



**Sekisui House Group**

# **Company Presentation for FY2023 2Q**

September 8, 2023

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

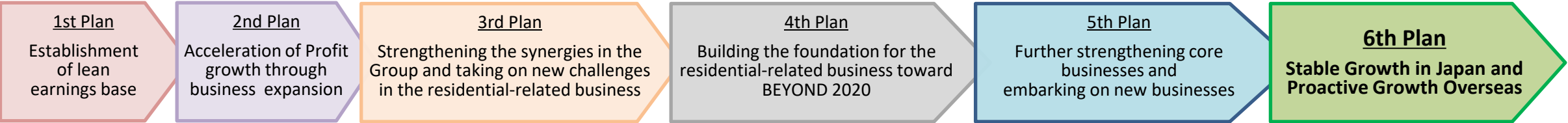
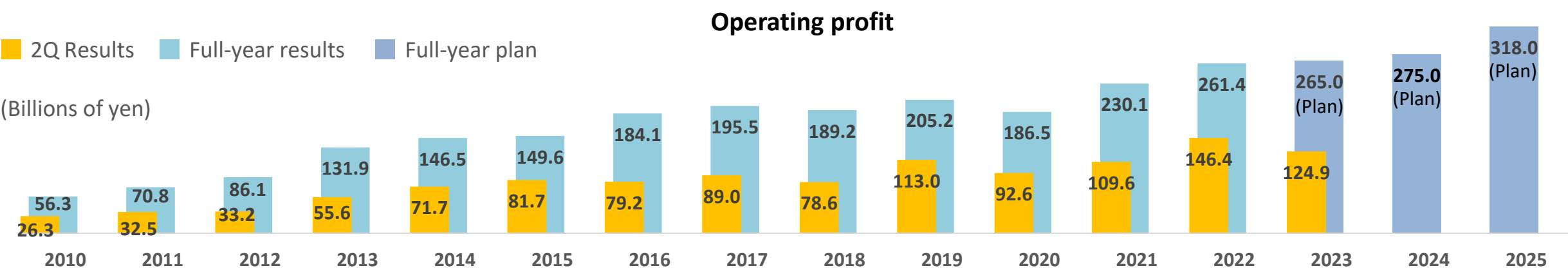
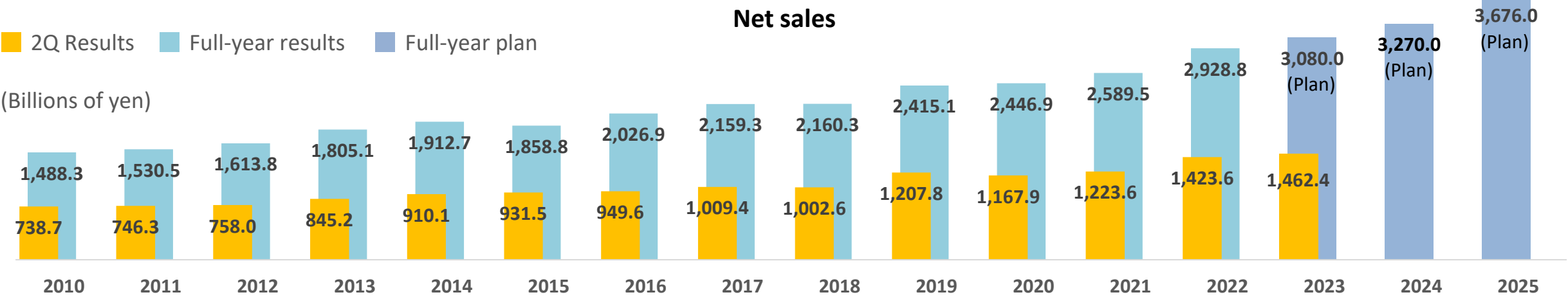
Technical capabilities

Construction capabilities

Customer base

## ■ Progress in Earnings Plan

# Progress in Sixth Mid-Term Management Plan



# Progress in the FY2023 Earnings Plan by Segment

(Billions of yen)

		FY2022 2Q Results					FY2023 2Q Results					YoY					Progress to Full-year Plan		
		Net sales	Operating profit	Operating profit margin	Orders	Order backlog	Net sales	Operating profit	Operating profit margin	Orders	Order backlog	Net sales	Operating profit	Operating profit margin	Orders	Order backlog	Net sales	Operating profit	Orders
Built-to-Order Business	Detached houses	240.8	22.9	9.5%	241.0	241.7	231.4	18.8	8.1%	229.0	232.9	(9.4)	(4.1)	(1.4P)	(12.0)	(8.8)	48.0%	42.9%	47.2%
	Rental housing and commercial buildings	247.0	37.5	15.2%	248.5	477.5	263.7	39.5	15.0%	272.5	499.1	16.7	2.0	(0.2P)	24.0	21.5	49.3%	48.2%	49.6%
	Architectural/civil engineering	131.2	6.5	5.0%	129.7	383.7	123.6	6.7	5.4%	144.1	396.1	(7.5)	0.1	0.4P	14.3	12.3	45.3%	67.1%	57.9%
	Subtotal	619.0	67.0	10.8%	619.2	1,103.1	618.8	65.1	10.5%	645.7	1,128.2	(0.2)	(1.9)	(0.3P)	26.4	25.0	48.0%	47.9%	50.3%
Supplied Housing Business	Rental housing management	307.4	24.9	8.1%	307.4	-	321.1	26.2	8.2%	321.1	-	13.7	1.2	0.1P	13.7	-	50.3%	53.5%	50.3%
	Remodeling	83.3	11.2	13.5%	87.0	37.0	88.2	12.1	13.7%	88.9	37.2	4.9	0.8	0.2P	1.9	0.1	49.3%	50.5%	48.9%
	Subtotal	390.8	36.1	9.3%	394.4	37.0	409.4	38.3	9.4%	410.1	37.2	18.6	2.1	0.1P	15.6	0.1	50.1%	52.5%	50.0%
Development Business	Real estate and brokerage	109.6	9.0	8.3%	119.7	43.3	130.2	12.4	9.6%	155.2	67.4	20.5	3.4	1.3P	35.5	24.1	46.7%	54.3%	55.5%
	Condominiums	54.8	10.6	19.4%	42.4	73.8	49.9	8.3	16.7%	51.7	79.2	(4.9)	(2.2)	(2.7P)	9.3	5.3	45.4%	52.3%	57.5%
	Urban redevelopment	23.2	0.4	2.0%	38.1	29.7	68.3	13.0	19.0%	79.6	11.3	45.1	12.5	17.0P	41.5	(18.3)	55.1%	72.3%	64.2%
	Subtotal	187.7	20.1	10.7%	200.3	146.8	248.5	33.8	13.6%	286.7	157.9	60.7	13.7	2.9P	86.3	11.1	48.5%	59.4%	58.0%
Overseas Business		241.6	46.1	19.1%	250.7	324.0	201.7	12.4	6.2%	266.1	292.0	(39.9)	(33.7)	(12.9P)	15.3	(32.0)	41.8%	25.5%	55.9%
Other Businesses		4.0	0.8	20.5%	4.0	-	6.2	1.1	19.0%	6.3	0.4	2.2	0.3	(1.5P)	2.3	0.4	57.2%	119.5%	57.7%
Eliminations and back office		(19.7)	(24.0)	-	(18.9)	(17.6)	(22.4)	(26.0)	-	(21.1)	(21.4)	(2.6)	(2.0)	-	(2.2)	(3.7)	-	-	-
Total		1,423.6	146.4	10.3%	1,450.0	1,593.4	1,462.4	124.9	8.5%	1,593.9	1,594.5	38.8	(21.5)	(1.8P)	143.8	1.0	47.5%	47.1%	52.2%

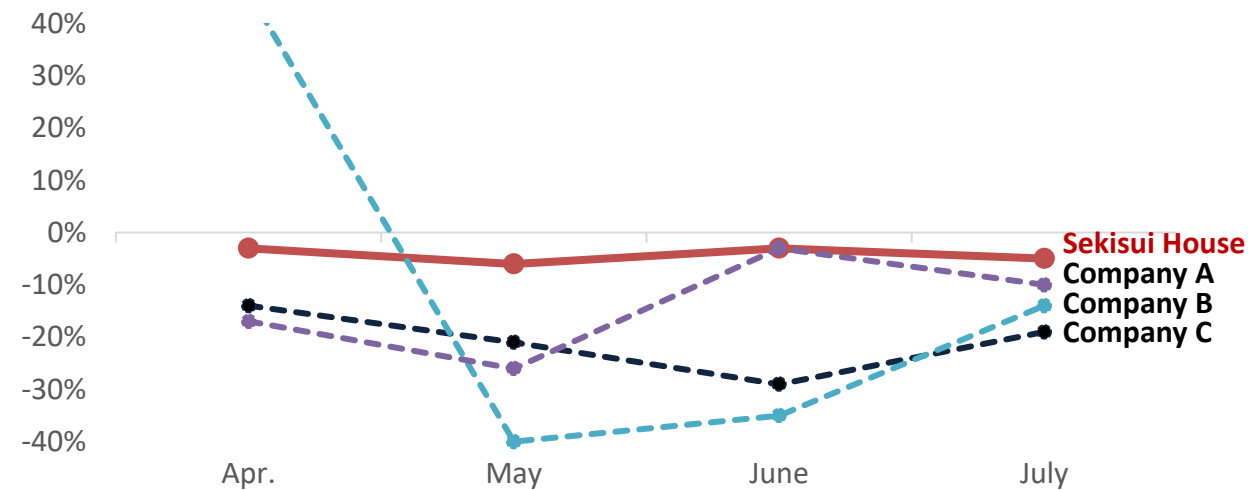
# Full-Year Plan for FY2023

		Net sales (Billions of yen)			Operating profit (Billions of yen)			Operating profit margin			Orders (Billions of yen)		
		FY2022 Results	FY2023 (Full-year)		FY2022 Results	FY2023 (Full-year)		FY2022 Results	FY2023 (Full-year)		FY2022 Results	FY2023 (Full-year)	
			Plan	YoY		Plan	YoY		Plan	YoY		Plan	YoY
Built-to-Order Business	Detached houses	476.4	482.0	5.5	41.4	44.0	2.5	8.7%	9.1%	0.4p	470.2	485.0	14.7
	Rental housing and commercial buildings	506.3	535.0	28.6	74.4	82.0	7.5	14.7%	15.3%	0.6p	520.5	550.0	29.4
	Architectural/civil engineering	267.3	273.0	5.6	11.8	10.0	(1.8)	4.4%	3.7%	(0.7p)	257.6	249.0	(8.6)
	Subtotal	1,250.0	1,290.0	39.9	127.7	136.0	8.2	10.2%	10.5%	0.3p	1,248.4	1,284.0	35.5
Supplied Housing Business	Rental housing management	617.2	638.0	20.7	47.5	49.0	1.4	7.7%	7.7%	0.0p	617.2	638.0	20.7
	Remodeling	166.9	179.0	12.0	22.4	24.0	1.5	13.4%	13.4%	0.0p	170.1	182.0	11.8
	Subtotal	784.2	817.0	32.7	70.0	73.0	2.9	8.9%	8.9%	0.0p	787.3	820.0	32.6
Development Business	Real estate and brokerage	221.0	279.0	57.9	17.5	23.0	5.4	7.9%	8.2%	0.3p	230.2	280.0	49.7
	Condominiums	97.1	110.0	12.8	13.7	16.0	2.2	14.2%	14.5%	0.3p	88.2	90.0	1.7
	Urban redevelopment	86.1	124.0	37.8	5.1	18.0	12.8	6.0%	14.5%	8.5p	71.3	124.0	52.6
	Subtotal	404.2	513.0	108.7	36.4	57.0	20.5	9.0%	11.1%	2.1p	389.8	494.0	104.1
Overseas Business		521.1	482.5	(38.6)	73.8	49.0	(24.8)	14.2%	10.2%	(4.0p)	418.5	476.5	57.9
Other Businesses		9.4	11.0	1.5	1.8	1.0	(0.8)	20.0%	9.1%	(10.9p)	9.5	11.0	1.4
Eliminations and back office		(40.2)	(33.5)	6.7	(48.4)	(51.0)	(2.5)	-	-	-	(44.4)	(33.5)	10.9
Total		2,928.8	3,080.0	151.1	261.4	265.0	3.5	8.9%	8.6%	(0.3p)	2,809.2	3,052.0	242.7

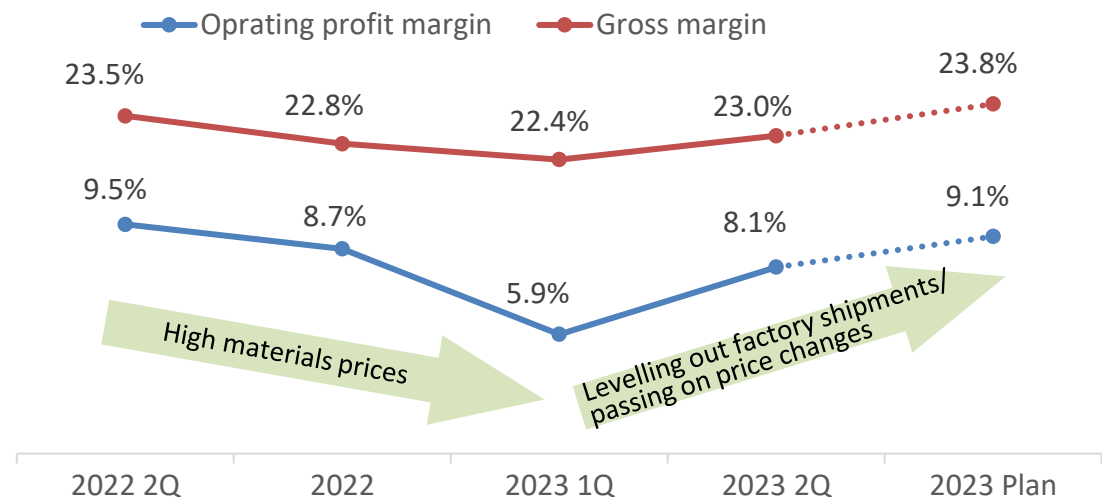
■ Progress in priority measures by business

Secured firm demand amid a soft detached house market by advancing the three-brand strategy and high-value-added proposals

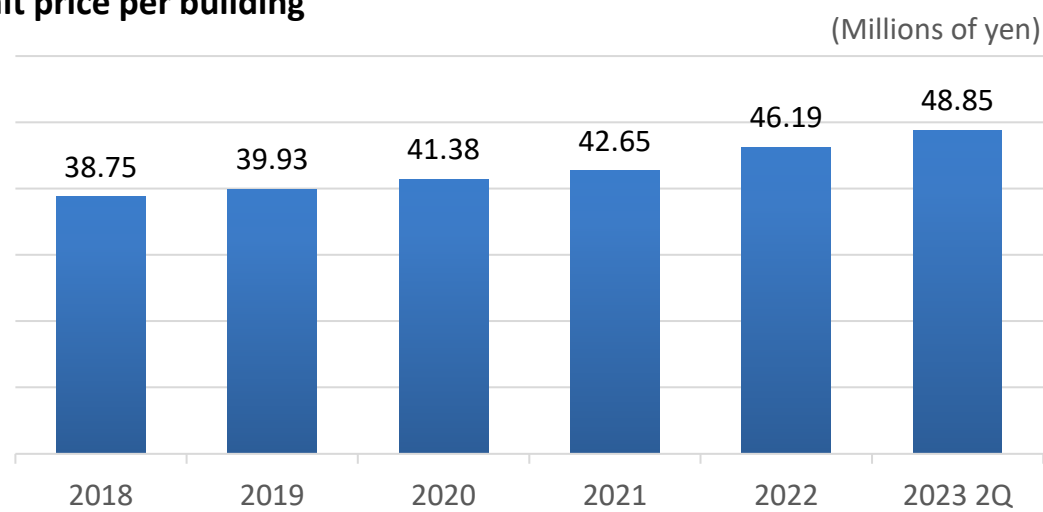
■ Orders (Year-on-Year Changes Based on Preliminary Figures)



■ Profit margin



■ Unit price per building



■ Percentage of orders by sales price range (based on the number of buildings)

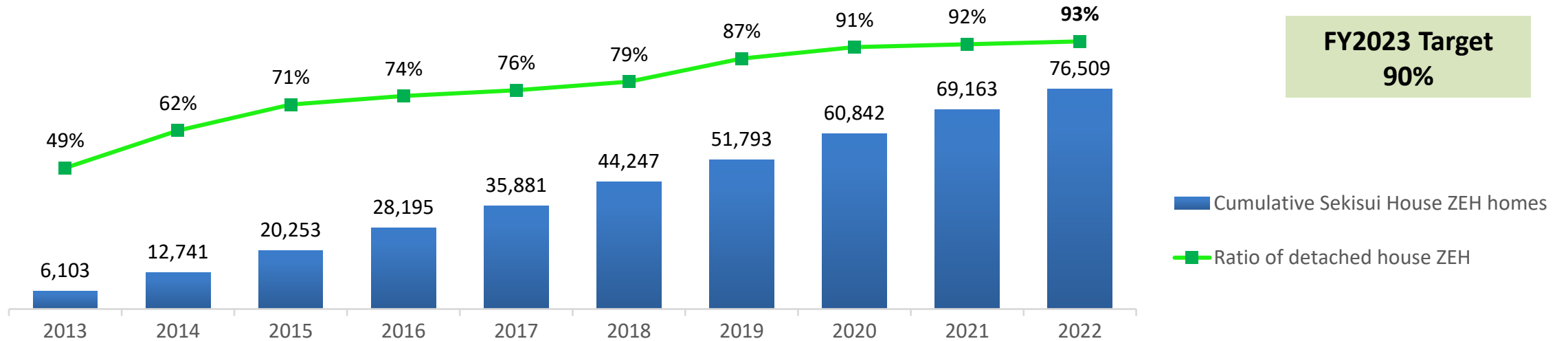
Sales price range		FY2021	FY2022	FY2023 2Q
1 <sup>st</sup> range	Less than 30.00 million yen	9%	5%	3%
2 <sup>nd</sup> range	30.00 million yen – 50.00 million yen	69%	67%	67%
3 <sup>rd</sup> range	50.00 million yen or more	22%	28%	30%



# [Built-to-Order Business] Detached Houses - Integrating our technologies, lifestyle design and services

## ■ Green First ZERO (ZEH) detached houses

- Our detached house ZEH ratio reached a record high of 93% in FY2022 and has remained high in FY2023, at 92% (Apr.–Jul.)



## ■ PLATFORM HOUSE touch

- Smart home service with floor plan-linked interface that enables the remote control of home devices from inside or outside has been well received



### ● PLATFORM HOUSE touch

Monitor the home via a floor plan-linked app  
Self-monitored home security, living environment monitoring, notifications when people come and go, and other services.

## ■ SMART-ECS

- Functions providing ventilation and air purification while regulating temperature, rather than relying on open windows, have been well received

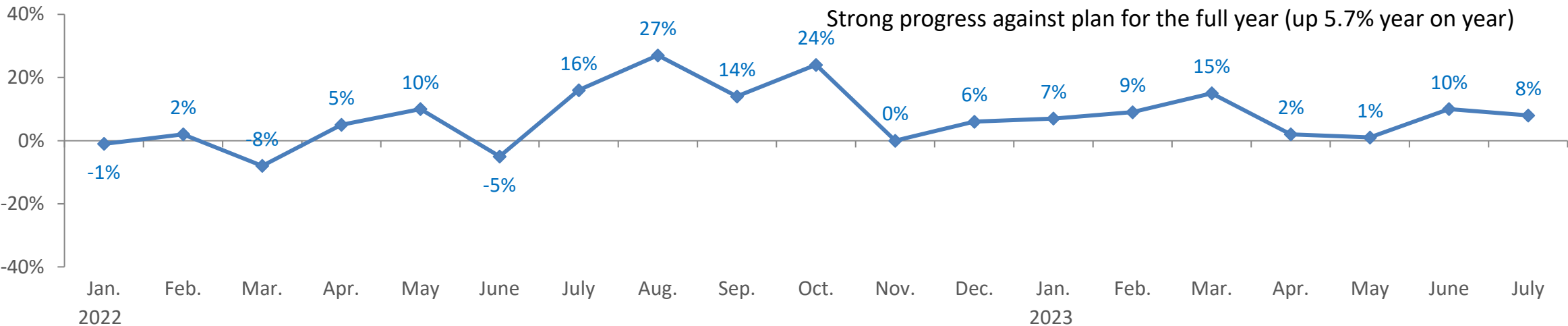


### ● SMART-ECS

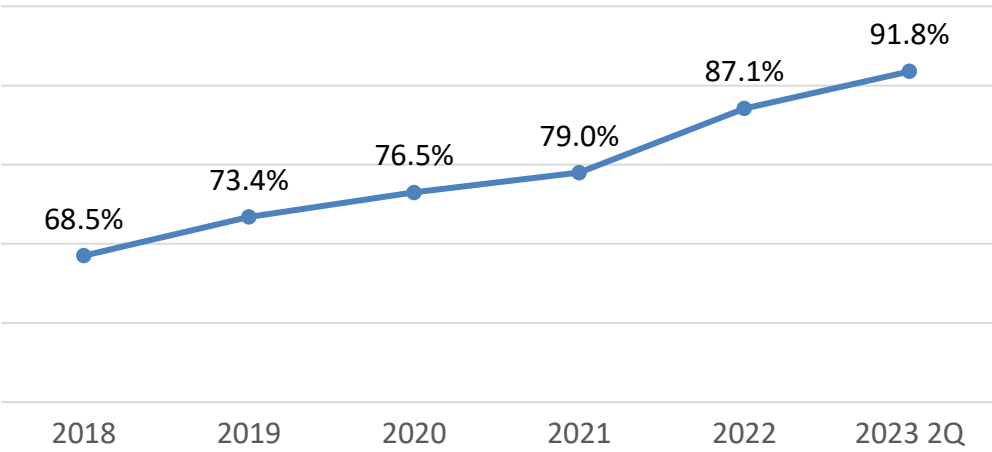
Next-generation indoor environment control system that keeps indoor air clean through zoning, ventilation and purification.

Orders have remained strong thanks to high-value-added proposals and reinforcement of the CRE and PRE businesses

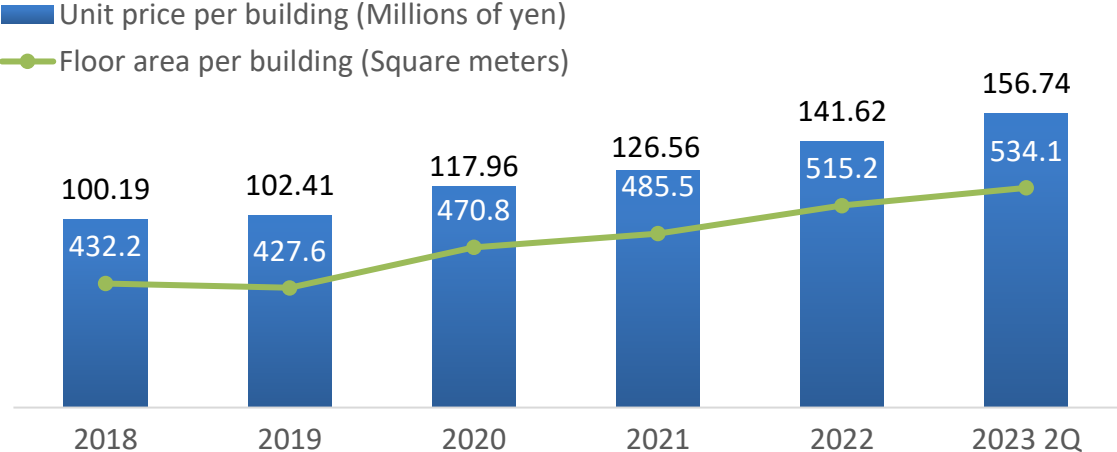
Monthly orders (year-on-year changes based on preliminary figures)



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



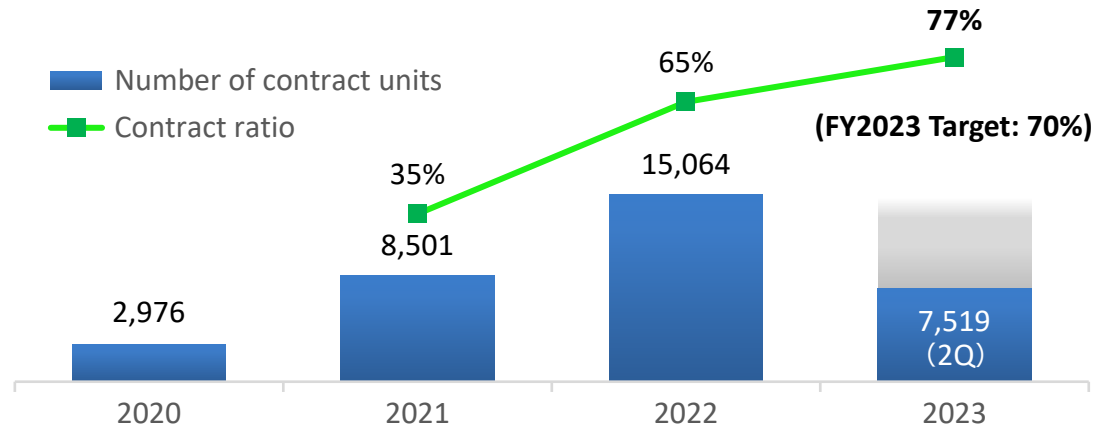
Unit price per building and floor area per building



## Supplying Sha Maison ZEH and Other High-Value-Added Properties

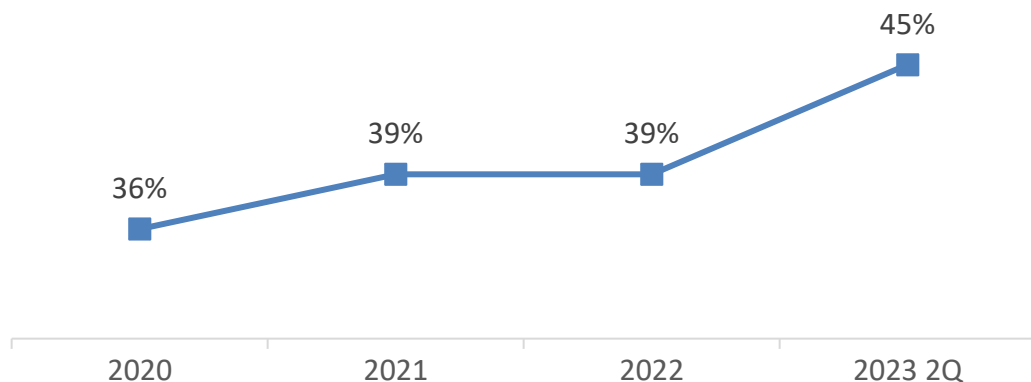
### ■ Promoting Sha Maison ZEH

- Already surpassed 70% of the target for FY2023 by the end of 2Q



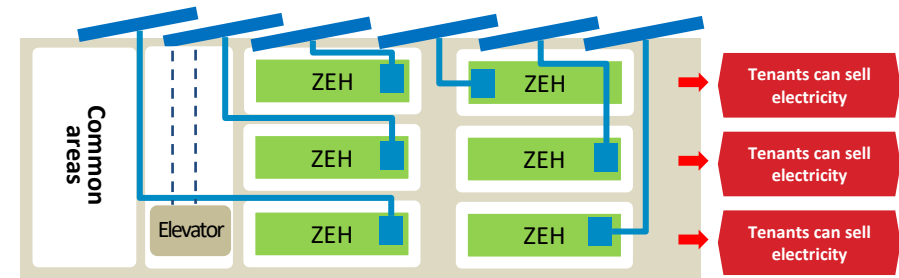
### ■ Percentage of orders from enterprises

- Rising due to the reinforcement of the CRE and PRE businesses



### [Differentiation from competitors by allowing individual residents to sell electricity]

- Of the two types of ZEH multi-unit housing complexes, from a tenant-first perspective, we provide the type that allows individual tenants to sell electricity
- Allowing individual residents to sell electricity provides tenants not only the comfort of ZEH, but reduced utility costs via photovoltaic power generation, etc., and the assurance of being able to use electricity during power outages



### [High-value-added proposals for beautiful interiors, exteriors and fixtures]

(1) Exterior designs that are full of individuality



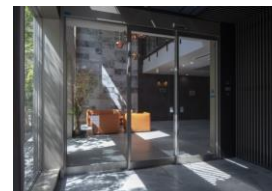
(2) Sales of electricity by residents through ZEH



(3) Exterior enhancement through the Gohon no Ki Project and other efforts



(4) Complete security



(5) Added-value proposals for common areas



(6) Elevator installation



## Leveraging the Environmental and Technical Capabilities of Konoike Construction

### ■ Order status (Konoike Construction)

➤ Orders are up year on year, mainly due to the favorable environment for orders in the construction business. Orders are also firm in the non-housing sector

Orders (Billions of yen)	FY2022 2Q	FY2023 2Q	Amount changed
Architectural construction	82.4	95.4	+12.9
Civil engineering	31.5	32.7	+1.1
Total	114.0	128.1	+14.1

Order (Billions of yen)	FY2022 (Dec. 31, 2022)	FY2023 2Q	Amount changed
Architectural construction	240.9	262.0	+21.0
Civil engineering	117.4	114.5	(2.9)
Total	358.3	376.5	+18.1

### ■ Environmental initiatives of Konoike Construction

#### Soil, water and radioactive contamination countermeasures



Interim storage facilities



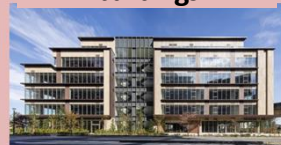
Soil cleanup

#### Renovation



Extending the life of societal assets

#### Energy-saving buildings



ZEB/CASBEE certification

#### Waste processing

##### Waste processing facilities



##### Hazardous waste processing



#### Renewable energy

##### Woody biomass power



##### Micro-hydroelectric



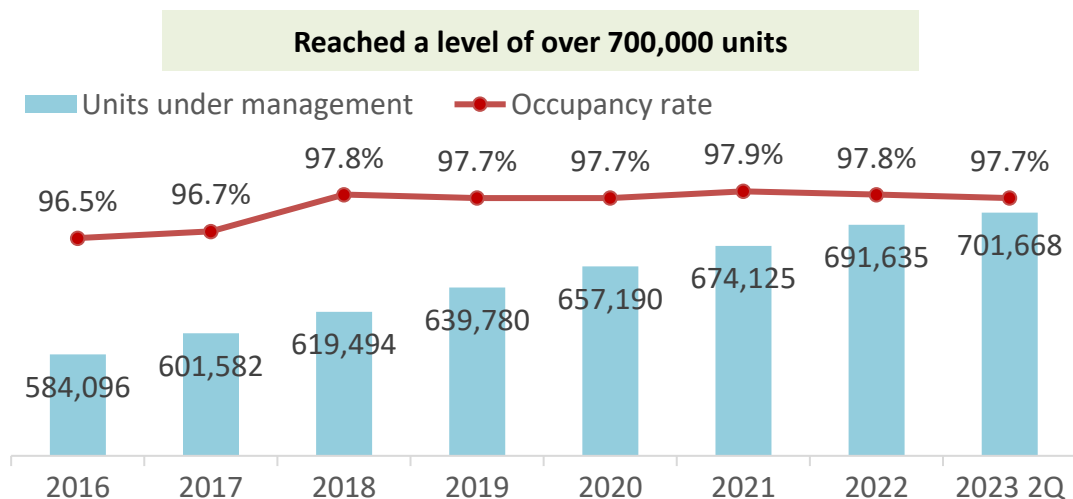
Aiming to increase orders for environment-related construction by leveraging the proprietary technologies of Konoike Construction and its strengths in the environmental field

[Target ratio of sales from environment-related construction projects to net sales]

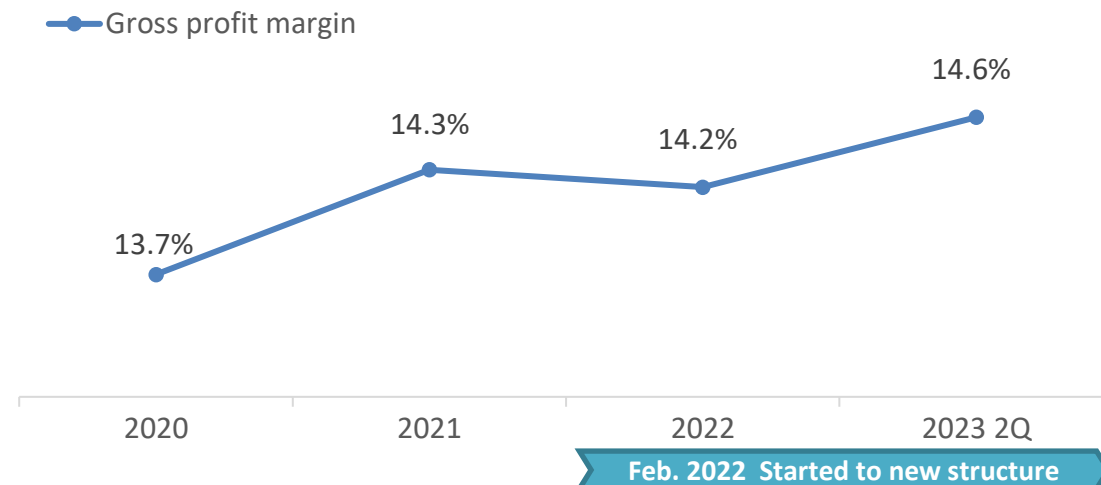
FY2025: 20% ➡ FY2030: 30%

Occupancy has remained high and rents are rising, thanks to the Sekisui House Real Estate Group's high-quality property management

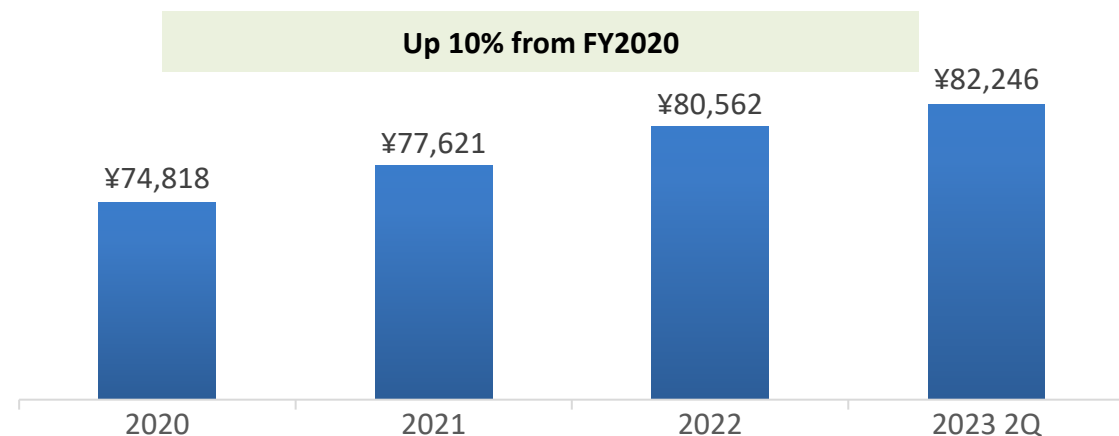
### ■ Units under management and occupancy rate



### ■ Gross profit margin (Sekisui House Real Estate Group: Rental Housing Management Business)

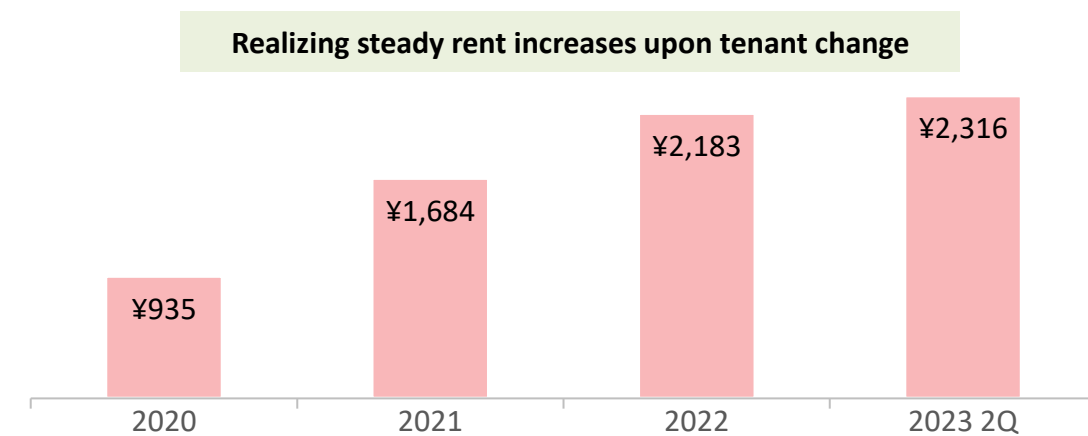


### ■ Rent per unit (National average monthly rent, tenant contract basis)



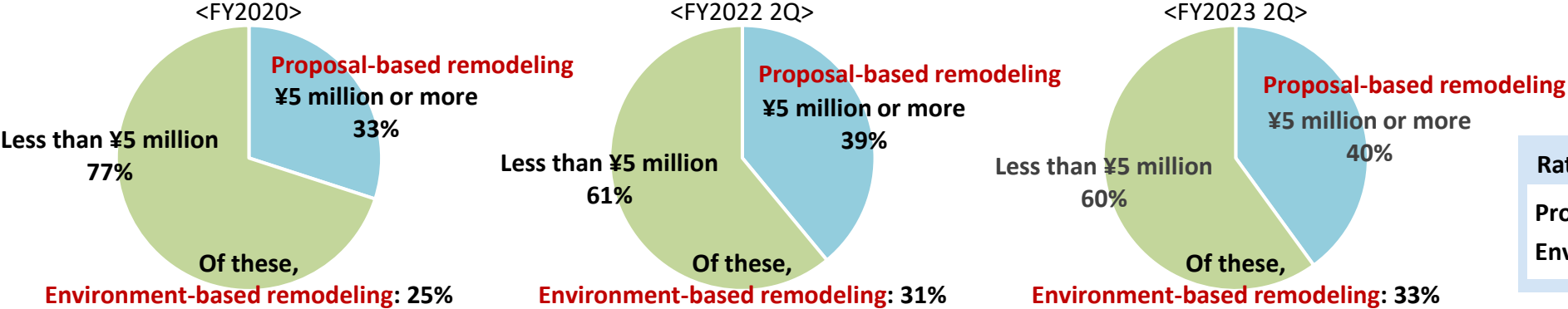
Subject to: Properties subleasing by our group constructed after 1969

### ■ Change in rent per unit for Sha Maison renovation



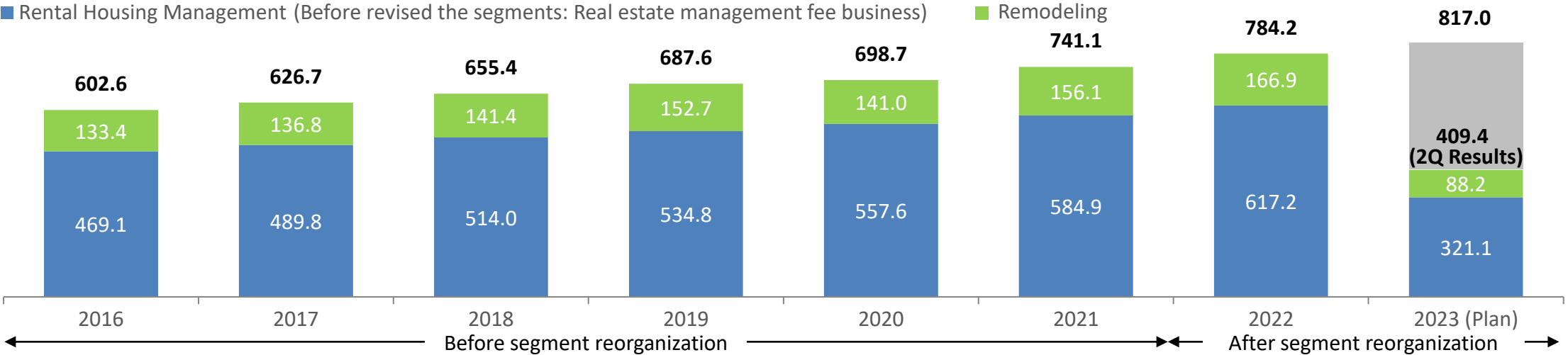
Actively deploy proposal-based and environment-based remodeling

➤ We are making steady progress toward our FY2025 targets by proactively promoting proposal-based remodeling to update residences in line with changes in family composition or lifestyle, and energy efficient remodeling to update thermal insulation and install the latest energy-conserving, energy-producing and energy-storing equipment



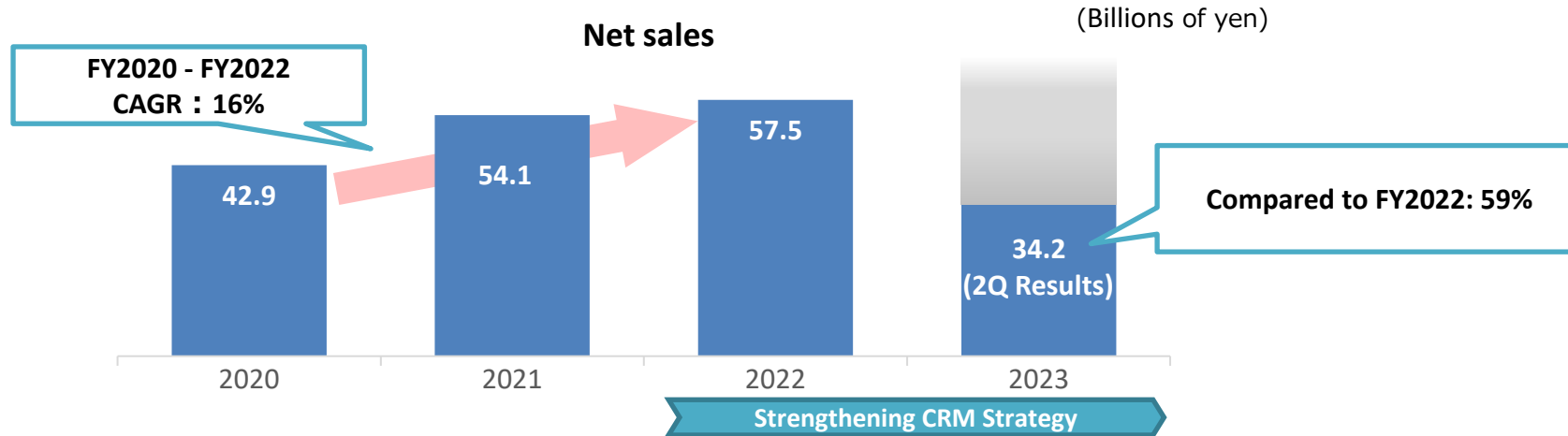
Ratio of Remodeling Target (FY2025)  
Proposal-based remodeling: 45%  
Environment-based remodeling: 35%

Supplied Housing Business: Trend in Net sales

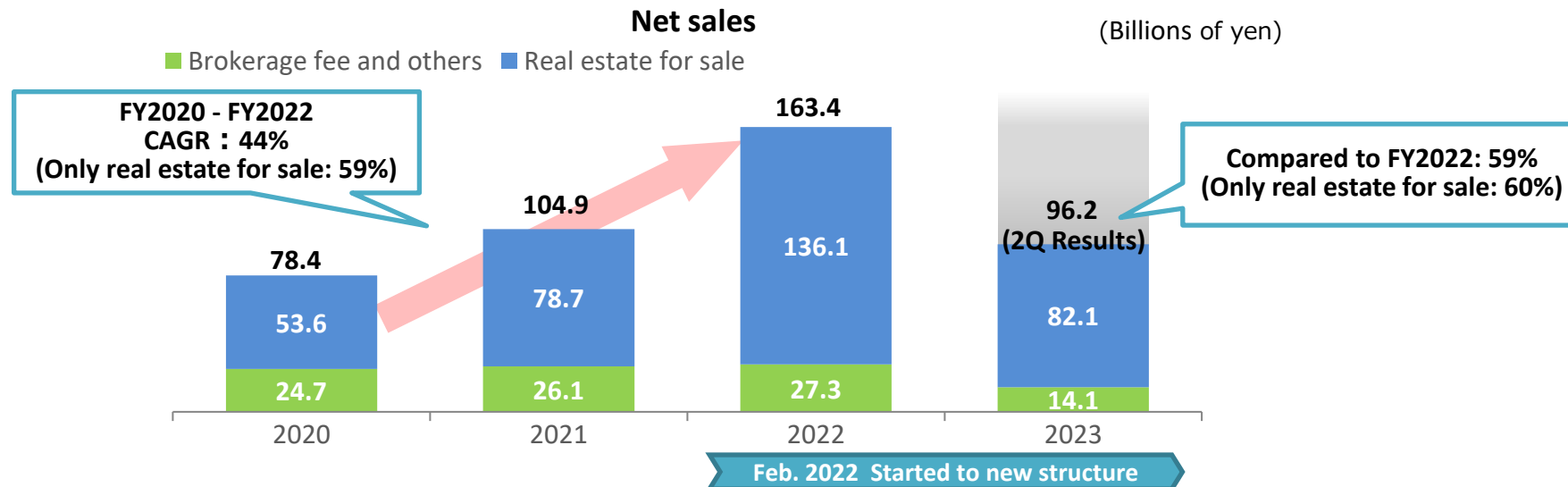


Strong performance due to proactive acquisition of prime land and focus on expanding sales to customers considering buying from land acquisition onward. In particular, Sekisui House Real Estate Group saw strong real estate sales, mainly of residential land

■ Sekisui House: Land for sale business



■ Sekisui House Real Estate Group: Real estate and brokerage





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

■ **Condominiums:**

**Sales decreased due to effects of completing the closings of large-scale properties in the previous year, but closings progressed as planned.**

- Such initiatives as making all units ZEH in GRANDE MAISON condominiums sold from FY2023 onward have been well received, and sales have been strong
- We will further enhance the GRANDE MAISON brand in the markets of Tokyo, Nagoya, Osaka and Fukuoka

■ **Urban redevelopment: Sales planned for the fiscal year progressing as planned.**

- We realized 100% ZEH units in Prime Maison urban rental condominiums that began construction in FY2023 2Q
- Explored additional exit strategies in light of the robust investment demand for domestic real estate
- Operating conditions have improved for our hotels, particularly for urban hotels

**[Progress of the Trip Base *Michi-no-Eki* Stations Project]**

- 1st stage (Oct. 2020 - Mar. 2022)  
15 locations in 6 prefectures opened/operating
- 2nd stage (spring 2022 - Autumn 2023)  
13 locations in 7 prefectures opened/operating out of 14  
locations in 8 prefectures planned

(As of Aug. 31, 2023)



Fairfield by Marriott  
Saga Ureshino Onsen



Fairfield by Marriott  
Fukuoka Ukiha



Fairfield by Marriott  
Hyogo Awaji Higashirua

**The Ritz-Carlton, Fukuoka: Opened June 2023**

The Ritz-Carlton, Fukuoka had its grand opening in June 2023. Located in Fukuoka Daimyo Garden City, with one of the Marriot Group's top brands, it is the first high-end luxury hotel in Kyushu



The special purpose company that Sekisui House invested in to build the project sold the hotel portion in June 2023

Equity-method gain on investment recorded as non-operating income.

Reflects increase in appetite for investment from real estate investors due to the post-pandemic increase in travel



## ■ United States

### Homebuilding business

The sharp slowing of housing sales due to rising interest rates led to a major decrease in order backlog among housing builders. Housing sales bottomed out at the end of 2022 and have been recovering, with sale prices increasing in some areas and communities. Improvement in problems in construction material supply chains (delivery delays, sudden price increases) has helped normalize construction periods and costs. The outlook for interest rates remains unclear.

### Master-planned community business [residential land development]

The pace of sales of residential land slowed from the latter half of last year, but this year, recovery in builders' housing sales has helped power recovery in residential land sales. Mortgage interest rates remain high, but a scarcity of second-hand houses is boosting recovery in sales of new houses. There have also been occasional delayed closings, reflecting issues with funding procurement among buyers for commercial and residential land.

### Multifamily business [rental housing development]

The major increase in rents seen in 2022 has slowed to a gradual increase. Some areas are seeing delays in the return to offices or supply-demand imbalances, but the overall vacancy rate remains low, and the rental housing market has stayed strong.

Compared with other asset classes, investors have the highest appetite for investing in rental housing, but investment has remained low since the first half of the FY2023.

## ■ Australia

### Condominiums development business

Following the pandemic, immigration has risen from approximately 150,000 people/year to approximately 400,000 (about 2.7x the previous level). Considering organic growth and outflows, the population is expected to increase by around 300,000 people/year (1.9% annual growth). Meanwhile, the number of new housing units supplied is expected to be 127,000 (down 15% year on year), exacerbating the housing shortage. Market turnaround was projected for 2024, but is now expected to be earlier. Mortgage interest rates are projected to stabilize and sales prices to rise from 2024 onward.

### Homebuilding business

The Reserve Bank of Australia (RBA) has continued to raise the policy rate, which reached 4.1% in June (and stayed there in July). Sales of new houses in New South Wales remain low, down about 60% from pre-interest rate hike (before April 2022) levels. However, immigration, which was restricted during the pandemic, has reopened, and the strong inflow of people is expected to increase housing demand and improve sales conditions.

## ■ China

Despite another wave of COVID-19 early in the year, restrictions on movement within the country were mostly lifted by the end of April. With greater freedom of movement domestically, economic activity is also beginning to pick up.

The real estate market has not yet recovered from the deceleration caused by pandemic countermeasures. Although purchasing restrictions will be significantly eased to help the economy recover, many developers are facing financial difficulties due to the extended pandemic-related restrictions. GDP growth was 3% in 2022 and is forecast at 5.6% in 2023.

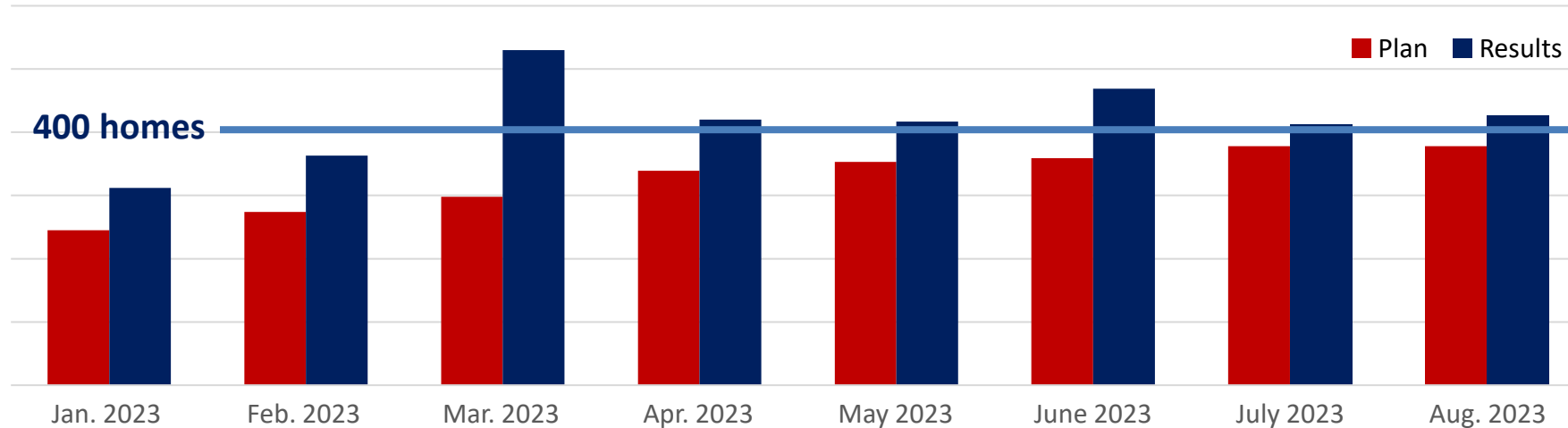
## ■ United Kingdom

The Bank of England announced in June that it would raise its policy rate 0.5%, to 5.0%, the 13th consecutive hike since December 2021. Amid a tight labor market and signs of continued inflation, the decision to raise the rate reflected the top priority placed on curbing inflation. As a result of rising interest rates, home closings fell to 74,360 in May 2023 (down 25.4% from May 2022). Home prices in April 2023 were up 3.5% year on year, but down 0.5% from the previous month.

## ■ Singapore

Sales prices have continued to rise amid the post-pandemic recovery ongoing since last year. In response to an increase in foreign investors acquiring homes for investment purposes, an increase in stamp duties from April 26, 2023 was announced to curb acquisitions by foreign investors. However, demand from Singaporean citizens to purchase housing to live in remains high, and although sales of some high-end, centrally located properties have slowed, the overall housing market has not been greatly impacted. At the end of the first quarter of 2023, the sale price index was up 0.4% from the previous quarter and up 3.3% year on year. The housing market remains firm.

## Progress Toward Plan for Orders in the U.S. Homebuilding Business



Orders in January - August were about 30% higher than planned

## Results improved due to recovery in customer appetite to buy new houses and a new sales strategy

- Orders progress faster than planned

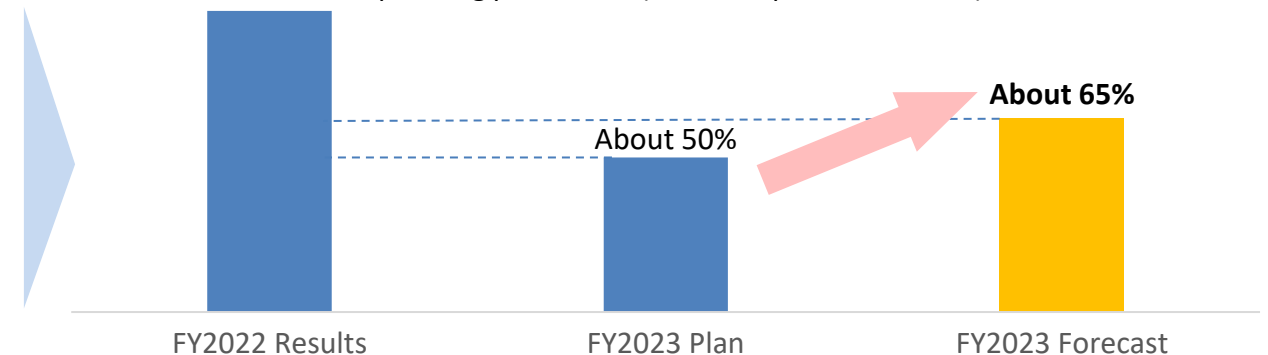
Orders		
FY2023 2Q Results	FY2023 Full-year Plan	Progress to Full-year Plan
¥194.9 billion	¥290.1 billion	67%

Closings on homes built under this strategy will

begin in earnest in FY2023 3Q

- The sixth mid-term management plan for operating income in the U.S. homebuilding business assumes a decrease from FY2022

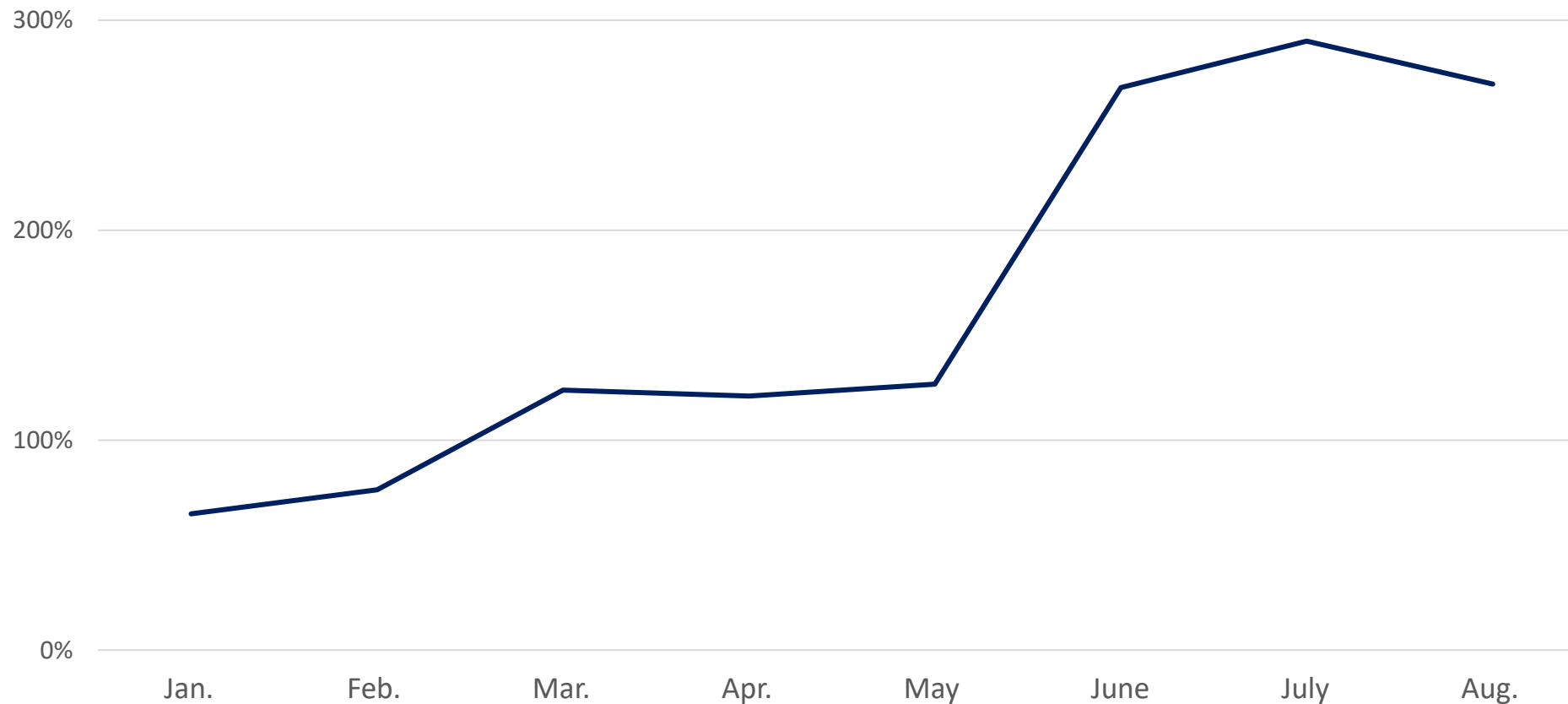
[Operating profit total (U.S. Group Home Builder)]



### Orders up significantly year on year from 2Q onward

- Order volume has been up year on year since March, and up quite significantly since June
- Given the sharp decrease in orders due to rising interest rates in the latter half of the previous fiscal year, orders are expected to remain up significantly year on year in September and onward

[Year-on-Year Order Volume Comparison]



## Three steps to expand the homebuilding business

### Step 1 - Create a foundation for U.S. homebuilding business

Achieved with Woodside Homes

Present

### Step 2 - Horizontal development into promising areas

Accelerate expansion into new areas through acquisition of Holt, Chesmar and Hubble

### Step 3 - Develop SHAWOOD, which best embodies the ideals of Sekisui House, across the United States

Make home the happiest place in the world

Integrate the  
knowledge of  
Group homebuilders  
and Sekisui House

An unrivaled  
housing business

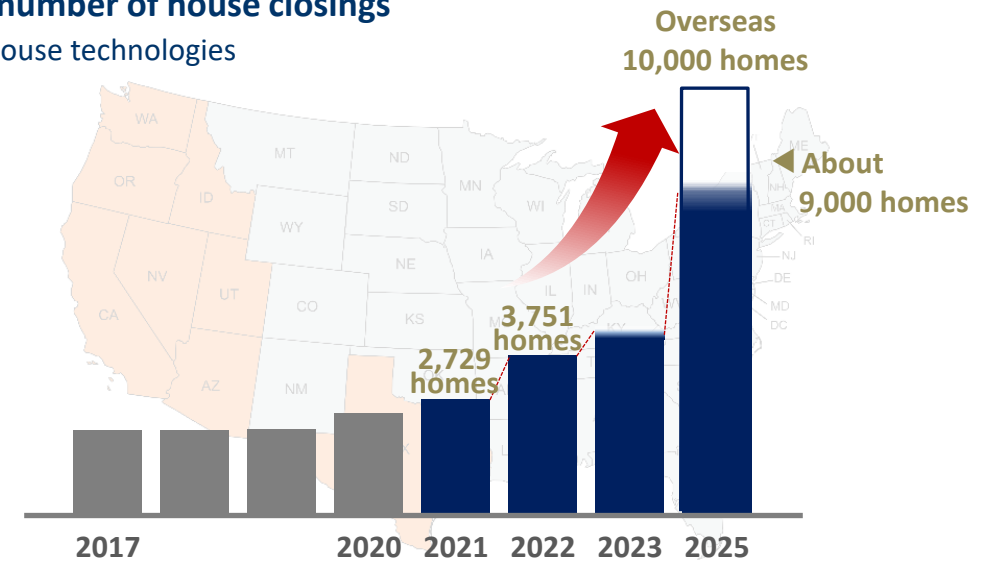
## Overall strategy and outlook for home sales volume

### The Hubble Homes acquisition expands business scale from 20th in the U.S. to 16th, based on number of house closings

Create new value in happiness encompassing tangible and intangible elements while aiming to transfer Sekisui House technologies

<b>Woodside Homes</b> Area: CA, NV, AZ, UT Sold: 2,269 homes (2022) 	<b>Hubble Homes</b> Area: ID Sold: 597 homes (2022) 	<b>SHAWOOD business</b> Area: CA, NV Provide safety and peace of mind and comfort 
<b>Holt Homes</b> Area: OR, WA Sold: 622 homes (2022) 	<b>Chesmar Homes</b> Area: TX Sold: 1,779 homes (2022) 	Integrate tangible and intangible elements Transfer of Sekisui House technologies Improve value added with lifestyle ideas 

Expand  
business



\* based on homes closed a year in the U.S. homebuilding business

## Expanding U.S. Operations to 8 States to Provide 10,000 Homes Annually in Overseas Markets

### ■ Hubble Group LLC Company Profile

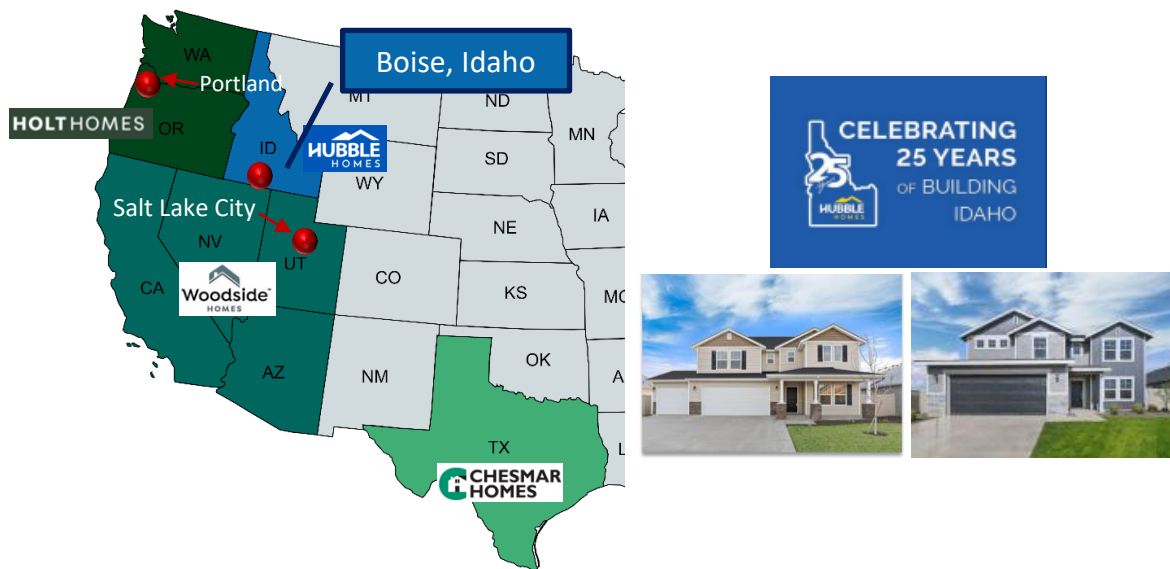
- Headquarters: Boise, Idaho
- Employees: 87
- Founded 26 years ago
- 73rd in the United States in annual house closings  
(Woodside Homes: 34th; Holt Homes: 74th; Chesmar Homes: 39th)
- The Hubble Homes (Group) is located in Boise,  
approximately halfway between Salt Lake City, Utah, and Portland,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



Boise, Idaho



### Hubble Homes boasts a track record of more than 25 years In Boise, a new markets 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 Closing	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	138	\$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%

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



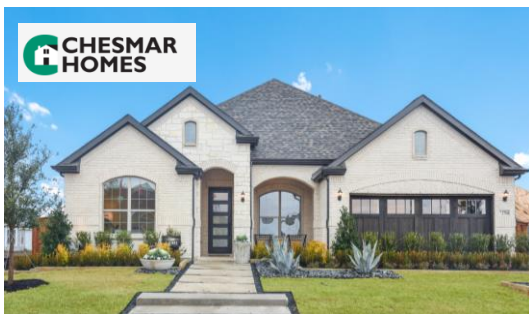
# [Overseas Business] Major Projects Sold in FY2023 2Q

## [United States]

Homebuilding	¥132.2 billion (1,777 homes)
--------------	---------------------------------



[Woodside Homes](#)



[Chesmar Homes](#)



[Holt Homes](#)

Multifamily	¥21.4 billion
-------------	---------------



[St. Andrews Place](#)

Master-planned community	¥30.1 billion
--------------------------	---------------



[Elyson](#)

## [Australia]

Condominiums	¥12.4 billion
Detached houses for sale, built-to-order	¥4.2 billion



[Melrose Park: 148 units](#)

In Australia, completed a contract in Aug. for a large-scale property, which will be the main revenue in FY2023

## ■ Financial Strategy



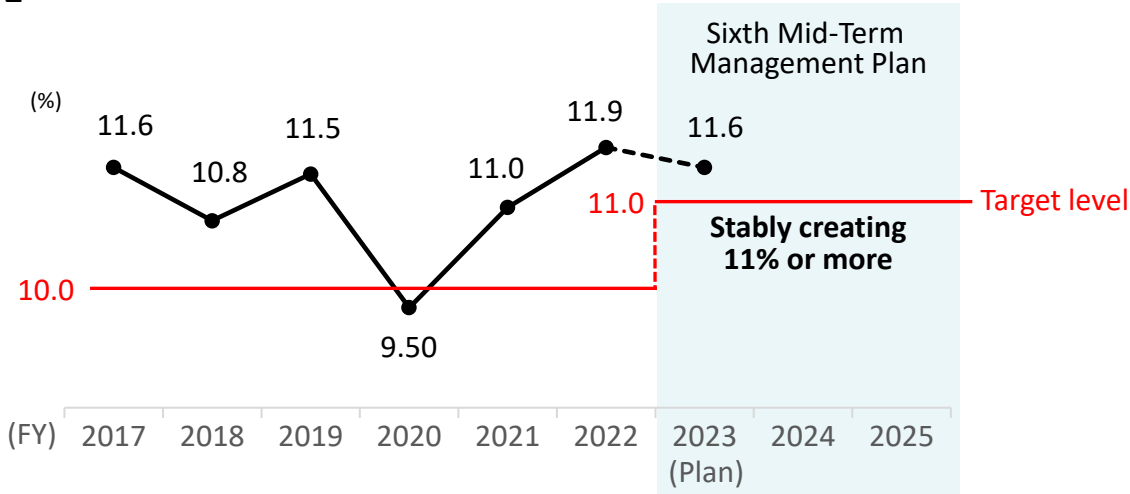
Sixth Mid-Term Management Plan:  
Capital policies/ Policy for shareholder return

ROE	Stably creating 11% or more
Dividends	Average medium-term dividend payout ratio : 40% or more Minimum dividends : ¥110
Repurchases of Company stock	Flexibly implement

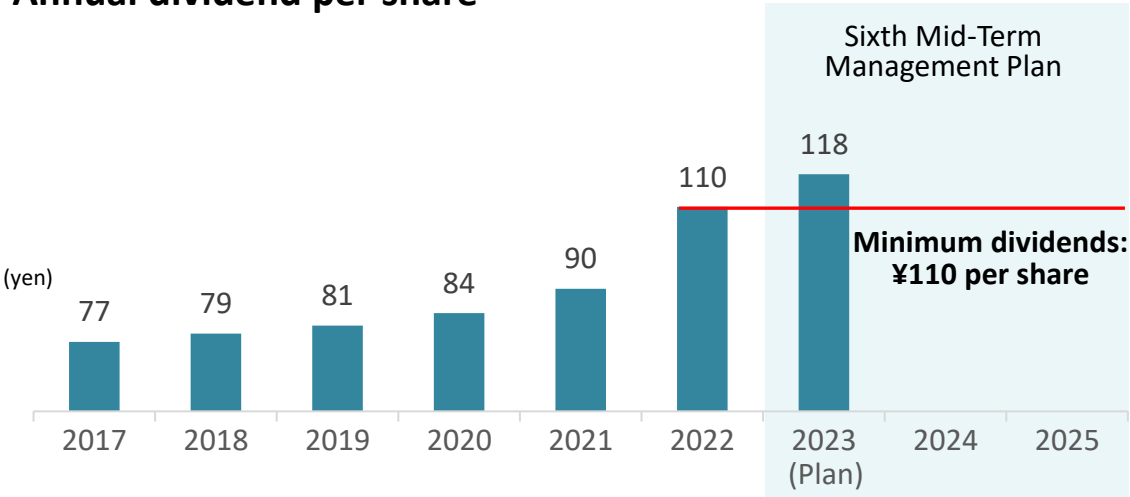
FY2023 Plan

ROE	FY2023 Plan : 11.6%
Dividends	Annual dividend per share : ¥118 (up ¥8 from the previous year) Dividends payout ratio : 40%
Repurchases of Company stock	Up to ¥40 billion or 18 million shares repurchased * Status of company stock repurchase as of Aug. 31, 2023: Aggregate price of shares repurchased: Approx. ¥35.2 billion Aggregate number of shares repurchased: Approx. 12.82 million shares

ROE



Annual dividend per share



Growth investments are progressing steadily. Financial leverage has been rising due to the increase in interest-bearing debt from proactive investment

## Growth investments

### [Real Estate Investment Results and Plans]

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

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

Results through the period of FY2023 2Q (six months)

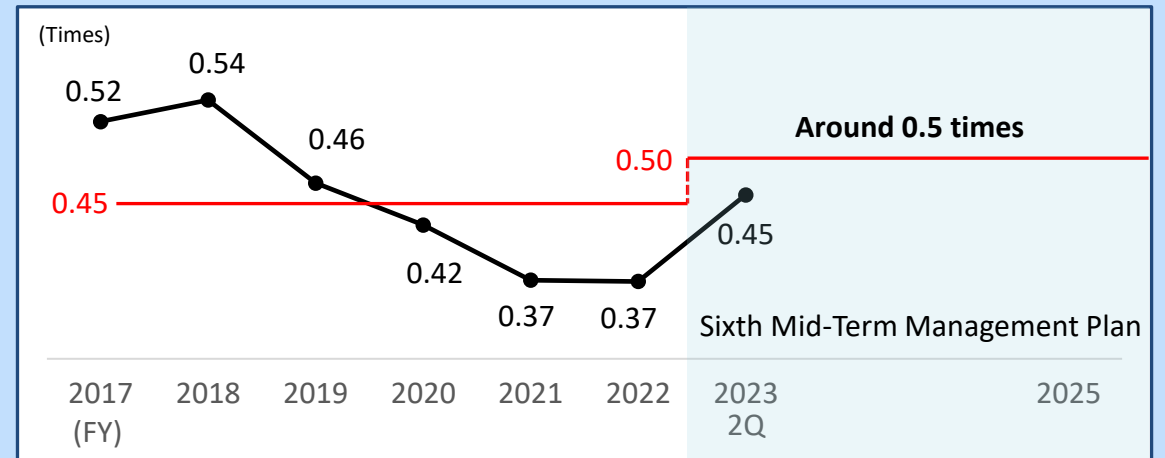
Investment (Progress to Plan)	Japan	¥258.3 bn (19.9%)	Overseas	¥278.1 bn (16.4%)	Total	¥536.4 bn (17.9%)
Recoup (Progress to Plan)	Japan	¥218.3 bn (16.8%)	Overseas	¥216.1 bn (10.8%)	Total	¥434.5 bn (13.2%)

### [Investment in Foundations for Growth, New Businesses, M&A]

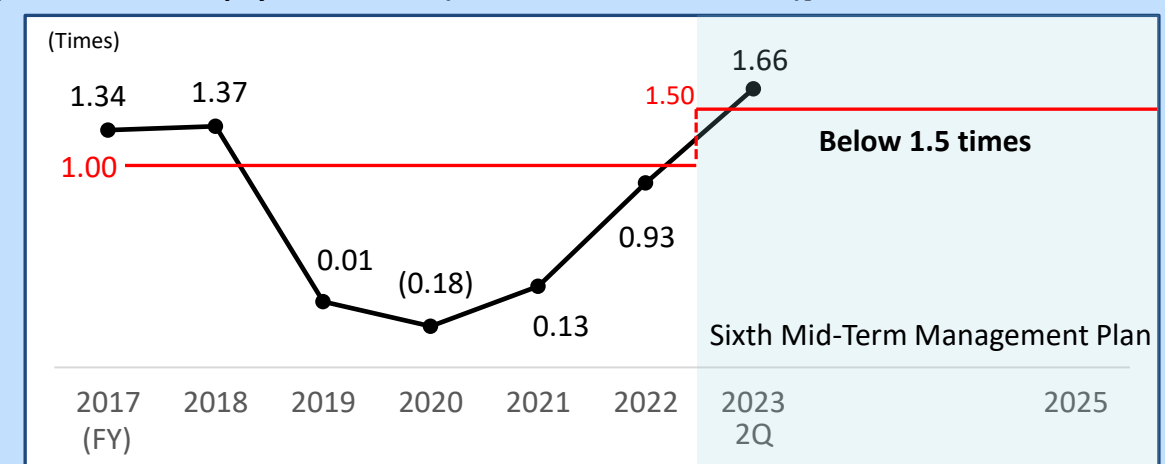
Investment in Foundations for Growth	¥100 bn over three years Progress as plan, mainly production and R&D
New Businesses, M&A	¥200 bn over three years Acquired Hubble Homes

## Financial soundness

### [Trend in D/E Ratio]



### [Trend in Debt Repayment Period (Net Debt-to-EBITDA Ratio)]



## ■ Appendix

From June 30, we will commence the nationwide launch of life knit design,  
a new design proposal system that reflects customers' emotions in their homes

■ Moving away from taste proposals aligned with conventional trends  
(Transformation of Interior Proposals)



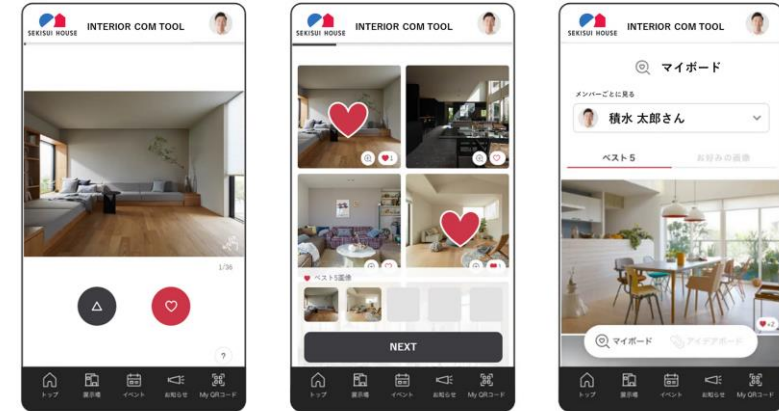
静 PEACEFUL    優 TENDER    凜 SPIRIT    暖 COZY    艶 LUXE    奏 PLAYFUL

Embracing six unique emotions that we identified based on the impressions made by the colors, materials, shapes and other elements used in a space

- Enhance customer satisfaction by reinforcing proposal capabilities
- Improve operational efficiency by reinforcing communication with customers
- Keep the number of components needed for the various styles from ballooning

■ Developed new interior communication tools

- Visualize everything from initial consultations to delivery in something like a customer medical chart



\* SEKISUI HOUSE My STAGE (My STAGE) can use interior communication tools

■ Grand reopening of 84 locations nationwide under life knit atelier

- Unified the names and roles of 84 locations nationwide



**Material Buffet**

Customers can engage with choice materials and share stories related to attachment



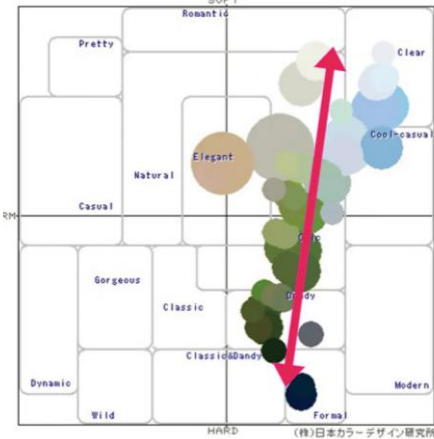
**Emotion Collage Box**

Customers can start here to engage with material samples of the six emotions and share their concept for housebuilding

## [Built-to-Order Business] Detached Houses - life knit design launched (2)

### ■ Proposing facades and color coordination that beautifully harmonize with the townscape and greenery to become more beloved over time (Transformation of exterior proposals)

- Shifting from the three conventional tastes of Japanese, Western and Modern, we are embracing proposals that realize sophisticated and gentle gradations for both each building and the broader surrounding townscape

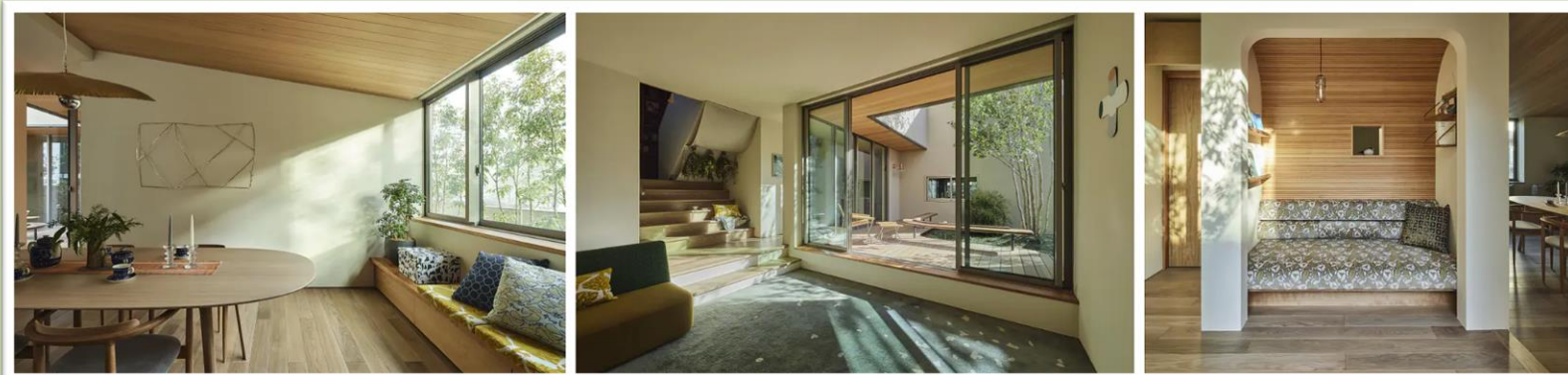


#### [Joint Research with the Nippon Color & Design Institute]

- Analyzed the colors and seasonal plants that comprise around 150 beautiful townscape scenes in Japan and overseas
- Identified colors that harmonize with Japan's scenery and trees and utilized them in exterior wall colors
- Focused on brightness gradation, which is a measurement of color brightness seen in all beautiful scenery
- Constructed a lineup that enables expression in each building facade and the broader townscape (Patents for the lineup composition and proposal method are pending)

### Display homes that embody life knit design: Komazawa SHAWOOD display home HUE

Model house HUE in collaboration with minä perhonen



Komazawa SHAWOOD display home HUE official website (*Japanese only*): [https://www.sekisuihouse.co.jp/liaison/region\\_lia02/reg13/hue/](https://www.sekisuihouse.co.jp/liaison/region_lia02/reg13/hue/)

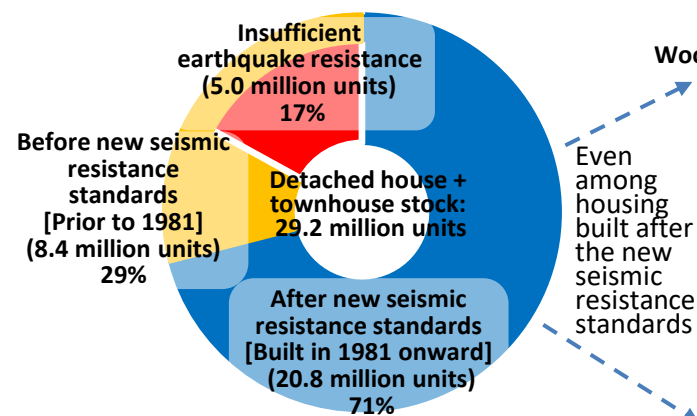


### Opening access to Sekisui House technology to contribute to the formulation of quality housing stock in Japan

#### ■ Background of the skeleton and infill business: Current housing stock in Japan

- 29% of detached houses in Japan were built before the new seismic resistance standards entered effect, and 17% have insufficient seismic resistance
- Damage from the 2016 Kumamoto earthquake also highlighted room for further improvement in seismic resistance among wooden-frame housing built even after the new standards

#### Housing Stock in Japan



(Source)

- Chart 1 -

Chart1 : Compiled by the Company from the 2018 Housing and Land Survey's basic data on houses and households

Chart2 : Compiled from data from the Ministry of Land, Infrastructure, Transport and Tourism and an analysis of survey data on the town of Mashiki following the 2016 Kumamoto earthquake published by the Architectural Institute of Japan.

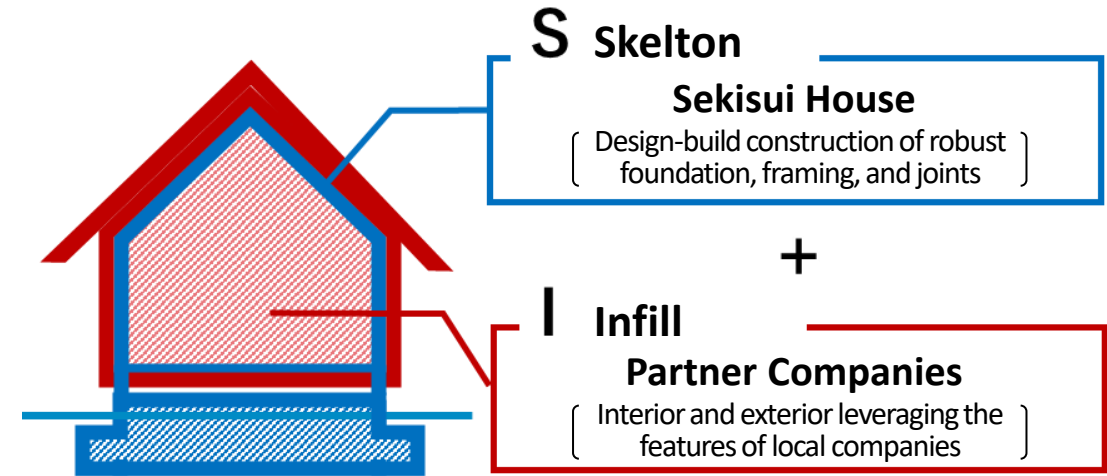
#### Kumamoto earthquake (Town of Mashiki) Damage to wooden-frame houses built after the new seismic resistance standards entered effect Wooden-frame buildings from 1981 and after (total: 1,195)

7%	Collapsed/destroyed	85 units
8%	Major damage	100 units
10%	Moderate damage	123 units
11%	Minor damage	135 units
32%	Slight damage	377 units
31%	Undamaged	375 units

- Chart 2 -

#### ■ Skeleton and infill business with partner companies, leveraging our respective strengths

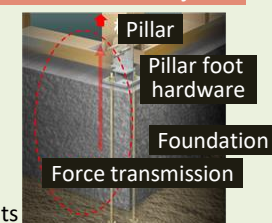
- In addition to the foundation, framing and other structural elements, Sekisui House will provide support for calculation of permissible stresses, which will be required for all houses to comply legal changes entering effect in 2025 (the narrowing of the No. 4 exception to certain structural inspections)
- Incorporate the uniqueness of partner companies in sales methods, interiors and exteriors



### Opening access to Sekisui House's original technologies and Sekisui House Construction's solid construction capabilities

- Broadly opening up access to the seismic resistance technologies that Sekisui House has built up over the years, such as foundation direct joints, to further enhance seismic resistance
- Sekisui House Construction offers advanced construction technology using special foundation molds and anchor bolt templates, and will directly construct foundations and framing to provide safety and peace of mind
- Beginning August 1, new technologies, including foundation direct joints, will also be used in Sekisui House noie 1<sup>st</sup> range products

#### Foundation direct joints



Pillar directly attached to foundation by two anchor bolts

#### Highly exact construction by Sekisui House Construction



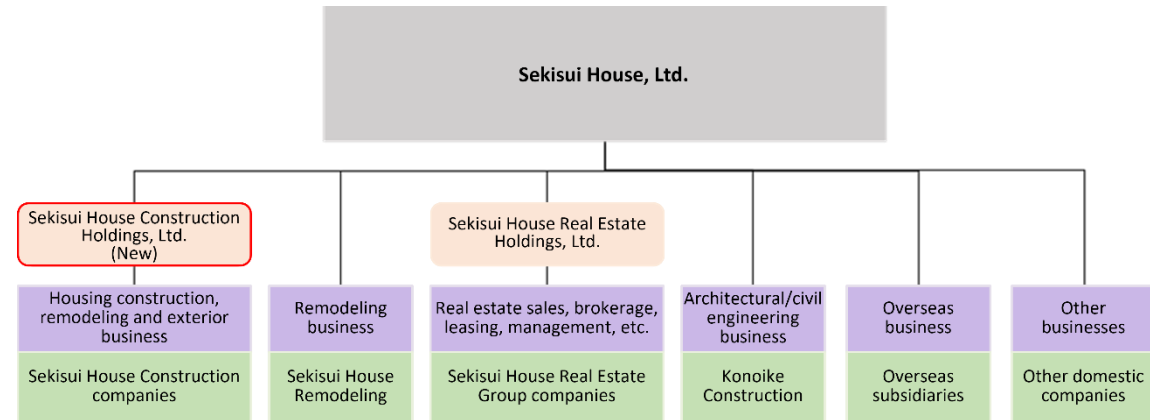
## Further enhancing construction capabilities by deepening the group coordination of the Sekisui House Construction companies and developing human resources

### ■ Established an intermediate holding company (Scheduled for Feb. 2024)

- By delegating authority to the intermediate holding company and clarifying responsibility, we are reinforcing business promotion and governance while better enabling swift and precise decision making

#### [Role of the intermediate holding company]

- Enhancing construction management, construction capabilities, and market competitiveness in core businesses
- Build a strategy for expanding construction as primary contractor, primarily in the renovation of general buildings and the non-residential CRE business
- Reinforce internal control by directing the administrative divisions of group companies



### ■ Significantly reinforcing development and hiring of skilled housing construction professionals

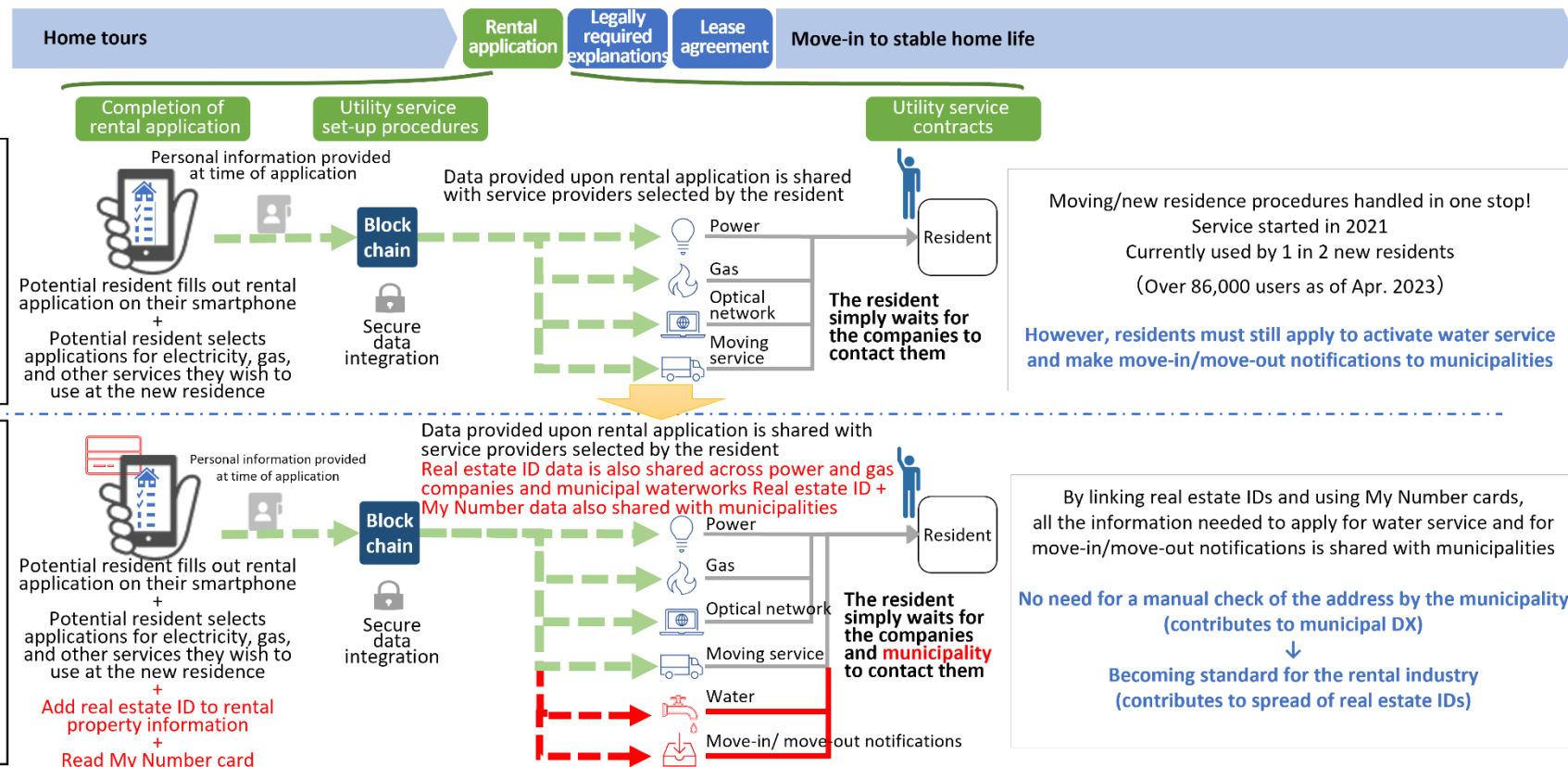
- Addressing expected labor shortages due to regulatory reforms scheduled for 2024 and developing the professionals needed to create high-quality housing stock with excellent seismic resistance and thermal insulation

Initiatives to Further Increase the Appeal of Being a Skilled Housing Construction Professional	
Reinforced hiring	We will hire 95 new employees in April 2023 (2.4x the 2023 level) and 133 in April 2024 (3.4x the 2023 level)
New personnel system	Skilled housing construction professionals will be referred to as “crafters.” We will implement a new, more objective evaluation system and will assess and develop multi-skilled construction professionals using a skill matrix
Major compensation improvement	From April 2023, we are increasing starting wages by up to 11% on a monthly/yearly basis and significantly increasing compensation for chief crafters (foremen), enabling annual incomes of ¥9 million for employees under 40 (up to 1.8x previous levels)
Multi-skill development	Through education, we are reinforcing multi-skill development, from fundamentals to application, at our three domestic educational training centers and training schools
Promoting benefits	Two days off every week; 120 days off per year; maintain 100% usage of childcare leave among eligible male employees
Uniforms	We created a new common uniform for all crafters

## Initiative for DX Involving Collaboration with Municipalities in the Move-In Process Using Real Estate IDs, a model project under the Ministry of Land, Infrastructure, Transport and Tourism

- In March 2023, the Ministry of Land, Infrastructure, Transport and Tourism began soliciting proposals for model projects to promote public-private data coordination using real estate IDs. A proposal submitted by Sekisui House was officially adopted
- Our current one-stop rental housing move-in service coordinates procedures with private-sector companies for power, gas, optical network services, and moving services. By expanding data coordination to also include water service activation and move-in/move-out notifications to municipalities, we aim to further enhance user convenience

[Diagram of Model Project Proposal]



### Outlook for After the Model Project

Based on the results of the model project, we will

1. Expand our partner municipalities
2. Expand the scope of moving procedures covered
3. Expand the real estate companies using our one-stop rental housing move-in service

Furthermore, in addition to rental housing move-ins, we will consider offering one-stop service for move-ins to detached houses and condominiums

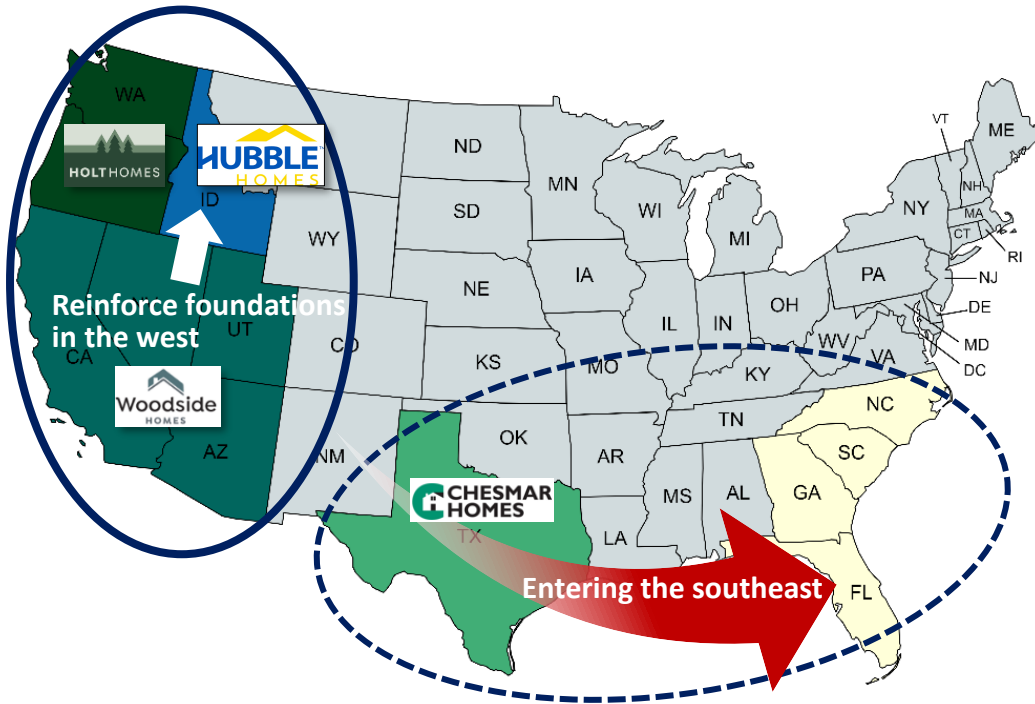
#### \* Real estate ID

A 17-digit unique real estate identification number used across various systems. The real estate ID number system is being built by the Ministry of Land, Infrastructure, Transport and Tourism to promote the linkage and use of real estate-related information



Reinforcing foundations in current business areas and entering new areas

With this acquisition, we will reinforce our foundations in the west and aim to enter the southeast



Increasing housing value by combining the knowledge of Group builders and Sekisui House, and through the transfer of Sekisui House technologies

Transfer of Sekisui House technologies

Select Group builders with careful attention to quality

### 1. Make home the happiest place in the world

- Strong resonance with the Sekisui House Global Vision

### 2. Wealth of experience and expertise in the area

- Deep insight into the business area and outstanding human resources

### 3. Firm commitment to quality

- Passion for housing value creation centered on lifestyle design proposals

# [Overseas Business] FY2023 Earnings Plan



(Billions of yen)

Country	FY2022 2Q				FY2023 2Q				FY2023 (Full-year Plan)			
	Net sales	Operating profit	Ordinary profit	Orders	Net sales	Operating profit	Ordinary profit	Orders	Net sales	Operating profit	Ordinary profit	Orders
U.S.A	176.6	34.8	33.8	196.7	184.4	14.0	8.6	242.4	416.6	38.6	30.9	412.7
(Homebuilding)	100.7	13.8	-	135.3	132.2	1.4	-	194.9	265.1	14.3	-	290.1
(Master-planned community)	38.8	12.3	-	56.4	30.1	8.4	-	41.9	56.8	10.0	-	45.0
(Multifamily)	36.3	8.0	-	4.2	21.4	4.0	-	4.8	93.8	14.3	-	76.6
Australia	43.7	5.6	5.6	50.4	16.6	(0.3)	(0.3)	23.2	65.4	13.5	13.4	63.3
China	21.2	6.6	6.9	3.5	0.5	(0.4)	(0.1)	0.5	0.5	(1.3)	(1.1)	0.5
Singapore *	-	-	0.3	-	-	-	8.6	-	-	-	5.2	-
U.K. *	-	-	(1.8)	-	-	-	-	-	-	-	-	-
Other administrative expenses	0.0	(0.9)	(0.8)	-	-	(0.8)	(0.8)	-	-	(1.8)	(1.8)	-
Total	241.6	46.1	44.1	250.7	201.7	12.4	15.9	266.1	482.5	49.0	46.6	476.5

\* The Singapore and U.K. businesses are classified share of profit/ loss of entities accounted for using equity method

\* Ordinary profit in Singapore in FY2023 2Q comprises share of profit/ loss of entities accounted for using equity method and a gain on sale of equity (extraordinary income)

## Sixth Mid-Term Management Plan: Outline of ESG Strategy

### Fundamental Policy

**Become a leading company in ESG management**



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

### **E** Taking on ongoing issues as well as new issues in the environment field

Decarbonization	1. Further promoting Sha Maison ZEH 2. Developing foundations for promoting ZEB 3. Ensuring the early realization of RE100 and SBT targets by accelerating initiatives relative to general aspects of business activities, including supply chains
Biodiversity	1. Rolling out the <i>Gohon no Ki</i> Project across the Group while expanding the scope of external partnerships 2. Further strengthening and promoting sustainable wood procurement
Resource recycling	Upgrading the zero-emission system into a circular economy

### **S** Enhancing our corporate value via improvement in human resource value and social value

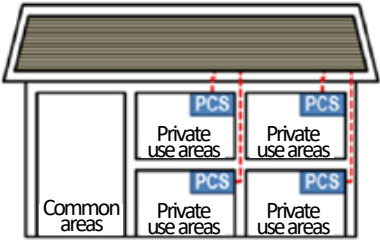
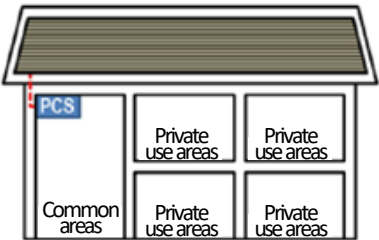
Improvement in human resource value	Enhancing the combination of employee autonomy × alignment of efforts (1) Supporting self-directed career development (2) Promoting DE&I (3) Promoting diverse workstyles (4) Building a foundation for well-being × Nurturing leaders capable of disseminating our Corporate Philosophy and strategies Securing staffing in line with strategies and optimally allocating employees in light of their competencies
Improvement in social value	Helping resolve social issues via business and other corporate activities (1) “Kids First” (2) “Green First” (3) Respect for human rights (4) Regional revitalization business

### **G** 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

■ Switching rental housing to ZEH to help realize a decarbonized society

- CO<sub>2</sub> emissions from multi-unit housing complexes account for approximately 30% of emissions from households in Japan, with rental housing accounting for around two thirds of these housing complexes. Therefore, switching rental housing to ZEH is essential to realizing a decarbonized society
- Based on the resident-first perspective, Sekisui House proposed systems in which photovoltaic panels are connected to each unit so that individual residents can sell their own electricity
- Promoting unit-level ZEH that allows residents to enjoy the benefits of ZEH, including comfort and reduced utility costs

	Systems in which residents can sell their own electricity individually	Systems in which electricity is generated and sold by the entire complex
Concept diagram		
Methods for connection with photovoltaic panels	Connected to each unit	Connected to common areas/entire complex
Features	<ul style="list-style-type: none"> <li>Residents can use energy generated by photovoltaic panels while benefitting from the proceeds from electricity sales</li> <li>Capable of accommodating future growth in needs for ethical consumption, resulting in long-term stable management of rental housing</li> </ul>	<ul style="list-style-type: none"> <li>It is impossible to assess the volume of photovoltaic power output used by each residential unit</li> <li>Residents can enjoy little or no benefits arising from the reduction of utility costs</li> </ul>

Turning residents into ZEH fans

Demand for ZEH is expected to grow in the rental housing market



[Status of the popularization of ZEH provided by Sekisui House]

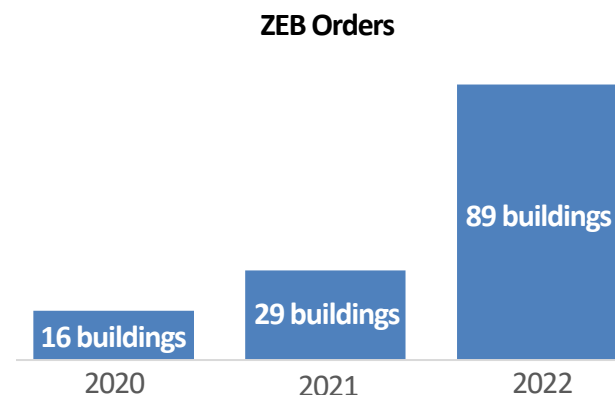
Green First ZERO detached houses	Continuously promoting the Green First ZERO brand to popularize ZEH in the housing industry since its release in 2013 The ratio of ZEH amounted to 93% in FY2022
Sha Maison rental housing	Pursuing a target of raising the ratio of ZEH to 75% by 2025 In FY2022, the ratio of ZEH amounted to 65% (of 15,064 housing units ordered)
GRANDE MAISON condominiums	All GRANDE MAISON units sold in 2023 or later will be ZEH In FY2022, the ratio of ZEH amounted to 88.8% of all units sold

## ■ Proactively rolling out Green First Office

- Promoting net zero energy buildings (ZEB) by utilizing our ZEH design know-how and technologies accumulated in the housing business
- Supporting the sustainable growth of corporate clients by helping them formulate more robust business continuity plans (BCPs) backed by structures with superior seismic resistance



Location	: Yoshinogawa City, Tokushima Prefecture
Land	: 1,500.51 m <sup>2</sup>
Size	: One building, two floors
Floor space	: 722.14 m <sup>2</sup>
Usage	: Cable TV broadcasting facility, office
Completion	: March 2022
ZEB rank	: ZEB (104% reduction)
Photovoltaic power generation output	: Approx. 28 KW (requiring separate construction work)
BCP measures	: Photovoltaic power storage cells, emergency supply stock room, elevated ground floor height (flooding countermeasure)



## ■ Switching Sekisui House's Business Bases into ZEBs

- Promoting relocations to office buildings that satisfy ZEB specifications to achieve our long-term target of reducing CO<sub>2</sub> emissions from business activities (Scope 1 and 2) by 75% by 2030 compared with the FY2013 level
- Began enforcing a general rule since FY2021 that newly constructed offices and other facilities owned by the Sekisui House Group be ZEBs
- As of April 30, 2023, the Group has completed 14 ZEBs and is planning to construct five more



[Example construction project]

Welcome Hall of the Tomorrow's Life Museum Kansai (opened in Feb. 2023)

- ZEB rank: Nearly ZEB

## ■ New targets for the reduction of greenhouse gas (GHG) emissions

- Aiming to reduce Scope 1 emissions (direct emissions) and Scope 2 emissions (indirect emissions) by 75% by 2030 compared with the FY2013 level
- Aiming to reduce CO<sub>2</sub> emissions from the use of our products (Scope 3, Category 11) by 55% by 2030 compared with the FY2013 level
- Ensuring that 65.8% of our suppliers obtain SBT verification by 2027



Sekisui House's voluntary targets were verified by the SBT Initiative, an international initiative, as consistent with the 1.5°C target of the Paris Agreement

Note: About the SBT Initiative

The Science Based Targets (SBT) refer to targets set by corporations regarding the reduction of GHG emissions that are consistent with the level required by the Paris Agreement. In April 2018, Sekisui House was verified under the SBT Initiative for the first time and, in June 2023, obtained upgraded verification as having targets consistent with the 1.5°C target

## ■ Main Scope 1 and 2 initiatives

- Promoting the Sekisui House Owner Denki campaign
- Switching Sekisui House business bases to ZEBs
- Promoting the switchover of company vehicles to EVs

As our existing SBT of reducing CO<sub>2</sub> emissions by 50% compared with FY2013 level was met in FY2022, we have upwardly revised this target, now aiming to reduce these emissions by 75%

## ■ Main Scope 3 initiatives

- Popularizing ZEH via the provision of housing built by Sekisui House
- Green First ZERO detached houses
- Sha Maison rental housing
- GRANDE MAISON condominiums

Upwardly revised our reduction target to 55% compared with the FY2013 level in light of the progress of each initiative

Figure 1. The Sekisui House Group's Scope 1 and 2 CO<sub>2</sub> Emissions Reduction

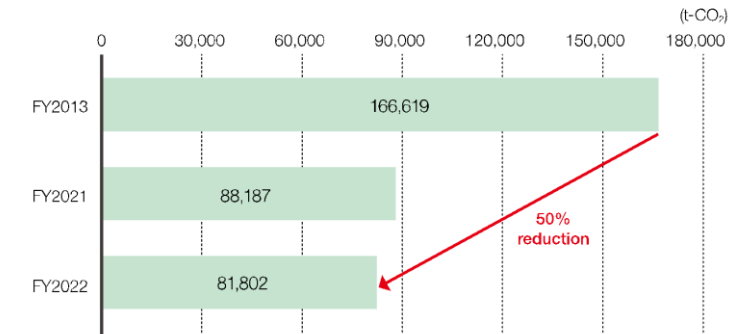
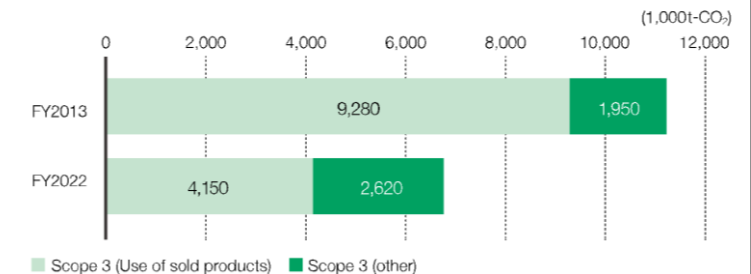


Figure 2. The Sekisui House Group's Scope 3 CO<sub>2</sub> Emissions Reduction



Note: Due to an expansion in the scope of data, the figures presented here differ from pasted disclose



## ■ Strengthening the biodiversity assessment of urban green spaces managed by businesses

- In December 2022, Sekisui House provided the Organization for Landscape and Urban Green Infrastructure with the Company's Nature Positive Methodology and other insights accumulated in the course of 21 years of urban biodiversity conservation activities implemented under the *Gohon no Ki* Project. This methodology was developed in collaboration with the Kubota Laboratory in the Faculty of Science of the University of the Ryukyus
- Launched initiatives to evaluate 87 green spaces across Japan that were certified by the Social and Environmental Green Evaluation System (SEGES), a scheme run by said organization to conserve and restore the biodiversity of urban green spaces, with the aim of better understanding the degree of contribution to biodiversity and the potential for biodiversity conservation at each site

"Wall of Hope" at *Shin-Satoyama*, a biodiversity garden, within Shin Umeda City  
Certified as an "urban oasis" under the FY2015 SEGES program

Organization for Landscape and Urban Green Infrastructure:

Certified by the Prime Minister as a public interest incorporated foundation on April 1, 2013, this organization launched activities to create, conserve and nurture greenery in urban areas. Moreover, the organization supports various initiatives undertaken by citizens, businesses, public institutions, and others toward the same end

Social and Environmental Green Evaluation System (SEGES):

- A system designed to objectively assess the value of green spaces owned and managed by private business corporations as well as their greening initiatives in terms of their contribution to civic communities, the environment and society as a whole
- Consists of three categories: "Nurturing greenery," "Urban oasis," and "Creating greenery"



## [*Gohon no Ki* Project undertaken by Sekisui House]

- Since 2001, we have promoted the *Gohon no Ki* Project aimed at promoting greening activities that give due consideration to biodiversity, with the aim of promoting biodiversity conservation through the housing business
- The number of trees planted by the Group in FY2022, including those planted under the *Gohon no Ki* Project, amounted to 886,000; with the cumulative total number of trees planted since the project's commencement in 2001 growing to 19,003,000

Jointly announced outcomes of the *Gohon no Ki* Project with the Kubota Laboratory in the Faculty of Science of the University of the Ryukyus in 2021. Specifically, the project resulted in an approximately tenfold increase in the number of tree species planted in urban residential areas nationwide. This was shown to lead to a doubling of the number of bird species and a fivefold increase in the number of butterfly species that residential districts attract



***Gohon no Ki* Project:**  
Exterior construction and landscaping that gives due consideration to biodiversity

Based on the approach that "three trees are for birds, two trees are for butterflies," the project mainly promotes the planting of local native species and otherwise strives to create flourishing gardens and communities

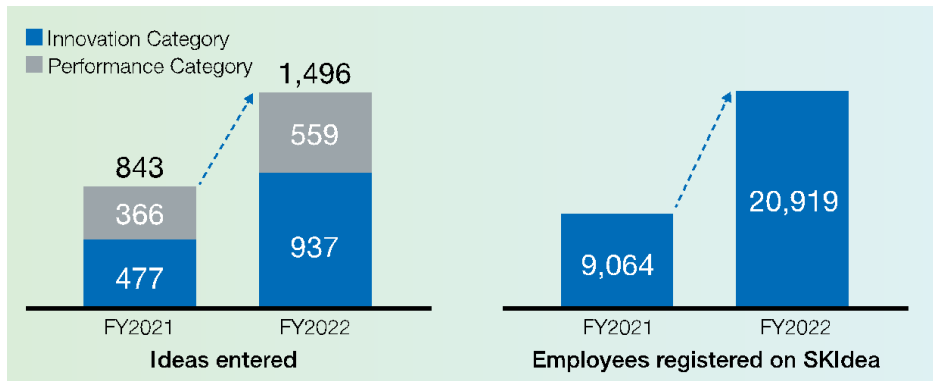
## ■ Sekisui House's definition of human resource value

- The Sekisui House Group has determined that the value of its human resources should be calculated with this formula: employee autonomy × alignment of efforts
- Strategically executed system reforms, developed an organizational culture and otherwise implemented various initiatives focused on supporting self-directed career development, promoting DE&I, promoting diverse workstyles and building a foundation for well-being
- Will continue striving to improve the value of our human resources as part of business strategies to secure ongoing growth for both Sekisui House and employees



## ■ Fostering an innovative corporate culture: Sekisui House Innovation & Performance (SHIP) Awards Program

- Sekisui House Innovation & Performance (SHIP) Awards Program is an award system open to all employees that was created via the integration of the Innovation Competition, an event started to commemorate the 60th anniversary of Sekisui House's founding, and various previous award systems



- The second round of the SHIP Awards Program was held in FY2022, attracting 1,496 entries, up 77.5% from the previous round
- In addition, more than 20,000 employees have signed up with SKIdea,\* an in-house app, playing their part in the creation of an innovative organizational culture

\* SKIdea: Short for Sekisui House Group Knowledge & Idea

This app, developed in-house, is a platform for bringing together the knowledge, experience, skills and outstanding ideas of Sekisui House employees. The app allows users to see and like posts about ideas individuals have and create and join groups

## [Six-month finalist selection process]

- 1,496 entries submitted by employees were evaluated by a panel of 70 executives and managers from across the Group over a six-month period
- The final screening and award ceremony were held in June 2023 and livestreamed to business bases and employees in Japan and overseas



The final screening session of the second round of the SHIP



■ Achieved our FY2023 target for the number of female managers ahead of schedule

- Since 2014, annual training programs have been implemented under “Sekisui House Women’s College” aimed at nurturing next-generation leaders, resulting in growth in the number of female employees who serve as role models or have been inspired to pursue higher careers
- The number of female employees in managerial positions increased from 15 in 2006 to 302 in FY2022. We aim to raise this number to 320 or more in FY2025

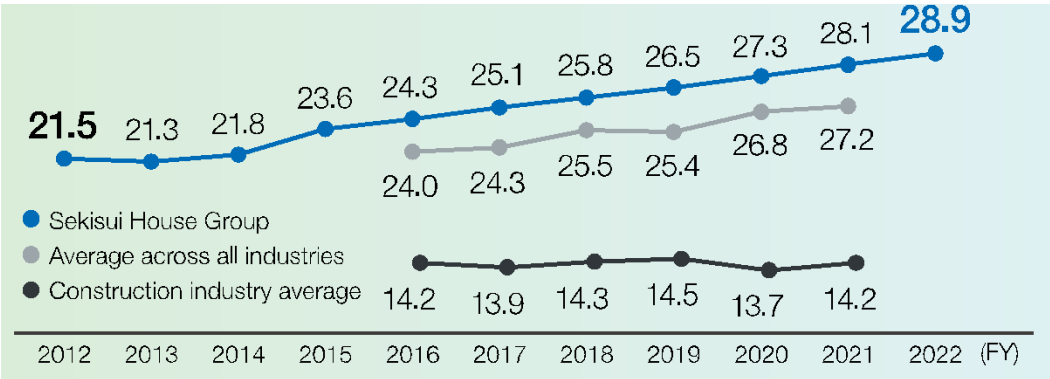
	FY2021 Results	FY2022 Results	FY2023 Target
Number of female managers (ratio)	273 (4.31%)	302 (4.60%)	300

Number of employees who completed training programs under Sekisui House Women’s College  
(cumulative total of individuals who completed first to eight rounds of training programs)  
143  
(Of these, 100 employees were promoted to managerial positions as of Aug. 1, 2023)

■ Promoting the empowerment of female sales representatives and technicians

- Since 2005, we have proactively hired female sales representatives, with a total of 428 female sales representatives (non-consolidated basis at Sekisui House) playing key roles in regions nationwide as of January 31, 2023
- Two women are serving as officers at Sekisui House Remodeling, while the number of female sales representatives totals 642, accounting for 59% of remodeling sales representatives, as of January 31, 2023. Moreover, one female sales office manager, one female deputy sales manager and 88 area sales leads were recently appointed
- A growing number of female employees are certified as Chief Constructors, specialists capable of serving as onsite supervisors, under an in-house certification system (11 as of January 31, 2023)

The number of female employees playing key roles at Sekisui House is more than double the average of the construction industry



Nationwide Women’s Sales Representative Conference



The conference has been attended by top management members and other officers since its first round

■ Supporting growth of children in terms of sensibilities

- Helping children explore a new world through online learning

A survey on ideals regarding online learning spaces for children within dwellings (joint research in tandem with Professor Naho Sugita, Osaka Metropolitan University)

■ Helping children develop housing literacy

- Leveraging our knowledge and know-how cultivated in house and community building to provide children with fun, hands-on opportunities to learn about housing
- We have hosted on-demand lectures provided by employees or hands-on lectures at Sekisui House facilities since 2008, with a total of more than 20,000 children participating in these lectures
- Since 2021, we have provided approximately 600 children with happy homes educational programs in which they were invited to visit model houses and other Sekisui House facilities, physically or remotely from schools, in addition to enjoying virtual reality (VR) experience powered by our technologies
- We intend to step up initiatives to help children gain housing literacy and otherwise provide them with opportunities for diverse emotional experiences

■ Corporate program to match employee donations: Sekisui House Matching Program

- The program was launched in 2006 to help create a society and the environment in which children can continue to live happily
- To date, approximately ¥440 million has been donated via the program, contributing to the resolution of social issues through the promotion of harmonious coexistence with local communities.
- Promoting social contribution based on co-creation and, to this end, translating innovative ideas proposed by employees into specific projects involving collaboration with NPOs to resolve social issues
- The number of employee ideas submitted through the Sekisui House Innovation & Performance (SHIP) Awards Program to help resolve social issues totaled 89 and 146 in FY2021 and FY2022, respectively, with a cumulative total of 1,178 employees becoming contributors of such ideas

[Helping children develop housing literacy]



An on-demand lecture provided by employees at elementary schools



Remote exploration of the model house using a tablet

[ Results of fundraising and donation activities under the Sekisui House Matching Program ]

**Since 2006**

Donated approx. ¥440 million to a cumulative total of 590 NPOs

**FY2023**

Number of employee participants: Approx. 8,100

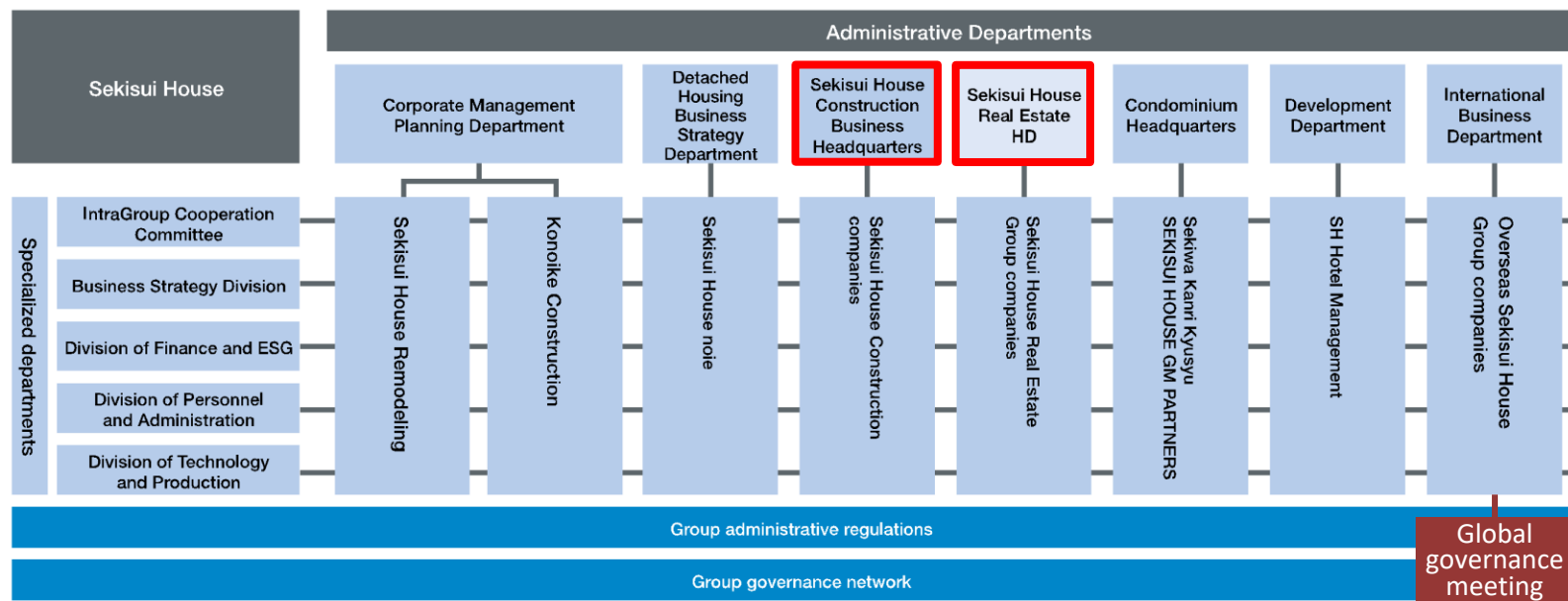
Total amount of donations: ¥50,540,000

Number of beneficiary organizations: 94  
(determined based on employee recommendations)

### ■ Enhancing Group company administrative systems and promoting governance networks

- The Company has designated administrative departments responsible for the segment-based management and supervision of business activities undertaken by Group companies. In addition, specialized departments at the head office of Sekisui House provide functional assistance and management leadership for particularly specialized operations. In these ways, the Company develops and operates a two-tier administrative system
- We periodically hold global governance meetings and area governance meetings to provide a place for discussions among Sekisui House Group members, including those overseas, to strengthen corporate governance
- We periodically hold governance meetings

[Management Framework for Main Group Companies]



#### [Establishment of Sekisui House Real Estate Group and the reorganization of the Sekisui House Construction Group]



- Feb. 2022: Sekisui House Real Estate Holdings as an intermediate holding company to oversee the Sekisui House Real Estate companies
- Feb. 2023: Former Sekiwa Construction companies were reorganized from 15 to eight companies to enhance cooperation among them and renamed the Sekisui House Construction Companies.  
At the same time, Sekiwa Construction Business Headquarters was renamed Sekisui House Construction Business Headquarters and began operating as a head office department of Sekisui House
- Feb. 2024: Plans to transition an intermediate holding company tasked with supervising the Sekisui House Construction Group, and operations currently managed by Sekisui House Construction Business Headquarters will be taken over by this intermediate holding company

### ■ Conducting the evaluation of the effectiveness of the Board of Directors

- As we did in the fiscal year ended January 31, 2022, we commissioned an independent third-party evaluation agency to carry out the evaluation of the Board of Directors' operations during the fiscal year ended January 31, 2023. Methods used for evaluation are as follows
  - (1) Questionnaires for all directors of the Board as well as all Audit and Supervisory Board members (prepared, distributed and collected by the third-party evaluation agency).
  - (2) Interviews conducted by the third-party evaluation agency targeting all directors of the Board as well as all Audit and Supervisory Board members (around one hour per individual)
  - (3) Reviews of materials used in Board of Directors meetings and minutes of meetings
- It was concluded that the Board of Directors' overall operations were highly effective

### [Overview of evaluation results]

It was confirmed that general progress was made concerning initiatives to address issues identified in the course of the previous fiscal year's evaluation of the Board of Directors' effectiveness

Issues for the fiscal year ended January 31, 2023	Status of issues	Progress
Enhancement of discussions from a medium- to long-term perspective	<ul style="list-style-type: none"> <li>● It was confirmed that the Board made progress in terms of incorporating sufficient input from long-term and external perspectives and otherwise implementing various measures to enhance the quality of discussion</li> <li>● It is expected that the Board will further enhance discussions of financial strategies</li> </ul>	 <b>Improved</b>
Strengthening risk management and Group governance	<ul style="list-style-type: none"> <li>● In the fiscal year ended January 31, 2023, the new governance structure under Sekisui House Real Estate Holdings, Ltd. was launched, thereby pushing ahead with governance reforms in a steady and swift manner. Meanwhile, the Board of Directors has been able to engage in in-depth discussions focused on Group governance in connection with the consolidation of the Sekisui House Construction companies. Progress was thus confirmed in these and other areas</li> <li>● Looking ahead, it is also expected that the Board will enhance the quality of discussions regarding how to secure and nurture governance specialists from the medium- to long-term perspective, with an eye to horizontally rolling out the Company's governance systems to Group companies, including those operating overseas</li> </ul>	 <b>Improvement now under way</b>

## Top Management - Invigorating Discussions by the Board of Directors (2)

### [Strengths supporting the effectiveness of the Board of Directors]

Based on results of evaluation by the third-party agency, the Board of Directors confirmed that its effectiveness has been supported by the strengths outlined below.

Strengths	Details (observations by the third-party agency)
<b>Strong commitment to strengthening governance</b>	<ul style="list-style-type: none"> <li>Senior management has a strong will to strengthen corporate governance</li> <li>Outside Officers (directors and outside Audit and Supervisory Board members) have been selected who are able to commit themselves to strengthening corporate governance</li> </ul>
<b>Clarification of roles to be borne by the Board of Directors</b>	<ul style="list-style-type: none"> <li>All directors of the Board clearly share the basic governance policy of securing the moderate separation of supervisory and executive functions based on the current state of Sekisui House</li> </ul>
<b>Contribution by independent outside directors</b>	<ul style="list-style-type: none"> <li>The independent outside directors are committed to Sekisui House</li> <li>The diversity of independent outside directors of the Board is outstanding</li> <li>Quality discussions are ensured through the attendance of Outside Officers at the Management Meetings and expansion of opportunities for off-site discussion</li> </ul>
<b>Good practices observed in the Board of Directors' operation</b>	<ul style="list-style-type: none"> <li>The Chairperson of the Board of Directors demonstrates leadership, backed by integrity, at forums including those outside regular Board meetings</li> <li>The Chairperson of the Board of Directors promotes vigorous discussions</li> <li>The function of the secretariat underpins governance reforms</li> </ul>

### [Issues for further enhancing the effectiveness of the Board of Directors]

As listed below, the Board of Directors identified issues to be addressed in the fiscal year ending January 31, 2024, based on the findings and proposals of the third-party agency. The Board also confirmed that it will consider the following initiatives going forward

Issues for the fiscal year ending January 31, 2024	Initiatives to be considered
<b>Discussion of strategy from a Group-wide perspective</b>	<ul style="list-style-type: none"> <li>To share agenda items for discussion across the Group</li> <li>To secure insight into matters such as capital cost management and expand discussions of the Board of Directors</li> <li>To encourage initiatives to strengthen the CFO function on the executive side</li> </ul>
<b>Supervision over the execution of risk management and Group governance</b>	<ul style="list-style-type: none"> <li>To expand discussions regarding strategies to strengthen Group governance</li> <li>To follow up on the progress of implementation regarding risk management and Group governance</li> <li>To discuss the optimal manner and frequency of reporting by the Internal Audit Divisions</li> </ul>
<b>Advance the “moderate separation of supervision and execution”</b>	<ul style="list-style-type: none"> <li>To advance the method of independent outside directors of the Board’s involvement through greater executive autonomy</li> <li>To clarify important themes for more extensive discussion by the Board of Directors</li> <li>To implement new methods of deliberation by the Board of Directors (such as collective deliberation), narrowing-down of proposals, and better modulated, more lively discussions</li> </ul>

### ■ Verification of rationale for the maintenance of cross-shareholdings

- At the meeting of the Board of Directors held in October 2022, the Company analyzed all listed stocks it holds as cross-shareholdings (for 21 different companies) in terms of the overall significance of owning them based on the status of the shareholding, risk and return, and the importance of transactions
- The Company achieved its target of reducing the ratio \* of cross-shareholdings to consolidated net assets to 5% or less during the period of the Fifth Mid-Term Management Plan (by January 31, 2023)

	Number of stocks confirmed (listed stock)	Number of types sold		Number of stocks held at end of period (listed stock)	Consolidated net assets ratio (including unlisted stock holdings)
		All shares sold	A portion of shares sold		
FY2019	44	13	0	31	5.5%
FY2020	32 (newly acquired: 1)	8	1	24	5.5%
FY2021	24	3	2	21	5.0%
FY2022	21	4	2	17	4.6%

### ■ Policy for reducing cross-shareholdings in the future

- In addition to the analysis of holding objectives of individual stock, from a perspective of increasing capital efficiency, we will reduce cross-shareholdings in phases. We have set a specific target of reducing the ratio of cross-shareholdings to consolidated net assets \* to 3% or less during the period of the sixth mid-term management plan (to January 31, 2026)

\* Refers to the ratio of the “balance sheet amount of stocks for investment held for purposes other than pure investment (including unlisted stockholdings),” stated in the annual securities report to consolidated net assets



# Revised the Composition of Segments

We introduced management methods for each individual business to further enhance the link between the business strategy and organization. We revised the composition of segments from fiscal 2023.

Old (– FY2022)		New (FY2023 –)	Overview	Main companies
<b>Built-to-order</b>		<b>Built-to-order</b>		
Custom detached houses	<div> <div>① Buildings</div> <div>① Sekisui House</div> <div>② Konoike Construction Group</div> </div>	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
<b>Supplied housing</b>		<b>Supplied housing</b>		
Real estate management fees	<div> <div>① Rental housing management</div> <div>② Brokerage</div> </div>	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*
<b>Development</b>		<b>Development</b>		
Houses for sale	<div> <div>② Land</div> <div>Sekisui House Real Estate Group</div> </div>	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
<b>Overseas</b>		<b>Overseas</b>		<b>Overseas subsidiaries</b>
Other businesses		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”  
 ① Changed the rental housing management business to “rental housing management”  
 ① Changed the building business to “detached houses”  
 ① Changed the real estate business handled by the Sekisui House Real Estate Group became “real estate and brokerage.”  
 ① Changed exteriors to “detached houses” and “rental housing and commercial buildings” depending on the building applications

② No change of Konoike Construction’s built-to-order business from “architectural/civil engineering business”  
 ② Brokerage business changed to “real estate and brokerage”  
 ② Changed the land business to “real estate and brokerage”

\* Including Sekisui House Construction companies as a subcontractor

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.