

PART 2

OUR ENGAGEMENT

Section 3
Business Strategy

65

Section 4
ESG Management

91

Section 5
Data

244

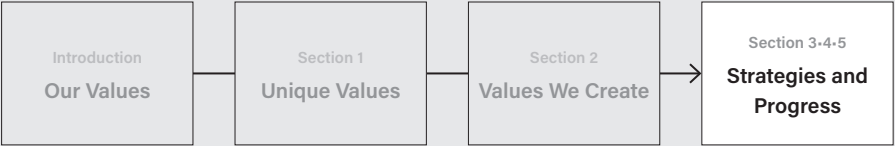


Section 3

Business Strategy

Financial and Capital Strategy	66
Financial Analysis	70
Business Portfolio	74
Business Models	75
Sixth Mid-Term Management Plan	76
Business Strategies	
Built-to-Order Business	79
Supplied Housing Business	81
Development Business	82
Message from the Officer in Charge of the Overseas Business	86
Overseas Business	88

STORYLINE



Points

- Explanation of financial capital strategies and financial position aimed at achieving sustainable growth and corporate value creation
- Progress of each business under the Sixth Mid-Term Management Plan and upcoming strategies

Financial and Capital Strategy



Yosuke Horiuchi

Representative Director of the Board
Vice Chairman, Executive Officer
In Charge of Division of Finance and ESG

Striving for rapid growth in our business in the United States building on the superiority of our domestic business model and solid financial base

Finishing the First Fiscal Year of the Sixth Mid-Term Management Plan

The financial and capital strategy's fundamental policy for our Sixth Mid-Term Management Plan (FY2023 –FY2025) aims for sustainable improvement to ROE by strengthening our ability to create cash returns through the enhancement of capital efficiency and the advancement of growth investments, the reduction of the cost of shareholders' equity through the further promotion of ESG management, and the reinforcement of corporate value through the reciprocal effects of enhancing ROE and promoting ESG management. In FY2023, the first fiscal year of this management plan, we achieved record-high results by exceeding net sales and profit projections while making strong investments in growth both domestically and overseas.

In terms of capital efficiency, our target was the stable creation of ROE of at least 11%, and we achieved ROE of 11.9% in FY2023, and as for shareholder returns, we increased dividends for the twelfth consecutive year and repurchased ¥40 billion in Company stock. I believe we started this management plan off well as we were able to contribute to increasing value for shareholders while improving business results.

In terms of growth investment, domestic and international real estate investments have progressed smoothly, achieving approximately 37% of the total investment budget allocated in the three-year Sixth Mid-Term Management Plan. We are also actively working on M&A. Domestically, we have made Gifu Landscape Architect Co., Ltd. an equity-method affiliate while Aida Co., Ltd. has become a wholly owned subsidiary, and we are making efforts to strengthen our built-to-order business in terms of both exterior and interior work. Additionally, in the U.S., we have newly welcomed Hubble Group, LLC. into the Sekisui House Group through our Group builder Woodside Homes Company, LLC.

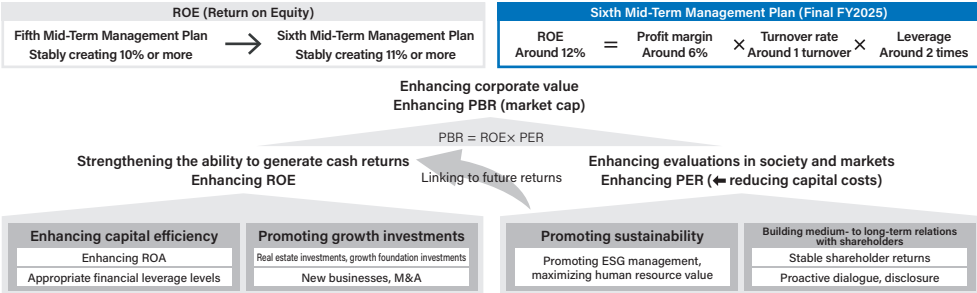
We determined to make the publicly listed U.S. home builder M.D.C. Holdings, Inc. (MDC), a wholly owned Sekisui House subsidiary in January 2024. We completed the acquisition on April 19 for approximately \$5 billion (roughly ¥750 billion¹), making MDC the largest M&A of the Sekisui House Group to date. (MDC was delisted in April 2024.)

In these ways, we steadfastly promoted the fundamental policy of the Sixth Mid-Term Management Plan of "Stable Growth in Japan and Proactive Growth Overseas" in FY2023. I believe that this has been a year of steady business performance and that you can expect even further growth of the Sekisui House Group moving forward.

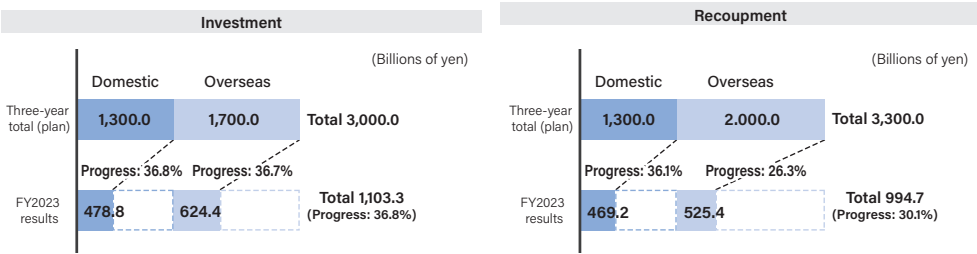
¹ Conversions based on 1 USD being equal to 150 JPY. The same holds true for the conversions on subsequent pages.

Financial and Capital Strategy

- + 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.
- + We work to reduce capital costs through the further promotion of ESG management.
- + We enhance corporate value through the reciprocal effects of enhancing ROE and promoting ESG management.



Progress in Real Estate Investments



Accelerating Our Growth Overseas Through the Acquisition of MDC

We achieved higher than projected net sales and order in our U.S. homebuilding business in FY2023, showing strong recovery. Although home mortgage rates remained high, the need for new housing is firmly rooted amidst a backdrop of

an increasing population and housing shortage. Accordingly, we expect even more future growth as orders by our Group builders in 2024 continued at a good pace. The Company has developed sophisticated technology in seismic resistance, fireproofing and thermal insulation, cultivated through the offering of pre-engineered housing in Japan. Our success in the American market is enabled by this technology, as well as by effectively responding to the needs of customers through our accumulated expertise gained from our customer first initiative made possible due to our order-made housing business.

Thus, to further accelerate our “proactive growth overseas,” we acquired MDC through M&A. Through its polished and solidified platform gained from being a publicly listed company, MDC was able to fulfill its duties to stakeholders for over 50 years while maintaining continuous growth. We believe that the addition of MDC to the builders already present in the Sekisui House Group will solidify our U.S. homebuilding business. In line with this, we are advancing various initiatives, starting with the transfer of Sekisui House technologies, which we strongly believe will lead to substantial business growth. Moving forward, we will work to ensure proper post-merger-integration (PMI) is implemented Company-wide.

From the perspective of our financial and capital strategy, there were two major reasons we were able to successfully take on the M&A challenge of MDC. Those being: our strong financial base, enabling swift and flexible investment decisions regarding investment growth opportunities, and our continuous maintenance of investment capacity. A significant contributor to building this strong financial base has been the generation of stable and ample cash flow from our domestic built-to-order business and supplied housing business. These businesses are built on the core competencies of technical capabilities and construction capabilities, as well as our customer base, all of which have been cultivated for over 60 years. Part of our built-to-order business, the contracting of detached houses and rental housing business, mainly engages in contract work building houses on land already owned by customers. On the other hand, the supplied housing business does remodeling and rental housing management for customers who are satisfied with the high-quality housing we have built for them and want additional work done. We anticipate stable business growth through the steady increase of houses related to the above businesses. Moreover, these are asset-light businesses that do not require major capital investments. Cash flow generated from these two businesses working together will become a source of funds for growth investments in our development business and overseas business, supporting M&A like our recent large acquisition of MDC.

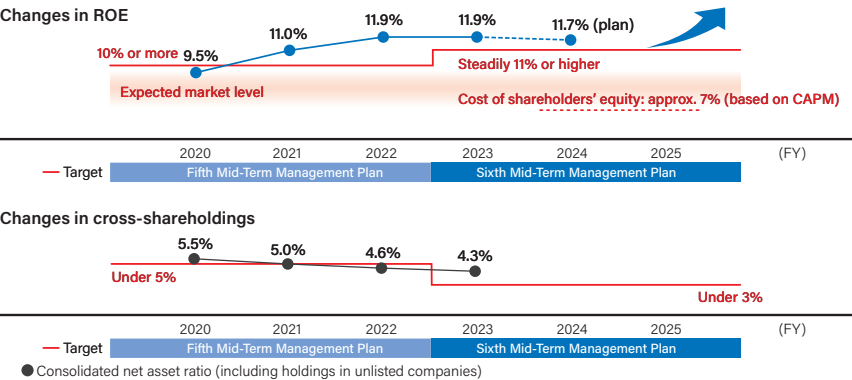
Aiming for Further ROE Improvements

Our Sixth Mid-Term Management Plan sets the goal of maintaining ROE steadily at 11% or higher, and 12% by the end of FY2025. However, we expect to generate even more profit through the consolidation of MDC with the additional profit gained from its business, as well as the synergies created with the already existing Group builders. Thus, we are eyeing the possibility of even higher ROE. Additionally, when securing funds for acquisitions, we utilize hybrid bonds, which are recognized partially as capital in credit rating assessments, aiming to balance financial soundness and ROE level. By appropriately managing financial leverage while enhancing the asset and capital efficiency of every business, and simultaneously conducting growth investment, we believe there is still ample room for ROE to grow.

Financial and Capital Strategy

The Company engages in continuous monitoring of the cost of shareholders' equity to conduct management with a focus on capital efficiency. As of April 2024, the cost of shareholders' equity as calculated by the Capital Asset Pricing Model (CAPM) was approximately 7%. At the same time, we recognize that the market's expected return is approximately 7% or higher. Therefore, we aim to achieve an ROE that exceeds the market's expected return. Thus, in order to improve ROE, decisions on all investment plans are made while keeping the Internal Rate of Return (IRR) in mind.

Regarding our ongoing initiative to reduce cross-shareholdings, under the Sixth Mid-Term Management Plan, we aim to reduce these holdings to 3% or less of consolidated net assets. In FY2023, we completely sold our shareholdings in two stocks, as well as a portion in five stocks. As a result, the ratio of these holdings decreased to 4.3% (4.6% in FY2022), indicating steady progress on this goal.



Supporting Business Endeavors Through Diverse Funding Under Our Strong Financial Base

Although the Sixth Mid-Term Management Plan initially set a three-year total M&A investment limit of ¥200 billion, with the acquisition cost of M.D.C. Holdings, Inc. at approximately \$5 billion (roughly ¥750 billion), we have greatly exceeded this limit. Serving as an indicator of financial soundness, our credit ratings domestically are AA from the Japan Credit Rating Agency, Ltd. (JCR) and AA- from Rating and Investment Information, Inc. Our international credit rating from S&P Global Ratings, Inc. is BBB+. The financial soundness of the Company is under temporary stress from the increase of interest-bearing debt taken on to fund acquisitions. Although there are no major obstacles to our business operations, we aim to

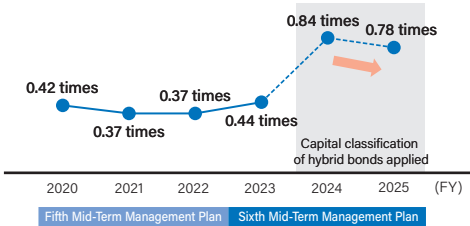
conduct appropriate financial management that takes into account our credit rating as well as continues lucrative fundraising for future investments and prepares for potential risks. To support our credit rating, we secured bridge financing, both in Japanese yen and United States dollars, for the recent M.D.C. Holdings, Inc. acquisition totaling approximately ¥418.2 billion and \$1.55 billion (approximately ¥240 billion). To avoid decreases in capital efficiency due to stock dilution while contributing to financial soundness, part of the funds was used for debt repayment. In July, we issued ¥200 billion of publicly offered subordinated bonds, with 50% being recognized as capital by credit rating agencies. Moving forward, we will continue to convert funds acquired through bridge financing into stable long-term funding. In the medium-term, as mentioned previously, through ensuring ample cash flow from our domestic businesses (including our built-to-order and supplied housing businesses), as well as from our overseas business (strengthened from our acquisition of M.D.C. Holdings, Inc.), we believe we can make steady improvements to our financial soundness.

The acquisition of M.D.C. Holdings Inc. is expected to bring significant growth as well as have substantial impact on our balance sheet, marking a major turning point in our financial and capital strategy. Our strong financial base developed over the years, coupled with stable and diverse funding, will support us through the significant M&A endeavor of M.D.C. Holdings, Inc.

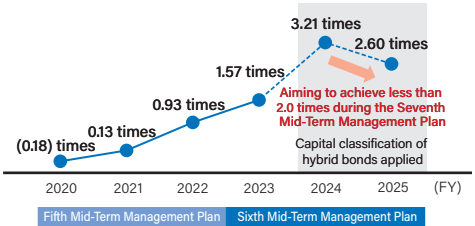
Long-term credit ratings (as of June 2024)

Japan Credit Rating Agency (JCR)	AA
Rating and Investment Information (R&I)	AA-
S&P Global Ratings (S&P)	BBB+

Changes in the D/E ratio



Debt Repayment Term (Net Debt ÷ EBITDA)



Initiatives for Improving Corporate Value Through the Further Promotion of ESG Management

To realize the Sekisui House Group's global vision to make home the happiest place in the world, we are striving to continuously improve corporate value through the reciprocal effects of strengthening ROE management and promoting ESG management. In the Sixth Mid-Term Management Plan, we are striving to maximize the value of human capital, sparing no expense in supporting and investing in endeavors that connect this goal to that of improving social and corporate value. We are particularly putting effort into the area of employee self-directed career development, with the goal of creating an

Financial and Capital Strategy

innovative corporate culture. For example, aiming for practical application in the summer of 2025, we have begun pilot tests on a hydrogen-powered home, the first (according to Company research) house manufactured that produces, stores and uses hydrogen to achieve zero net carbon emissions. This idea was born out of the Sekisui House Innovation & Performance Awards Program, a program that has been attended by all employees since 2022. Additionally, our Sha Maison rental housing, unit-specific ZEH housing that has received positive feedback from stakeholders and was enacted ahead of other companies in the industry, was spontaneously conceived and proposed by onsite sales and design staff. Our ZEH rental housing has grown into a product with many advantages, one of these being that its adoption for corporate housing provides companies with evidence of their own engagement in environmentally-friendly initiatives. The increasing orders for our ZEH rental housing, which recently rose to 76% of our total rental housing, have been a contributing factor to our strong business performance. These examples highlight the importance of aligning employee efforts to resolve the environmental problem of achieving decarbonization. Therefore, we believe worksites are the genesis of innovation and thus it is crucial to attentively listen to the opinions and proposals of employees who work onsite.

In line with these developments, we established Sekisui House Innovation and Communication, Ltd. in February 2024. This company is responsible for the development of human resources who drive innovation as well as the creation of businesses that generate innovation. Specifically, for the development of human resources, we are advancing the development of global personnel, management personnel and innovative personnel. For the creation of businesses that generate innovation, we are planning to open the Company's first innovation facility, InnoCom Square (scheduled to open in Fall 2024) within the office building Akasaka Green Cross, which we also contributed to developing. Through this facility, we are striving to enhance exchanges between start-ups and various different types of businesses, with the goal of sparking new innovation to address social issues and generate new businesses that arise from the changing business climate. Moreover, to accelerate the Sekisui House Group's open innovation initiatives, promoted mainly through Sekisui House Innovation and



Communication, Ltd., the Sekisui House Investment Limited Liability Partnership, a Corporate Venture Capital (CVC) fund, was established in April 2024, with the Company being the main investor. Through this CVC fund, with an investment quota of ¥5 billion, we will contribute to resolving social issues related to housing and living. Thus, we will continue investing in companies that can create business synergies with Sekisui House.

The Company, under the motto "innovation and communication," will continue to make efforts in resolving social issues through its business activities.

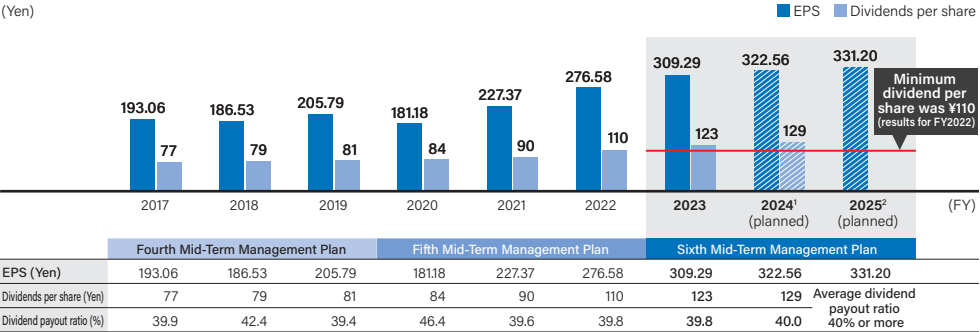
Stable Shareholders Returns and Improved Value for Shareholders

In FY2023, we paid annual dividends per share of ¥123, up ¥13 year on year. For FY2024, in line with increased profits due to the acquisition of MDC, we plan to pay dividends per share of ¥129 (up ¥6 year on year), for a 13th consecutive year of dividend increases.

Maximizing shareholder value is a top priority for Sekisui House. Under the Sixth Mid-Term Management Plan, in addition to our existing policy of targeting a medium-term average dividend payout ratio of 40% or more, to further stabilize shareholder returns, we have set ¥110 as the minimum for annual dividends per share. We plan to flexibly implement repurchases of Company stock, taking into consideration dividends and growth investments for each period. Furthermore, we plan to postpone the repurchase of Company stock for FY2024 as a result of the acquisition of MDC.

Enhanced engagement with shareholders and investors is key for the Sekisui House Group to grow sustainably and increase its corporate value. We will continue to proactively conduct investor and shareholder relations activities and appropriately reflect your suggestions and opinions in our management.

Changes in Earnings Per Share (EPS), Dividends Per Share and Dividend Payout Ratio



Note: EPS for FY2024 and FY2025 is calculated based on the forecast average number of issued and outstanding shares in FY2023.
1 Based on the revised plan announced in June 2024 (to reflect the impact of the April 2024 consolidation of MDC).
2 Based on the initial plan disclosed when establishing the Sixth Mid-Term Management Plan in March 2023 (currently under review to reflect the impact of the April 2024 consolidation of MDC).

Financial Analysis

The Sekisui House Group Scope of Consolidation

The Sekisui House Group comprises Sekisui House, Ltd., 342 consolidated subsidiaries and 37 companies accounted for using equity method. The FY2023 consolidated financial statements reflect the operating results and financial position of these companies.

Operating Results

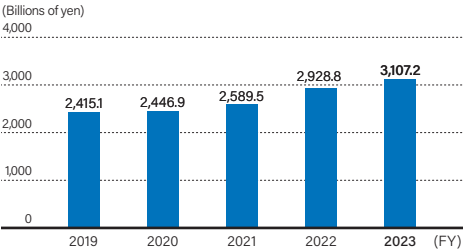
Due to our well-balanced portfolio, consolidated net sales in FY2023 increased ¥178.4 billion year on year, or 6.1%, reaching ¥3,107.2 billion, surpassing the ¥3,000 billion mark. Consolidated operating profit increased ¥9.4 billion, or 3.6%, to a record high ¥270.9 billion.

Consolidated ordinary profit increased ¥10.9 billion year on year, or 4.3%, to ¥268.2 billion, mainly due to the share of profits of entities accounted for using the equity method and foreign exchange gains, despite increasing interest expenses.

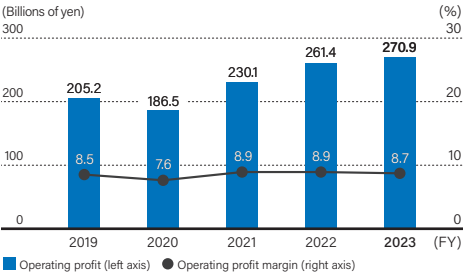
Profit attributable to owners of the parent increased ¥17.8 billion year on year, or 9.6%, to ¥202.3 billion, reaching a record high along with consolidated ordinary profit.

Notably, overseas net sales decreased by ¥10.0 billion year on year, or 1.9%, to ¥511.0 billion, and overseas operating profit decreased ¥24.9 billion year on year, or 33.8%, to ¥48.8 billion.

Net Sales



Operating Profit / Operating Profit Margin

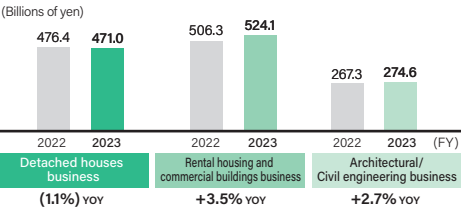


Results by Segment

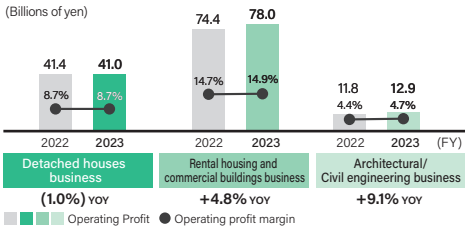
Built-to-Order Business

In the built-to-order business, net sales totaled ¥1,269.8 billion, up ¥19.7 billion, or 1.6% year on year, and operating profit increased ¥4.2 billion year on year, or 3.3%, to ¥131.9 billion. By segment, the detached houses business saw decreases in both sales and profit, but managed to maintain net sales and operating profit year on year. The rental housing and commercial buildings business and the architectural/civil engineering business saw increases in both sales and profit, helping the built-to-order business achieve robust growth.

Segment Net Sales



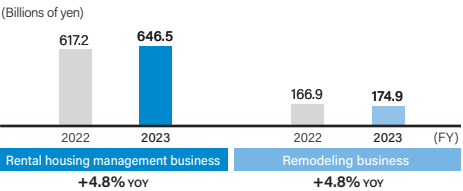
Segment Operating Profit



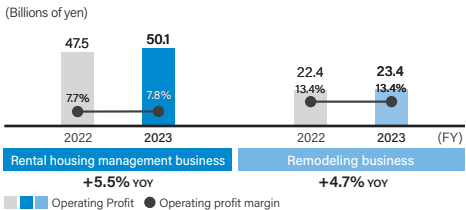
Supplied Housing Business

Supplied housing business net sales totaled ¥821.5 billion, up ¥37.3 billion, or 4.8% year on year, and operating profit was ¥73.6 billion, up ¥3.6 billion, or 5.2% year on year. By segment, the rental housing management business and the remodeling business both saw increases in sales and profit, continuing the stable growth of the supplied housing business.

Segment Net Sales



Segment Operating Profit

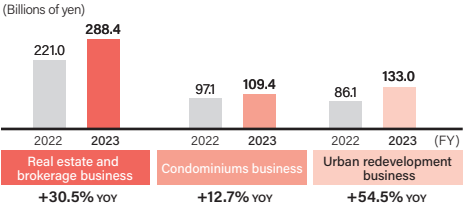


Financial Analysis

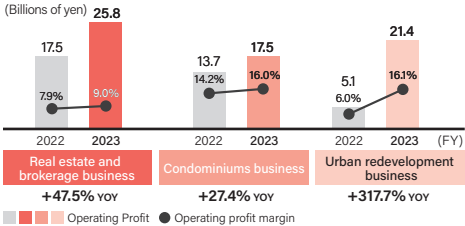
Development Business

Development business sales totaled ¥530.9 billion, up ¥126.6 billion, or 31.3% year on year, and operating profit was ¥64.8 billion, up ¥28.3 billion, or 78.0% year on year. By segment, the real estate and brokerage business, condominiums business and urban redevelopment business all saw increases in both sales and profits, growing the development business.

Segment Net Sales



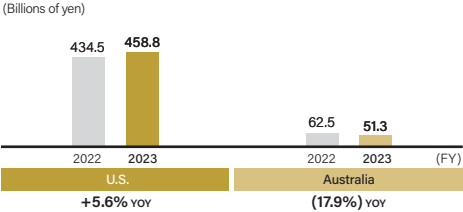
Segment Operating Profit



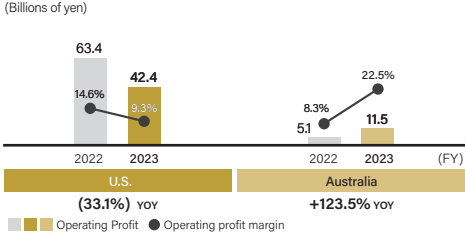
Overseas Business

Overseas business net sales totaled ¥511.0 billion, down ¥10.0 billion, or 1.9% year on year, and operating profit was ¥48.8 billion, down ¥24.9 billion, or 33.8% year on year. By country, sales increased while profits decreased in the United States whereas sales decreased but profits increased in Australia, and steady progress was made toward ending our business in China.

Net Sales by Country



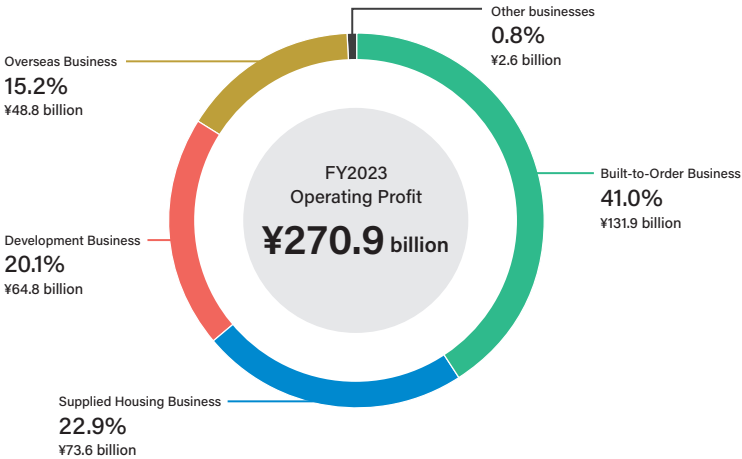
Operating Profit by Country



Profit by Business Model (FY2023)

The profit composition of the Sekisui House Group's business portfolio for FY2023 is as follows: approximately 40% of operating profit is attributable to the built-to-order business, while the remaining 60% is distributed relatively equally among the supplied housing business, development business and overseas business.

This balanced profit composition is the result of the Sekisui House Group's continuous efforts to strengthen profitability, with each business model growing its operations by expanding in regions of business centered around housing.



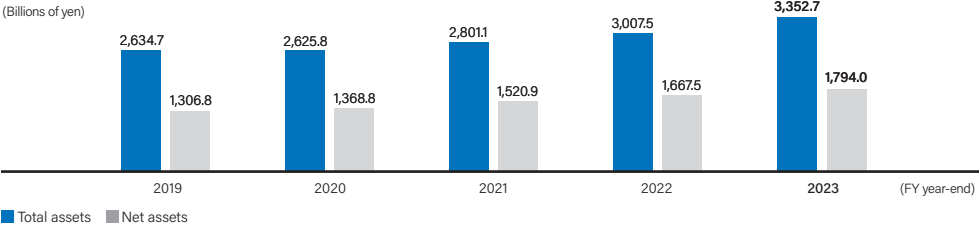
Note: The calculation of each ratio does not include eliminations and back office.

Financial Analysis

Financial Position

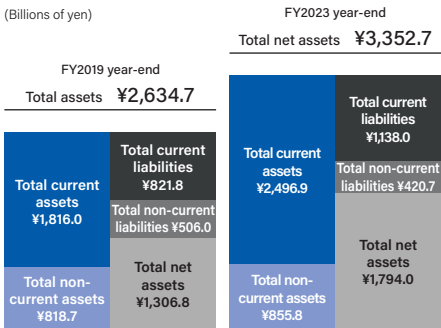
Total assets as of January 31, 2024 increased 11.5% from a year earlier to ¥3,352.7 billion. Current assets increased 19.2% to ¥2,496.9 billion, primarily due to an increase in real estate for sale. Non-current assets decreased 6.3% to ¥855.8 billion due in part to the selling of development properties.

Total liabilities increased 16.3% from a year earlier to ¥1,558.7 billion, mainly due to an increase in interest-bearing debt. Net assets increased 7.6% from a year earlier to ¥1,794.0 billion, mainly due to the recording of profit attributable to owners of parent.

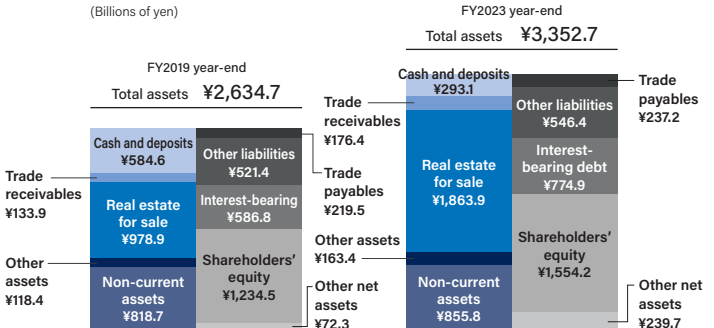


Balance Sheet Comparison

Comparing the consolidated balance sheet at the FY2019 and FY2023 year-ends, total assets increased ¥718.0 billion to ¥3,352.7 billion at the end of FY2023. Within this, the increase of ¥680.9 billion to ¥2,496.9 billion in current assets is especially striking, while non-current assets rose ¥371.1 billion to ¥855.8 billion. Looking at liabilities and net assets, current liabilities rose ¥316.1 billion to ¥1,138.0 billion, non-current liabilities decreased ¥85.3 billion to ¥420.7 billion, and net assets increased ¥487.2 billion to ¥1,794.0 billion, marking a reduction in long-term liabilities alongside a major increase in net assets.



Within current assets, real estate for sale accounts for a large portion of the total, having increased ¥884.9 billion from FY2019 to ¥1,863.9 billion at the FY2023 year-end. This significant growth was due to proactive real estate procurement amid the favorable performance of real estate businesses in Japan and overseas as well as the M&A of builders in the United States. In contrast, interest-bearing debt increased by ¥188.0 billion over the same four years, reflecting our proactive investing based on financial discipline. Within net assets, shareholders' equity increased ¥319.7 billion to ¥1,554.2 billion at the FY2023 year-end following efforts to expand equity.



Cash Flows

Cash Flows from Operating Activities

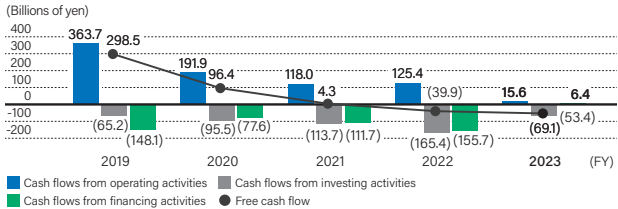
Cash flows from operating activities increased by ¥15.6 billion (a year-on decrease of ¥109.7 billion in net cash provided), primarily due to posting of profit before income taxes.

Cash Flows from Investing Activities

Cash flows used in investing activities decreased by ¥69.1 billion (a year-on-year increase of ¥96.2 billion in net cash provided), mainly reflecting the purchase of property.

Cash Flows from Financing Activities

Cash flows used in financing activities increased ¥6.4 billion (a year-on-year increase of ¥162.2 billion in net cash provided), due to increase of short-term borrowings and other.

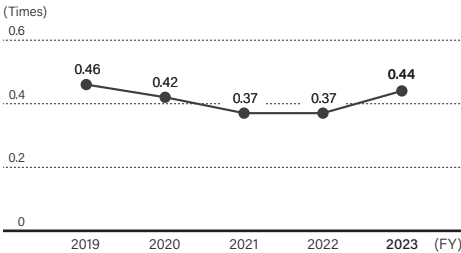


Financial Analysis

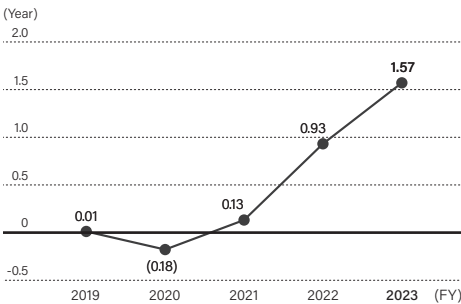
Financial Resources for Capital and Liquidity of Funds

The Group mainly requires funds for working capital as well as for investments such as the acquisition and development of real estate (including inventories). Working capital comes from internal funds, borrowings or short-term bonds (commercial paper), while funds for investment are mainly raised through bonds and loans. By selecting the most suitable funding method from these diverse options, we secure stable financial resources and reduce financing costs. We are conducting appropriate financial management that takes our credit ratings into consideration by maintaining a suitable level of financial soundness despite the temporary stress of the recent acquisition of M.D.C. Holdings, Inc. We have also entered into commitment line and overdraft contracts with multiple financial institutions, thereby ensuring ample liquidity.

Changes in the D/E Ratio



Changes in Debt Repayment Term (Net Debt/EBITDA)

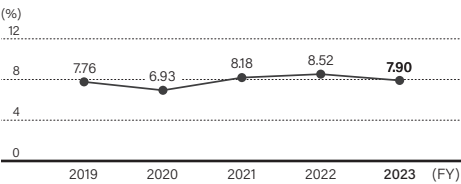


Targeted Performance Indicators

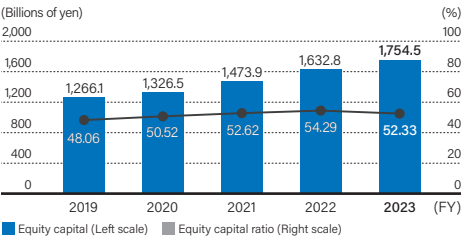
In order to promote business efficiency, we aim to strengthen our balance sheet and raise asset efficiency in each of our businesses. Through such efforts, we seek to improve the ratio of profit to equity capital (ROE) and the ratio of profit to total assets (ROA), aiming to stably create ROE of 11% or more and ROA of 10% or more. In FY2023, ROE was 11.9% and ROA was 8.7%.

Other performance indicators, etc.

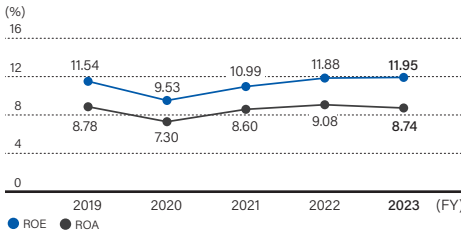
Return on Invested Capital (ROIC)



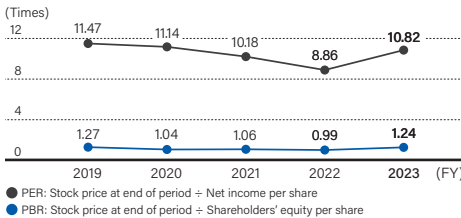
Equity Capital/Equity Capital Ratio



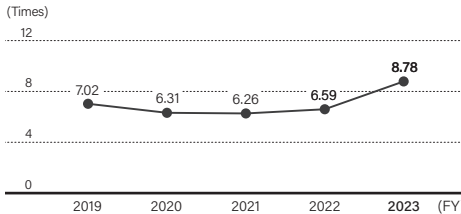
ROE/ROA



PER/PBR



Enterprise Multiple (EV/EBITDA)



Business Portfolio

Overseas business

Net sales: ¥511.0 billion

Sales of detached houses, development and sales of residential land, and development of condominiums for sales and rent etc., in overseas market

Business regions
United States, Australia, Singapore

Overseas business
16.2%
¥511.0 billion



Real estate and brokerage

Net sales: ¥288.4 billion

Brokerage and sales of land for housing, existing homes and real estate (land, buildings) operated for profit

Condominiums

Net sales: ¥109.4 billion

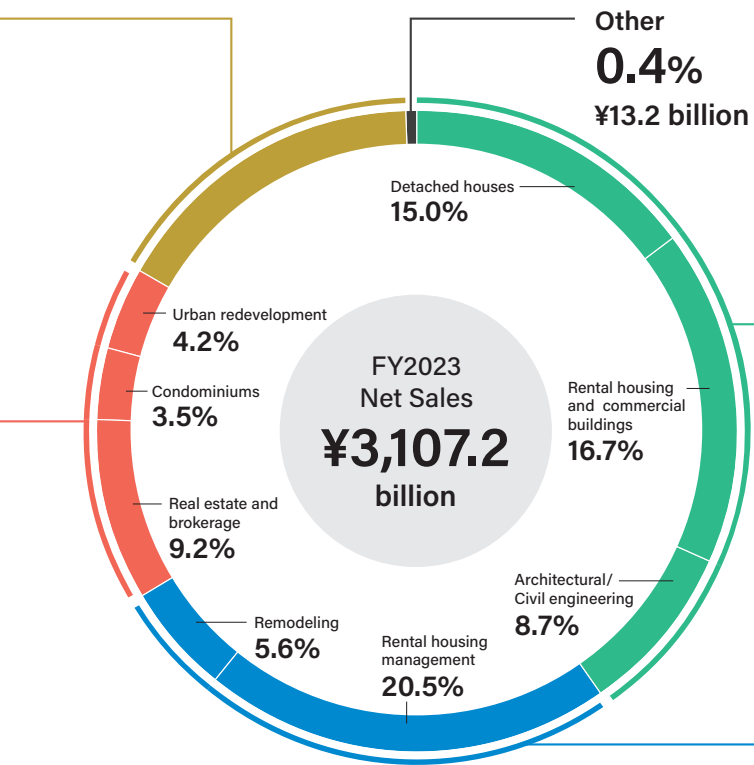
Development, sales and management of condominiums

Urban redevelopment

Net sales: ¥133.0 billion

Development, management and operation of office buildings, hotels and rental condominiums

Development business
16.9%
¥530.9 billion



Note: The calculation of each ratio does not include eliminations and back office

Built-to-order business
40.4%
¥1,269.8 billion



Supplied housing business
26.1%
¥821.5 billion



Detached houses

Net sales: ¥471.0 billion

Contracting and sale of detached house design and construction

Rental housing and commercial buildings

Net sales: ¥524.1 billion

Contracting and sale of rental housing, commercial buildings and other properties design and construction

Architectural/Civil engineering

Net sales: ¥274.6 billion

Constructing buildings for business use, etc. and contracting for design and execution of civil engineering works

Rental housing management

Net sales: ¥646.5 billion

Leasing and management operations for rental housing, etc.

Remodeling

Net sales: ¥174.9 billion

Remodeling of detached houses, rental housing, etc.

Business Models

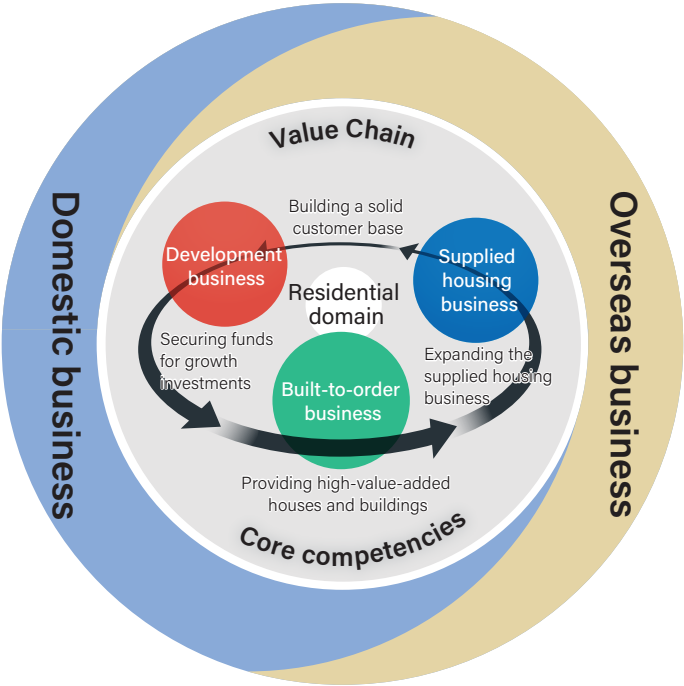
Utilizing its unique value chain and core competencies, the Sekisui House Group has established business models based on the residential domain that continuously create value for diverse stakeholders.

Of the three business models our operations utilize in Japan, the built-to-order business and the supplied housing business are asset-light business models that do not require major capital investments. The built-to-order business, which mainly encompasses homes built by the Company and commercial buildings, is closely linked to the supplied housing business model, which conducts management and remodeling. The profit from these businesses is then invested in our third business model, development, which focuses on land acquisition to be used in developing condominiums, office buildings, etc., which earn large returns through high-quality development in a circular business model.

In our business overseas, we are currently working to build business models that resemble our domestic ones.

Business models		Build a solid customer base by providing high-value-added houses and buildings
		Draw on the customer base from the built-to-order business to expand remodeling, rental housing management and other operations
		Invest profits from the two prior businesses in high-quality urban redevelopment and the development of beautiful communities that are a pleasure to live in

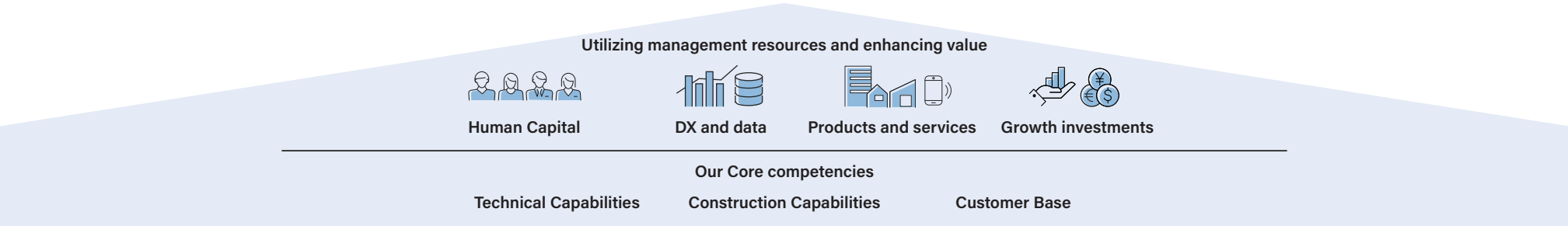
We will continue to seek business growth by enhancing our business models through methods that include leveraging high-quality housing stock to accelerate growth in the supplied housing business and increasing the asset turnover ratio in the development business.



Fundamental Policy Under the Sixth Mid-Term Management Plan



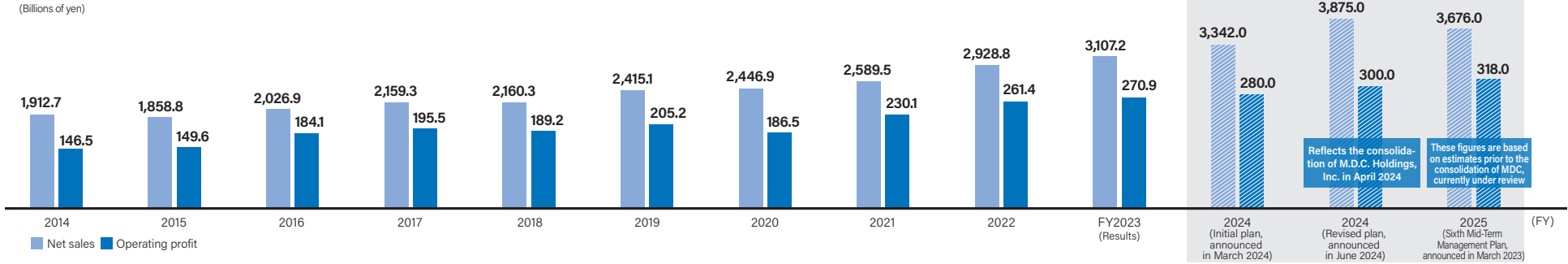
Stable growth in Japan and proactive growth overseas



Evolution of Our Mid-Term Management Plans and the Earnings Plan for Our Sixth Mid-Term Management Plan

In 2010, we formulated our first Mid-Term Management Plan. Since then, we have achieved solid results. Under the Second Mid-Term Management Plan (launched in FY2012), we designated “deployment of growth strategies focused on the residential business domain” as our management policy. Subsequently, we have worked to expand our businesses domain centered on housing. In FY2020, we designated “make home the happiest place in the world” as our global vision, working to grow into a global company that leverages the core competencies developed since our founding to offer happiness

from integrated technologies, lifestyle design and services based on the residential domain. In our Sixth Mid-Term Management Plan, which began in FY2023, we established the fundamental policy of focusing on stable growth in Japan and proactive growth overseas. Through setting key measures and business policies aimed at strengthening and expanding all our business, we saw record high net sales and operating profit in FY2023. We will continue working toward the targets of our Sixth Mid-Term Management Plan.



Third Mid-Term Management Plan Fundamental Policy

Strengthening Group synergies and taking on new challenges in the residential-related business

Built-to-order business

Enhance product appeal, ability to make proposals and construction capabilities

Supplied housing business

Enhance cooperation within the Group

Fourth Mid-Term Management Plan Fundamental Policy

Building the foundation for the residential-related business toward BEYOND 2020

Built-to-order business

Lead the industry as the top brand and take on the challenge of a new built-to-order business

Supplied housing business

Expand the business domain by creating new markets, taking advantage of existing houses

Development business

Focus on balance between growth investments and the asset turnover ratio

Overseas business

Increase business opportunities by providing high-value-added houses and housing environments in overseas markets

Fifth Mid-Term Management Plan Fundamental Policy

Further strengthening core businesses and embarking on new businesses

Built-to-order business

Implement three brand strategies
Promote focused S and A area marketing

Supplied housing business

Actively deploy proposal-based and energy efficient remodeling
Strengthen rental housing management and the brokerage business through change in company name to “Sekisui House Real Estate”

Development business

Pursue ROA management
Generate stable profit by improving turnover and acquiring prime land

Overseas business

Start the global rollout of Sekisui House technologies and advance to the next stage

Sixth Mid-Term Management Plan Fundamental Policy

Stable growth in Japan and proactive growth overseas

Built-to-order business

Strengthening our detached house brands
Enhancing the Sha Maison brand
Constructing a stable foundation to create sustainable value

Supplied housing business

Practicing property management that offers enhanced services
Proposals to extend the life of our housing stock and to enhance its asset value

Development business

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

Overseas business

Aiming to achieve a supply of 10,000 houses overseas by 2025 in the detached houses business
Maximizing profit and achieving stability by diversifying partners and strengthening alliances in the development business

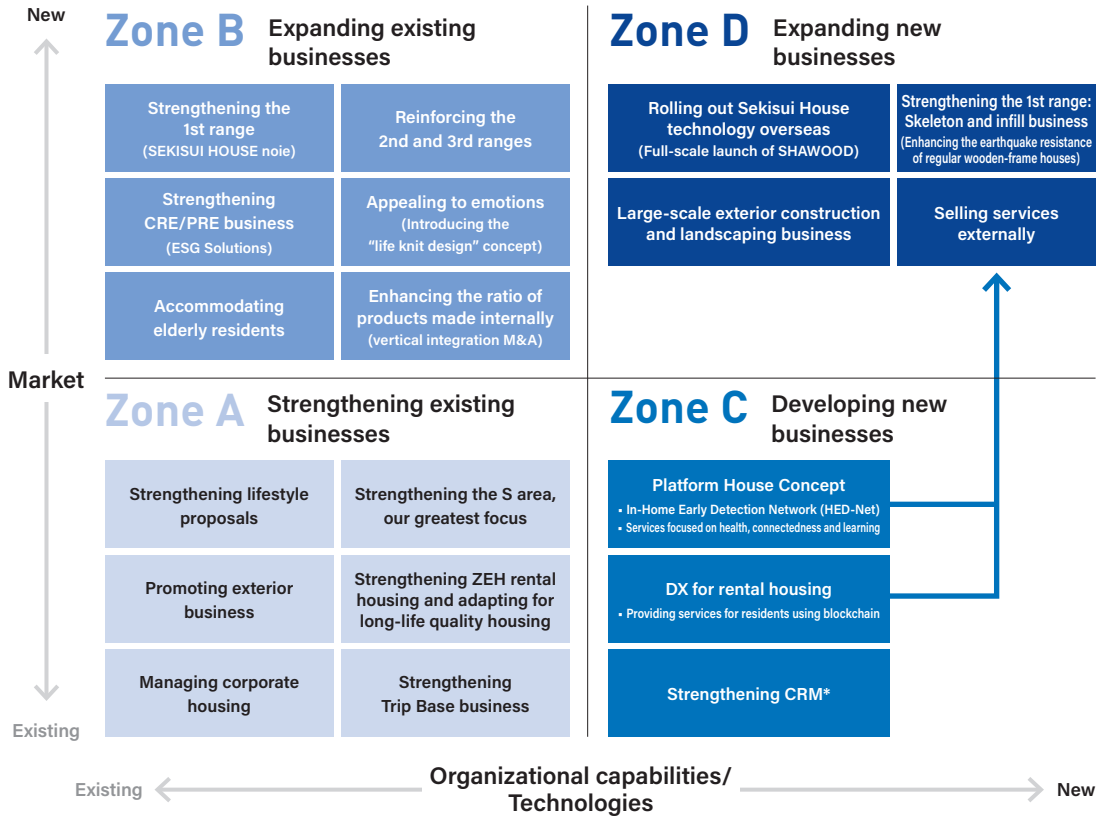
Key
Measures

Important Issues Covered by the Sixth Mid-Term Management Plan

Leveraging our core competencies and our unique value chain, we plan to strengthen and expand our existing businesses (A and B zones). We also plan to develop and expand new businesses (C and D zones) by utilizing digital technology and by transferring Sekisui House technologies (technical and construction capabilities) that have been cultivated domestically, with the aim of pushing ahead with overseas business development and adapting to changes in social and business environments.

In Japan, to reinforce our detached house brands, we will enhance our three-brand strategy, launching a new skeleton and infill business and improving the price range of our first range offerings. At the same time, we will enhance the Sha Maison brand based on thoroughgoing area strategy and reinforce corporate and public real estate (CRE and PRE) businesses. By doing so, we seek to expand our business domain and achieve stable growth in Japan. In addition, we will continue to develop new business by promoting the Platform House Concept of equipping houses with services supporting the health, connectedness and learning that will underpin new lifestyles (under which we launched services during the period of the Fifth Mid-Term Management Plan), as well as such initiatives as utilizing the Internet of Things (IoT). At the same time, we will incorporate new uses of digital transformation (DX) in services and management operations and leverage next-generation Sekisui House technologies in the overseas business to expand new businesses.

In this way, during the period of the Sixth Mid-Term Management Plan, we will practice ambidextrous management, both exploiting and exploring, while advancing growth strategies domestically and overseas to further enhance corporate value.



Zone A
Strengthening existing businesses

Further develop and strengthen the business strategies advanced under the Fifth Mid-Term Management Plan into a platform based on the built-to-order business.

Zone B
Expanding existing businesses

Horizontally roll out strengths of existing businesses across the Group and add new elements to expand businesses.

Zone C
Developing new businesses

Add new elements to existing business foundations to create new businesses. Leverage data and DX in the environments surrounding our businesses and customers to create businesses and maximize value.

Zone D
Expanding new businesses

Aim for medium- and long-term growth in new businesses. Pursue business possibilities, such as applying elements of new businesses to additional fields, to create value and achieve growth.

* Customer Relationship Management (CRM): 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

Business Strategy

Built-to-Order Business

[Details of the Sixth Mid-Term Management Plan](#)

Review of FY2023 and Strategies for Growth Moving Forward

Detached Houses

To enhance our three-brand strategy, we began a joint construction skeleton and infill business in September 2023 as part of our first range goal. Foundations and framing sections created by the Sekisui House Group are provided and built for wooden-frame houses constructed by our regional partner businesses. In our second and third ranges, we implemented aggressive real estate business strategies by improving our approaches toward customers searching for land, and promoting high-value-added solutions through the integration of technologies, lifestyle design and services. In addition, we began promoting the new design concept “life knit design” in June 2023, and particularly in the third range, we are advancing our brand DESIGN OFFICE, which was created by specialists with abundant knowledge and experience as well as outstanding abilities. By successfully implementing these methods to improve our product, design and proposal capabilities, we have guaranteed a level of net sales, operating profit and orders that is equal to the previous fiscal year even amidst a bearish detached housing market. We are also continuing to raise the unit price per building improving our gross profit margin.



Specialist group “DESIGN OFFICE”

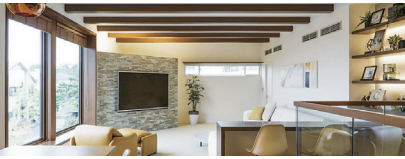
As for our CRM strategy, we released the housebuilding support service “My STAGE” in June 2023. Through this, we will enhance communication with customers by creating various opportunities to connect with them.

Our three-brand strategy



1st Range

Strengthening sales and products
Externally transferring SHAWOOD technologies

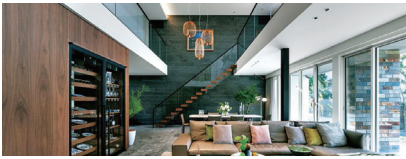


2nd Range

Reinforcing the following two areas to supply technologies, lifestyle design and services

(1) **Appealing to emotions:** Supplying beautiful design and genuine materials

(2) **Strengthening CRM:** Scientific approach to DX of customer engagement

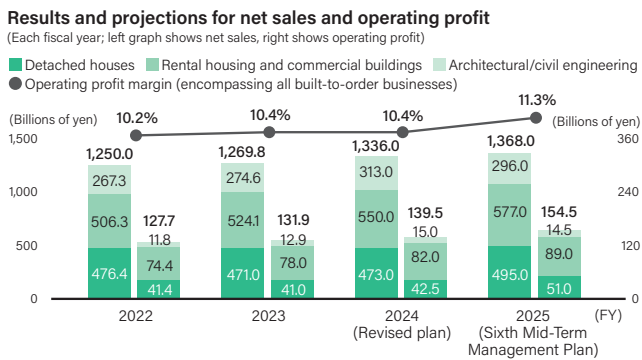


3rd Range

The DESIGN OFFICE team, which comprises experts in various fields, uncompromisingly provides totally unique residence proposals

Key Measures under the Sixth Mid-Term Management Plan

- Detached Houses**
 - Enhancing our three-brand strategy
 - Promoting CRM strategy
 - Integrating our technologies, lifestyle design and services
- Rental Housing and Commercial Buildings**
 - Strengthening area marketing
 - Provide of high value-added Sha Maison
 - Strengthening CRE and PRE businesses
- Architectural/Civil Engineering**
 - Architectural construction: Expanding and enhancing our channels for receiving orders
 - Civil engineering: Differentiating through eco-friendly measures and technical capabilities



Business Strategy

Built-to-Order Business

[Details of the Sixth Mid-Term Management Plan](#)

Review of FY2023 and Strategies for Growth Moving Forward

Rental
Housing and
Commercial
Buildings

We seek to further improve the Sha Maison brand by expanding the sales of three to four-story rental housing builds created using our original construction method. Additionally, we are focusing on providing high-value-added properties such as Sha Maison ZEH, which utilize technology that allows residents to sell their excess electricity. As a result, the unit price per building has continued to rise.

By establishing a nationwide framework for ensuring each residential unit has dedicated electric vehicle (EV) charging equipment, we are promoting further high-value-added advancements. This goes hand in hand with contributing

to the realization of decarbonization by 2050 by addressing the lack of EV charging infrastructure.

In addition to these initiatives, in our corporate real estate (CRE) business, we strengthened proposals for business succession and ESG solutions. Through this, the rate of orders from corporations has increased, leading to a rise in net sales, operating profit, and orders compared to the previous fiscal year.

We will continue to promote price leader strategies centering on urban areas to realize high occupancy rates and competitive rental yields in Sha Maison while using our housing expertise to propose improved office spaces with Green First Offices (GFO), additionally focusing on expanding orders in our non-housing field.

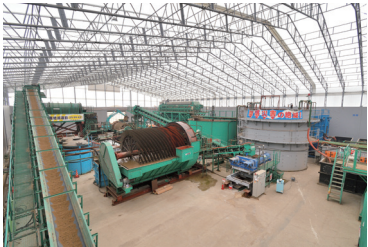
Architectural/
Civil
Engineering

Amid strong architecture investment, our channels for receiving orders in the architecture business both deepened and expanded. As a result, orders greatly increased for factories and distribution centers, as well as renewals for governmental projects related to construction work and aging infrastructure in our civil engineering business. In FY2023, net sales, operating profit and orders each exceeded the previous fiscal year.

In addition to Konoike Construction's established expertise in environmental cleanup, the company is also beginning work on Japan's first biogas power generation that uses methane fermentation in a dry batch process, and other similar initiatives aimed at achieving carbon neutrality. Moreover, Konoike Construction is developing technologies aimed at rebuilding aging tunnel infrastructure. We will continue working to expand orders moving forward as we strengthen our environmental field through technological development and respond effectively to robust growth in construction demand.



Renewable energy



Soil and water purification

Responding to growing EV needs by providing specialized EV charging stations at each residential unit

1. By making it possible to charge EVs at each residential unit with recycled solar energy, we contribute to further decarbonization through EV use

2. By using solar energy to recharge EVs, we can contribute to lower energy and gas bills for residents

	Excess electricity is sold by individual residents (Adopted by our Sha Maison ZEH)	Residential buildings sell excess electricity all together
Concept		
Method for connecting to photovoltaic power generation	Connections in each unit	Connections to a common area and the entire building
Unique characteristics	- Residents can utilize photovoltaic power generation in their daily lives and receive high incomes from selling energy. - This method can respond to the increasing future needs of ethical consumers, allowing long-term stable management of rental housing.	- It is impossible to tell where photovoltaic power generation is being used for each residence. - There are few or no merits regarding energy and gas costs for residents.

Photovoltaic panels distribute energy to each residential unit

EV charging station with specific connections for individual residential units

Business Strategy

Supplied Housing Business

[Details of the Sixth Mid-Term Management Plan](#)

Review of FY2023 and Strategies for Growth Moving Forward

Rental housing management

With a foundation of thorough area marketing, we saw strong orders for the high-value-added Sha Maison units that we provide in areas with stable demand for rentals, bringing the total to over 700,000 rental housing properties managed by the Sekisui House Real Estate Group. We also maintained our high occupancy rate of 97.7% and saw steady growth in net sales and operating profit for FY2023.

In addition to strengthening relationships with homeowners to maximize asset value through renovation proposals, such as changing the layout of units that no longer meet current needs due to age, we are also expanding services for tenants. These services include using blockchain technology during move-in for one-stop handling of procedures related to utilities and public services, and using the tenant app “Sha Maison Life CLUB” to consolidate all pre- and post-move procedures and inquiries online (covering everything from applications to contracts). By expanding services for new tenants, we continue to enjoy a high occupancy rate and rental rate level, maintaining stable business growth.

By continuing to improve services centered on relations with owners and tenants, as well as effectively implementing DX, we will continue striving for stable business growth.

Remodeling

Our improved proposals for kitchen-based renovations in Japan’s typical living room, dining room and kitchen (LDK) configurations brought an increased rate of large-scale remodeling orders for detached houses. As for energy efficient remodels, we increased our promotion of Idocoro Dan-netsu thermal insulation upgrades, which are focused on areas of the home where customers spend the most time, as well as remodels improving insulation near doors and windows. In rental housing remodels, we advanced Sha Maison renovations by increasing resident satisfaction and improving asset value for homeowners. In connection with these initiatives, we saw increases in net sales, operating profit and orders for FY2023.

We will continue to strengthen lifestyle proposal remodeling involving room layout changes and energy efficient remodeling such as improvements to insulation as well as develop remodeling methods in line with the advanced specifications of new construction such as the standardization of highly durable coatings. We will actively expand Sha Maison renovations across our extensive portfolio of managed properties, aiming for stable growth in our business operations.



A Sha Maison residence



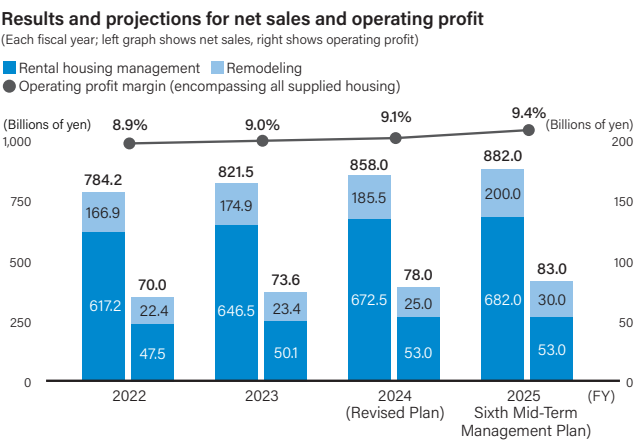
Kitchen-based LDK renovation



Sha Maison renovations

Key Measures under the Sixth Mid-Term Management Plan

- Rental housing management
- For owners: Maximize asset value
 - For residents: Strengthen service
- Remodeling
- Detached houses: Strengthen large-scale remodeling
 - Rental housing: Promote asset value-enhancing renovation



Business Strategy

Development Business

[Details of the Sixth Mid-Term Management Plan](#)

Review of FY2023 and Strategies for Growth Moving Forward

Real estate and brokerage

Proactive acquisition and sales of high-quality land for housing made with a focus on the asset turnover ratio drove growth for the Sekisui House Real Estate Group, leading to a significant increase in net sales and operating profit in FY2023 compared to the previous fiscal year. We have a framework in place, enabling us to introduce high-quality land for housing to prospective customers. The framework exemplifies the notable synergy between our custom detached housing business and our rental housing and commercial buildings business. Continuously expanding and strengthening customer inquiry routes has led to increases in property value as well as in the number of commercial properties.

We will continue to focus on asset turnover while undertaking proper capital management and inventory control as we strive to diversify suppliers and sellers of real estate for sale. For all companies within Sekisui House Real Estate, we will demonstrate the true value of what being part of the Sekisui House Group really means as a real estate company specializing in residential land.

Condominiums

Through focused business development in strategic areas centered on Tokyo, Nagoya, Osaka and Fukuoka, as well as providing high-value-added condominiums with all ZEH units, sales progressed well, with net sales and operating profit for FY2023 showing an increase over the previous fiscal year.

In our condominiums business, we utilize the expertise we have cultivated through building detached houses to create a concept we call “Collections of Homes,” where instead of focusing on multi-unit housing complexes, we focus on creating a community where each resident’s lifestyle converges. Under this concept, we pay close attention to a resident’s livelihood, the community and the future to offer thoughtfully designed individual residences. Moving forward, we will continue to utilize cutting-edge technology and pursue certification for Long-Life Quality Housing. Additionally, we will continue to proactively respond to plan adjustments through our unique expertise as a housing manufacturer, aiming to advance the presence of our GRANDE MAISON brand through strategic differentiation.

Urban redevelopment

In urban areas, we strengthened our acquisition of land for and development of Prime Maison rental condominiums, which are assets designed for quick turnover. Amidst the strong real estate market, both for buyers and sellers, we executed our plan to sell four of our office, hotel and rental condominium buildings in FY2023, increasing our net sales and operating profit.

There was also a strong shift in the occupancy rate of our offices and rental housing. Moreover, due in part to a recovery of inbound customers, the operation of our hotels, particularly in metropolitan areas, has been steadily improving.

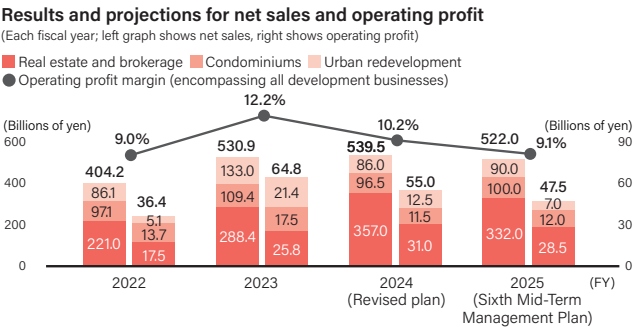
We will continue to focus on property development by promoting ROA management and improving the asset turnover ratio across our entire portfolio based on the acquisition of high-quality land to bring stable profits while also developing Prime Maison to promote conversion to ZEH and contribute to a sustainable society. In the Trip Base Michi no Eki Stations Project, we opened 2,336 rooms in 29 locations across 14 prefectures between 2020 and the end of 2023. We will continue to strengthen regional revitalization through cooperation with localities and alliance partners with Fairfield by Marriott, which specializes in overnight stays.



Prime Maison Morishita WEST

Key Measures under the Sixth Mid-Term Management Plan

- Real estate and brokerage
- Establishment of the Sekisui House Real Estate Group, which has strength in acquisition and sale of residential land for custom detached houses
 - Enhancement of land acquisitions as short-term turnover assets based on careful selection in areas throughout Japan
 - Enhancement of brokerage services for existing houses
- Condominiums
- Focus on supplying properties with high asset value carefully selected for their location in four of the largest metropolitan areas in Japan
 - All residential units meet basic ZEH specifications
 - Enhancement of the GRANDE MAISON brand
- Urban redevelopment
- Developing cities and rural areas through sophisticated area marketing and investment decisions from a medium- to long-term perspective
 - Acquisition of land for rental condominium Prime Maison and acceleration of exit strategies
 - Development of regional revitalization-based hotel development business through the Trip Base *Michi-no-Eki* Stations Project



The Technologies, Lifestyle Design and Services that are the Strength of Sekisui House

Since its founding, the Sekisui House Group has aimed to provide not only technologies in the form of homes that protect the lives and assets of residents but also to make our customers happy by delivering new value in housing that combines lifestyle design and services. To realize this new value, we are supported by over 400 technical personnel working out of large-scale research and development facilities who bring diverse ideas and passion to research and development, as well as our production on a house-by house basis that extends from production to shipment. In addition to safety, peace of mind, comfort and eco-friendliness, we pursue health in housing through initiatives ranging from advanced technology development to investigation and research into services for happy lifestyles. On a daily basis, we are achieving technological innovation in the residential domain across diverse aspects of technology, lifestyle design and services.

Locations supporting R&D and manufacturing systems

Comprehensive Housing R&D Institute

Beginning with tests and evaluations of basic aspects of housing performance, this institute researches and develops technology leading to lifestyles with infinite safety, peace of mind, comfort and health.



Human Life R&D Institute

This institute undertakes a wide range of activities related to researching happiness through housing and lifestyle.



Factory

By establishing a unique manufacturing system managed in accordance with individual residences, we offer consistently high quality in all of our homes.



Technologies

In order to carry out our duty to provide shelters that protect lives and property in Japan, where natural disasters are frequent, we pursue safety and peace of mind in our housing creation through high-quality, high-functioning houses.

Seismic Resistance



Dynamic Frame System

Flexible B System



Flexible B System

Vibration control system SHEQAS



Vibration control system SHEQAS

SHAWOOD construction method



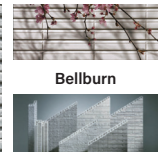
SHAWOOD construction method

Fire resistance, high durability



Dyne Concrete

Bellburn



Sheltech Concrete

Thermal insulation



Super-insulating resin-aluminum composite sash (SA) sash

"Gururin Dannetsu" high-efficiency thermal insulation system



"Gururin Dannetsu" high-efficiency thermal insulation system

We utilize exceptional vibration resistance, durability and insulation technologies, realizing comfort and eco-friendliness in response to the needs of residents for comfortable living.

Advanced technologies and proposals catering to the lifestyles of residents

Seven-meter maximum width



Family Suite utilizes exceptionally strong frames to realize wide-open living spaces that break away from the living room, dining room and kitchen (LDK) configuration that is typical in Japan.

Family Suite

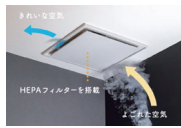
High-strength pillars and beams eliminate the need for through pillars and can be positioned freely on each floor, enabling flexible floor plans.

Sekisui House's three- and four-story housing

Keeping air inside the home clean through zoning, ventilation and air purification.

SMART-ECS

HEPAフィルターを搭載



2次元空気

Maintains comfort through high insulation capabilities while meeting ZEH standards

Green First ZERO

As we seek to provide happiness in the era of the 100-year lifespan, we use our capabilities cultivated through technology and lifestyle design as a base to promote initiatives that are closely attuned to the lives of residents.

U-trus system



An extended warranty system to maintain comfort and high property value

This extended warranty system guarantees the first term of 30 years and can be extended as long as the building exists.

U-trus system

PLATFORM HOUSE touch



Check on the status of your home and control appliances anywhere with a smartphone

A new way of living together with your home and family

PLATFORM HOUSE touch

life knit design



A new design proposal system that reflects the unique sensibilities of each customer in their home's

life knit design

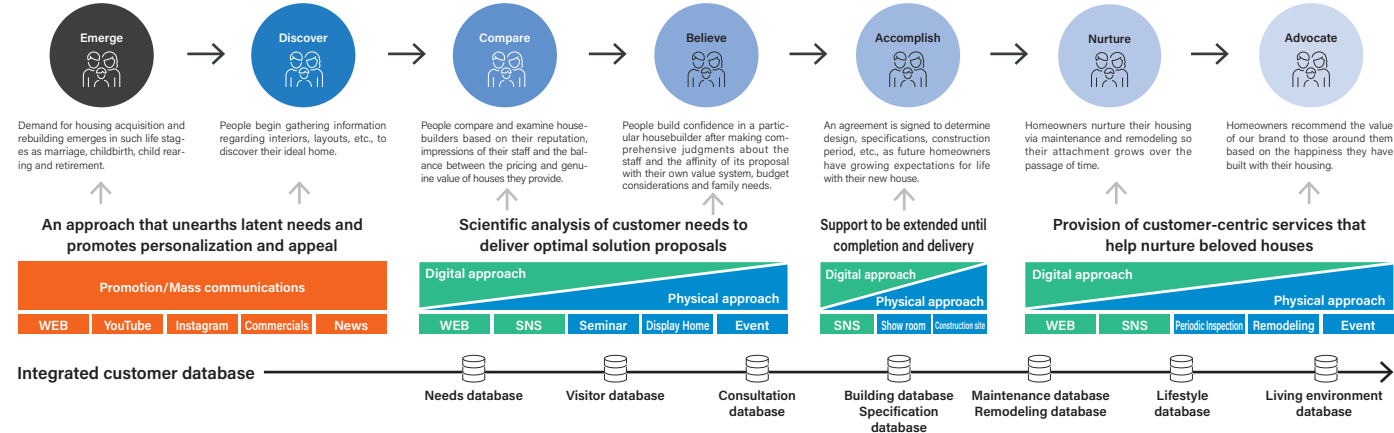
83

Striving to Create New Value and Maximize Business Opportunities with CRM Strategies

Since the founding of the Sekisui House Group, we have been closely attuned to our customers to provide value through housing. Amid the ongoing shift to digital contact with customers, we promote CRM* strategies aimed at enhancing the value of the entire customer experience, from housebuilding to after customers take possession.

In pursuit of this goal, we released My STAGE in FY2023 to further improve the experience-based value gained by customers considering housebuilding. This service increases the effectiveness of our proposals and approaches by featuring Sekisui House's comprehensive house-building knowledge, along with functions to help families enjoy the process of building a house together.

We will continue to utilize customer contact points created via physical and digital approaches as well as data to scientifically analyze both the latent and explicit needs of customers, leading to optimal solution proposals and efficient order management. We will also connect with customer management within the Sekisui House Group, striving to enhance all strategies and cooperation across our businesses.



SEKISUI HOUSE
My STAGE
Let's have fun building houses!

Customer experience

Main functions

Early stage of housebuilding consideration

Receive information important for house-building and tailored to each individual

Browse digital catalogs and videos

Streamline information input when making reservations and requesting materials

Middle stage of housebuilding consideration

Share housebuilding ideas and favorite interiors with the family

Idea clipboard

Introduce homebuilding ideas

アイデアClip

お気に入りやイメージの写真を登録し、簡単に家族で共有できる。そして、お気に入りのアイデアをまとめて、お家の設計士さんに伝えることができます。

子供部屋

Final stage of housebuilding consideration

Communicate with salespeople easily

Discover the ideal residence for one's sensibilities

Interior tool (life knit design)

Shared material box

* 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

Birth of High-Grade Next-Generation Buildings

AKASAKA GREEN CROSS (Akasaka, Minato-ku, Tokyo)

Sekisui House has created a joint venture with Nippon Life Insurance Company, planning and developing a high-grade next-generation building in the Akasaka district of Minato City, Tokyo. Construction was completed in May 2024.

This property is directly connected to the Tameike-Sanno Station of the Tokyo Metro Ginza Line and the Kokkai-gijidomae Station of the Tokyo Metro Marunouchi Line , and we take pride in the many ways it is convenient as a metropolitan high-rise office building.

Blending into the lush natural environment that extends continuously south of the Imperial Palace, AKASAKA GREEN CROSS contributes to the well-being of its users through its overwhelming presence that acts to build connections between people and foster creativity in new businesses. We have established high standards for building safety measures regarding city disasters and business risk, supporting uninterrupted business for tenants.

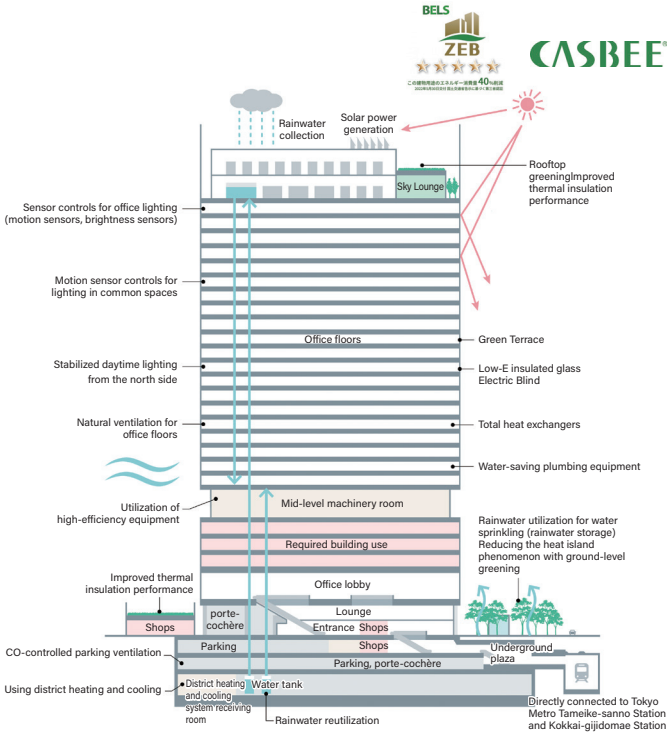
Furthermore, thanks to the implementation of the newest energy-saving features, the office sections of the building have received five stars from BELS¹, one of the foremost environmental performance evaluation systems within Japan. We have also passed ZEB Oriented² standards and received a self-evaluated S-rank on the CASBEE³ for buildings³ (for new construction).



First-floor entrance



Third-floor office lobby



1 Building-Housing Energy-efficiency Labeling System (BELS): an objective evaluation of a building's energy-saving functions from a third-party agency using a system with a maximum of 5 stars.

2 ZEB Oriented: in addition to a high performance exterior and high-efficiency equipment to reduce load, these buildings have measures in place to achieve even greater energy savings.

3 Comprehensive Assessment System for Built Environment Efficiency (CASBEE) for buildings: a system for evaluating the environmental performance of buildings utilizing five ranks, with S as the highest rating. This building's results were determined by a self-evaluation performed by Nikken Sekkei Ltd., and are valid for the three years after completing construction.

Message from the Officer in Charge of the Overseas Business

Extending Sekisui House Technology to the World —Aiming For a Future Where People Worldwide Can Live Happily in Our Homes



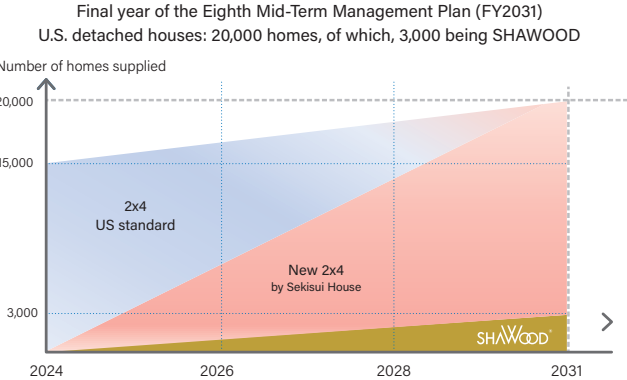
Toru Ishii
Director of the Board
Senior Managing Officer
In charge of Division of
Development Business and
Head of International
Business Headquarters

Comprehensive Outlook of the Overseas Business

Started in 2009, the overseas business now engages in selling detached houses, condominiums and residential land as well as developing rental condominiums, commercial facilities and other complexes. Operations, which extend to Australia and Singapore, are currently focused on the United States.

Under the Sixth Mid-Term Management Plan, we set out to shift our overseas business portfolio from being focused on development to a two-pillar business of development and homebuilding. Thus, we aim to continue our proactive growth strategy in our homebuilding business, with the goal of providing 10,000 homes overseas by 2025. Through welcoming publicly listed* homebuilder M.D.C. Holdings, Inc. (MDC) into the Sekisui House Group in April 2024, we expect to achieve this goal ahead of schedule. Our next objective is to have supplied 20,000 homes in the United States by 2031, during the last year of our Eighth Mid-Term Management Plan. We aim to become a game changer in the U.S. market by deploying 3,000 homes of the Sekisui House original brand SHAWOOD as well as 17,000 homes utilizing the “New 2x4 by Sekisui House,” a new type of housing combining the 2x4 housing construction common in the

Changes in the Product Composition for the U.S. Homebuilding Business



United States with Sekisui House technology.

We are striving to maximize and stabilize profits in the U.S. multifamily business by strengthening cooperation with our business partners and diversifying them. In FY2023, we began work on new projects with our existing partner Holland Partner Group as well as with our new partner company RangeWater Real Estate, LLC. These projects involve medium-size, low-to mid-rise properties, reflecting advancements in the diversification of our business partners and asset types. In May 2024, the urban rental housing development The Ivey on Boren, was sold to Sekisui House Reit, Inc. We have also diversified our exit strategy through this sale of multifamily housing in the United States to a Japanese investor.

In our homebuilding business in Australia, we are aiming to enhance growth by further promoting area strategies as well as establishing SHAWOOD homes. In the apartment & mixed-use developments business, we aim to transition to a more efficient portfolio by balancing between short-turnaround projects and medium-to long-term large projects.

* We have acquired all shares of MDC through SH Residential Holdings, LLC, a subsidiary of Sekisui House US Holdings, LLC, the Group company responsible for business in the United States. Accordingly, MDC was delisted from the stock exchange on April 19, 2024.

Making Sekisui House Technologies the Global De Facto Standard

Aiming for a future where people all over the world can live happily in Sekisui House homes, we plan to advance technologies that we have cultivated domestically for over 60 years, bringing them to the rest of the world. From here, I'd like to talk about what we hope to achieve with MDC and our existing U.S. homebuilders. We plan to develop our “New 2x4 by Sekisui House,” a new type of housing combining the 2x4 housing construction common in the United States with Sekisui House technology as well as expanding the Company's original SHAWOOD brand. Through this, we hope to realize the Company's fundamental policy underlying its global vision of making Sekisui House technologies the global de facto standard.

There are three technological aspects to the Sekisui House technologies we are considering transferring to 2x4 housing. The first being highly-durable technology that gives our customers safety and peace of mind. The second aspect is environmental technology that gives our customers a feeling of comfort through functions such as thermal insulation, airtightness and SMART-ECS (a next-generation indoor environment control system). The third is cost reduction, achieved through shorter construction timeframes and reduced waste.

As for lifestyle design, we are accelerating the introduction of Life Style Solution (LSS), a lifestyle proposal aimed at helping our customers find happiness. Starting with Woodside Homes Company, LLC is spreading to other Group builders and receiving tangible feedback.



Message from the Officer in Charge of the Overseas Business

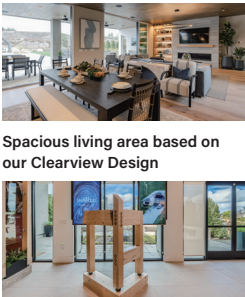
Additionally, we are making determined efforts to advance SHAWOOD, the Company's original brand that best exemplifies Sekisui House technologies. SHAWOOD leverages the Company-developed S-MJ construction method to offer competitive advantage, added value through flexible spatial design, and ensuring highly reproducible and consistent quality of its 2x4 housing.

We began selling SHAWOOD in the United States in January 2024 in the southern Californian community Sommers Bend. In addition to making sure all 57 SHAWOOD homes meet ZEH (Net Zero Energy House) standard specifications, we are developing high-value products that utilize various technologies that contribute to the Company's environmentally-friendly stance as well as to improvements in disaster resistance. We have built three model houses, with one of them being designated as an Experience Center where customers can get acquainted with Sekisui House technologies. Sales are also exceeding expectations as a result of many customers coming day after day to this center.

As such, we are breaking into a new market through the utilization of Sekisui House technologies, refined in Japan for over 60 years, with the aim of establishing an unparalleled presence and becoming a game changer in the U.S. housing industry.



SHAWOOD model homes



Spacious living area based on our Clearview Design

Display of a model made from laminated wood within the Experience Center

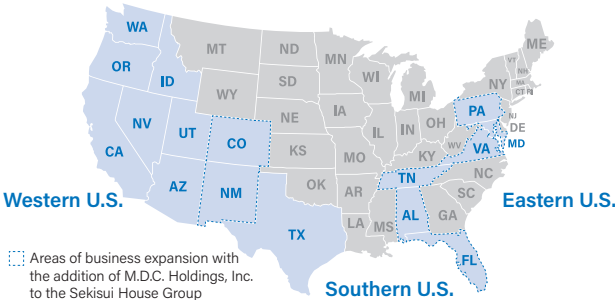
The Significance of Adding MDC to the Sekisui House Group

The Company doesn't conduct M&A simply to boost earnings and housing sales. We also place importance on whether the companies we acquire share our Corporate Philosophy, vision, goals for housing and other significant considerations. We believe that MDC, with a robust business platform developed over its 50-year history, which includes strong governance established as a publicly listed homebuilder, will have a positive impact on the existing Group builders.

As a prominent American homebuilder, MDC operates in an extensive area encompassing 34 cities in 16 states, having supplied over 240,000 homes since its founding. MDC supplied over 8,000 homes in FY2023 and reached net sales of roughly \$4.6 billion (approximately ¥700 billion, under a \$1 = ¥150 conversion rate).

Through the addition of a company with these strengths to the Sekisui House Group, we believe that the foundation set to comprehensively transfer Sekisui House technologies into the United States has been greatly strengthened.

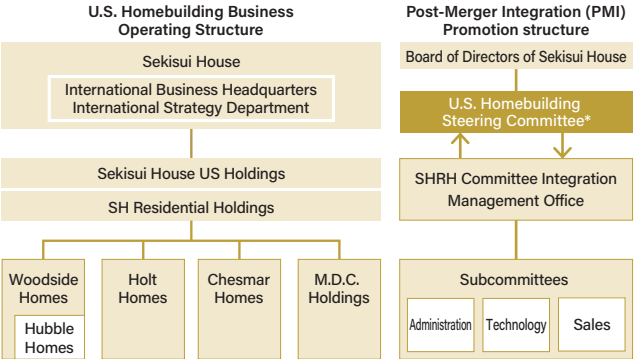
Areas of business development in the U.S.



Post-Merger Integration (PMI) Promotion Structure

As a PMI promotion structure bringing together the Company, existing Group builders and MDC, we have established the U.S. Homebuilding Steering Committee, an organization under direct control of the Board of Directors. In the U.S., we have established the SHRH Committee Integration Management Office. The U.S. Homebuilding Steering Committee, consisting of several different departments, establishes Group-wide policies and strategies, which the SHRH Committee Integration Management Office then ensures are applied to every Group builder.

We have also established three subcommittee divisions under the SHRH Committee Integration Management Office: the Administration Division, tasked with conducting discussions aimed at standardizing financial and human resource systems, strengthening governance structures and other related matters; the Technology Division, tasked with conducting discussions regarding the transfer of the previously mentioned Company technologies; and the Sales Division, tasked with conducting discussions on the development of the "New 2x4 by Sekisui House" and SHAWOOD products. We have already begun detailed discussions at these subcommittees, with each of the three existing Group builders being encouraged to participate.



* Departments participating in the U.S. Single-Family Home Committee: Overseas Business Headquarters/ Overseas Strategy Department, SH Residential Holdings, Corporate Management Strategy Headquarters/ Corporate Management Planning Department, Communication Design Department, IT Design Department, Accounting Department/Finance Department, ESG Management Promotion Headquarters, Investor Relations Department, Human Resources Development Department, Legal Department, R&D Headquarters

Business Strategy

Overseas Business (U.S.)

 Details of the Sixth Mid-Term Management Plan

Review of FY2023 and Strategy for Growth Moving Forward

Homebuilding business
Master-planned
community business

In the homebuilding business, despite mortgage rates being high at 6-7%, they have remained relatively stable, and the demand for new houses remained consistent due to housing shortages as well as the decrease in pre-owned homes circulating in the market. Thus, business exceeded our expectations even after accounting for the impact of exchange rates. By strengthening our relations with existing Group builders, we have successfully implemented a fast-moving business strategy through initiatives such as increasing the number of built-for-sale houses designed to be moved into relatively quickly, improving our business results even further. Moving forward, through deeper strengthening of Group cooperation, now also involving M.D.C. Holdings, Inc., we hope to drive further growth in our overseas business.

Our master-planned community business, which sells developed residential land to outside builders, outperformed expectations as demand for single-family housing rebounded, leading to the recovery of demand for builders' land acquisition. We are also working to deepen cooperation among Group builders in this business. As for our SHAWOOD business, the regional recognition of our brand has increased after we began operations in Sommers Bend, a community in southern California. Additionally, value created through the Company's technology and streamlined production system has resulted in our even greater confidence in the products we provide. We will continue enhancing our presence in this community while also advancing sales promotions and expansion in other areas.

Although we must pay close attention to trends in home mortgage rates in FY2024, we expect increased sales and profits in our homebuilding business based on projections that demand will continue to recover.



A product of Woodside Homes (Homebuilding business)



Nexton (Master-planned community business)

Multifamily
business

In the multifamily business in FY2023, we postponed some planned property sales given the cautious stance of real estate investors amidst factors like rising interest rates. The leasing of the rental housing developed by the Company is proceeding well due to the properties' prime location and high-quality. Thanks to production moving along smoothly, we aim to sell the properties at a time in FY2024 when their value is maximized.



The Ivey on Boren (Multifamily business): Exterior (left), Interior (right)

Topics

Hubble Homes, added to the Sekisui House Group in FY2023



In June 2023, Hubble Homes was incorporated into the Woodside Homes organization. Accordingly, it became part of the Sekisui House Group, and now operates as a branch of Woodside Homes. Hubble Homes developed its business in Boise, Idaho, a city where population growth is expected to exceed the U.S. average due to factors such as excellent living conditions and increased employment opportunities. Priding itself on supplying first-rate houses in a market expected to have increasing demand moving forward, Hubble Homes has maintained a steady market share through its highly efficient operations as well as its superior and abundant residential land holdings.



Key Measures under the Sixth Mid-Term Management Plan

Homebuilding business, Master-planned community business

- Builders M&A:
 - Strengthening governance for the Group's builders
 - Proactively promoting intragroup collaboration
 - Entering the southeastern United States through M&A
- Technology transfer
 - Transferring Sekisui House technologies
 - Expanding our own brand (SHAWOOD)

Multifamily business

- Partnerships: Diversifying business areas and partnerships
- Portfolio: Diversified investment and recovery aligned with the business area

Business Strategy

Overseas Business (Australia and Singapore)

[Details of the Sixth Mid-Term Management Plan](#)

Review of FY2023 and Strategy for Growth Moving Forward

Australia

Since 2009, in Sydney and Brisbane, we have been engaged in selling single-family homes and residential land as well as developing apartment, commercial facilities and complexes. We are promoting the expansion of SHAWOOD in Australia by concentrating management resources in areas where we expect demand for high-value property, such as the coastal and northwestern areas in Sydney. Due to the effect of rising home mortgage rates, there was a reduction in unit sales for our homebuilding business in FY2023, but expected deliveries of apartment and land sales proceeded as planned.

The challenging business environment, characterized by persistently high home mortgage rates, is expected to continue into FY2024. Despite this, we will continue striving towards our goals by focusing efforts on sales of single-family homes and apartment, as we anticipate steady demand from increased immigration and other similar factors.



Melrose Park (Apartment & Mixed-Use development business)
Exterior (left)/Interior (upper right)/Distant exterior view (lower right)

Singapore

In Singapore, through joint businesses with prominent local developers, we are expanding the development of high-value condominiums as well as a mixture of service apartments, retail and offices. In FY2023, our property sales proceeded as planned.

In FY2024, we are promoting steady business by further strengthening cooperation with joint business members.



One Holland Village (Complex development business)
Distant exterior view (left)/Interior (upper right and lower right)

Key Measures under the Sixth Mid-Term Management Plan

Australia

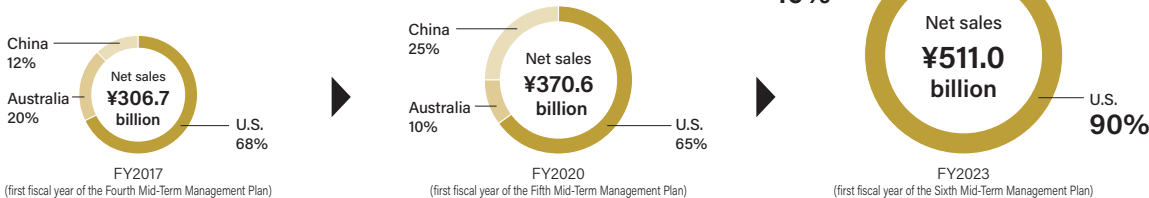
- Developing our operations into the second largest pillar of the overseas business through the execution of area strategies and the establishment of our brand presence
 - Apartment & Mixed-Use developments business
 - Shift to an effective portfolio that balances short and long-term properties
 - Homebuilding business
 - Acquire land for the SHAWOOD business in high-end markets, improve brand recognition and asset turnover rate

Singapore

- Securing close partnerships with prominent corporations in Asia
 - Build deeper relationships with partner businesses and strengthen cooperation

Topics

Changes in Net Sales Composition by Country



Note: Because our business in Singapore is an equity-method affiliate, it is included in the total calculation of the "share of (profit) loss of entities accounted for using the equity method."

The Performance Impact of Adding MDC to the Sekisui House Group

Special characteristics of MDC and its performance to date

M.D.C. Holdings, Inc., headquartered in Denver, Colorado, USA, is a homebuilding business that has expanded to 34 cities in 16 U.S. states, including Arizona, Colorado, California and Florida.



Under the Richmond American Homes brand, MDC maintains a wide product lineup for diverse lifestyles and budgets, with a talent for developing products to meet the needs of customers in both design and efficiency. In addition, the company is undertaking advanced environmental initiatives by standardizing energy-saving equipment in their new detached houses. As a result, these houses achieve a high energy efficiency, using on average 81%* less power than a typical previously owned home.

* Our figure, based on materials disclosed by MDC

MDC realized steady growth, though higher mortgage rates affected performance in FY2023, as shown below.



Performance of MDC*

(Millions of dollars)

FY	2019	2020	2021	2022	2023
Net sales	3,293	3,901	5,254	5,717	4,642
Operating profit	284	462	770	774	435
Profit attributable to owners of parent	238	367	573	562	401
Number of House Closings (homes)	6,974	8,158	9,982	9,710	8,228

* Our figures, based on materials disclosed by MDC

Forecast of consolidated performance in FY2024 (overall)

In the first quarterly financial results briefing of FY2024 in June 2024, we disclosed upward revisions to the initial forecast for FY2024, and our plan to expand dividends in line with profits.

This upward revision accounts for the consolidation of MDC and the company's projected performance results (covering the consolidated period of April 20, 2024 to December 31, 2024), the amortization of goodwill following acquisition, temporary expenses related to the acquisition, interest expenses

amid higher interest-bearing debt, and the revision of exchange rates (from 135 yen/US dollar to 140 yen/US dollar). There were no changes to the initial plan for domestic business.

For details, please refer to the following materials made public on June 6, 2024.

- U.S. Homebuilding Business Strategy [🔗](#)
- Notice Regarding Revisions to the Operating Results Plan and Dividend Plan [🔗](#)
- Consolidated Financial Results for the First Quarter of FY2024 [🔗](#)

	Net sales (billions of yen)			Operating profit (billions of yen)			Ordinary profit (billions of yen)	Profit attributable to owners of parent (billions of yen)	Dividends (yen)
	Total	Sekisui House's overseas businesses	Sekisui House's U.S. businesses	Total	Sekisui House's overseas businesses	Sekisui House's U.S. businesses			
Initial plan	3,342.0	638.0	550.1	280.0	56.5	53.3	262.0	203.0	125
Revised plan	3,875.0	1,171.0	1,083.1	300.0	75.5	72.3	273.0	209.0	129
Amount changed	+533.0	+533.0	+533.0	+20.0	+19.0	+19.0	+11.0	+6.0	+4
Change (%)	+15.9%	+83.5%	+96.9%	+7.1%	+33.6%	+35.6%	+4.2%	+3.0%	+3.2%

