

# Management Resources (Four Types of Capital)



## People (Human capital/Investment in human resources)

Based on our Corporate Philosophy of love of humanity, we have formulated and published the Sekisui House Group Human Rights Policy, and we aim to create workplaces where all employees can practice a culture of innovation and communication. In line with our belief that the growth of employees is essential to the growth of the Sekisui House Group, we are proactively hiring and developing diverse human resources, providing support for skill enhancement through in-house certification programs, and working to appropriately allocate human resources Group-wide. Through these measures, and by maximizing the value of our human resources by sharing a common vision, we aim to increase corporate value.



Consolidated employees:	<b>29,052</b>
Incl. overseas employees:	1,417
• Sales representatives:	<b>7,108</b>
• Technical staff:	<b>8,442</b>
Female employees in managerial positions:	<b>302</b>
Employment rate of persons with disabilities (Group basis): <sup>1</sup>	<b>2.86%</b>
Take-up rate for eligible male employee childcare leave:	<b>100%</b>

Employees with major national qualifications

First-class architects: <sup>2</sup>	<b>3,417</b>
First-class building operation and management engineers: <sup>2</sup>	<b>2,904</b>
Second grade financial planners: <sup>2</sup>	<b>4,560</b>
Registered real estate transaction agents: <sup>2</sup>	<b>8,170</b>
Chief Architects:	<b>319</b>
Chief Constructors:	<b>143</b>
Structural Planning Specialists:	<b>214</b>
Platinum Specialists:	<b>45</b>
CS Meisters:	<b>63</b>

Employees with internal certifications<sup>3</sup>

<sup>1</sup> Rate at 33 domestic consolidated companies subject to statutory requirements to hire persons with disabilities (including the Company)

→ P.41 The Sekisui House Group's Human Capital Management

→ P.86 Human Resources Strategy → P.191 In-house certification programs

<sup>2</sup> Sekisui House and Major Domestic Group Companies (excluding Konoike Construction)

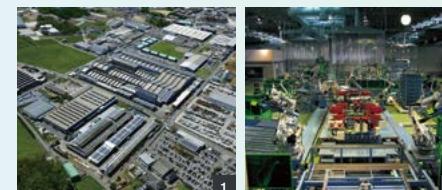
<sup>3</sup> As of April 1, 2023; Sekisui House (non-consolidated)



## Tangibles (Manufactured capital and natural capital)

### ► Manufactured capital

In our domestic businesses, we have production bases (factories) with production lines that are the key to production of homes with individual specifications in the built-to-order business, as well as distribution bases that deliver materials to construction sites nationwide. We are working to reduce the environmental impact of our inter-factory distribution through a modal shift to rail transport. In addition, we are carrying out capital investment in component production facilities to improve production efficiency and in the development business.



**FY2022 Capital expenditure:**  
**¥95.3 billion**

**1 2 Production bases:**  
**6**  
5 in Japan, 1 overseas

**Distribution bases:**  
**40**

- P.51 Value Chain
- P.175 Factory Site Report
- ↗ Production system (Japanese only)

### ► Natural capital

We conduct sustainability-conscious CSR procurement. In addition to our FairWood procurement practices and acquiring forest certification, we pursue sustainability on the basis of coexistence and co-prosperity with our suppliers through measures including due diligence in procurement and promotion of local production for local consumption of domestic lumber. In addition, we are advancing proprietary initiatives to reduce energy consumption and environment burden.



**3 Sustainable wood procurement rate:** **97.1%**

Eco-friendly landscaping and greening  
(Gohon no Ki Project): **19,003 thousand trees**

CO<sub>2</sub> emissions: **82 thousand t-CO<sub>2</sub>**

Supplier science-based target-setting rate: **31.9%**

RE100 achievement rate  
(Sekisui House Owner Denki): **55.1%**

Waste emissions: **1,069 thousand tonnes**

**4 Resource Recycling Centers:** **23 across Japan**

- P.136 Contributing to a Decarbonized Society
- P.146 Biodiversity Conservation
- P.154 Initiatives to Realize a Circular Economy
- P.216 Supply Chain Management

## Management Resources (Four Types of Capital)



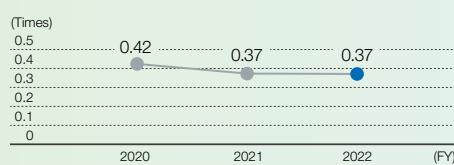
## Funding (Financial capital)

To support sustainable growth, we must establish a strong financial base, prepare for various risks in the market environment, and maintain the investment capacity to make swift and flexible investment decisions. We emphasize credit ratings as a standard for evaluating financial health and appropriate levels of financial leverage and have set the targets of a D/E ratio of about 0.5 times and a debt repayment term (net debt/EBITDA) of less than about 1.5 years, premised on maintaining an AA rating in Japan and A rating overseas. By applying these guidelines, we will maintain a balance between aggressive investment for growth and financial soundness.

## Equity Capital



## D/E ratio



**Equity capital:** **¥1,632.8 billion**

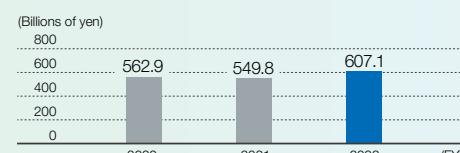
**Interest-bearing debt:** **¥607.1 billion**

**D/E ratio:** **0.37 times**

**Free cash flow:** **-¥39.9 billion**

→ P.74 Financial and Capital Strategy  
→ P.78 Financial Analysis

## Interest-Bearing Debt



## Free Cash Flow



**Fifth Mid-Term Management Results (three-years)** **Real estate investment: ¥1,977.4 billion**

## Long-term credit ratings:

**AA** (Japan Credit Rating Agency)

**AA-** (Rating and Investment Information)

**A** (S&P Global Ratings)

**Debt repayment term**  
**(Net debt/EBITDA): 0.93 years**

→ P.74 Financial and Capital Strategy  
→ P.78 Financial Analysis



## Intellectual and Social Assets (Intellectual capital and social/relationship capital)

## ► Intellectual capital

The Sekisui House Group advances cutting-edge research and development in multifaceted areas. These encompass quality enhancements and new technologies for our detached houses, rental housing and other buildings, as well as development related to happiness, comfort and the environment. We are also working to foster a culture of innovation, proactively promoting technological development and innovation to power the sustainable growth of the Sekisui House Group.



**FY2022 Research and development expenses:** **¥9.5 billion**

**Patents held:** **787**

**Design rights held:** **359**

## Platform House Concept

- HED-Net in-home early detection network for acute illnesses
- PLATFORM HOUSE touch smart home service
- SUITE CONCIER website introducing lifestyle services

**1 2 Comprehensive Housing R&D Institute**

## Human Life R&amp;D Institute

## Tomorrow's Life Museum (TLM)

## Research centers (Konoike Construction: Osaka, Tsukuba)

- P.51 Value Chain
- P.87 Technology and R&D Strategy
- ☒ Research and development (Japanese only)
- ☒ Display houses and hands-on exhibits (Japanese only)

## ► Social/relationship capital

A solid customer base boasting the industry's highest cumulative number of dwellings built together with the construction capabilities required to achieve it—these are two of our core competencies, which are integral to the Sekisui House Group's connection with society. We have built a framework for construction in which the Sekisui House Construction companies and partner building constructors are united by the spirit of "a community with a common destiny," and established an after-sales service system through our Customer Service Centers, which are key to long-term relationships with homeowners.



**Cumulative dwellings built (global): 2.62 million**

**Partner building constructors involved in essential construction processes for Sekisui House:** **2,595**

**3 Domestic educational training centers and training schools:** **3**

**Overseas technical training centers:** **1**

**4 Customer Service Centers:** **100 (at 30 offices)**  
**1,462 staff**

- P.51 Value Chain
- P.206 Training centers and training schools
- P.207 Customer Initiatives
- P.210 Coexisting with Local Communities
- ☒ Sekisui House educational training centers and training schools (Japanese only)