Sekisui House, Ltd.

Summary of the Q&A Session

Q2 FY2026 Financial Results and Management Plan Briefing

Date	:	Thursday, September 10, 2026, 4:00 p.m. to 5:30 p.m. (JST)	
Participants	:	Yoshihiro Nakai	Representative Director of the Board, CEO, President, Executive Officer
		Satoshi Tanaka	Representative Director of the Board, Executive Vice President, Executive Officer
		Toru Ishii	Director of the Board, Senior Managing Officer
		Toru Fujita	Managing Officer, In Charge of Division of Finance
		Hiroyuki Kawabata	Operating Officer, Head of Investor Relations Department

<Summary of Question-and-Answer Session>

Note: Details already explained in the financial statements or timely disclosure materials have been omitted.

Questions

- **What is your outlook for the U.S. homebuilding business in the next fiscal year? Even if market conditions do not improve significantly, to what extent do you expect profitability to improve through lower acquisition-related expenses and Company-specific initiatives, including (1) increasing the Built-to-Order (BTO) ratio and shifting toward mid-to-high-end products, (2) reducing expenses through the One Company integration, and (3) reducing low-margin lots?**

  *See page 24 of the Company Presentation for Q2 FY2026.
- **In the U.S. multifamily business, what factors have contributed to the steady progress in property sales this fiscal year, and do you expect this trend to continue?**

Answers

- In the U.S. homebuilding business, we are working to reduce our inventory of low-margin lots, but we are not trying to force this reduction through excessive incentives. As the pace of sales depends heavily on mortgage rate trends, there remains some uncertainty as to whether this initiative—including the shift toward land for mid-to-high-end homes—will proceed according to plan. Nevertheless, by steadily advancing these three initiatives, we intend to build a leaner and more resilient business.

  With respect to acquisition-related expenses, approximately ¥8.0 billion costs related to inventory assets recognized through purchase price allocation (PPA) is expected this fiscal year, reducing the balance to approximately ¥4.0 billion at fiscal year-end. In addition, the amortization of goodwill related to Chesmar is scheduled to end in the first half of the next fiscal year, further reducing the expense burden. Cost reductions are also progressing faster than expected, and general and administrative expenses are projected to be significantly below the level assumed when the Seventh Mid-Term Management Plan was formulated. Accordingly, even if higher interest rates result in fewer home deliveries, we expect these reductions to absorb a substantial portion of the impact.

- In the U.S. multifamily business, we have focused on developing flagship properties in cities with strong growth potential. Property sales are progressing because buyers recognize that these properties have consistently achieved rents and occupancy rates above those of competing properties.

Questions

- **What factors led to the downward revision of the earnings forecast for the U.S. homebuilding business? As the business continues to increase its BTO ratio, how confident are you that it will achieve its target for home deliveries?**
- **The outlook for property sales in the U.S. multifamily business and the domestic urban redevelopment business has been revised upward. What has changed compared with the initial assumptions?**

Answers

- The sales plan for the U.S. homebuilding business was revised in response to market conditions and because, unlike competitors that have expanded incentives to maintain sales volume, we have continued to prioritize profitability in our sales activities. As a result, the decline in the number of homes sold has been greater than that of our peers. On the other hand, progress in increasing the BTO ratio and implementing other initiatives has enabled us to maintain profit margins at a certain level despite the impact of lower sales volume.

  Efforts to promote BTO sales have increased the BTO share of the order backlog to approximately 60%, and we expect profit margin to improve as these homes are delivered. Our land strategy is also shifting from a primary focus on the entry-level segment toward the move-up and elite segments, where it is easier to secure higher profit margins, which will also contribute to improved profitability. This fiscal year, we aim to achieve both sales volume and profitability by leveraging the profit margin improvement from BTO homes while also promoting the sales of spec homes, which contribute to the earlier recognition of earnings.
- In the U.S. multifamily business, we planned at the beginning of the fiscal year to sell approximately six to seven properties. Sales agreements for four properties were concluded during the first half, with earnings scheduled to be recognized in the third quarter. These properties were sold on more favorable terms than initially anticipated, while the number of property sales remains within our expectations. In the domestic urban redevelopment business, the number of planned property sales has been increased from the initial plan.

Questions

- **The U.S. multifamily business is expected to record a significant amount of profit this fiscal year. What is the outlook for the next fiscal year and beyond?**
- **How will rising construction costs and interest rates affect investment decisions as the domestic urban redevelopment business seeks to restore its pipeline to the scale of approximately ¥300.0 billion?**

Answers

- Although the U.S. multifamily business pipeline is expanding according to plan, the timing of sales will depend on property completion schedules and occupancy rates. The number of property sales is expected to decline in the next fiscal year before increasing in the following fiscal year. We seek to execute these sales in line with the Seventh Mid-Term Management Plan. We also plan to improve financial soundness by reducing assets from approximately ¥700.0 billion to approximately ¥400.0 billion over three years.
- In the domestic urban redevelopment business, increased property sales over the past two fiscal years have temporarily reduced the book value of assets to approximately ¥200.0 billion. However, the acquisition of high-quality properties is progressing as planned, and assets are expected to increase as existing development projects advance. We will continue investing while maintaining a balance among rental condominiums, hotels, and office properties in major urban markets with steady demand.

Questions

- **In the U.S. homebuilding business, what factors enabled the reduction in general and administrative expenses that contributed to improved profitability in the second quarter, and are these improvements sustainable going forward?**
- **Regarding the revision to the full-year earnings forecast, what factors led to the upward revisions to ordinary profit and profit attributable to owners of parent? In addition, what caused the increase in "Eliminations and back office" at the operating profit level?**

Answers

- Profitability in the U.S. homebuilding business improved in the second quarter due to cost reductions from the One Company integration. The elimination of overlapping functions, particularly in back-office operations as well as the sales division, began to produce results in the second quarter. These benefits are expected to continue from the third quarter onward, with general and administrative expenses in FY2027 and FY2028 projected to be well below the levels assumed in the Seventh Mid-Term Management Plan.
- The upward revision to the full-year earnings forecast reflects stronger-than-expected performance in the Singapore business for ordinary profit and, as extraordinary income, an anticipated gain on the sale of cross-shareholdings. The ¥8.0 billion increase in "Eliminations and back office" from the initial plan reflects higher head office expenses, Company-wide expenses and benefits initially included as corporate adjustments in the respective segments, and a buffer for risks associated with the uncertain business environment in Japan and overseas.

Questions

- **How likely is the U.S. homebuilding business to achieve its order targets from the next fiscal year onward, and could the plan be revised? Could orders be increased by opening more communities?**
- **Regarding the "New 2x4," which is scheduled to launch next year, how will it be differentiated from conventional 2x4 homes, and what is the sales strategy?**

Answers

- The order plan for the U.S. homebuilding business from the next fiscal year onward continues to reflect the assumptions used when the Seventh Mid-Term Management Plan was announced and does not incorporate recent changes in the business environment, including recent developments in the Middle East. Further details will therefore be provided at the Management Plan Briefing in March.
  Our strategy is not to expand incentives in order to increase the number of homes sold. Increasing the number of communities while demand remains limited may support sales growth, but it may also lead to lower profitability. Accordingly, any decision will need to be made after closely evaluating market conditions.
- The "New 2x4" will differ from conventional 2x4 homes not only in less apparent aspects, such as structural performance and construction quality, but also in its outward design. We plan to incorporate design principles and manuals developed in Japan, as well as planning methods tailored to different customer profiles, resulting in clear differences in the visible aspects of the homes.

Question

- **How are recent interest rate increases affecting orders in the domestic rental housing business, and what are the business's competitive advantages in a rising interest rate environment?**

Answer

- While rising interest rates are affecting the domestic rental housing and commercial buildings business, we aim to address this by focusing on Class S Areas* and increasing orders from corporate customers. Corporate customers currently represent 47% of orders and are less sensitive to interest rate fluctuations than individual customers, so we plan to expand proposals to corporate customers. For individual customers, whose financing is more directly affected by higher interest rates, we will supply high-value-added rental housing primarily in Class S Areas with strong rental demand and secure yields through rent growth. Our business model combines Sha Maison proposals tailored to local market characteristics with long-term rental housing management by Sekisui House Sha Maison PM, supporting stable operations and making it easier to obtain financing. We therefore see no need to change our strategy at present, and the earnings targets in the Seventh Mid-Term Management Plan remain unchanged.

* S/A areas: Areas within approximately a 10-minute walk from stations, based on our own marketing criteria. Among these, key strategic areas are designated as S areas.

Question

- **In the domestic urban redevelopment business, what is your investment policy for rebuilding the balance of development assets? Could you also discuss the investment strategy and development status for each major asset type, including rental condominiums, offices, and hotels?**

Answer

- Our policy for the domestic urban redevelopment business remains to invest in rental condominiums and offices in prime locations across Japan's four major metropolitan areas. For hotels, we will also actively consider exceptional locations outside these areas, such as Furano, where a project was recently announced, given the growth in inbound tourism demand. The current pipeline is approximately ¥200.0 billion. We will develop the hotel and office sites already acquired and sell the properties when profitability can be maximized, based on market conditions and customer needs.