



SEKISUI HOUSE

SEKISUI HOUSE, LTD.

The 72nd Report February 1, 2022 to January 31, 2023

BUSINESS REPORT

Start of the Sixth Mid-Term Management Plan

Top Message

Toward Realizing Our Global Vision

The targets of the Fifth Mid-Term Management Plan have been achieved as a result of record high business performance



Yoshihiro Nakai

Representative Director of the Board
President, Executive Officer, CEO

Thanks to our innovation and communication, we achieved record high business performance during the COVID-19 pandemic.

In 2020, which marks the 60th anniversary of our founding, the Sekisui House Group announced its 30-year Global Vision to “make home the happiest place in the world,” and launched its Fifth Mid-Term Management Plan based on the basic policy of further strengthening core businesses and embarking on new businesses. Then, a state of emergency was declared to combat the COVID-19 pandemic shortly afterward in April. The NEXT SEKISUI HOUSE vision set sail in the midst of the COVID-19 pandemic, a “storm” never before experienced. The outlook for the second year and beyond remains uncertain with material prices soaring and global tensions heightened by geopolitical risks.

Under these circumstances, although we did not achieve our first-year performance targets due to the impact of stagnant economic activity, we achieved record-high net sales and profits in FY2021 and FY2022, and achieved our targets for the three-year period as a whole. This proves that the strategies of each business segment were correct

Fifth Mid-Term Management Plan and Results

Original Plan (announced March 2020)				Results		
Billions of yen	Net sales	Operating profit	Profit attributable to owners of parent	Net sales	Operating profit	Profit attributable to owners of parent
FY2020	2,585.0	206.0	137.0	2,446.9	186.5	123.5
FY2021	2,578.0	210.0	138.0	2,589.5	230.1	153.9
FY2022	2,700.0	220.0	147.0	2,928.8	261.4	184.5
Three-year total	7,863.0	636.0	422.0	7,965.3	678.1	461.9
				Compared to the original plan +102.3 billion	Compared to the original plan +42.1 billion	Compared to the original plan +39.9 billion

A new story of growth in pursuit of happiness begins.

and is the result of our ability to align our efforts toward the realization of our Global Vision. I also feel that the reason we have been able to continue to strengthen businesses and embark on new businesses without succumbing to headwinds and rough seas, achieving favorable business results is because we have been creating a more open organizational climate than ever before under the slogan of innovation and communication. Over the past three years, the Sekisui House Group has been actively promoting resilient and flexible organizational management that aligns efforts and executes strategies by implementing drastic reforms in the personnel system as well as raising employee awareness. Currently, 30% of the housing stock and detached houses in Japan do not meet the new seismic standards and 17% are not sufficiently earthquake-resistant. With regards to energy efficiency, data shows that 89% of the buildings do not meet current standards for energy efficiency. On the other hand, due to concerns about the occurrence of large earthquakes and the intensification of natural disasters caused by climate change, the demand for disaster-mitigating housing has become more sophisticated while the transition to a decarbonized society and the instability surrounding the energy situation have made the improvement of the energy-saving performance of houses and buildings a social issue. The Japanese government’s housing policy has also changed drastically from quantity to quality with the revision of the Long-life Quality Housing Certification Program and the Building Energy Conservation Act. The demand for improved housing performance will continue to increase in the future with the responsibility of the housing industry increasing to a higher level. Based on the idea that housing is social capital, the Sekisui House Group is determined to continue fulfilling its social mission while bearing in mind the meaning of our business: Create enriching homes and environments.

Stable Growth in Japan and Proactive Growth Overseas.
We aim to realize our Global Vision through two growth strategies.

The Sixth Mid-Term Management Plan has begun as a step toward the realization of our Global Vision. The basic policy of the Sixth Mid-Term Management Plan is “Stable growth in Japan and proactive growth overseas.” Our high value-added home design that proposes “happiness” in people’s lives has been strongly supported by the market. Our initiative of “Creating High-Quality Housing Stock” and movements in society have been closely intertwined. This is exactly where the Sekisui House Group comes in. We have a strong sense of mission and I feel that we solidly respond to stable growth in Japan. Expectations for technological evolution and innovation are also rising. In a time where there is demand for digital transformation (DX), our digital transformation (DX) strategy will be a major weapon for creating new value, maximizing business opportunities, and strengthening profitability. The first concrete strategy we have incorporated into the Sixth Mid-Term Management Plan is our customer relationship management (CRM) strategy. In addition to

customer management, we will also expand the number of contact points with customers and building relationships of trust by taking a scientific approach to sales activities. For example, we work closely with customers to identify their potential needs, scientifically analyze their needs, and propose optimal solutions. We believe that we can provide high value and satisfaction by providing long-term support from the time the customer considers a housing purchase to the post-delivery period. Next I would like to talk about our Platform House Concept. Efforts to connect big data from within houses to next services, such as living environment data that can only be obtained from a home 24 hours a day, 365 days a year, health data, and behavior history of residents, will advance to a new stage. While maintaining privacy, the houses watch over occupants in a very natural way. This is an extension to a system to deliver unprecedented peace of mind and happiness.

Sixth Mid-Term Management Plan Fundamental Policy



Top Message

With regard to active growth overseas, we aim to supply 10,000 detached houses annually in overseas markets, particularly the United States, by 2025 by strengthening collaboration and expanding alliances with existing partners. There is also the transplanted technology, an initiative aimed at realizing the vision “Make Sekisui House technologies the global de facto standard.” Various technologies and performance capabilities are required for housing including as earthquake resistance, heat insulation, high durability, fire, wind, and sound insulation. However, we need to look at each country/area to determine which technologies and functions are suitable. Currently, we are working on understanding and analyzing different issues and diverse needs, including regional characteristics such as climate and residents’ awareness of natural disasters, and marketing them into products. Moving forward, we aim to create market superiority and establish a high level of competitiveness through lifestyle proposals and value-added sales activities together with our partners. Expanding our scale, including sales areas, and technology transplanted will be the driving forces for active growth.

Maximizing the value of human resources as a growth driver.

Opening the door to a new era while also being grateful for our predecessors.

In order for the Sekisui House Group to grow as a global company, it is important to improve the value of our human resources. I believe that the value of human resources is derived by multiplying autonomy of employees and vector alignment. The value of human resources is maximized when each employee works autonomously and when vectors are aligned with the Company’s vision and business strategy.

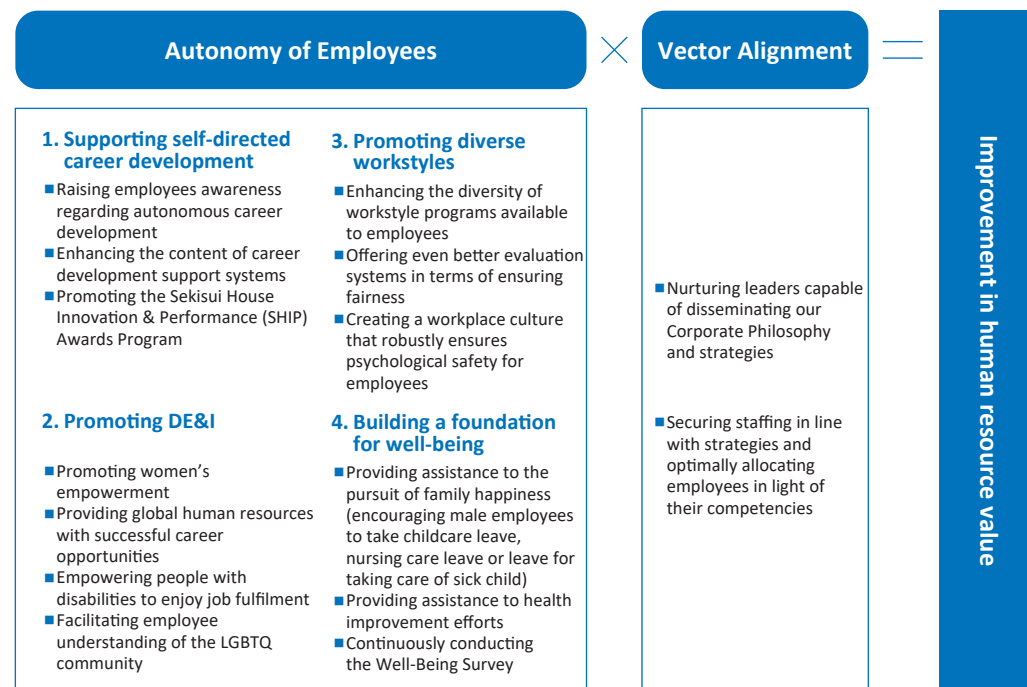
Employees develop their own careers. The Company firmly supports employees who want to work autonomously. Innovation and communication serve as the backbone of vector alignment. I believe that when an organization functions organically, it maximizes the value of its human capital as a major growth driver.

Regarding the promotion of diversity, I believe that in order to make home the happiest place in the world, our employees must first be happy. It goes without saying that the active participation of female employees is also very important. When a person, regardless of gender, seeks to work autonomously, we will provide a system and environment that facilitates performance and matches the individual’s lifestyle and flexible work style, taking into consideration each person’s lifestyle and family circumstances. I believe that by supporting diverse forms of autonomy, work styles can be more diverse and free.

The fundamental philosophy of the Sekisui House Group is love of humanity. This is a spirit of service where we wish for the happiness of others and make their joy our own. All of our businesses are directly linked to the happiness of society. Representative of this spirit are our Green First eco-friendly homes, which coexist with the environment while providing comfort, and our Kids First initiatives that can lead the way for a society that supports childrearing. In addition, the idea that housing is social capital includes the perspective of it needing to be beautiful since it is part of towns and forms each townscape.

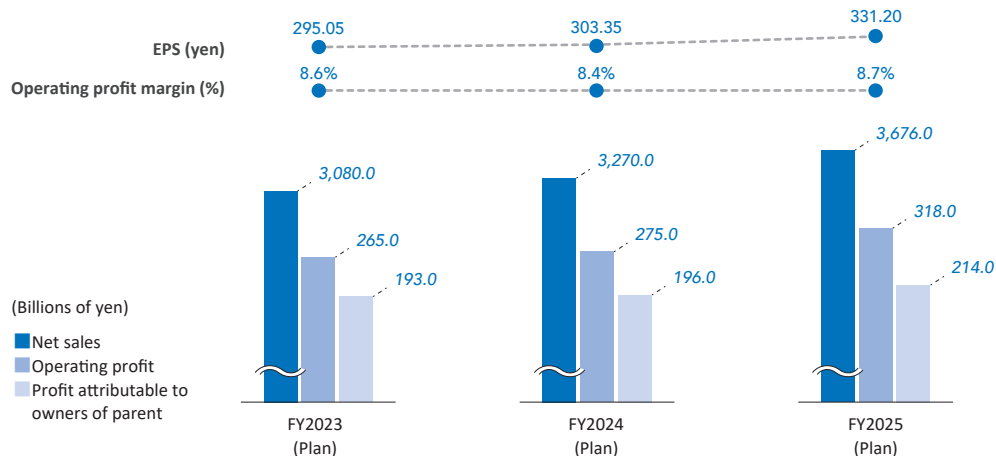
We will work as one to move forward into a new era while thanking our predecessors for building this DNA and foundation. The evolution of technology beyond DX will accelerate more and more. On the other hand, in order to deliver the highest quality and technology, which is one of our goals, we also need a level of sensibility to see that beautiful things are beautiful. We will propose happiness for residents in the era of the 100-year lifespan through the integration of technologies, lifestyle design and services. I look forward to the next challenges of the Sekisui House Group, which will grow stronger and more flexible through the creation of houses that are designed with the home in mind.

Improvement in human resource value



Earnings Plan

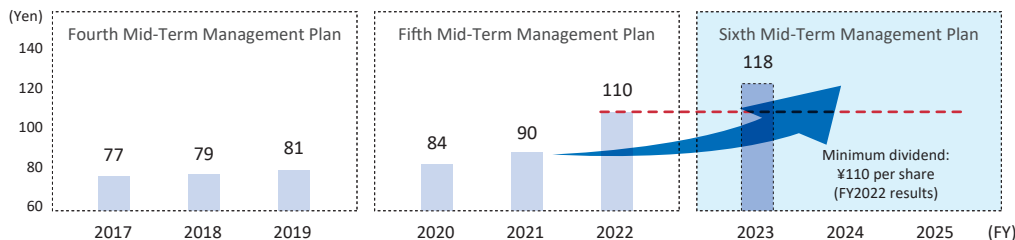
Aiming for record-high profit for each fiscal year and an operating profit of more than ¥300 billion in the plan's final year through stable growth in Japan and proactive growth overseas.



Shareholder Returns

In addition to the existing policy of maintaining an average medium-term dividend payout ratio of 40% of more, the minimum annual dividend per share has been set at ¥110 in order to further improve the stability of shareholder returns. In addition, the Company aims to increase shareholder value through flexible company stock repurchases.

Shareholder Returns

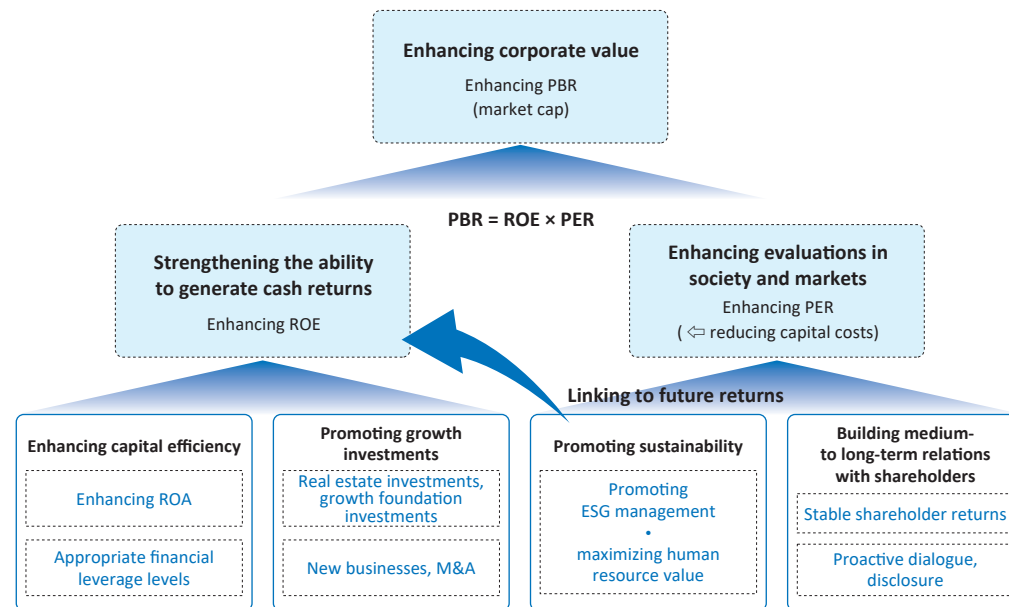
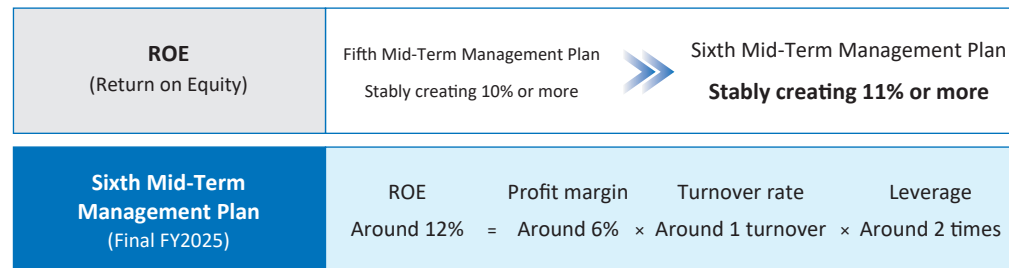


	2017	2018	2019	2020	2021	2022	2023 (Plan)	2024 (Plan)	2025 (Plan)
EPS (yen)	193.06	186.53	205.79	181.18	227.37	276.58	295.05	303.35	331.20
Dividend (Yen)	77	79	81	84	90	110	118	-	-
Dividend payout ratio	39.9%	42.4%	39.4%	46.4%	39.6%	39.8%	40.0%	Average dividend payout ratio 40% or higher	

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

Financial Strategy Strengthening ROE Management and Enhancing Corporate Value

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



Built-to-Order Business Business Policy and Strategy

Business Policy

Detached houses

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

Business Policy

Rental housing and commercial buildings

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

Business Policy

Architectural/Civil engineering

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

Strategy

Enhancing our three-brand strategy

1st Range (Price tier below ¥30 million)

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

2nd Range (¥30 million to ¥50 million)

3rd Range (¥50 million and above)

- Strengthening our product lineup + design capabilities + proposal capabilities
- Strengthening our ability to acquire land for housing

Promoting CRM* strategy

Integrating our technologies, lifestyle design and services

- Supplying beautiful buildings that appeal to people's emotions

Strategy

Strengthening area marketing

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

High value-added Sha Maison

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

Strengthening CRE and PRE businesses

Strategy

Architectural construction: Expanding and enhancing our channels for receiving orders

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

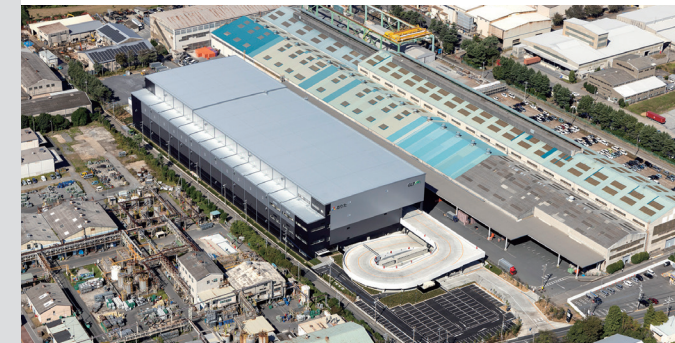
Civil engineering: Differentiating through eco-friendly measures and technologies

Civil engineering technologies

- Strengthening technological proposals to meet ever-diversifying requests from society and customers

Environmental solutions

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



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

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

Supplied Housing Business Business Policy and Strategy

Business Policy

Rental housing management

Practicing property management that offers enhanced services to owners and tenants

Strategy

For owners: Maximizing asset value

Diverse solution proposals

- Helping owners enjoy growth in earnings and asset value via the provision of rent pricing assessments in conjunction with delivering remodeling proposals

Strengthening relations with owners

For tenants: Strengthening services

Building services that utilize blockchains

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

Centralizing services

Business Policy

Remodeling

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

Strategy

Detached Houses: Strengthening large-scale remodeling

Proposal-based remodeling

- Renovation proposals to update the ways housing is used in line with changes in family composition and lifestyles
- Maintenance that aims to enhance the beauty and extend the life of buildings

Environment-based remodeling

- Updating existing insulation specifications

Rental Housing: Asset value-enhancing renovation

- Working to increase rents and maintain high occupancy rates by maintaining high-quality residential environments through proposals that meet tenant needs

Development business Business Policy and Strategy

Business Policy

Real estate and brokerage/Condominiums/Urban redevelopment

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

Strategy

Urban redevelopment of four main metro areas

Housing (GRANDE MAISON and Prime Maison)

- Focusing on supplying high asset-value properties that have been rigorously selected based on area-specific needs

Non-residential (offices, hotels, commercial facilities)

- Promoting ZEB by specializing in urban centers and focusing on mid- to large-scale urban developments that will become landmarks

Development business that contributes to regional revitalization

Development of residential land for detached houses (house sales and brokerage)

- Developing beautiful, attractive residential land

Regional revitalization facilities

- Regional revitalization-based hotel business focused on the Trip Base *Michi-no-Eki* Stations Project - development of lodging facilities at roadside rest areas.



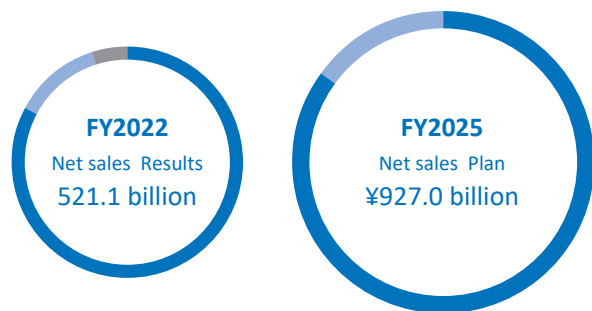
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Overseas business Overseas Portfolio

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

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

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



U.S.

Homebuilding business

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

Multifamily business

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

Australia

Homebuilding business

Expanding business and ingraining the SHAWOOD brand in the high-end market

Development business

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

China

Aiming to end our business in FY2025

Singapore

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

UK

Building a base for the homebuilding business with new business partners



Overseas business Business Policy and Strategy

U.S.

Business Policy

Homebuilding business/Master-planned community business

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

Builders M&A

- Strengthening governance for the Group's builders
- Proactively promoting intragroup collaboration
- Entering the southeastern U.S. through M&A

Technology transfer

- Transferring Sekisui House technologies
- Expanding our own brand (SHAWOOD)



Strategy

Business Policy

Multifamily business

Promoting new development while diversifying business areas and partnerships

Partnerships

- Expanding into and spreading out to the sun belt and east coast gateway in addition to the west coast gateway

Portfolio

- Diversified investment and recovery aligned with the business area



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Strategy

Australia, Singapore, United Kingdom

Business Policy

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

Australia

Developing our operations into the second largest pillar of the overseas business through the execution of area strategies and the establishment of our brand presence

Condominiums development business

- Shift to an efficient portfolio consisting of both short- and long-term projects

Homebuilding business

- Acquiring land for the SHAWOOD business and enhancing our brand recognition in the high-end market



Strategy

Singapore

Securing close partnerships with prominent corporations in Asia

- Developing even closer relationships and step up collaboration with partner companies. Creating new business opportunities



UK

Executing M&A to transfer our technologies and expand into new business fields

- Business development focused on pursuing the possibilities of pre-engineered housing even as we tackle social issues arising from the housing shortage while delivering higher quality housing
- M&A with builders capable of embodying core technological foundations of Sekisui House



Scan the QR code for details about the Sixth Mid-Term Management Plan.

 **Topics.01**

A design philosophy that resonates with “sensibility”

The Process in Which Customers Discover their Own Sensibility Expands the Image of Homebuilding

Since its founding in 1960, Sekisui House has continued to pursue the provision of safe and secure housing as well as the pursuit of comfort and environmental consideration. Now we are aiming to create homes that will be responsible for happiness for residents in the era of the 100-year lifespan.

A 20 to 30 year old house should be a comfortable home where you can feel the beauty of solid wood floorboards and painted walls made of natural materials that have become more beautiful over time, and the memories of living there for many years. In order for this to be possible, it is important to bring out the sensibility of the customer to make the house a home.

Therefore, the Design and Planning Department, which was established in 2021, played a central role in creating a new housing design concept called *life knit design* which weaves love for the home over time.

After building a house, life is something which is nurtured by the sensibilities of the people who live there. The beauty of flowers, the comfort of a gentle breeze, the changing of the seasons, the many experiences of discovering new possibilities, the joy of being surrounded by hobbies and things you love, and the peace of mind that comes with art... Homebuilding is the process of becoming aware of the sensibility of the customer. A design concept that resonates with the sensibility of customers is made possible only through the advanced technological capabilities that Sekisui House has cultivated over many years. Sales, design, and interior coordinators work together to make houses more appealing to customers who seek high-quality value and to form a high-quality housing stock that can be lived in with love for a long time.



Komazawa SHAWOOD showroom HUE

A place where sensibility meets homebuilding

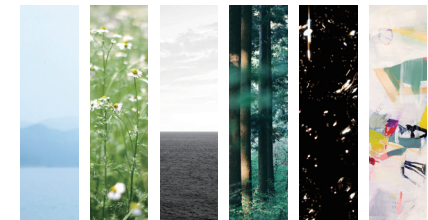
With customers recently going to the Internet as the starting point of the homebuilding process, we have been considering a review of our customer contact points where we are able to meet with them face to face. Newly opened in April 2023, Komazawa SHAWOOD Exhibition Hall HUE embodies a residence that fosters long-term love through comfortable materials, nature, and a space with a margin close to the changes of the family rather than the conventional method of creating appeal based on room size or ceiling height.

Opened last year, SUMUFUMU TERRACE Aoyama has a variety of communication spaces, such as a gallery and lounge corner, making it a special place where you can get inspiration for building houses based on your sensibility.



SUMUFUMU TERRACE Aoyama

life knit design “six sensory fields”



静	優	凜	暖	艶	奏
Peaceful	Tender	Spirit	Cozy	Luxe	Playful

Instead of styles such as Japanese, modern, and European, we have established six sensory fields. These are used as tools to deepen conversations with customers.

Topics.02

Rental housing renovation

Enhancing Value Through Renovation - Supporting long-term stable management by owners

20 or 30 years ago, rental housing was largely based on uniform needs, for example, as temporary housing until purchasing a home. However, at present, the needs and lifestyles of residents are diversifying. In addition, due to the COVID-19 pandemic, people are spending more time at home. As a result, there is a tendency to place emphasis on how their time at home can be enriched. The needs required for housing, such as floor plans and equipment, are constantly changing. Old properties need to be attractive according to the current era and the needs of tenants. Increased vacancies and lower rents will lead to a deterioration in profitability. Renovation is attracting attention as a way to solve the problems of these owners of older rental housing.

With its solid structural frame and foundation, Sekisui House's rental housing Sha Maison can be used for a long period of time, far exceeding its legal useful life. Because of its flexible structural system, bold renovations such as drastic changes in the floor plan and relocation of areas where water is circulated can be carried out. Among the Sha Maison properties that have been built so far, about 700,000 rooms within these properties are more than 20 years old. Recently, since more and more people do not care about the age of the building as long as it has good rooms, there is a shift from the scrap-and-build approach to extending the life of the asset. We support long-term stable management by improving asset value through renovation for our abundant housing stock. This is improving owner satisfaction. We will continue to strive for business growth by creating high-quality housing stock that has great social significance.

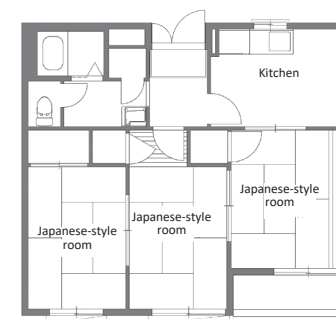


Creating rooms that meet the needs of residents

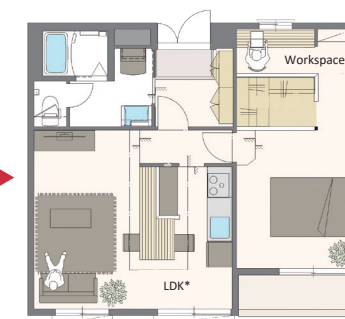
Renovation of Sha Maison rental housing

For owners of old rental housing, renovation is one of the options for long-term stable management. The rent is set at the same level or higher than that of new buildings in the neighborhood by changing the floor plans to combine multiple rooms, converting Japanese-style rooms to Western-style rooms, and creating new workspaces and Wi-Fi facilities to accommodate telecommuting. Renovated rental housing will be highly valuable assets to be passed on to the next generation of owners as a result of generational changes or other factors. In order to propose renovations that meet the needs of the times, it is necessary to acquire a wide range of knowledge, and our employees, who are highly motivated, are energetic at job sites. Renovation tours for owners are always well-received.

Before



After



* Combined living, dining, and kitchen space

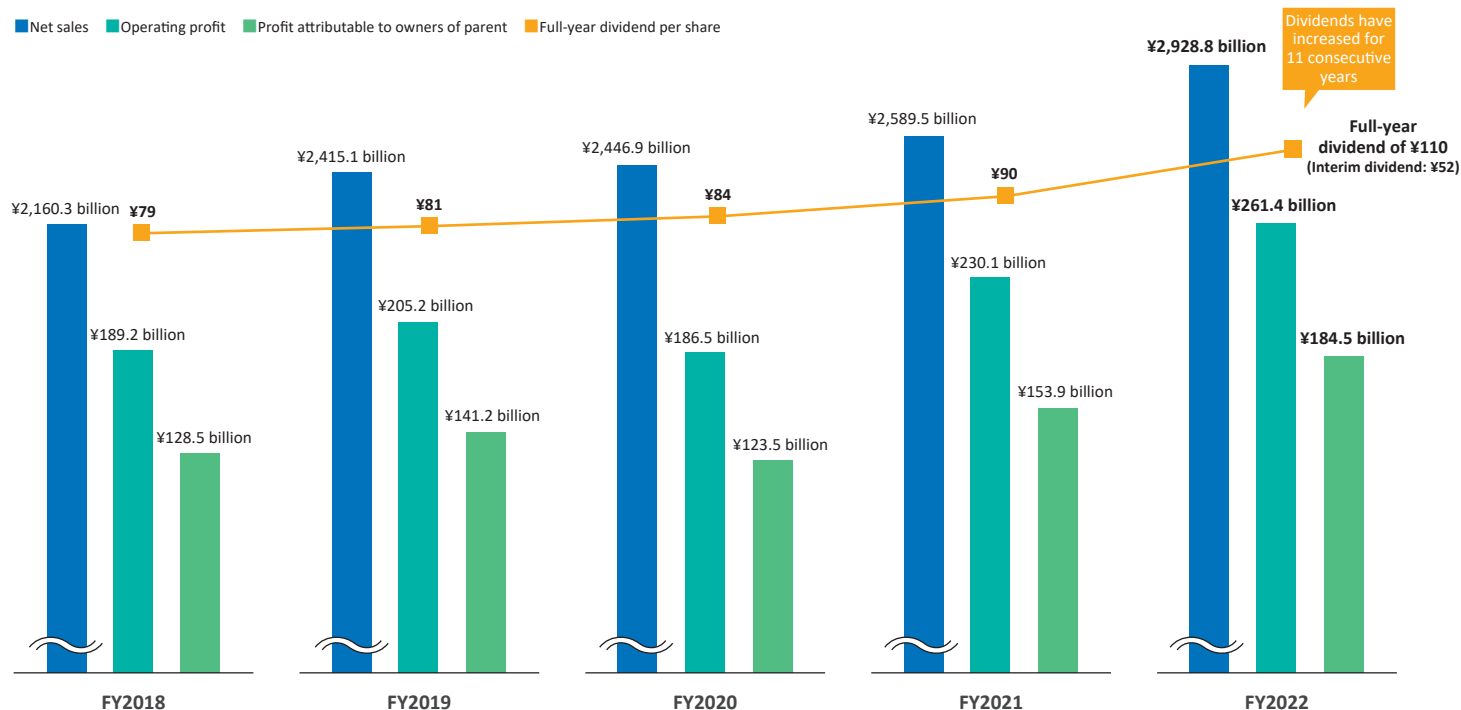
The apartment plan was changed from 3K to 1LDK by converting Japanese-style rooms into Western-style rooms and also relocating the kitchen water system. A new workspace for concentrated work was created to accommodate telecommuting.

Performance Report

Consolidated Financial Results Highlights

Net sales	Operating profit	Ordinary income	Profit attributable to owners of parent	Total number of houses built (Japan)	Total number of houses built (Overseas)
YoY +13.1%	YoY +13.6%	YoY +11.8%	YoY +19.9%	Increased 39,129 units from the end of the previous fiscal year	Increased 5,601 units from the end of the previous fiscal year
2,928.8 billion	261.4 billion	257.2 billion	184.5 billion	2,583,978 units	38,767 units

FY2022, the final year of the Fifth Mid-Term Management Plan, showed an increase in sales in all business models despite a challenging business environment due to the effects of soaring raw material and material prices caused by global inflation and geopolitical risks while socioeconomic activities are normalizing as a result of coexistence with COVID-19. Domestic and international housing businesses and sale of properties also contributed. Due to these and other factors, net sales stood at ¥2,928.8 billion and operating profit was ¥261.4 billion, which are record highs. The full-year dividend for the year was ¥110, an increase of ¥20 from the previous fiscal year, marking an increase for the eleventh consecutive year. As a result, the results for the three-year Fifth Mid-Term Management Plan, which started in FY2020, were significantly higher than targets at the time of formulation.



Balance Sheet

(Billions of yen)

	As of January 31, 2022	As of January 31, 2023
Current assets	1,952.7	2,093.8
Non-current assets	848.4	913.6
Total assets	2,801.1	3,007.5
Current liabilities	867.9	1,044.6
Non-current liabilities	412.3	295.3
Total liabilities	1,280.2	1,339.9
Net assets	1,520.9	1,667.5
Total liabilities and net assets	2,801.1	3,007.5

Cash Flows

(Billions of yen)

	FY2021	FY2022
Cash and cash equivalents at beginning of period	600.2	515.1
Cash flows from operating activities	118.0	125.4
Cash flows from investing activities	(113.7)	(165.4)
Cash flows from financing activities	(111.7)	(155.7)
Effect of exchange rate changes on cash and cash equivalents	20.1	13.2
Cash and cash equivalents at end of period	515.1	332.7

Performance Report by Segment

Built-to-Order Business

(Billions of yen)

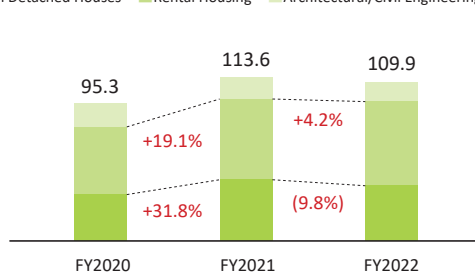
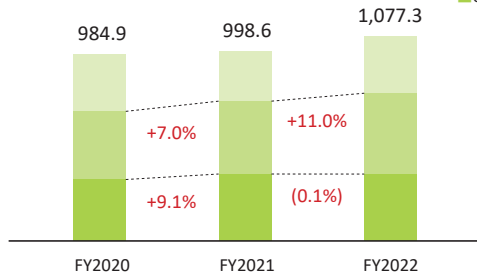
Net sales

Net sales of custom detached houses were on par with the previous fiscal year through high value-added proposals. In the rental housing, net sales increased due to the promotion of Sha Maison ZEH. In architectural/civil engineering, net sales increased due to the posting of several large project sales.

Operating profit

Although operating profit for custom detached houses decreased due to the impact of soaring material prices, rental housing saw an increase due to higher net sales and higher unit prices. Operating profit in architectural/civil engineering declined due to lower profit margins.

■ Custom Detached Houses ■ Rental Housing ■ Architectural/Civil Engineering



Development business

(Billions of yen)

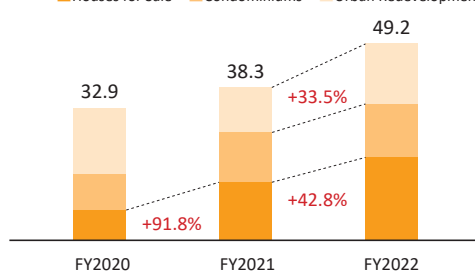
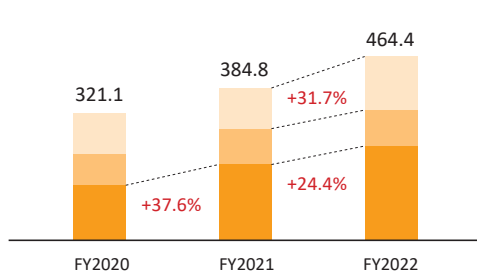
Net sales

Net sales of houses for sale increased due to the strengthening of prime land procurement and the steady progress of construction. The delivery of a large condominium was completed. In urban redevelopment, net sales increased due to steady progress in property sales in line with the plan.

Operating profit

Operating profit for houses for sale and condominiums increased due to improvements in profit margins and other factors. In urban redevelopment, in addition to the sale of properties to Sekisui House REIT, Inc., the sale of properties by each Sekisui House Real Estate company also contributed to an increase in operating profit.

■ Houses for Sale ■ Condominiums ■ Urban Redevelopment



Supplied housing business

(Billions of yen)

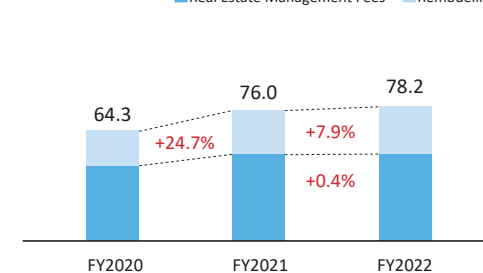
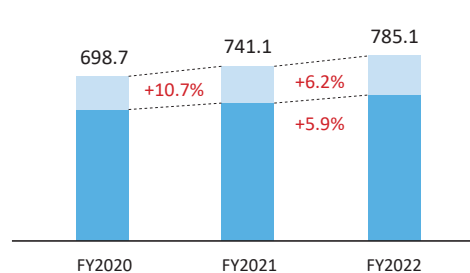
Net sales

Stable growth continued for both remodeling and the real estate management fee. Proposal-based remodeling and environmental-based remodeling, particularly remodeling for energy saving, showed strong performance. Net sales in the real estate management fee increased by maintaining high occupancy rates and rents.

Operating profit

In the remodeling business, operating profit increased as profit margins continued to improve due to an increase in the ratio of orders received for large-scale remodeling. In the real estate management fee business, we secured an increase in profits despite a decline in profit margins due to a temporary increase in costs.

■ Real Estate Management Fees ■ Remodeling



Overseas business

(Billions of yen)

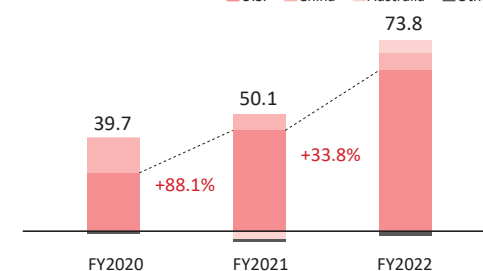
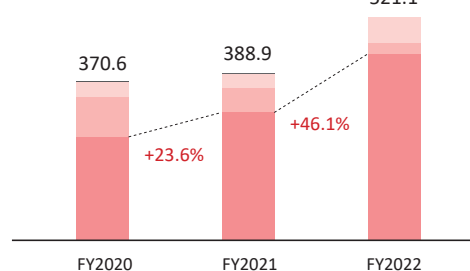
Net sales

U.S. housing net sales increased due to the consolidation of Holt Homes and Chesmar Homes. LLC. In the multifamily business, the sale of properties was completed as planned. In Australia, net sales increased due to the sale of properties in addition to delivery of condominiums.

Operating profit

In U.S., although operating profit in multifamily business decreased due to the revaluation of some properties, operating profit increased due to the contribution of improved profit margins in the homebuilding business and master-planned community business. Overall profit increased significantly partly due to the sale of properties in Australia.

■ U.S. ■ China ■ Australia ■ Other



REPORT

Report on Our Online Factory Tour for Shareholders

A 90-minute livestream featuring our system designed to manufacture diversified building components for homes that are tailor-designed, one of Sekisui House's strengths

On Tuesday, November 29, 2022, an online factory tour was held for the second time since last year which was livestreamed from our Kanto Factory in Koga City, Ibaraki Prefecture. It was held in an online format in order to help prevent the spread of COVID-19.

The content was rich with creativity that was only possible in an online format, such as videos featuring the Dyne Concrete manufacturing process which would be difficult to observe on a physical tour, explanations using animations, and examples of homebuilding.

The online tour participants deepened their understanding of Sekisui House's unique technologies, including how the Company uses cutting-edge technologies such as robots that enable small lot production of a wide variety of products as diversified building components for homes that are tailor-designed, and AI that achieves both efficiency and advanced quality control. In a survey conducted after the online tour, about 80% of the participants answered that they were "satisfied" or "somewhat satisfied." Among the tour highlights, the tour of the production line seems to have left an impression on the participants.

Only possible online! A variety of creative content



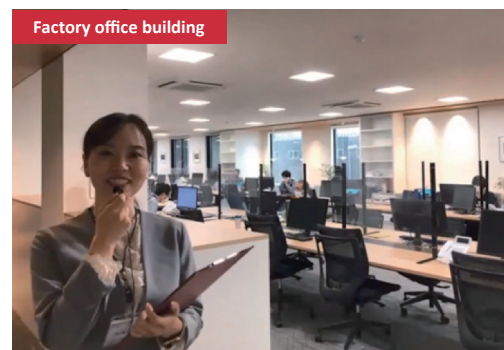
Visitors toured the production line for DYNE CONCRETE, our highest-grade exterior wall material for steel, which is fire-resistant, durable, and well-designed.



We introduced the flexible β system, which does not require columns, and showed the production capacity of β beams.



From the Tomorrow's Life Museum hands-on, experience based Facilitates, participants saw an actual example of a Dyne Concrete house.



Shareholders were able to see our Kanto Factory's ZEB office, which employs a β system that brings about new ways of working and innovation.

VOICE Participants Feedback

It is very good that people can casually participate in the online tour without having to actually go to the factory.

I thought that the office conditions and working environment were wonderful.

In addition to the positive feedback that we received from visitors, we also received the following request.

When the COVID-19 pandemic recedes, I would like to actually visit the factory for a tour.

We will make use of the online tour in our future projects!



SEKISUI HOUSE