

Sekisui House, Ltd.

Summary of the Q&A Session FY2025 Third Quarter Financial Results Briefing

Date	:	Thursday, December 4, 2025, 4:00 p.m. to 5:00 p.m. (JST)
Participants	:	Toru Fujita (presenter) Managing Officer, In Charge of Division of Finance
		Toru Ishii Director of the Board, Senior Managing Officer
		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

- Regarding the U.S. homebuilding business, what factors have caused conditions to weaken further since the plan revision in September, and how do you intend to offset that impact over the remainder of the fiscal year?
- With respect to orders in the U.S. homebuilding business, we understood that August exhibited a recovery relative to July. What has the situation been like since September? In addition, aside from a decline in interest rates, are there any other factors that could contribute to a recovery in orders?

Answers

- In the U.S. homebuilding business, the overall market remains weak and customers continue to take a wait-and-see stance. Although we are advancing the business while balancing profit margin and sales, prospects for achieving the plan remain challenging. Conversely, property sales in the domestic urban redevelopment business have been finalized under more favorable conditions than expected, and other domestic businesses are largely progressing ahead of plan. We continue to work toward achieving operating profit of ¥340.0 billion.
- Although we have been adjusting incentives to promote sales, homebuying sentiment has not recovered since September, and orders have continued to trend on the weak side. In addition, November and December are not typically seasons in which orders increase significantly. Rather than pushing to expand orders at any cost, we intend to prioritize the balance with profit margin and continue preparations for the spring sales season.

At present, U.S. mortgage rates hover around 6.2% to 6.3%. Some believe that if they drop to the

high-5% range, we could see movement in home purchases as the cost comparison with rental housing becomes more favorable. With next year being a midterm election year, we expect the administration to implement some economic policy measures. Furthermore, tariff-related policies have recently stabilized, and we expect consumer sentiment to gradually shift.

Questions

- **In the U.S. homebuilding business, a valuation loss was recorded on real estate for sale. Could you explain the characteristics of this loss, and provide your outlook regarding the possibility of future valuation losses?**
- **Could you describe the progress of the “One Company” integration within the U.S. homebuilding business and outline the benefits you expect from this integration?**

Answers

- The valuation loss on real estate for sale in the U.S. homebuilding business was recognized in accordance with the quarterly close of accounts after reviewing valuations of communities where profitability had deteriorated amid competitive conditions and other factors. The principal locations were projects in California, Florida, and Colorado. We do not currently foresee valuation losses of a similar magnitude, but it remains possible that losses could be recognized in the future through the standard process at the close of accounts.
- Integration toward the “One Company” structure is progressing steadily, and the corporate integration of Woodside Homes was completed on December 1. Full-scale operations as “One Company” will begin in January next year. We expect to realize integration effects in areas including IT, procurement, sales bases, and the land acquisition process. In addition, by transferring Sekisui House technologies and enhancing lifestyle proposals, plan efficiency, and construction precision, we are advancing initiatives to further differentiate ourselves from competitors.

Questions

- **The plan for the U.S. homebuilding business is scheduled to be announced in March next year. Will the plan be developed based on figures from the spring selling season through approximately February? Furthermore, for the final year (FY2028) of the upcoming Mid-Term Management Plan, is there a possibility that the slower recovery in the U.S. homebuilding market will affect your outlook?**
- **In the real estate and brokerage business, profit margin has declined year on year in the second and third quarters. Do you expect to be able to meet the full-year plan for increased sales and profit?**

Answers

- For both the plan for the next fiscal year and the upcoming Mid-Term Management Plan, the most important factor will be how we interpret the outlook for the U.S. homebuilding business. We would like to reflect the results of the spring selling season if possible. Regarding unit sales, we aim to return to at least the 15,000-unit scale that existed at the time of the MDC acquisition within the next three years. Although market conditions have deteriorated recently, we continue to view underlying demand for U.S. detached houses as strong, and we have not changed our FY2031 target of selling 20,000 homes (New2×4: 17,000 homes and SHAWOOD: 3,000 homes).
- In the real estate and brokerage business, results vary depending on the characteristics of individual properties sold, but we are progressing toward achieving the full-year targets.

Questions

- **In the U.S. multifamily business, among the four properties scheduled for sale this fiscal year, what is the outlook for selling the remaining two? Furthermore, what is your view of the sales environment, including that of next fiscal year?**
- **You mentioned that the downturn in the U.S. homebuilding business will be offset by steady performance in domestic businesses. How would you assess the relative strength of each domestic segment? Please comment in light of the fact that orders for detached houses and rental housing in November were slightly down year on year.**

Answers

- In the U.S. multifamily business, two of the four properties slated for sale have already been sold, and both secured profit in excess of expectations. For the remaining two properties, negotiations are ongoing, taking into account that investor appetite is still not strong. We believe it will be more advantageous to defer these sales to next year, when we expect higher profit margins.
- In domestic businesses, the urban redevelopment business has already secured sales and contracts under better conditions than anticipated, and we expect an upturn in the architectural/civil engineering business and the rental housing management business. With respect to the decline in November orders, one possible factor in detached houses is the period between subsidy programs, and we intend to conduct a thorough analysis to consider other contributing factors as well. In the rental housing and commercial buildings business, the decline was due to the highly volatile non-housing segment, while orders increased for our core rental housing (Sha Maison). We expect to be able to almost fully achieve the operating profit plan for the current fiscal year.

Questions

- In the U.S. homebuilding business, excluding the valuation loss on real estate for sale, it appears that profit margin has been maintained. Is the understanding correct that orders softened as a result of prioritizing the maintenance of profit margin? Also, what is your policy for order activity from the fourth quarter onward?
- In the U.S. multifamily business, if two of the four properties planned for sale this fiscal year are carried over to next fiscal year or later, is it correct to assume that the full-year plan for this business will not be achieved?
- The D/E ratio increased at the end of the third quarter. Is it correct to assume that it will decline to the planned level by the fiscal year-end?

Answers

- In the U.S. homebuilding business, we are prioritizing the balance between sales and profit margin, and this policy will remain the same in the fourth quarter. Given the challenging sales environment, we are refraining from offering excessive incentives. From next year onward, including during the spring selling season, we will make decisions while carefully monitoring the sales environment.
- In the U.S. multifamily business, postponing the two properties to next fiscal year will make it difficult to achieve the plan, but we intend to offset this through an upturn in domestic businesses.
- The fourth quarter typically sees an increase in deliveries in the built-to-order business, and property sales in the urban redevelopment business are also expected to contribute substantially. Accordingly, the D/E ratio is projected to improve.

Questions

- In the U.S. homebuilding business, you mentioned that order activity will prioritize the balance between sales and profit margin. Is it correct to assume that third-quarter order volume and gross profit margin will serve as the benchmarks?
- Regarding foreign exchange hedging, what is your current approach and status?

Answers

- Currently, because we are limiting incentives, the number of orders and deliveries have decreased. While the volume level for next fiscal year is still being discussed, we aim to achieve annual sales of roughly 12,000 homes, the level planned for this fiscal year.
- Regarding foreign exchange, although the yen is currently weak, there is also a possibility that it could appreciate as the U.S. - Japan interest rate differential narrows. Our foreign exchange risk is associated

with the parent–subsidiary loans, including the funds used to acquire MDC in the United States, and we have hedged approximately 80% to 90% of that exposure.

Questions

- **In the architectural/civil engineering business, operating profit margin improved by 3.1 points year on year. What is your outlook going forward for profit margin in this business?**
- **The remodeling business saw a decrease in profit. What are the factors behind this sluggish operating profit, and what is your outlook going forward?**

Answers

- In the architectural/civil engineering business, profit margin has improved as we have been able to reflect price increases in construction prices and secure orders for highly profitable projects. While this fiscal year has benefited significantly from large-scale projects, it is still uncertain whether we can continue to achieve higher sales and profit from next fiscal year onward. That said, we would like to convey that business conditions are generally stable.
- In the remodeling business, for detached house remodeling, Sekisui House Support Plus, Ltd. handles small-scale projects while Sekisui House Remodeling, Ltd. focuses on proposal-based large-scale projects. The former was established this fiscal year as a separate entity through the separation of Sekisui House's after-sales services division. As a result, orders for large-scale projects have increased, and order backlog has also risen substantially. Because large-scale projects take time before revenue is recorded, current results are below the previous fiscal year's level, but we expect this shortfall to be resolved over time.