News Release (Translation)

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Company: Daiwa House Industry Co., Ltd.
(Code number: 1925,
First Section of the Tokyo Stock Exchange)
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Notice Concerning Revisions to Earnings Forecasts and Dividend Forecasts for the Fiscal Year Ending March 2021, and the Posting of Loss on Valuations of Shares of Subsidiaries and Affiliates and Investments in Capital (Extraordinary losses) on a Non-consolidated Basis

In response to recent earnings trends, Daiwa House Industry Co., Ltd. (hereinafter, the "Company") revised as follows the full-year earnings forecasts and dividend forecasts for the fiscal year ending March 31, 2021, which were announced on November 11, 2020. We also announce that the Company on a non-consolidated basis is forecast to incur a loss on valuations of shares of subsidiaries and affiliates and investments in capital.

1. Revised of Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 （From April 1, 2020 to March 31, 2021）

	Net Sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Basic net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	4,000,000	258,000	243,000	130,000	198.04
Revised forecast (B)	4,100,000	345,000	322,000	182,000	277.26
Change (B－A)	100,000	87,000	79,000	52,000	—
Rate of Change (%)	2.5	33.7	32.5	40.0	—
(Ref.) Previous fiscal year results (Fiscal year ended March 31, 2020)	4,380,209	381,114	367,669	233,603	351.84

2. Revised of Dividend Forecasts for the Fiscal Year Ending March 31, 2021

	Dividend pare share (Yen)		
	End of 2nd quarter (Sep.30)	Fiscal year-end quarter (Mar.31)	Annual
Previous forecast		60.00	110.00
Revised forecast		66.00	116.00
Fiscal year ending March 31, 2021	50.00		
Fiscal year ended March 31, 2020	55.00	60.00	115.00

Reason for Revision of Earning Forecasts and Dividend Forecasts

As announced in the "Notice Concerning Dissolution and Liquidation of Equity-Method Affiliate" dated April 15, 2020, Dalian Daiwa Zhongsheng Real Estate Co., Ltd. (hereinafter, "Daiwa Zhongsheng"), an affiliate of the Company, has been undergoing compulsory liquidation procedures at the initiative of the courts. As part of the liquidation procedures, auction procedures of a portion of the affiliate's assets are in progress and the Company was forced to review the valuations of the affiliate's assets. The Company has factored in a loss on affiliate equity of some 12 billion yen into the statement of income as an ordinary loss.

With the impact of the novel coronavirus disease (hereinafter, "COVID-19") continuing around the world, sales of the Group's hotel operation and certain other businesses are expected to decline as the government halted the "Go To" Campaign given the re-spread of COVID-19. Nonetheless, as a result of smooth progress of construction already ordered and sales of development properties, we will expect un upward for net sales from the previous forecast.

Moreover, the Company has additionally factored in the profit from managing pension assets of some 42 billion yen. This will be recorded as decreases in cost of sales and selling, general and administrative expenses, partially offsetting the expense of roughly 15 billion yen we projected in the previous forecasts announced on November 11, 2020, which was estimated for the amortization of actuarial differences in retirement benefit to accommodate revisions in assumptions. The reason behind the current decreases in expenses is the improved operating environment for the Group's pension assets, thanks to the government expenditure as a way to stimulate economy and the continuation of loose monetary policies. As a result, operating income, ordinary income and net income attributable to owners of the parent are all expected to increase from the previous forecast.

(note)

With the revision to our consolidated earnings forecast, we will revise our profit dividend for the current fiscal year from last forecast to 6 yen, representing an increase to the full-year dividend of 116 yen. Accordingly, we will increase the year-end dividend forecast by 6 yen to 66 yen.

(note) The Company amortizes actuarial differences in accounting for retirement benefit as a lump-sum expense in the fiscal year in which they are incurred.

3. About the Posting of Loss on Valuations of Shares of Subsidiaries and Affiliates and Investments in Capital (Extraordinary losses)

The Company books an impairment loss on a non-consolidated basis and posts some 41 billion yen as a loss on valuations of shares of subsidiaries and affiliates and investments in capital under extraordinary losses. This is because the actual values of shares of Daiwa Resort Co., Ltd., a consolidated subsidiary of the Company, and those of other two companies, as well as investments in capital of Daiwa Zhongsheng, an affiliate of the Company, have significantly declined in light of the impact of COVID-19 and the progress of the liquidation procedures of Daiwa Zhongsheng as mentioned earlier.

The losses have no impact on the consolidated operating results.

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