

Special Feature

Taking on the challenge of creating human resources that support homebuilding quality and safety

Sekisui House takes charge of construction sites utilizing our technical capabilities and creates new jobs for housing engineers





Business for quality housing gains support. Group companies see grow through organization restructuring.

It has been one year since the launch of the Sixth Mid-Term Management Plan, which is based on the fundamental policy "Stable growth in Japan and proactive growth overseas." Providing new value to the world is what I honestly want to see us do now, and I am gaining confidence in the fact that the employees at the center of this effort are working autonomously and steadily.

In June of last year, we launched "life knit design," a new design proposal system for custom detached houses that allows customers' emotions to be reflected in the designs. Deployment of the system throughout Japan is going well.

Family Suite, a proposal for spacious living areas, and other added-value proposals continued to have a strong appeal with customers. Despite the sluggish growth in the number of detached housing starts throughout Japan, I was once again convinced that business for high-quality housing will be supported by customers.

In the rental housing business, we focused our efforts on popularizing Sha Maison ZEH. The fact that ZEH housing allow residents to sell electricity in order to accommodate ethically-conscious lifestyles also serves as a tailwind for business with ZEH housing accounting for more than 75% of orders for rental housing. As utility costs continue to rise drastically, there is no doubt that the reduced energy use offered by ZEH housing has become a great benefit and attractive feature for residents as well.

DX for rental housing, which is designed to improve convenience for residents through the utilization of digital technology, is also advancing. Online rental applications increased to account for 100% of rental applications, and the number of viewings during which potential renters

view properties also increased. In the future, we will promote the construction of social infrastructure that centralizes procedures from searching for an apartment to moving in/out through data alliances with the government and partner companies.

Sekisui House Real Estate companies, all of which play a central role in this effort, are also experiencing strong real estate sales, mainly for residential land. We strengthened governance at each company and collaboration with those companies after transforming into a holdings company two years ago. This has made efficient and agile capital investment possible, resulting in remarkable business performance.

Our business has expanded from the Built-to-Order Business to include the Supplied Housing Business and Development Business. Having well-balanced business portfolio also serves as a major strength that supports the stable growth of our domestic business.

We also completed the reorganization of the Sekisui House Construction Group in February of this year. Under Sekisui House Construction Holdings, each Sekisui House construction company across Japan will actively take on the challenge of enhancing Sekisui House's construction capabilities, our main core competency, and expanding our business domains.

Sekisui House is moving from area expansion to quality improvement.

We are accelerating the transfer of Sekisui House technologies overseas.

In regard to our Overseas Business, which aims for proactive growth, we entered into an agreement to acquire M.D.C. Holdings, Inc. ("MDC"), a home building company headquartered in Denver, Colorado, in January of this year.

MDC, a listed company with operations in 34 cities



A SHAWOOD model building located on residential land in California

across 16 states, ranks 11th in the US for number of housing units delivered (9,710 units) in FY2022. By adding MDC's network and business capabilities, the Sekisui House Group's business area will suddenly double to 16 from the eight states that we are currently active in.

The purpose of our M&A strategy is to transfer Sekisui House technologies overseas and make them the global de facto standard in order to achieve our global vision to "Make home the happiest place in the world." Therefore, it is essential that new local companies joining our Group agree with this concept and become "colleagues" who share our philosophy, vision, and aspirations.

Starting with Woodside Homes in 2017, four overseas companies have joined the Group so far. In the corporate integration process, we have spent time carefully and tenaciously promoting the integration of our principles using our own approach.

On the other hand, MDC, which is a listed company, has a platform system that supports its nationwide expansion in the US, including business processes and systems built over 50 years since its founding. In addition to a strong governance system, MDC designed its product lineup that focuses on both customer satisfaction and fair prices to meet diverse needs.

Through the realization of this acquisition, it is expected that our target of supplying 10,000 custom detached houses per year to the overseas market by FY2025, on the same scale as in Japan, will be achieved at an early stage. In the future, we will also accelerate the expansion of SHAWOOD wooden-frame houses that best embody Sekisui House technologies as a new step toward moving from area expansion to improving quality. You can look forward to our new leap forward in the US market, where demand for housing is strong due to stable economic growth and population growth.

98% of the detached houses we delivered were built-to-order houses. This is attributed to philosophy of tailoring the design of each and every home for the specific customer.

The related know-how gained over the years and philosophy will be passed on to the world and to the next generation.

"Why is Sekisui House so thoroughly committed to putting the customer first?" We are often asked questions like this. For us, the concept of putting the customer first has been naturally incorporated into our DNA. However, when I think about it again, the origin of this concept goes back to the reason behind our founding. Sekisui House was born from a strong sense of mission to "protect the lives and property of residents" in Japan, a country prone to natural disasters and earthquakes, while solving the postwar housing shortage. This concept is condensed into the forms of our corporate philosophy of "wishing for the happiness of others and making their joy our own" and our

fundamental philosophy "love of humanity."

Boasting an dominant customer base, it is also important that 98% of the detached houses that we have delivered were built-to-order houses. We listen carefully to the needs of our customers from the planning stage and continue to be a part of their lives. I believe that our customer-oriented attitude has been passed down, becoming our corporate culture since we have been building houses in line with the philosophy of tailoring the design of each and every home for the specific customer in an honest, straightforward manner based on our fundamental philosophy of "love for humanity."

Also, I feel that this basic stance is also a driving force for each employee to act spontaneously when responding natural disasters that unfortunately occur.

Based on this idea, we will thoroughly spread our approach to building high-quality housing and pass it on to the next generation. Such perspectives and initiatives are important.

Sekisui House Association, an organization formed by partner building contractors that support construction at Sekisui House construction sites, consists of about 5,000 carpenters. Among them, a small number were selected to compete in the Sekisui House Carpentry Competition, WAZA 2023, a competition held for the first time last year in which competitors competed to become top carpenter. In a mature society, there is a deeper need for high-quality products. I hope that the high-level skills possessed by Japanese carpenters will attract more attention, and that craftsmen, including those overseas, will motivate each other.

Sekisui House Construction, which is responsible for the construction of the skeleton sections of houses (foundations and structural frames), has also changed the name of on-site housing engineers to "crafters" and greatly improved their working conditions. It is accelerating new initiatives to recruit workers nationwide



The first Sekisui House Carpentry Competition, WAZA 2023

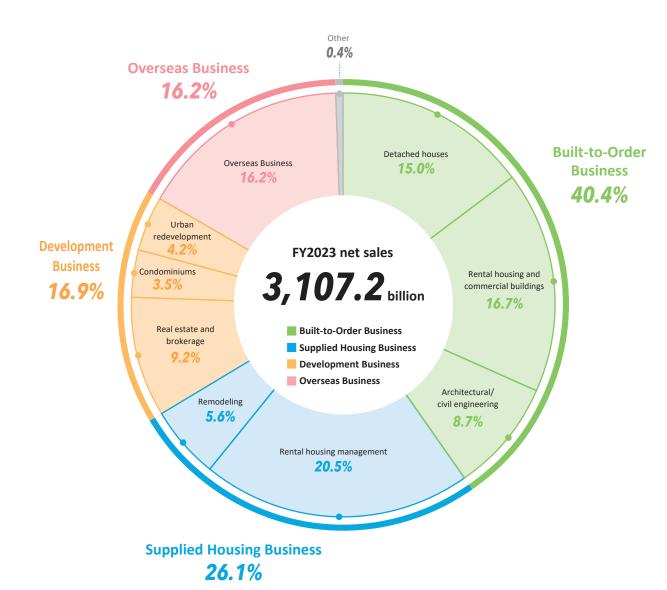
and strengthen human resources.

There is something that I have been pleased about recently. It is the increase in the number of new projects and agendas that are brought to my attention and the number of interesting and exciting content proposals for various occasions. In this year's New Year's message, I expressed my gratitude for the spread of "Innovation & Communication" among employees and stated that the year will be one of high expectations for the growth of human resources. Encouraging autonomy is an expectation for people to grow.

Sekisui House Group is proud to be an unparalleled housing manufacturer based on its DNA and achievements. We promise to fully demonstrate our diverse, unique comprehensive strengths aiming for unique growth.

Sekisui House Group Business Portfolio

FY2023 net sales and sales composition ratio



The overview of each business and full-year net sales and operating profit information



Built-to-Order Business

We provide high value-added housing and commercial buildings on land held by the customer. We contribute to the formation of high-quality social capital.

FY2023

Net sales 1,269.8 billion Operating profit 131.9 billion



Supplied Housing Business

We plan to maintain and grow asset values through high-quality management of rental housing and through remodeling houses, and we will promote construction of a recycling-oriented society.

FY2023

Net sales **821.5** billion Operating profit **73.6** billion



Development Business

We contribute to building high-quality towns by developing residential land, high-quality condominiums, office buildings etc. in attractive areas.

With the top quality and leading-edge technology which we have cultivated in Japan, we will explore overseas housing needs. We will spread the Sekisui House brand by adapting to the real estate circumstances in each country.

Net sales 530.9 billion Operating profit 64.8 billion



FY2023

Overseas business

Net sales 511.0 billion Operating profit 48.8 billion

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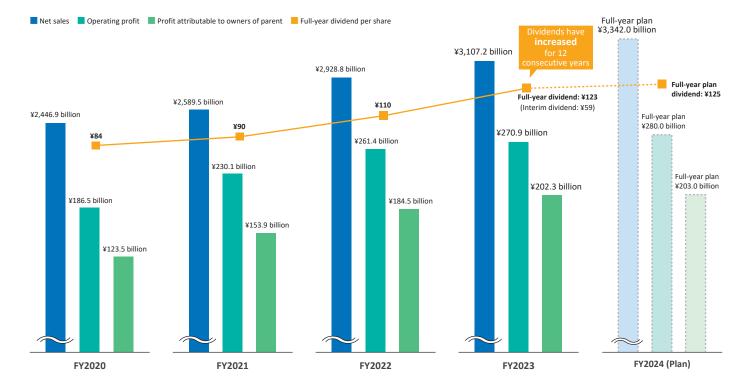
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Performance Report

Consolidated Financial Results Highlights

Net sales Operating profit Ordinary income Profit attributable to owners of parent Cumulative number of dwellings built (Japan) Cumulative number of dwellings built (Overseas) Increased +34,159 units from Increased +5,279 units from YoY +6.1% YoY +3.6% YoY +4.3% YoY +9.6% the end of the previous fiscal year the end of the previous fiscal year 268.2 billion 202.3 billion 2,618,137 units 44,046 units 3, 107.2 billion 270.9 billion

In FY2023, the initial year of the Sixth Mid-Term Management Plan, economic conditions which required close monitoring of price conditions and their impact on global financial market trends continued. However, there were signs of economic recovery, such as increases in personal consumption and employment rates in the US and some other countries. Under these circumstances, with the aim of achieving our global vision "to make home the happiest place in the world" and the fundamental policy "Stable growth in Japan and proactive growth overseas," net sales surpassed ¥3,000 billion and both operating profit and net profit reached record highs. This was achieved by aggressively promoting various high-value-added proposals that integrate technologies, lifestyle design, and services. With this growth in profits, dividend per share increased by ¥5 to ¥123, marking an increase for the twelfth consecutive year.



Balance Sheet		(Billions of yen)
	As of January 31, 2023	As of January 31, 2024
Current assets	2,093.8	2,496.9
Non-current assets	913.6	855.8
Total assets	3,007.5	
Current liabilities	1,044.6	1,138.0
Long-term liabilities	295.3	420.7
Total liabilities	1,339.9	1,558.7
Net assets	1,667.5	1,794.0
Total liabilities and net assets	3,007.5	3,352.7

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Cash Flows	(Billions of yen)	
	FY2022	FY2023
Cash and cash equivalents at beginning of period	515.1	332.7
Cash flows from operating activities	125.4	15.6
Cash flows from investing activities	(165.4)	(69.1)
Cash flows from financing activities	(155.7)	6.4
Effect of exchange rate changes on cash and cash equivalents	13.2	7.1
Cash and cash equivalents at the end of the year	332.7	292.9

(Billions of ven)

Performance Report by Segment

Built-to-Order Business

Net sales

Orders in the Detached houses segment were strong despite a decline in sales. Rental housing and commercial buildings segment sales increased, and orders were strong, especially for Sha Maison ZEH and commercial buildings. Sales increased in the architectural/civil engineering segment due to an improved ordering environment.



(Billions of yen)

(Billions of yen)

Operating profit

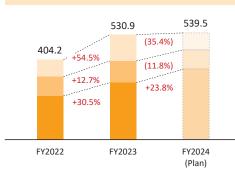
In the Detached houses segment, profit margins improved due to the promotion of our three-brand strategy and high value-added proposals. Operating profit increased in the rental housing and commercial buildings segment. In the architectural/civil engineering segment, operating profit increased due to improved profitability.



Development Business

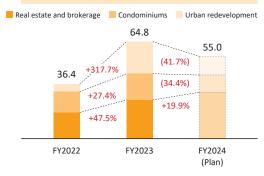
Sales in the real estate and brokerage segment increased due to the contribution of real estate sales through the active acquisition of prime land and sales expansion. In the condominiums segment, we have made progress as planned. Revenue increased significantly in the urban redevelopment segment due to property sales.

Net sales



Operating profit

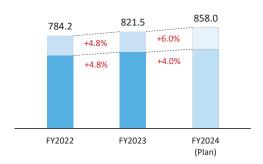
In the real estate and brokerage segment, operating profit increased significantly due to residential land sales growth. Operating profit increased in the condominiums segment due to the delivery of high-priced properties. In the urban redevelopment segment, we engaged in hotel and office property sales.



Supplied Housing Business

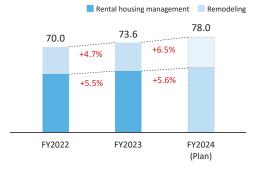
Net sales

The rental housing management and remodeling segments continued to experience stable growth. There was a steady increase in the number of units under management, leading to increased sales in the rental housing management segment. In the remodeling segment, sales increased due to an increase in large-scale remodeling projects.



Operating profit

In the rental housing management segment, operating profit increased due to higher sales and a high occupancy rate. Operating profit increased in the remodeling segment due to the continued promotion of renovation of rental properties whenever tenants were replaced.



Overseas Business

Net sales

In the US, sales increased as we promoted M&A to expand our sales area for detached houses with sales decreasing in the master-planned community business and multifamily business. Sales in Australia decreased due to a decrease in the number of detached houses sold.



(Billions of yen)

Operating profit

In the US, although operating profit declined due to temporary expenses incurred for the acquisition of a builder, sales of detached houses recovered and profit margins rose. In Australia, operating profit increased due to the delivery of condominiums and the sale of properties.



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Special Feature

Taking on the challenge of creating human resources that support homebuilding quality and safety

Sekisui House takes charge of construction sites utilizing our technical capabilities and creates new jobs for housing engineers

With the "2024 issue" looming large in the construction industry, the Sekisui House Group has long been striving to secure and develop human resources.

In this Special Feature section, we will focus on the housing engineers who support the creation of high-quality houses at construction sites and introduce new initiatives for developing human resources and improving working conditions.



The construction industry's 2024 issue is causing a serious labor shortage

The construction industry faces continuing labor force decreases and aging of construction engineers. Various measures are being implemented to maintain/enhance our construction capabilities.

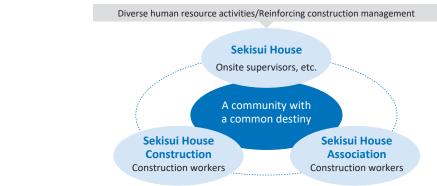
With a declining population, falling birthrate, and aging population, Japan is suffering from labor shortages in all industries. According to the Ministry of Land, Infrastructure, Transport and Tourism, the number of construction workers has decreased by about 30% from 6.85 million in 1997 to 4.79 million in 2022. In terms of the number of construction engineers by age group, 25.7% of all construction engineers in Japan are aged 60 years or older with most of them expected to retire in 10 years, while construction engineers aged 29 years and under, which are expected to support the construction industry in the future, is 12%. Securing and developing young engineers is an issue.

In addition to the aging of technical workers, the 2024 issue that the construction industry faces is exacerbating the labor shortage. As a general rule, from April 2024, overtime work will be limited to 45 hours per month and 360 hours per year, and penalties may be applied if the limit is exceeded. To prevent this from happening, the labor force must be supplemented. Since the labor shortage is expected to intensify, securing construction engineers to work on site has become a major challenge for homebuilders.

On the other hand, the Sekisui House

Group has grown as a community with a common destiny with three solid construction system foundations. Sekisui House Construction Group companies, which are wholly owned subsidiaries, are core companies that support the quality and safety of homebuilding at construction sites, such as housing foundation work and frame assembly work, in order to realize the wishes of property owners. In order to respond to the stable demand for housing in Japan, we have worked to improve our construction capabilities and have been working to improve labor productivity by promoting the DX of surveying and basic inspections, tasks traditionally performed by humans. In addition, we are working to strengthen the recruitment of housing engineers to address issues such as the aging of construction workers that will become apparent in the future. As a result, 133 employees joined the company in April 2024, a 3.4x increase year-on-year. Together with partner building contractors (Sekisui House Association), we will continue to create new bearers of the construction industry as a community with a common destiny that shares a desire to realize the happiness of our customers.

Sekisui House Group's community with a common destiny

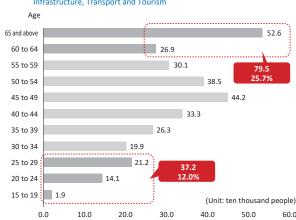


Raising human resource value by fostering individuals with numerous skills
Further improving working conditions

Recruitment support/Talent development support Leveling construction volume across the year to maximize income

Number of construction engineers by age group

Source: Recent Trends Surrounding the Construction Industry, Ministry of Land,
Infrastructure, Transport and Tourism





Recruiting young employees leads to sustainable growth of team strength.

A new initiative aimed at enhancing the recruitment of housing engineers

Sekisui House supports the development of multi-skilled human resources in order to level out day-to-day work. We are creating a personnel evaluation system for promotions and salary increases.

Sekisui House Construction Group has changed the name of housing engineers, who work at homebuilding sites, as "crafters," and has designed new career paths for them by establishing four different job ranks. In particular, the Company has greatly improved the treatment of Chief Crafters, who are responsible for organizing construction sites as leaders and training their successors. Chief Crafter is highly regarded as a position that allows a worker with this rank to maximize their annual income. Through the introduction of a new personnel evaluation system, we will create a working environment in which employees can engage in homebuilding with peace of mind throughout their lives. In addition to salary, the Company will greatly improve its compensation package, including eight days off over the course of a four-week period, an increase from 120 to 125 days off per year, a five-day workweek, and promote a male childcare leave acquisition rate of 100%.

To achieve this, it is necessary to make human resources, including partner building contractors, multi-skilled workers. When a worker is multi-skilled, it means that they are able to handle tasks in multiple technical areas that were previously divided among workers. For

example, in the past, each person was responsible for only individual types of construction, such as lightweight steel-frame construction, heavy steel frame-construction, and wooden-frame construction. This means that an uneven distribution of orders often resulted in overtime work. In order to improve this situation, we will strive to train multi-skilled workers at educational training centers and training schools located in three regions, and achieve a standardized working time. Furthermore, we have introduced a skill matrix that shows the growth and expansion of specialized skills to visualize the skills workers possess. This enables fair evaluation and maximizes construction capabilities.

In April of this year, construction workers started wearing matching uniforms made by Beams Co., Ltd., a uniform brand that we commissioned to produce them. Crafters will appear at construction sites in winter/summer clothing, cold weather-only clothing, and air-conditioned clothing. An active site with a beautiful appearance not only satisfies customers but also enhances the attractiveness and impression of the crafters and improves their recognition. I am looking forward to more success from crafters in the future.



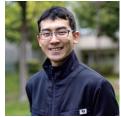


Educational training centers and training schools are located in eastern Japan (Ibaraki Prefecture), central Japan (Shiga Prefecture) and western Japan (Yamaguchi Prefecture). During the six-month period after joining the Company, construction workers can grow together as good rivals by working together with their colleagues at these training centers/schools.



A uniform featuring a matching blue jacket and pants that has excellent functionality and design. Based on the opinions of workers in the field, we commissioned the uniform brand Beams Co., Ltd. to produce the uniform.





We expect that the skills of these young crafters will grow in the future.

Increasing the attractiveness of crafters and developing human resources who will be responsible for implementing our construction capabilities

Business Portfolio

Established in 1973, Sekisui House Construction Group (formerly Sekiwa Construction) has been supporting Sekisui House's homebuilding activities for 50 years as a company specializing in foundations and erection of framing. Rather than outsourcing the construction of the foundations and frames necessary for safe and secure housing, having a wholly-owned construction company that is responsible for such construction is a major advantage that other housing manufacturers do not have. I can say that this is proof that we place importance on construction quality.

As demand for housing grew, the number of companies increased to 85 to undertake construction throughout Japan. However, that number has now been consolidated into eight. We have also contributed to local employment by building houses that take advantage of the strengths of each area. Also, the eight companies hold regular meetings to share policies on quality and safety. Furthermore, we established Sekisui House Construction Holdings and transitioned into an intermediate holding company in February 2024. In the future, we will strengthen business promotion and governance by making the best use of regional characteristics and having each company working hard together.

Ultimately, "people" support our construction capabilities, which is one of our collective strengths. A crafter is a naturally rewarding job, performing work that customers appreciate. In order to respond to the wishes of our customers, our mission is to develop human resources who can play an active role at construction sites, to deliver the highest quality. With the goal to make home the happiest place in the world, we will continue to be a company that delights customers.



The Sekisui House Carpentry Competition, WAZA 2023

In order to achieve our global vision "to make home the happiest place in the world," we once again paid tribute to the workers of the Sekisui House Association, an organization formed by partner building contractors, and held our first skill competition in order to convey the appeal of work itself. On November 26, 2023, Among the 26 carpenters who were selected from a group of approximately 5,000 carpenters from 13 areas across Japan participated in the competition at INTEX Osaka, we decided on the apex of carpenter that underpins the high quality of the Sekisui House. Based on the competition concept "We have the techniques that underpin happiness," the participants competed in 77 categories, including construction procedures, accuracy, finish, safety, and adjustment. In addition to being streamed online, video of the event was later posted on YouTube for anyone to watch, contributing to the motivation of not only carpenters who are active in the field, but also young people who want to become carpenters in the future.







Interior construction skills demonstrated by a competition participant in a 3.5m x 3.5m booth.



The finale of the competition drew a generous round of applause from the audience.

Topics

TOPICS 01

TOPICS 01

Bringing Sekisui House technologies to the world — SHAWOOD sales have commenced in U.S.

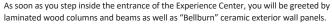
Located in a community of new homes in California, the SHAWOOD model home is bustling with visitors and sales are brisk.

Sekisui House has rolled out SHAWOOD homes in Japan and Australia. In the United States, after a pilot project in Las Vegas, Nevada in 2020, we developed the first SHAWOOD community in the US at Sommers Bend, a community of new homes in Temecula, California, and launched sales in January of this year. Out of a total of 1,315 plots, 57 of which are SHAWOOD, all of which follow ZEH standard specifications (photovoltaic panels and storage batteries), and major structural components such as laminated columns and beams, as well as original components such as "Bellburn" ceramic exterior wall panels, are shipped from factories in Japan.

The SHAWOOD brand of wooden homes, which can be proposed using free ideas that are not bound by conventional concepts or common sense and feature safety, comfort, and design utilizing housing technology developed in Japan that makes houses resistant to natural disasters and software and services such as lifestyle proposals, and feature safety, comfort, and design, is expected to significantly change the way people in the US, where houses are generally sold or built for sale, view homebuilding. Our local Experience Center, where people can learn more about the SHAWOOD brand, attracts many visitors every day and sales are brisk exceed plan. We will accelerate the roll out of the SHAWOOD brand in the US, increase the number of high-quality houses, and continue striving to create value through happiness overseas.









Sommers Bend is a community that places importance on the lifestyle proposals in which Sekisui House is involved from the community planning stage. The SHAWOOD construction method aims to make housing more comfortable, shorten construction time, and reduce material waste while also promoting the creation of sustainable housing.



SHAWOOD is characterized by the utilization of the wooden framework construction method to realize spacious and high spaces. This makes it possible to use natural materials that create a warm environment and simple, dynamic spaces.

TOPICS 02

TOPICS 02

The birth of "Grand Green Osaka", high-class residences directly connected to Osaka Station

THE PALACE is a condominium building designed like a royal palace in a location where an urban park spreads out in front of one's eyes

Grand Green Osaka is a large-scale mixed-use development project that fuses greenery and innovation with Umekita Park, one of the world's largest parks directly connected to a large-scale terminal station, serving as a central attraction. Grand Green Osaka THE NORTH RESIDENCE featuring condominiums for sale is being constructed in an excellent location with a view of the city park below. In addition to all units meeting the ZEH Oriented standard through a variety of advanced technologies and innovations, the building also adopts a self-supporting energy system that allows electricity to be exchanged within the building in the event of a power outage, which is a first. We aim to coexist with nature by giving consideration to harmony with the park and biodiversity. THE PALACE is a design concept as magnificent and noble as a royal palace. This property responds to the needs for higher quality living by including units with a "car gallery" where you can bring your beloved car to your residence.

Mitsubishi Estate Co., Ltd. is the lead company for the overall development of Grand Green Osaka, is planed advance opening in September 2024, while Sekisui House serves as the managing company for the condominium business. All units, including the highest-priced top-floor dwelling units in the Kansai region, have been started to sell attracting a great deal of attention. We will continue to provide urban spaces and living environments that beautify over time and work on developing world-leading cities.





The 9.1-hectare site adiacent to JR Osaka Station features Umekita Park and will include offices, hotels. core functional facilities. commercial facilities, and condominiums that are planned for construction.

The ceiling height of the 4th floor corridor is 6 m. The symmetrical stone pillars are reminiscent of neoclassicism.

Residents of this condominium can enjoy looking at their beloved car closely from their living room. A car gallery like this is rare in Japan.



Umekita Phase 2 Development Project (Japanese Only) https://umekita2.jp/





Taking a "behind the scenes" look at home making, something that cannot be normally seen Visitors experienced our lifestyle and environmental initiatives

On November 15, 2023, we held a facility tour at Tomorrow's Life Museum Kanto, located in Koga City, Ibaraki. It was held on location for the first time in four years with 55 participating after Covid-19 pandemic.

Participants visited three main facilities. In addition to the lifestyle model houses where visitors can experience what it is like to actually live in the house, they visited the house structure section where they could see the structures and innovations used for homebuilding that people cannot normally see. In addition, at the resource recycling center located in Eco First Park, which conveys information about our environmental activities and their history, participants observed efforts for eliminating waste through sorting and recycling. This was well received by the participants.

We would like to deeply thank many shareholders that apply for the event this time.

Lifestyle model house

At the facility, model houses such as the Yamamoto Residence and Yamagiwa Residence allow visitors to imagine how people would actually live in the houses. The open living rooms and the calm atmosphere of the bedrooms give visitors a sense of the meticulous attention to detail given to homebuilding.

House structure section

Participants listening to a talk about structural frames for steel houses.

Resource recycling center

The visitors were intrigued by the sorting of resources by hand.

