



Sekisui House, Ltd.
Overseas Business Briefing
2023.7.19

Table of Contents

1. The Current U.S. Homebuilding Business

- Orders in the U.S. Homebuilding Business
- Taking Advantage of Market Fluctuations
- Factors behind the Success of the Stretch Plan

2. U.S. Homebuilding Business Growth Strategy

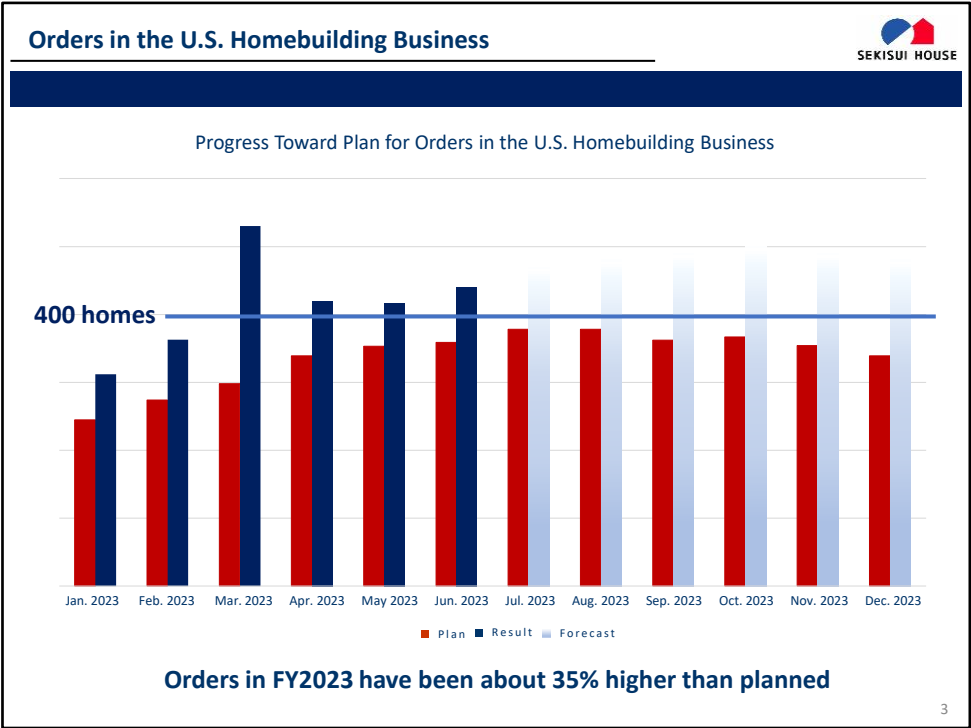
- Vision and Strategy for the Overseas Homebuilding Business
- Steps of the Homebuilding Business's Expansion
- U.S. Homebuilding Business Growth Strategy
 - Business Area Expansion Strategy
 - Organic Growth and External Growth

3. Hubble Homes

- Company Profile
- Hubble Homes House Exteriors
- Market and Economic Outlook for Boise, Idaho
- Housing Market Outlook for Boise, Idaho
- Vision Going Forward
- U.S. Homebuilding Business Operation Structure

4. Forecast for the U.S. Homebuilding Business

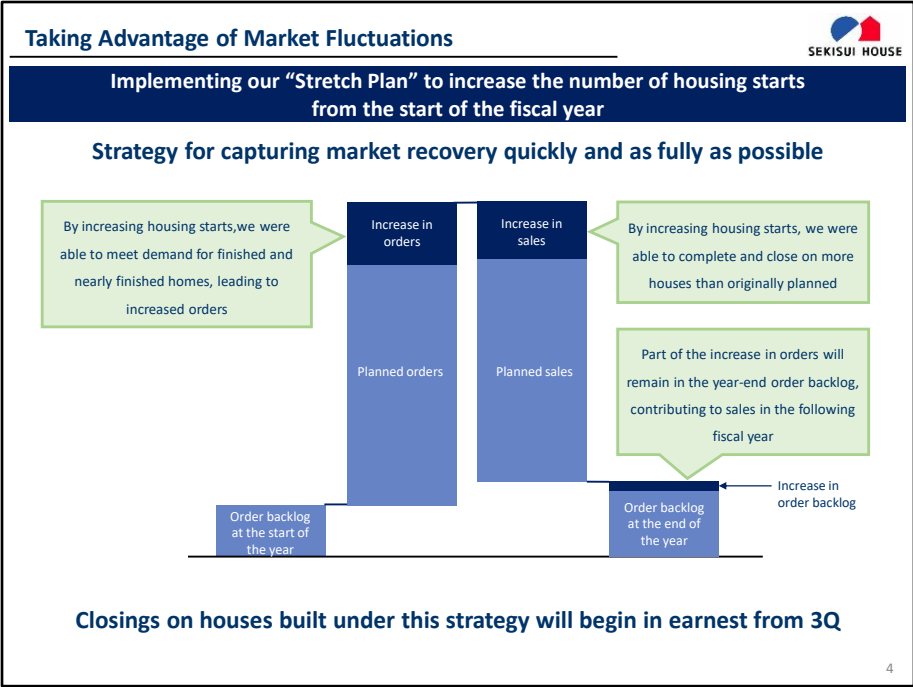
1. The Current U.S. Homebuilding Business



This graph shows our plan at the start of the year, results so far and our forecast for housing unit orders by month. The plan is in red, results are in blue and the forecasts are in light gray.

As we reported at the first-quarter earnings briefing, our builders have been seeing recovery in orders. Since January 2023, orders have exceeded our plans, and in March they exceeded the previous year’s monthly figure, at over 500 homes for the month.

Orders remained strong after the first quarter, with orders through June exceeding the plan by approximately 35%. We expect orders to remain strong going forward, backed by firm demand for new houses.



This slide shows some of our initiatives to take advantage of market recovery.

Since the start of the year, we have been implementing a strategy of increasing new housing starts above the level in the initial plan.

Currently, the number of new housing starts in the overall U.S. market is not growing, but in the first half of the fiscal year, we reached 55% of our planned number of housing starts for the year.

In meetings with our local subsidiaries, we heard that U.S. housing sales were beginning to show signs of recovery at the end of last year, and that many customers were seeking completed or nearly completed homes. Based on this firsthand information, we revisited our plans for the fiscal year, which had already been established. We formulated and set into action a "Stretch Plan" to increase the number of housing starts and thereby boost orders and sales.

First, by increasing the number of housing starts, we were able to effectively capture demand for completed and nearly completed homes, leading to an increase in orders.

We are still advancing housing construction in line with the Stretch Plan. As houses that began construction at the start of the year reach completion, closings will begin in earnest from the third quarter. As such, construction on the majority of the additional orders received will be completed during the current fiscal year, and we expect them to contribute to the year's net sales.

As you can see, our strategy of increasing housing starts has functioned as intended to capture market recovery quickly and as fully as possible.



By consolidating and maximizing our Group strengths, we worked in close cooperation with local subsidiaries to quickly take action. This was a major factor in the success of these efforts to quickly adapt to market changes.

Strengths of Sekisui House that were important include the implementation of thoroughgoing insight surveys as a regular part of business and frameworks that enable logical decision making. Also, we have in place local systems for constantly obtaining and communicating customer feedback through visitor analysis.

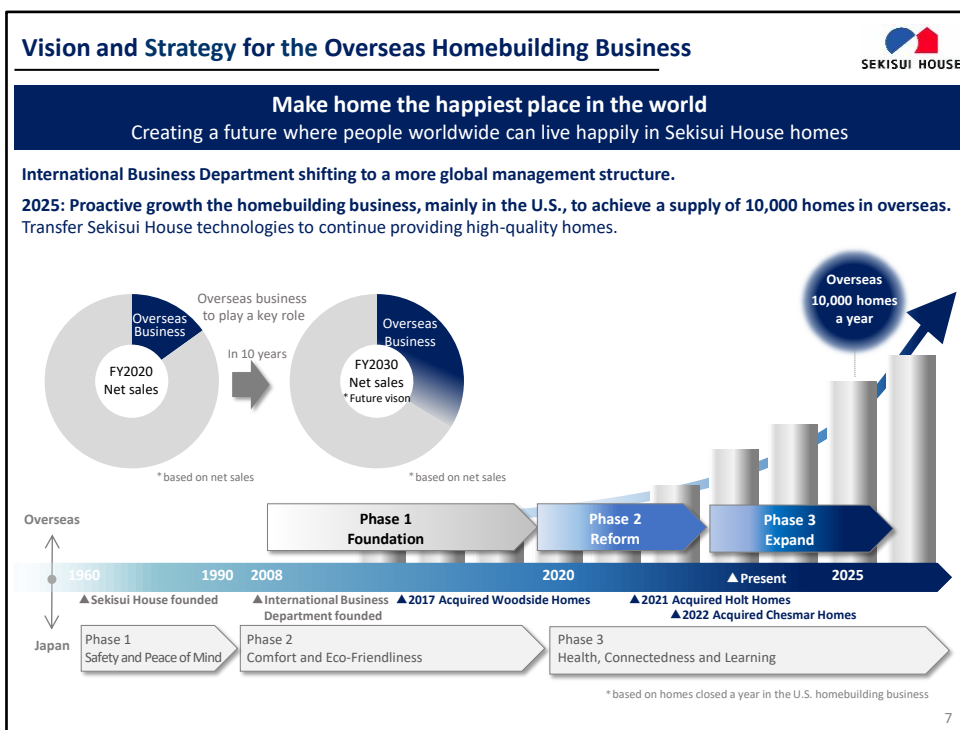
In addition, because we are involved in both the homebuilding business and master-planned community business, we have access to BtoB market insights not available through BtoC operations alone.

This success was only possible thanks to the framework we have built for maximizing results by leveraging Sekisui House's advantageous strategic positioning while aligning the efforts of the head office and local operators, encompassing collaboration between U.S.-based local builders, their front-line responsiveness, and positive relationships with partner companies.

By placing construction orders at a time when many builders were holding back on starting construction, we helped our market companies more stably secure orders while reducing our order cost. We expect this to positively impact the gross margin.

Going forward, we will further enhance the Group's strengths to swiftly and effectively respond to market changes.

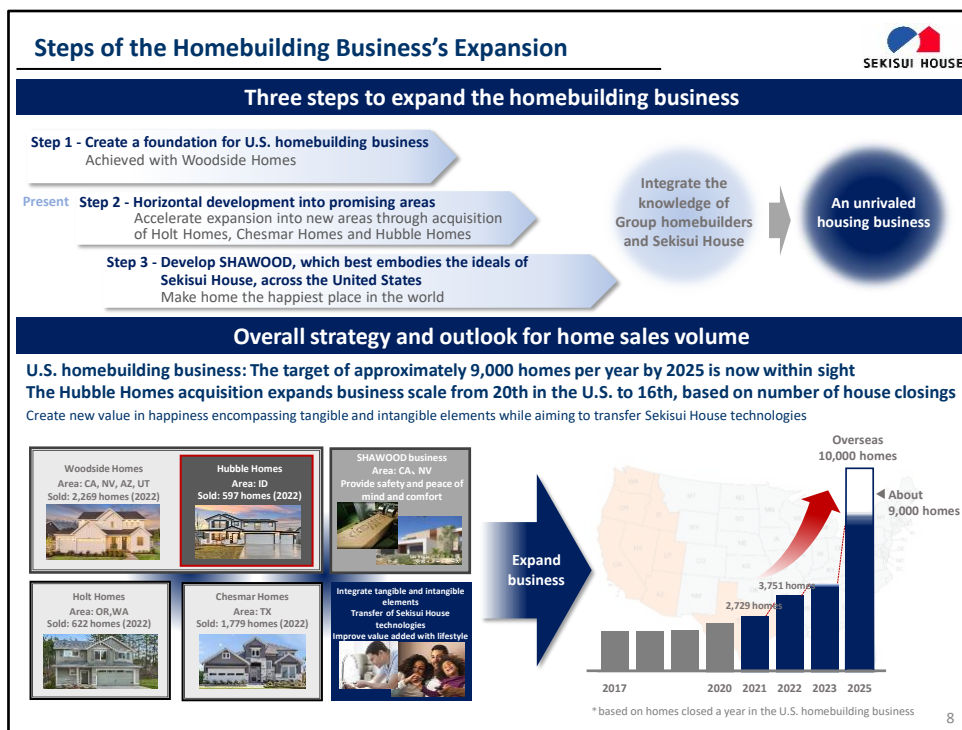
2. U.S. Homebuilding Business Growth Strategy



As you know, Sekisui House is working to become a truly global company under the global vision of making home the happiest place in the world.

As part of these efforts, we aim to expand the overseas business, which accounted for about 18% of the business portfolio in FY2022, targeting a supply of 10,000 homes annually in the overseas homebuilding business in FY2025.

Having consolidated our base in the business's foundation and reform phases, we are now in the expand phase, embarking on proactive growth in the overseas business, a theme under the Sixth Mid-Term Management Plan.



We are expanding the homebuilding business in three steps.

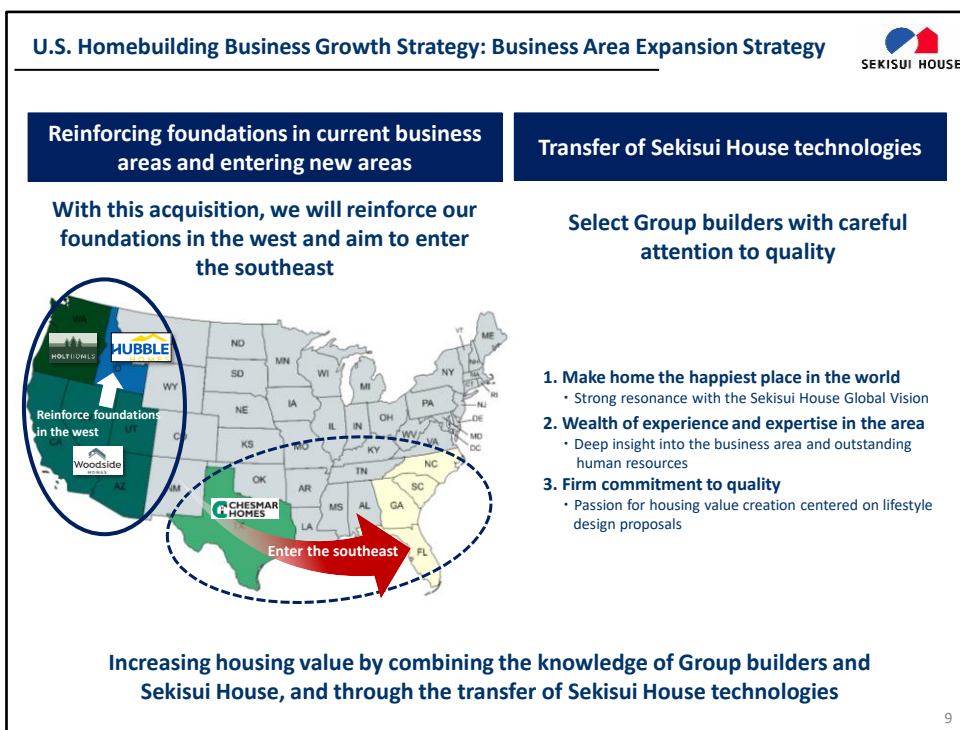
In step 1, working with Woodside Homes, we created a model for U.S. homebuilding business initiatives based on our unique strengths. This model goes beyond merely acquiring builders to capture their revenue; it entails the transfer of Sekisui House technology to enhance the expertise of local builders and enable us to exercise Sekisui House's unique strengths in the U.S. market.

Step 2 involves the horizontal expansion of the model to promising markets in line with our area strategy. The acquisitions of Holt, Chesmar, and now Hubble Homes are all part of step 2.

In step 3, which is being advanced in parallel with step 2, we are working to roll out SHAWOOD, which embodies Sekisui House technologies, to the business areas and achieve differentiation from competitors.

With the acquisition of Hubble Homes, we are pleased to say that supplying around 9,000 homes annually in the U.S. homebuilding business in 2025 has progressed from a far-off aim to a goal within sight.

From here, we will continue growing toward our global goal of supplying 10,000 homes overseas annually in 2025 not only in form, but in substance—in a manner that aligns with our Group-wide strategy of making Sekisui House technologies the de facto standard.



Our business area expansion strategy is unchanged. We will continue to target M&A opportunities across a wide swath extending from the Northwest and sweeping down and across to the Southeast.

With the acquisition of Hubble Homes, we are entering Idaho, a promising market where we did not yet have a presence, further reinforcing our foundations in the West.

At the same time, entering the Southeast remains a high priority, and we continue to seek M&A opportunities there.

In addition, we are advancing the master-planned community business along a trajectory of expansion from the Northwest to Southeast, and we expect these efforts to yield significant synergies.

As we advance this area expansion strategy, finding partners with the passion to implement our global vision and transferring Sekisui House technologies are extremely important priorities.

From the earliest stages of acquisition negotiations, Hubble Homes has shown a resonance with our global vision and a strong desire to work together to advance high-quality construction.

They have also demonstrated a proactive willingness to accept the reforms that we have implemented at Woodside Homes. This was why we ultimately decided to acquire Hubble.



In addition to the overall M&A strategy to continue to expand and grow our business area, we can now advance growth strategy based on M&A via a variety of methods.

The first is through the pure organic growth of our builders' business. This includes increasing the number of communities sold, increasing unit prices through lifestyle design proposals and boosting sales using data marketing.

The next is also organic growth, based on builder subsidiaries establishing new branches and working on their own to expand their business areas and, in turn, the business area of the Group. As one example, Chesmar Homes has spun off a new Fort Worth branch from its branch in the growing Dallas market.

Those are the organic growth strategies.

Our first external growth strategy is to expand our business area through M&A carried out by our existing subsidiaries in areas that neighbor their own. The recent acquisition of Hubble Homes falls into this category.

The second external growth strategy is to add new builders in areas we have not yet entered to our roster of subsidiaries, in parallel to our existing Group builders. The acquisitions of Chesmar and Holt fall under this strategy.

By combining these strategies for organic and external growth, we will achieve rapid growth.

3. Hubble Homes

Company Profile

Hubble Group LLC

- Headquarters: Boise, Idaho
- Employees: 87
- Founded 26 years ago
- 73rd in the United States in annual house closings (Woodside: 34th; Holt: 74th; Chesmar: 39th)
- The Hubble Homes Group is located in Boise, approximately halfway between Salt Lake City, Utah, and Portland, Oregon
- 2nd in Boise in annual house closings (FY2022), with an 11.8% market share

Boise is one of the country's fastest growing markets, and the acquisition instantly secures a large market share

Hubble homes is established in Boise, a new market for the Group

Secured the 2nd highest number of house closings and 11.8% market share in the steadily growing Boise market

Rank	Builder	House Closings	Average sale price	Market share
1	CBH HOMES	1,095	\$452,867	21.7%
2	HUBBLE HOMES	597	\$445,497	11.8%
3	TOLL BROTHERS	578	\$533,527	11.5%
4	MAYDEN HOMES INC	414	\$444,725	8.2%
5	BLACKROCK HOMES	241	\$503,569	4.8%
6	BRIGHTON CORPORATION	182	\$1,194,212	3.6%
7	BOISE HUNTER HOMES LLC	162	\$975,972	3.2%
8	TRESIDIO HOMES	136	\$548,085	2.7%
9	LENNAR	110	\$541,587	2.2%
10	VENTA HOMES LNC	106	\$654,717	2.1%
Top 10 Total Market Share		3,623	\$575,774	71.8%

Data Source : Zonda Analytic 2022

A builder boasting a track record of more than 25 years in Idaho

CELEBRATING
25 YEARS
OF BUILDING
IDAHO

This is an overview of Hubble Homes.

Hubble Homes is a builder operating mainly in Boise, Idaho. Boise is one of the fastest growing markets in the United States and is located about halfway between Salt Lake City, Utah, where Woodside Homes operates, and Portland, Oregon, where Holt Homes operates. In light of the great compatibility with Woodside and Holt that this offers, we have had our eye on this growth market for some time.

Hubble Homes was founded more than 25 years ago and has 87 employees. This makes it about the same size as a branch of Woodside Homes, and after the acquisition, it has been integrated into Woodside and will operate as a Woodside branch.

Last year, Hubble ranked second in house closings within Boise, with a market share of about 12%. The acquisition thus instantly secured a large share of the Boise market, where before we had no presence.

Hubble Homes House Exteriors



Notable for high gross margins thanks to a simple, high-productivity operational structure



Source: Hubble Homes

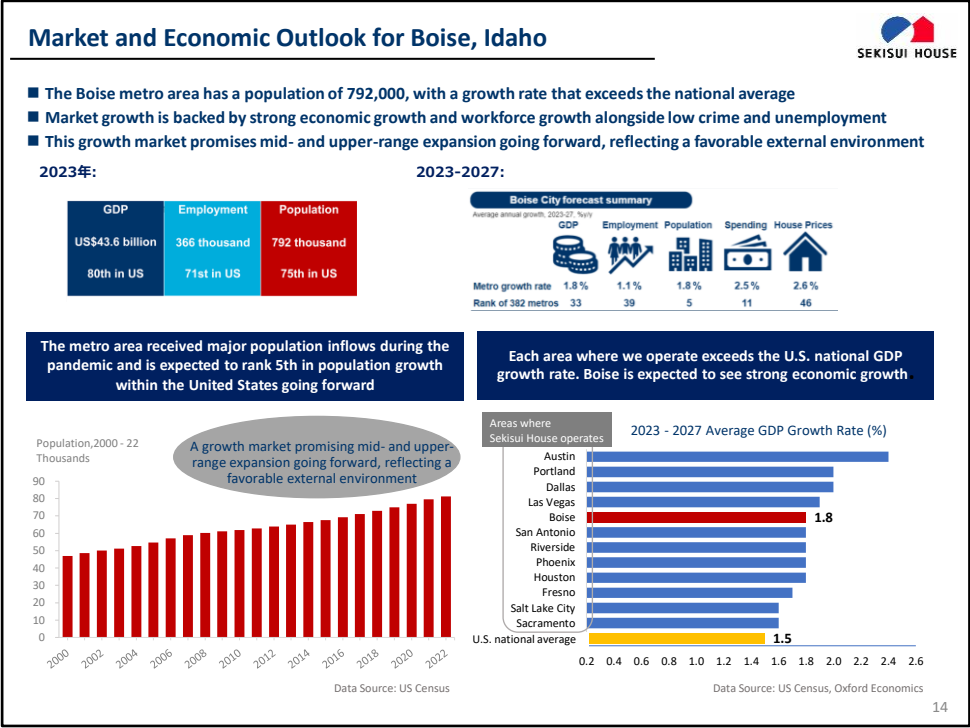
We aim for even greater value creation through high-value-added lifestyle design proposals

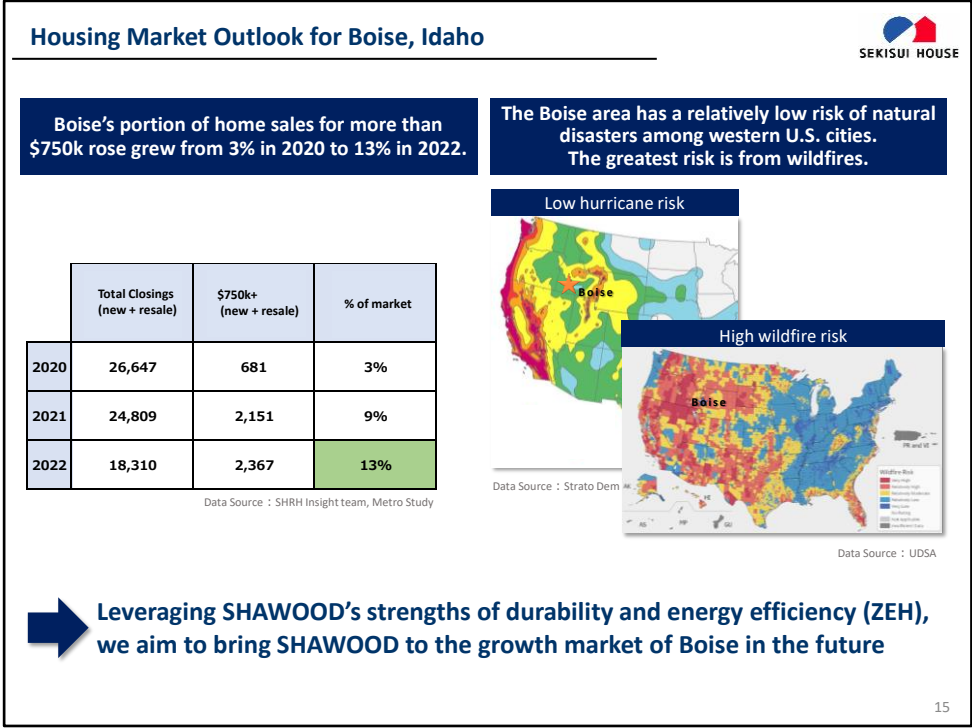
13

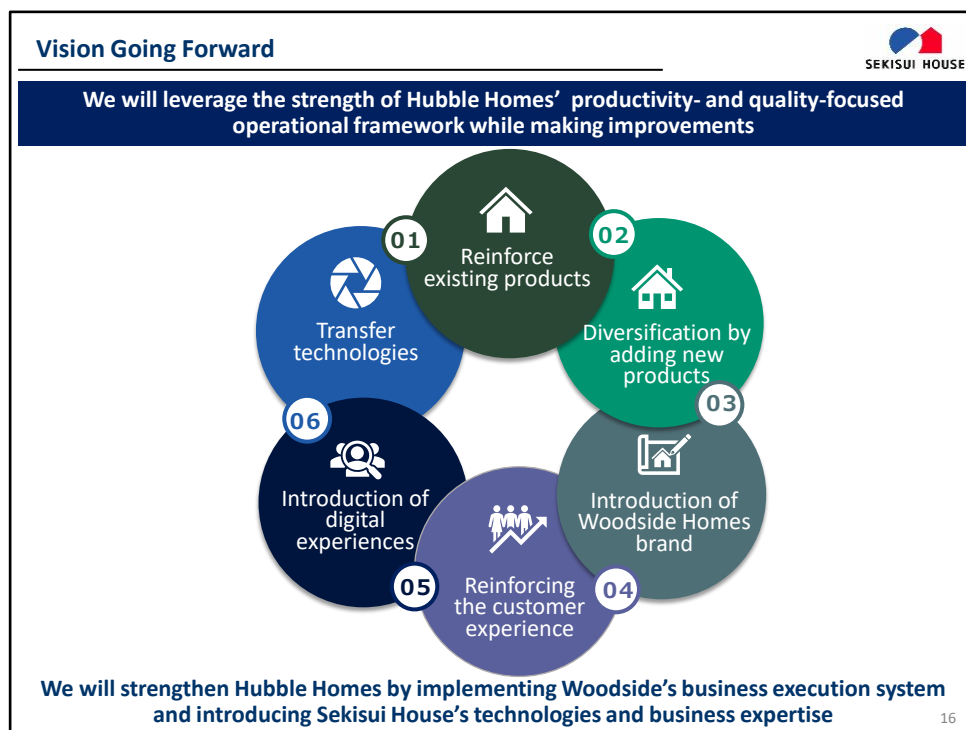
As you can see, Hubble offers a number of product plans. Home exteriors are clad in siding, with artificial stone and stucco panel accents.

Predetermined basic specifications and a limited range of options contribute to Hubble's simple operational structure, which is focused intensely on productivity. This structure is a strength of the company and contributes to a high gross margin.

Going forward, we will aim for further value creation through high-added-value lifestyle design proposals.





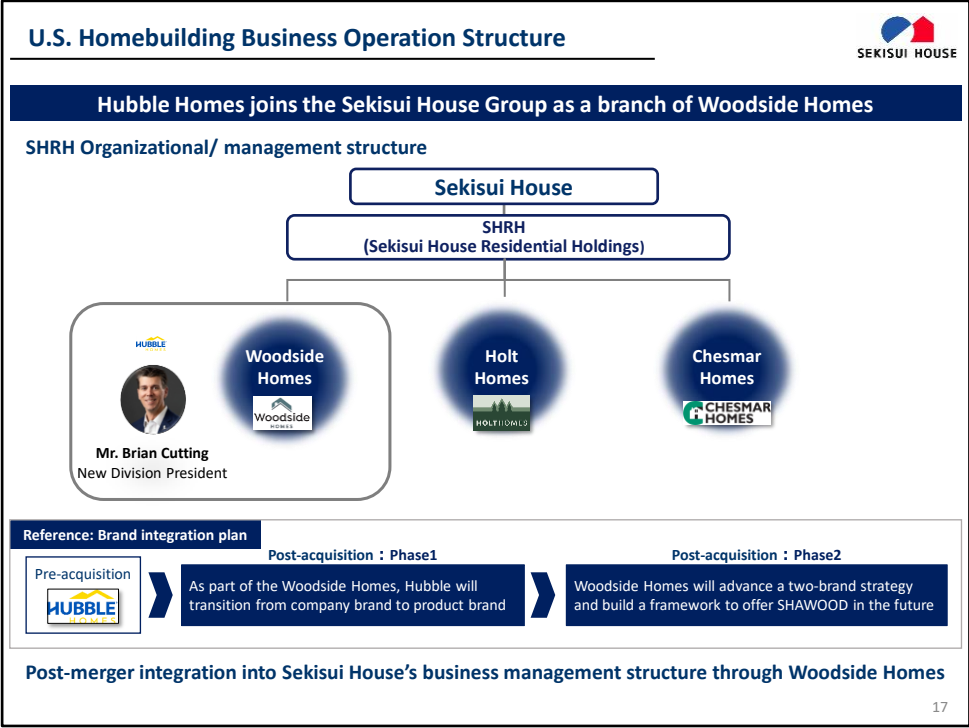


Next, our vision for Hubble Homes going forward.

We will leverage the strength of Hubble Homes' productivity- and quality-focused operational framework while making ongoing improvements.

As shown in the diagram, we will reinforce existing products while diversifying our offerings by adding new products. From there, we will introduce the Woodside Homes brand as a higher-end brand. We will also introduce digital experiences based on our focus on reinforcing the customer experience. And, ultimately, we aim to transfer Sekisui House technologies.

In short, we will strengthen Hubble by applying Woodside's business execution system and transferring Sekisui House's technologies and business expertise.

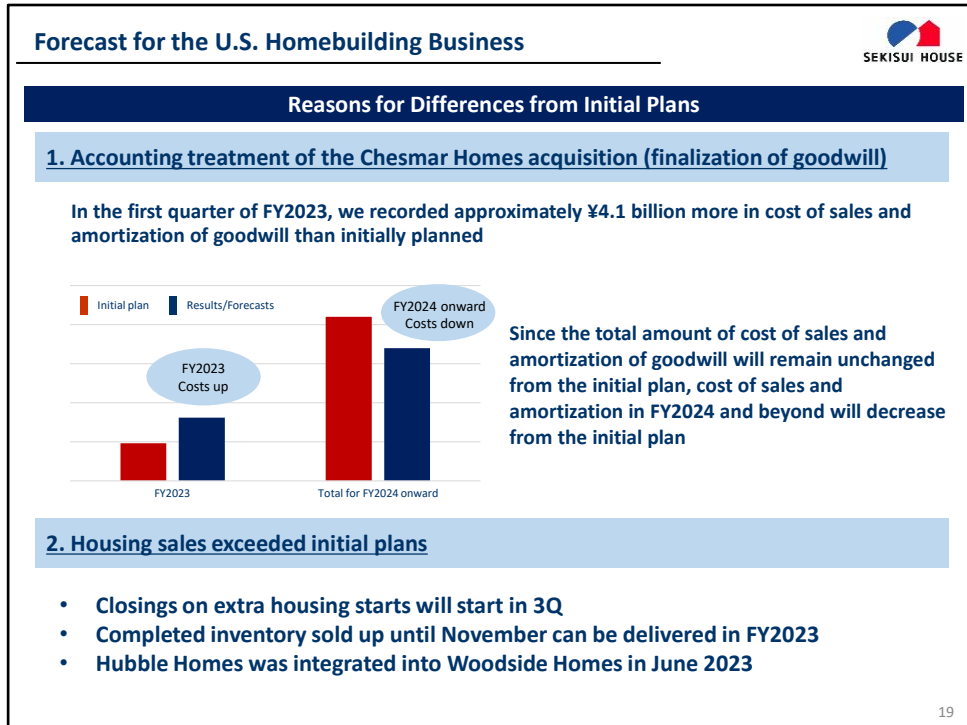


Hubble Homes will join the Sekisui House Group as a branch of Woodside Homes.

Brian Cutting has been appointed president of the new Boise branch. Mr. Cutting brings abundant experience as the division president for one of Woodside Homes’ previous segments and is highly knowledgeable about the Boise market. In addition to this experience, Mr. Cutting understands Sekisui House’s philosophy and approaches. We therefore expect his management leadership to help inject the strengths of Woodside Homes and Sekisui House into the Boise branch.

While Hubble will now operate as a branch of Woodside, the Hubble Homes brand is well established in Boise, so we will preserve this housing product brand while introducing the Woodside Brand for higher-end products, thereby advancing a two-brand strategy. We are also looking to offer SHAWOOD in the future.

4. Forecast for the U.S. Homebuilding Business



This slide covers the future outlook for the U.S. homebuilding business. There are two main factors causing the differences from our initial plans.

The first is the accounting treatment of the difference between the acquisition price of Chesmar Homes and its net assets. In the first quarter of FY2023, we recorded approximately ¥4.1 billion more in cost of sales and amortization of goodwill than initially planned. We do not expect a major difference from the planned amounts in the second quarter and onward. Since the total amount of cost of sales and amortization of goodwill will remain unchanged from the initial plan, cost of sales and amortization in FY2024 and beyond will be lower than initially planned.

The second reason for the difference is that housing sales have exceeded initial plans. As explained earlier, since the start of the year, we have increased the number of housing starts above initial plans. These extra houses will begin to reach completion in June, and closings on them will begin in earnest in the third quarter.

Completed inventory sold up until November can be delivered in FY2023, so we are working closely with builders to boost the number of closings this year, and we expect strong results. Also, the recently acquired Hubble Homes was integrated into Woodside Homes in June 2023 and will contribute to increasing earnings above initial plans in the latter half of the fiscal year.

Taking all of these factors into consideration, we believe that we will be able to reach the planned profit for the full year, despite the large increase in expenses in the first quarter.

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.