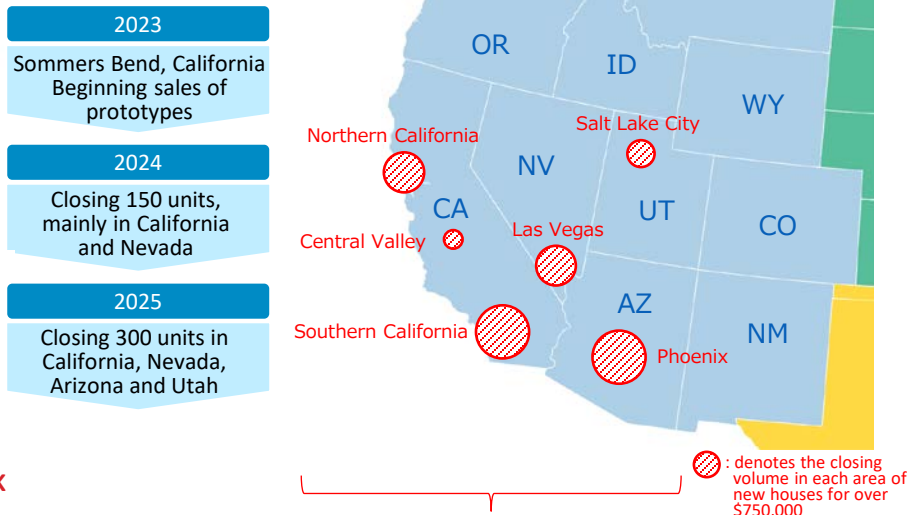
Entering the southeastern U.S. through M&A



Housing starts: Approx. 150,000 (FY2022)
 High-end market: 24% of homes are priced above \$750k
 Harbor and transport: Marine transport easy, short land-travel distances

Housing starts: Approx. 394,000 (FY2022)
 High-end market: 31% of homes are priced above \$500k
 Harbor and transport: Marine transport easy, SHAWOOD business also feasible

Technology transfer and expansion of SHAWOOD



- 2023**
Sommers Bend, California
Beginning sales of prototypes
- 2024**
Closing 150 units, mainly in California and Nevada
- 2025**
Closing 300 units in California, Nevada, Arizona and Utah

Expanding SHAWOOD mainly in areas with high volume closings of high-priced new houses
 ↓
 Overlap with the business area of Woodside Homes

- Human capital**
 - Strengthening management personnel for overseas subsidiaries
 - Increasing the number of locally stationed technical employees to realize the transfer of know-how
- DX and data**
 - Utilizing marketing automation
 - Customer relationship management (CRM)
- Products and services**
 - SHAWOOD products located in unique positionings
- Growth investments**
 - M&A expanding business areas
 - Group-wide collaboration (Master-planned community business, builder business)

Note: Date Source U.S. Census

Overseas Business | U.S. (Multifamily business)



Business Policy and Strategy

Promoting new development while diversifying business areas and partnerships

Partnerships	<p>Diversifying business areas and partnerships</p> <ul style="list-style-type: none"> Expanding into and spreading out to the sun belt and east coast gateway in addition to the west coast gateway Expanding data sources by collaborating with new business partners 	Portfolio	<p>Diversified investment and recovery aligned with the business area</p> <ul style="list-style-type: none"> Optimal mix of rural (low-rise) projects, suburban (low- to mid-rise) projects, and our traditional mid- to high-rise projects Building a quality portfolio and maximizing profits through asset turnover aligned with project types while focusing on market environments
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	FY2023	FY2024	FY2025
Multifamily business			
Net sales	93.8	145.3	303.9
Operating profit	14.3	16.6	38.1
Operating profit margin	15.2%	11.4%	12.5%
Total of U.S.			
Net sales	416.6	553.9	792.1
Operating profit	38.6	52.4	85.7
Operating profit margin	9.3%	9.5%	10.8%



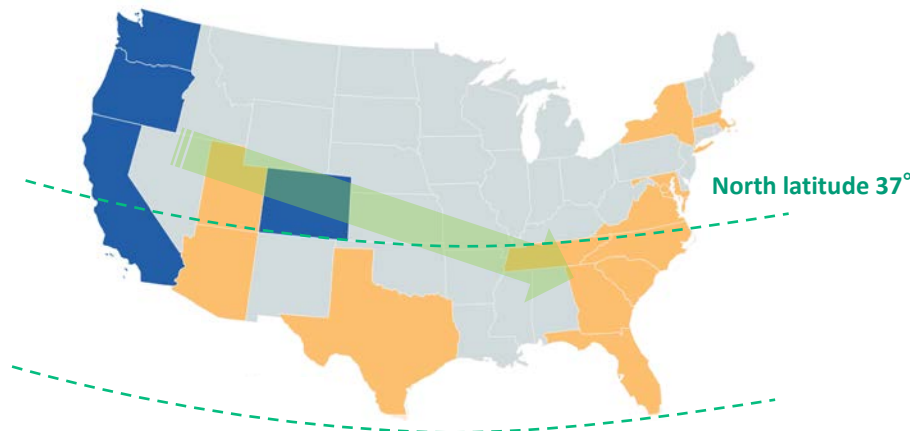
City center (high-rise) projects



Suburban (low- to mid-rise) projects
Rural (low-rise) projects



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■ HOLLAND PARTNER GROUP (HPG) expansion area ■ Target area



- Human capital**
 - Building a structure for close collaboration with partner companies
 - Increasing the number of locally stationed employees in step with the expansion of U.S. operations
- DX and data**
 - Accumulating and utilizing market data for investment decision to minimize risks
- Products and services**
 - Considering highly eco-friendly buildings
 - Providing products and services that reflect customer preferences
- Growth investments**
 - Hiring and nurturing local human resources aligned with the geographic growth of our operations



Overseas Business | Australia, Singapore, and the United Kingdom

Business Policy and Strategy

Aiming to secure robust business foundations and, to this end, striving to establish our brand capabilities and strengthen relationships with local partners in a way aligned with each country's market conditions

<p>[Australia] Developing our operations into the second largest pillar of the overseas business through the execution of area strategies and the establishment of our brand presence</p>	<p>Condominiums Development Business</p> <ul style="list-style-type: none"> Shift to an efficient portfolio consisting of both short- and long-term projects Establishing brand equity via condominium product planning based on surveys and analyses of local needs <p>Homebuilding Business</p> <ul style="list-style-type: none"> Acquiring land for the SHAWOOD business and enhancing our brand recognition in the high-end market Developing an integrated system structure 	<p>[Singapore] Securing close partnerships with prominent corporations in Asia</p> <ul style="list-style-type: none"> Developing even closer relationships and step up collaboration with partner companies Creating new business opportunities premised on collaboration with partner companies
		<p>[UK] Executing M&A to transfer our technologies and expand into new business fields</p> <ul style="list-style-type: none"> Business development focused on pursuing the possibilities of pre-engineered housing even as we tackle social issues arising from the housing shortage while delivering higher quality housing M&A with builders capable of embodying core technological foundations of Sekisui House

	FY2023	FY2024	FY2025
Australia			
Net sales	65.4	76.7	134.8
Operating profit	13.5	4.6	9.4
Operating profit margin	20.6%	6.0%	7.0%
Singapore			
Ordinary profit	5.2	6.1	2.2

Notes: Ordinary profit of Singapore are sum of share of profit/loss of entities accounted for using equity method and gain on sale of equity regarding the Singapore business (extraordinary income)

Australia | Condominiums development

Improving profit by reviewing sales strategies for existing businesses; striving to enhance brand equity via data-driven marketing

Establishing a balanced and efficient portfolio by securing new projects in a way that balances the proportion of medium- to long-term large projects, in which we can leverage our strengths, and short-term turnaround projects

Australia | Homebuilding

Steadily working to acquire land for the SHAWOOD business in Sydney's suburbs (northern coasts, southern coasts, and northwestern areas), which constitute the high-end market; realizing an integrated system for processes ranging from the receipt of inquiries to post-delivery services to enhance the value of customer experience, which will, in turn, strengthen our brand value.

Singapore

Developing close partnerships with prominent companies acting as industry leaders in Asia's real estate sector.

Acquiring insights from partners regarding business trends, such as local market conditions and real estate trends, while securing "win-win" relationships through joint operations that combine the aforementioned insights with our unique strengths, including design know-how and lifestyle proposals.

- Human capital**
 - Promoting the localization of business by nurturing excellent human resources hired from among locals and equipped with a robust understanding of Sekisui House's philosophy and vision
- DX and data**
 - Leveraging digital marketing to realize an effective and efficient approach to customers
- Products and services**
 - Creating new customer value by delivering products with high-quality reproducibility
- Growth investments**
 - Aggressive investment focused on growing housing markets overseas
 - Strengthening relationships with partner companies while considering investing capital in them

7. Corporate Strategy

E

Decarbonization
Biodiversity
Resource recycling

S

Enhance the value
of our human resources
Pursue higher social value

G

Corporate culture
Communications

DX

CRM
Platform House Concept
DX for rental housing

Finance

ROE Management
Strengthening the ability to
generate cash returns
Shareholder returns





7-1. ESG Strategy | Deepening ESG Management Centered on Addressing Material Issues

Building on ESG management foundations we have developed thus far and deepening each initiative in this area to pursue the creation of social value and the enhancement of corporate value

Sixth Mid-Term Management Plan

2023

2050

Become a leading company in ESG management

Material Issues



Customer happiness Societal happiness Employee happiness

- Helping resolve environmental issues through residences
- Making employee autonomy a growth driver
- Innovation and communication



Fifth Mid-Term Management Plan

Promoting ESG management



Sixth Mid-Term Management Plan

Promoting ESG management that involves all employees, an approach unique to the Sekisui House Group

- Participation of all employees
- Forward-thinking initiatives
- Better external evaluations

Deepening ESG dialogue while expanding the scope of counterparts

Fostering a corporate culture supportive of spontaneous creativity

Setting ESG indicators and pursuing their improvement



Mid-Term Plan

Taking on ongoing issues as well as new issues in the environment field

Decarbonization	<ol style="list-style-type: none"> Further promoting Sha Maison ZEH Developing foundations for promoting ZEB Ensuring the early realization of RE100 and SBT targets by accelerating initiatives relative to general aspects of business activities, including supply chains 	Biodiversity	<ol style="list-style-type: none"> Rolling out the <i>Gohon no Ki</i> Project across the Group while expanding the scope of external partnerships Further strengthening and promoting sustainable wood procurement
		Resource recycling	Upgrading the zero-emission system into a circular economy

Decarbonization

1. Further promoting Sha Maison ZEH

- Promoting ZEH units that allow residents to sell electricity generated by photovoltaic panels installed on each house
- Taking a forward-looking approach to accommodating the needs of ethically conscious residents to ensure long-term stable business management
- Turning residents into ZEH fans by offering the benefits of superior comforts and lower utility costs, anticipating the resulting positive effect on the ZEH market in terms of growing demand (outcome)
- The target for the proportion of ZEH in all housing units to be provided in 2025: 75%

2. Developing foundations for promoting ZEB

- Developing methods for ZEB design and proposals, such as those aimed at improving comfort via transition to ZEB, curbing utility costs, ensuring robust BCPs, reducing CO2 emissions, and otherwise maximizing the added value of buildings

3. Ensuring the early realization of RE100 and SBT targets by accelerating initiatives relative to general aspects of business activities, including supply chains

- Promoting energy-saving measures for office and production facilities while facilitating enrollment in the Sekisui House Owner Denki program
- Pushing ahead with the switchover of Company vehicles to EVs
- Decarbonizing our supply chain via collaboration with suppliers



Decarbonizing Sha Maison ZEH multiple-dwelling complexes

The full-scale, nationwide promotion of ZEH has been under way since the 2018 completion of Japan's first multiple-dwelling complex entirely consisting of ZEH

Biodiversity

1. Rolling out the *Gohon no Ki* Project across the Group while expanding the scope of external partnerships

- Drawing public attention to the project's "Nature Positive" effect on urban communities
- Rolling out the project as part of school education via collaboration with municipalities
- Verifying the project's effect on health and well-being through joint research with the University of Tokyo

2. Further strengthening and promoting sustainable wood procurement

- Even as we promote sustainable wood procurement in accordance with our Wood Procurement Guidelines, which incorporate the NDPE concepts, we have newly adopted the zero-deforestation ratio as a KPI focused on preventing the destruction of natural forest, thereby launching initiatives to achieve 100% in this KPI by 2030



***Gohon no Ki* Project**

A landscaping and greening project that takes the ecosystem into consideration

With the approach that "three trees are for birds, two trees are for butterflies," we promote the development of gardens and towns by focusing on planting local native wood species.

Resource recycling

Upgrading the zero-emission system into a circular economy

- Launching initiatives to minimize the impact on natural capital and realize a circular economy via the provision of high-quality housing stock, the facilitation of recycling of such housing stock, the thorough pursuit of resource saving, and the development of resource recycling technologies

Social | Improvement in Sociality



Mid-Term Plan

Enhancing our corporate value via improvement in human resource value and social value



Improvement in human resource value

Autonomy of employees

The same vector

Improvement in human resource value

1. Supporting self-directed career development

- Raising employees awareness regarding autonomous career development
- Enhancing the content of career development support systems
- Promoting the Sekisui House Innovation & Performance (SHIP) Awards Program

3. Promoting diverse workstyles

- Enhancing the diversity of workstyle programs available to employees
- Offering even better evaluation systems in terms of ensuring fairness
- Creating a workplace culture that robustly ensures psychological safety for employees

- Nurturing leaders capable of disseminating our Corporate Philosophy and strategies

- Securing staffing in line with strategies and optimally allocating employees in light of their competencies

2. Promoting DE&I

- Promoting women's empowerment
- Providing global human resources with successful career opportunities
- Empowering people with disabilities to enjoy job fulfillment
- Facilitating employee understanding of the LGBTQ community

4. Building a foundation for well-being

- Providing assistance to the pursuit of family happiness (encouraging male employees to take childcare leave, nursing care leave or leave for taking care of sick child)
- Providing assistance to health improvement efforts
- Continuously conducting the Well-Being Survey

Improvement in social value

1. "Kids First"

- Providing children with opportunities for diverse emotional experiences
- Helping children develop housing literacy
- Continuously running the Children's Fund, a matching gift program that combines employee donations and Company funds

3. Respect for human rights

- Promoting human rights due diligence for suppliers
- Promoting human rights due diligence in terms of global hiring

2. "Green First"

- Drawing public attention to ethically conscious lifestyles through the promotion of ZEH
- Securing public support for the *Gohon no Ki* Project
- Creating and managing high-quality housing stock while recycling second-hand houses
- Continuously running the Eco-Fund, a matching gift program that combines employee donations and Company funds

4. Regional revitalization business

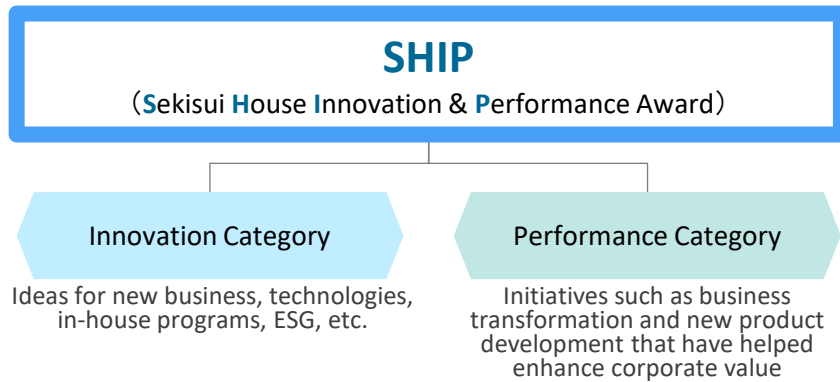
- Nurturing housing construction workers and create employment for them
- Promoting the "Trip Base" *Michi-no-Eki* Stations Project
- Delivering proposals on the effective utilization of PRE (Public Real Estate)

Highlight 3 | Improvement in Sociality

Supporting self-directed careers (Sekisui House Innovation & Performance (SHIP) Awards Program)

- Striving to enhance the value of our human resources (via the support of self-directed career development by employees) and increase our social value through an initiative to foster an innovative corporate culture

Structure of the Sekisui House Innovation & Performance (SHIP) Awards Program



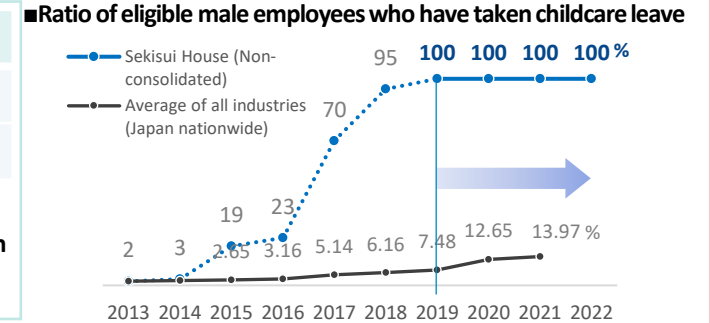
Key points of our initiative

- ✓ "Innovation & Communication" defined as keywords
- ✓ Consisting of the Innovation Category, which solicits proposals based on future-oriented ideas, and the Performance Category, which aims to draw attention to successful initiatives and horizontally roll them out
- ✓ Facilitating self-directed career development by creating opportunities for each employee to undertake independent initiatives
- ✓ Starting discussions regarding how to realize proposed ideas that won high ratings at the final screening session
- ✓ Creating a virtuous cycle of innovation and enhancement of corporate value

Building a foundation for well-being (Encouraging male employees to take childcare leave)

- Declared our goal of enabling all male employees to take childcare leave of at least one month to support well-being for employees and their families (2018)
- Began holding a forum that is open to the public and focused on childcare leave to be taken by male employees and issuing a White Paper on Paternity Leave (2019)

Paternity leave	Nationwide average	Sekisui House
Utilization ratio	13.97%*1	100%*2
Average days of leave	8.7 days*3	31 days
FY2025 target*4	Maintaining the ratio of eligible male employees who have taken at least one month of paternity leave at 100% (the entire Group)	

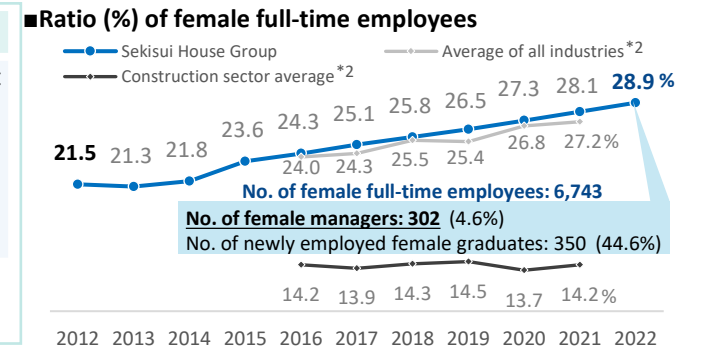


*1 Source: "Basic Survey of Employment Equality" published by the Ministry of Health, Labour and Welfare (regarding male workers who began taking childcare leave by October 1 of survey years)
 *2 Utilization ratio under Sekisui House programs (allowing employees with a child under the age of three to take 31 days of leave or longer)
 *3 Based on a Sekisui House survey (the White Paper on Paternity Leave 2022)
 *4 A numerical target formulated in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace

Promoting DE&I and women's empowerment

- Promoting women's empowerment as part of business strategies since the 2006 announcement of our commitment to "human resource sustainability"
- Operating "Sekisui House Women's College," a training program for manager candidates, since 2014

Main initiatives	FY2025 target*1
<ul style="list-style-type: none"> Supporting self-directed career development Supporting the appointment of female managers and leaders Supporting the career development of salespersons and engineers Helping supervisors raise their awareness while developing a worker-friendly environment 	Increasing the number of female managers to 310 or more (the entire Group)



*1 A numerical target formulated in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace
 *2 Source: "Basic Survey of Employment Equality" published by the Ministry of Health, Labour and Welfare



Mid-Term Plan

Strengthening corporate governance with regard to the two aspects of senior management and business management Driving forces of “Innovation & communication”

Senior management level

1. Moving forward from the development of a corporate governance framework to the new stage of realizing its functional effectiveness
2. Increasing the sophistication of stakeholder engagement

Business management level

1. Rolling out Group governance systems on a global basis
2. Fostering a corporate culture based on mutual trust achieved via robust communications

Senior management level

1. Moving forward from the development of a corporate governance framework to the new stage of realizing its functional effectiveness

- The Board of Directors, now equipped with greater diversity than before, exercises its functions to the fullest

- **Facilitating lively Board room discussions in accordance with our global vision**
 - Enhancing the Board of Directors' functions via the third-party evaluation of its effectiveness
 - Delegating authority from the Board of Directors to the Management Meeting and other bodies
- **Strengthening the effectiveness of our management candidate pipelines**
 - Strengthening our pipelines by upgrading Executive Officer and Operations Officer selection process
 - The Personnel Affairs and Remuneration Committee monitors the effectiveness of the pipelines

2. Increasing the sophistication of stakeholder engagement

- Taking a consistent approach to information disclosure under spontaneous judgment

- **Further upgrading our mode of information disclosure**
 - Enhancing the content of information being disclosed regarding the status of linkage between tackling material issues and strengthening corporate governance
 - Taking a unified approach to information disclosure to secure consistency while ensuring that our messages are clearly understood by their intended recipients

Business management level

1. Rolling out Group governance systems on a global basis

- Removing boundaries between parents and subsidiaries as well as those between domestic and overseas Group entities, with the aim of creating a network based on mutual trust

- **Establishing Group governance in the U.S.**
 - Ensuring that our U.S. operations are supervised by clearly defined regional headquarters functions on an ongoing basis
 - Allocating human resources to local subsidiaries based on functions to be borne by each
- **Promoting the development of a governance network**
 - Stepping up the development of governance specialists and optimally allocating them to Group companies at home and abroad
 - Strengthening corporate functions in place at domestic and overseas Group companies
- **Enhancing our internal audit structure for global auditing**
 - Developing internal audit functions aligned with the size of Group companies at home and abroad as well as risks specific to each

2. Fostering a corporate culture based on mutual trust achieved via robust communications

- Aiming for the creation of a workplace that robustly ensures psychological safety for employees and empowers them to work vibrantly

- **Developing an environment aimed at raising compliance awareness among employees**
 - Promoting training for all employees while encouraging the active use of internal reporting and consultation systems
- **Strengthening our capabilities for autonomous organizational management**
 - Securing a greater number of leaders equipped with robust integrity



7-2. DX Strategy

(Digital transformation (DX) undertaken by the Sekisui House Group)

Creating new value and maximizing business opportunities by utilizing various data associated with our business operations and customers and taking full advantage of digital technologies

Customer Relationship Management (CRM)

- Strengthening our earnings power by taking a scientific approach to sales activities
- Creating new customer experience and value by analyzing a diverse range of existing customer data

Highlight 4

Platform House Concept

- Installing numerous services
- Accumulating and utilizing living environment data

Highlight 5

DX for rental housing

- Utilizing blockchain technology to establish data alliances with partner companies
- Introducing electronic procedures while enabling self-guided property tours

Highlight 6

Diverse forms of data utilization for the entire Group and third parties

Foundations for realizing data utilization

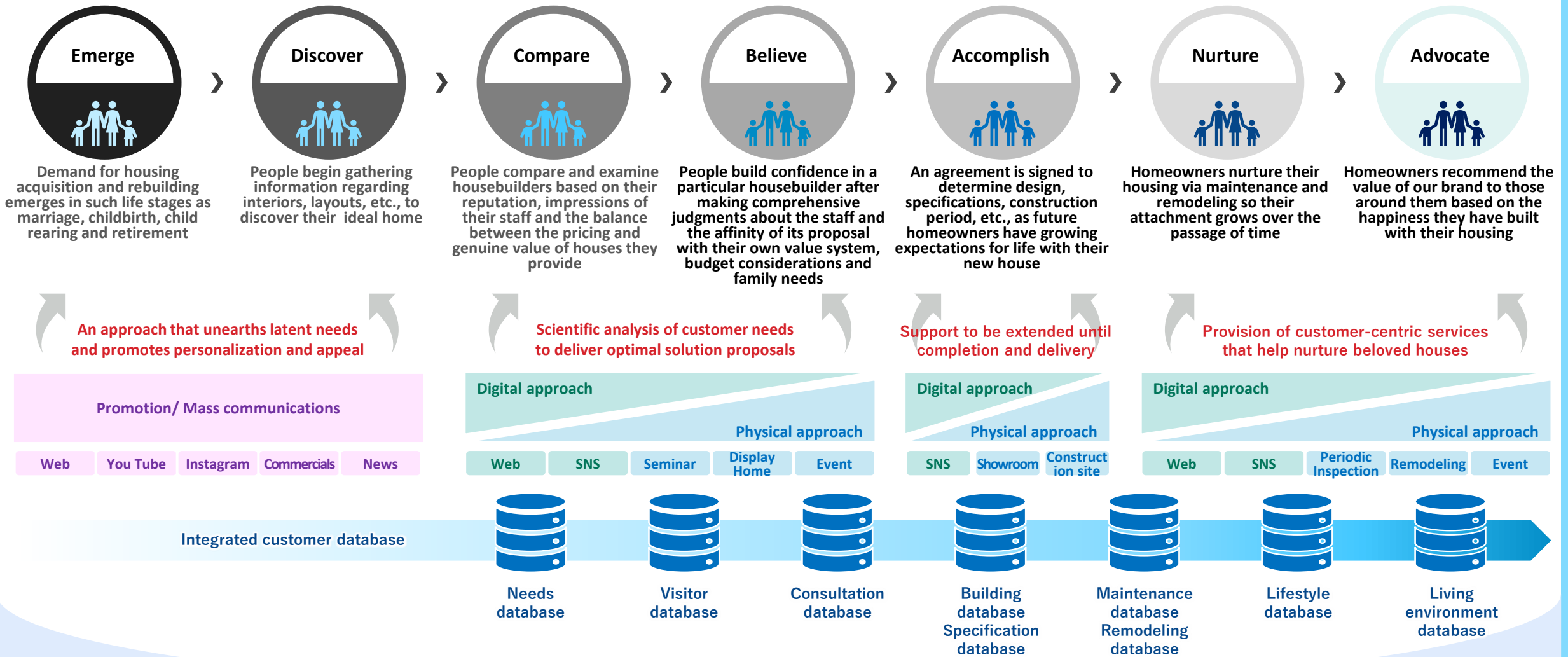
Digital technologies aimed at resolving issues arising from the labor-intensive nature of the industry

Developing an integrated customer database

Ensuring robust security and IT governance on a global basis

Nurturing digital specialists capable of achieving operational improvement and creating new value

Highlight 4 | Customer Relationship Management (CRM)

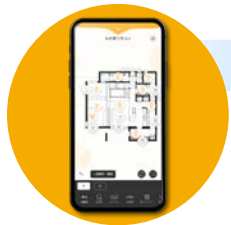


Note: Customer Relationship Management (CRM): Management systems and methods that aim to build and maintain good customer relations, create value and enhance earnings by centrally managing data gained from customers and utilizing it in a timely and appropriate manner



Highlight 5 | Platform House Concept

Installing service after service



PLATFORM HOUSE touch

1st installation step

- Floor plan-linked remote control of the home
- Floor plan-linked automated home security
- Floor plan-linked monitoring of the living environment



SUITE CONCIER

2nd installation step

- Curation of services related to health, connectedness and learning



HED-Net

In-Home Early Detection Network for Acute Illnesses

3rd installation step

- Health services
- HED-Net, preventive medicine, in-home medical care



Future installations

We will continue to increase services to carefully assess life stage changes, lifestyles, and residential logs within each residence.

Fifth Mid-Term Management Plan: Starting from detached houses



Edge computing

Strengthening in-home security



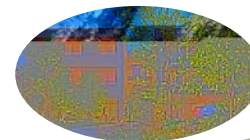
PFH System Data Lake
Big data only possible with a housing manufacturer



Analyzing accumulated data and feeding it back to individuals and families based on scientific data analysis
Making home the happiest place in the world

Sixth Mid-Term Management Plan:

- Sekisui House Remodeling, Ltd.
- Sekisui House noie
- GRANDE MAISON
- Expanding to other non-residential businesses



NEXT STEP

External sales of general housing, condominiums and other products on a trial basis

Strengthening the Sekisui House brand (area expansion)

Highlight 6 | DX of Rental Housing

Significantly transforming customer experiences and operational process by using digital technologies to digitize and move online various procedures and realize self-guided tours



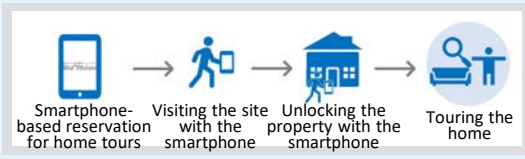
Customers considering moving into rental housing

Tenants (families) living in Sha Maison

Latent customers in each of the Company's businesses



Further enhancing convenience and providing user services, such as search for room vacancies, using the home search site shamaison.com



Self-guided property tours using smart locks

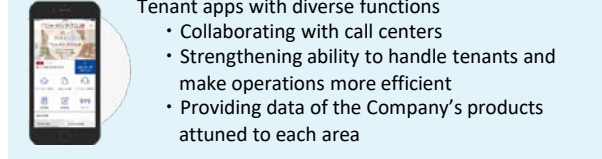
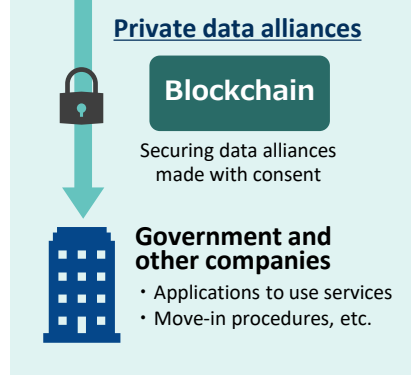
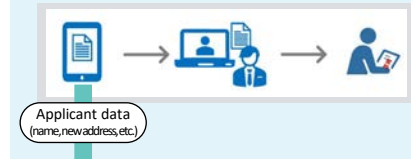
- Meeting diverse tour needs and contactless needs
- Solving issues related to labor consolidation

Inspecting issues and expected effects through proof of concept (PoC)

Target: Nationwide high-price properties under management (around 4,000)

Overview: Inspecting and building schemes to move online procedures and operations related to rental applications

Status: 95 tours conducted, 20% application rate (as of December 31, 2022)



- Reducing tenant burdens
- Acquiring data related to move out destination
- **Maintaining customer engagement through functions that can be used after moving out**

Creating business opportunities for the Group

- Maintaining relations with customers who are fond of Sha Maison
- Accumulating data through continuous use of residential services
- **Appealing to those considering building or buying residences (CRM to realize Group synergy)**

Highlight 4



We participate in private data alliances using blockchains and work to create new value through open innovation with different industries



7-3. Financial Strategy | 1. Strengthening ROE Management and Enhancing Corporate Value

- We aim for sustainable improvement in ROE by strengthening our ability to create cash returns through the enhancement of capital efficiency and the promotion of growth investments
- We work to reduce capital costs through the further promotion of ESG management
- We enhance corporate value through the reciprocal effects of enhancing ROE and promoting ESG management

ROE (Return on Equity)	Fifth Mid-Term Management Plan Stably creating 10% or more	Sixth Mid-Term Management Plan Stably creating 11% or more	Sixth Mid-Term Management Plan (Final FY2025)	ROE Around 12%	= Profit margin Around 6%	× Turnover rate Around 1 turnover	× Leverage Around 2 times

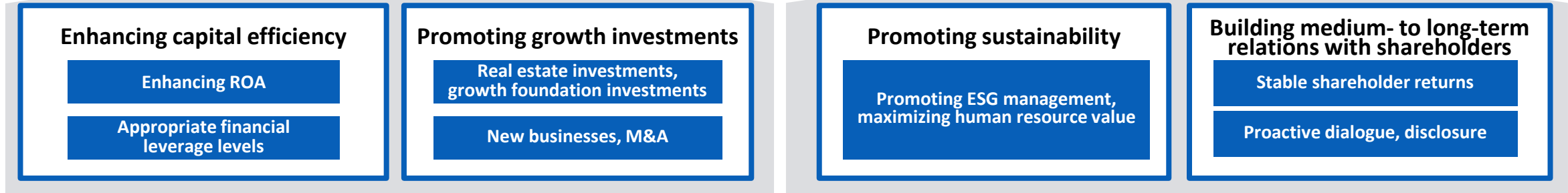
Enhancing corporate value
 Enhancing PBR (market cap)

$$PBR = ROE \times PER$$

Strengthening the ability to generate cash returns
 Enhancing ROE

Enhancing evaluations in society and markets
 Enhancing PER ← (reducing capital costs)

Linking to future returns



7-3. Financial Strategy | 2. Strengthening Our Ability to Generate Cash Returns (Enhancing ROE)

Enhancing return on assets (ROA) and steadily promoting growth investments

Ensuring investment capacity surplus for further growth by maintaining appropriate financial leverage levels

Enhancing ROA and promoting growth investments

Promoting growth investments while working to enhance ROA
(= profit margin × turnover ratio)

<Real Estate Investment Results and Plans>

Results during the period of the Fifth Mid-Term Management Plan (over three years)

Investment	Japan	¥962.9 billion	Overseas	¥1,014.4 billion	Total	¥1,977.4 billion
Recoup	Japan	¥857.6 billion	Overseas	¥1,280.7 billion	Total	¥2,138.3 billion



Plan during the period of the Sixth Mid-Term Management Plan (over three years)

Investment	Japan	¥1,300.0 billion	Overseas	¥1,700.0 billion	Total	¥3,000.0 billion
Recoup	Japan	¥1,300.0 billion	Overseas	¥2,000.0 billion	Total	¥3,300.0 billion

<Investment in Foundations for Growth, New Businesses, M&A>

Investment in Foundations for Growth	¥100 billion over three years, including in human resources, IT, DX, R&D, and enhancing productivity
New Businesses, M&A	¥200 billion over three years mainly in the promotion of proactive growth for overseas business

Appropriate financial leverage levels

Securing AA rating in Japan and A rating overseas

<Long-term credit rating> (as of March 2023)

Japan Credit Rating Agency (JCR)	AA
Rating and Investment Information (R&I)	AA-
S&P Global Ratings (S&P) ※	A

* Newly acquired long-term credit ratings issued by S&P in February 2023 Diversifying foreign currency funding methods to achieve proactive growth in overseas operations

<Target indicators for financial soundness>

Aiming for a D/E ratio of around 0.5 times, a debt repayment period (net debt-to-EBITDA ratio) of below 1.5 years as we maintain a balance between proactive growth investment and financial soundness



7-3. Financial Strategy | 3. Shareholder Returns

- With regard to shareholder returns, we have set a minimum amount for annual dividends in addition to maintaining our policy for medium-term average dividend payout ratio
- Regarding repurchases of Company stock, we utilize flexible stock repurchases based on the status of cash flow allocation

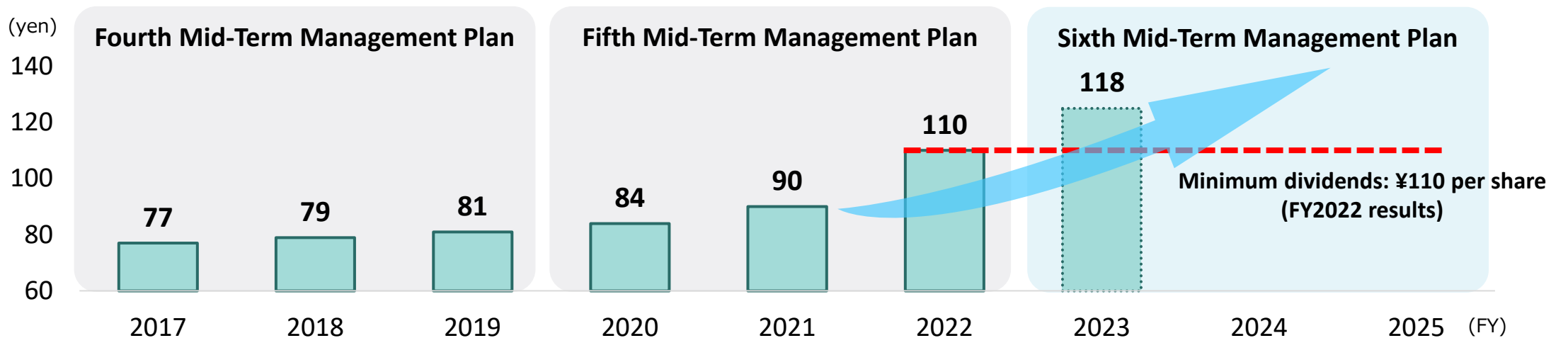
Dividend payout ratio	Average medium-term dividend payout ratio 40% or more
Minimum dividends	Set a minimum of ¥110 (FY2022 results) for annual dividends per share
Repurchases of Company stock	Flexibly implement

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023 (Plan)	FY2024 (Plan)	FY2025 (Plan)
EPS (yen)	193.06	186.53	205.79	181.18	227.37	276.58	295.05	303.35	331.20
Dividends (yen)	77	79	81	84	90	110	118		
Dividend payout ratio	39.9%	42.4%	39.4%	46.4%	39.6%	39.8%	40.0%		

Average dividend payout ratio 40% or higher

Note: EPS for FY2024 and FY2025 is calculated based on the number of outstanding shares issued as of FY2023

Shareholder Returns





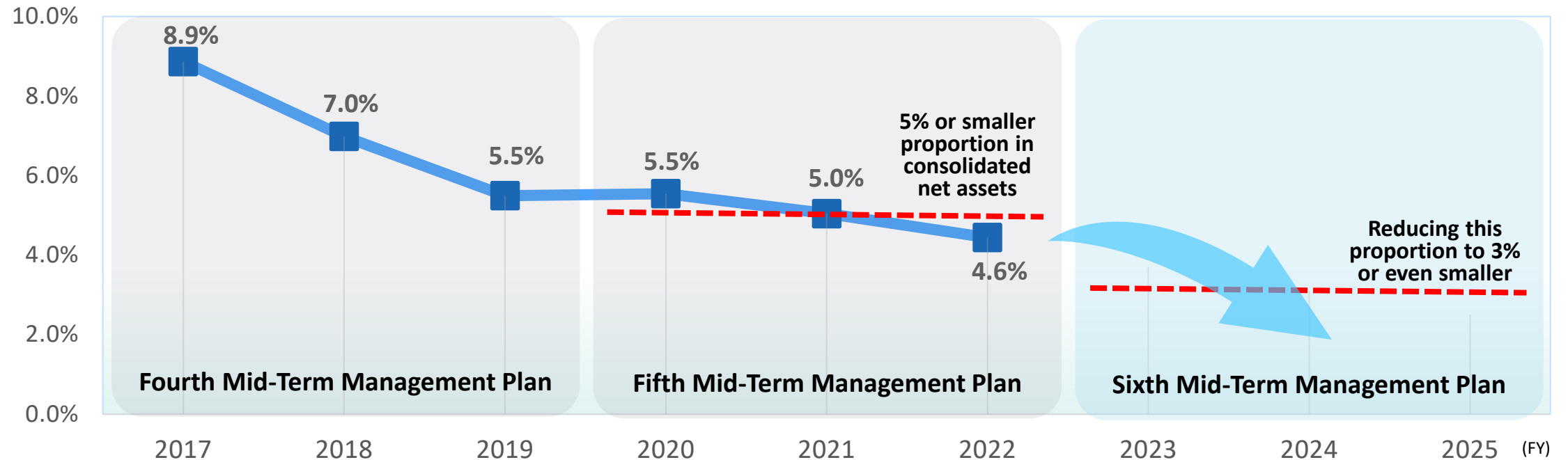
7-3. Financial Strategy | 4. Policy on Reducing Cross-Shareholdings

Working to continuously reduce cross-shareholdings with a defined target level

Invested shares not held solely for investment

We aim to reduce the ratio of cross-shareholdings to consolidated net assets to 3% or less by FY2025, the final year of the Sixth Mid-Term Management Plan

Proportion of cross-shareholdings



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SEKISUI HOUSE

