

The Story of the Group's Value Creation

- 1 Daiwa House Group at a glance 25
- 2 Daiwa House Group's centennial anniversary
and the history of our "Dream" of ¥10 trillion 26
- 3 Strengths generated from the source
of value creation 28
- 4 Business model embodying
the founder's spirit 29
- 5 The Daiwa House value creation process 30

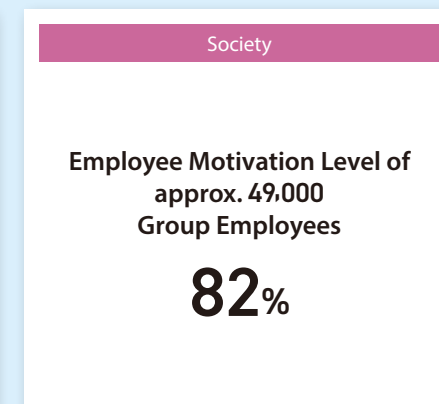
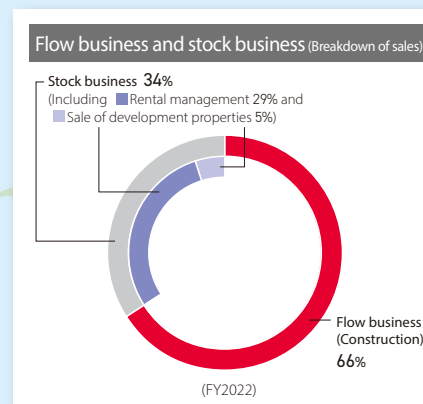
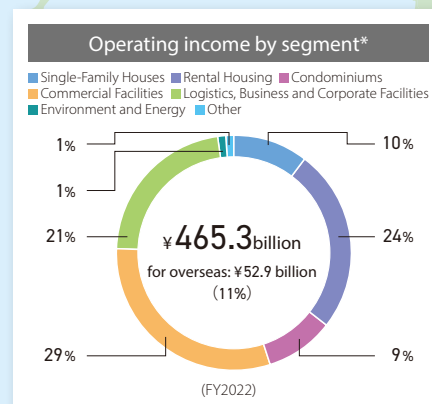
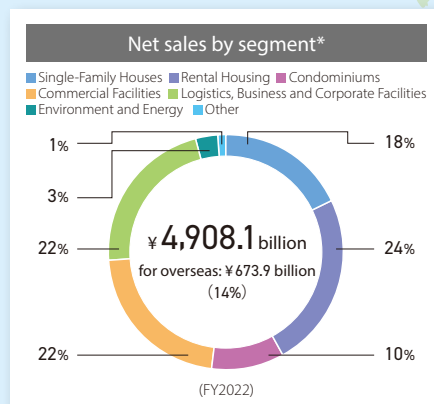
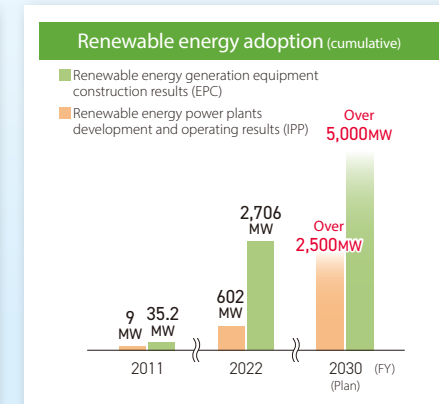
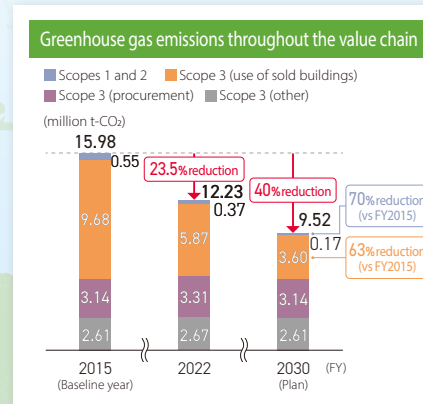
Chapter 3



Chapter 3 The Story of the Group's Value Creation

1 Daiwa House Group at a glance

The Daiwa House Group operates six core segments and generates stable cash flow while developing its businesses both within Japan and overseas. In our business activities, we aim to balance the dual challenges of becoming carbon neutral and achieving corporate profitability in order to contribute to a sustainable society, and we are also actively working to heighten employee engagement by facilitating employee motivation.

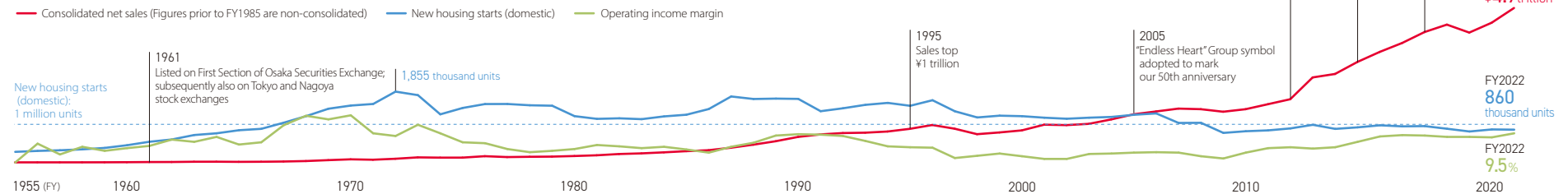


* Daiwa House Modular Europe has been changed from the Single-Family Houses segment to the Rental Housing segment from FY2023, and the results for FY2022 have therefore been restated based on the new reporting segment classification. In addition, the totals include adjustments, which are not shown on the graphs, so the sum of the percentages of each segment composition may not equal 100%.

2 Daiwa House Group's centennial anniversary and the history of our "Dream" of ¥10 trillion

With "Don't do things because they will make a profit, but because they will be of service to society" as our byword, we have consistently delivered products and services that anticipate the needs of societal change.

Consolidated net sales and domestic housing starts



Our founding philosophy

Industrialization of construction

Supplier of prefabricated housing

Total lifestyle enterprise

Group that co-creates value for individuals, communities, and people's lifestyles



1955 Pipe House

Mr. Ishibashi conceived the idea of a steel-pipe structure, which contributed to resolving the problem of a lack of lumber during the postwar reconstruction period.



1959 Midget House

The product was developed as a study room that could be erected in only three hours. It also served as a solution to the housing space shortage caused by a rising birthrate.

1962 Habikino Neopolis

With the sale of a large-scale housing complex as Japan's first in the private sector, we devised the nation's first residential mortgage loan system in cooperation with a private financial institution.

Development of steel-pipe structured construction



1976 Development of the LOC System

We launched the Commercial Facilities Business to propose effective use of land alongside major roads.



2003 Start-up of D Project

Embarked on development of large-scale logistics facilities, offering a one-stop service encompassing everything from site proposals, through design, construction and management.

Diversification of tenants
Development of large-scale commercial facilities

1994 Central Research Laboratory

With the central theme of co-existing with the environment, the laboratory is engaged in research to make a better future for individuals, communities, and people's lifestyles.



2008 Condominium development in China

Introduced Japanese-style condominium sales techniques.



2007 Sadamisaki wind power generation business

The Company entered the wind power electricity business based on the belief that businesses related to wind, solar, and hydro would be vital in the 21st century.

2007 Start of Work Life Balance Support System (time off related to nursing care and childcare)

2012 Daiwa House REIT Investment Corporation listed on market

Anticipating an acceleration in real estate investment, we devised stronger exit strategies. By developing high-quality properties that generate a stable cash flow, we also contributed to the growth of the market.

2012 Start of solar power generation business

Commenced first stage of mega solar business, DREAM Solar Kitakyushu Hlbikinada

2011 Development of D's SMART series

Launched D's SMART offices and factories as next-generation facilities aiming to eliminate impact on the environment.

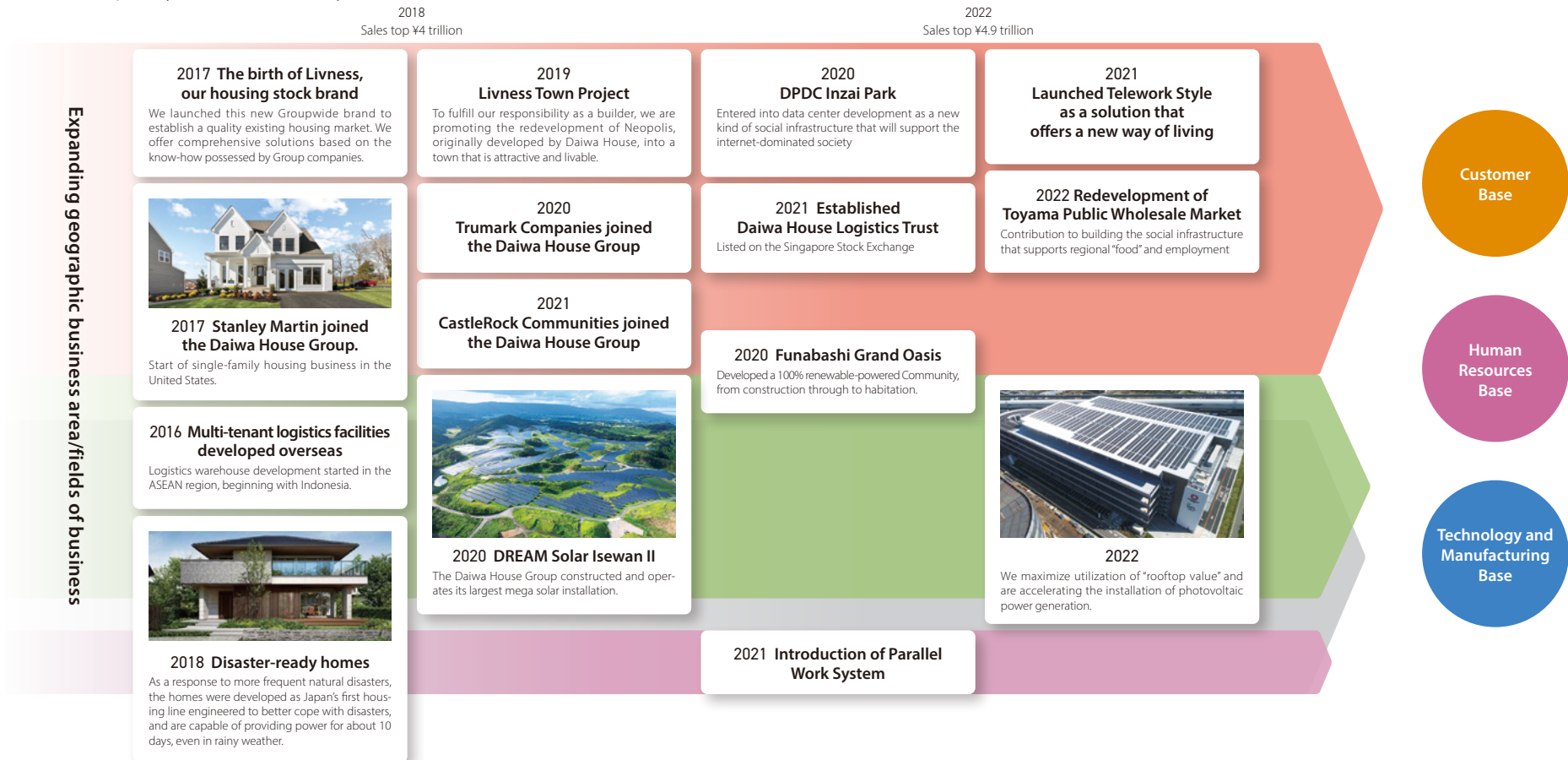
2008 Opened The Daiwa House Juku, our training program for the next generation of management

We aim to "develop people through business" as stated in the Company Philosophy (Corporate Creed).

1962 Introduced a corporate pension system that aims for a "prosperous retirement for employees."

1965 Published the first edition of The Future of the Daiwa House Group as a textbook that serves as a guidepost for all employees.

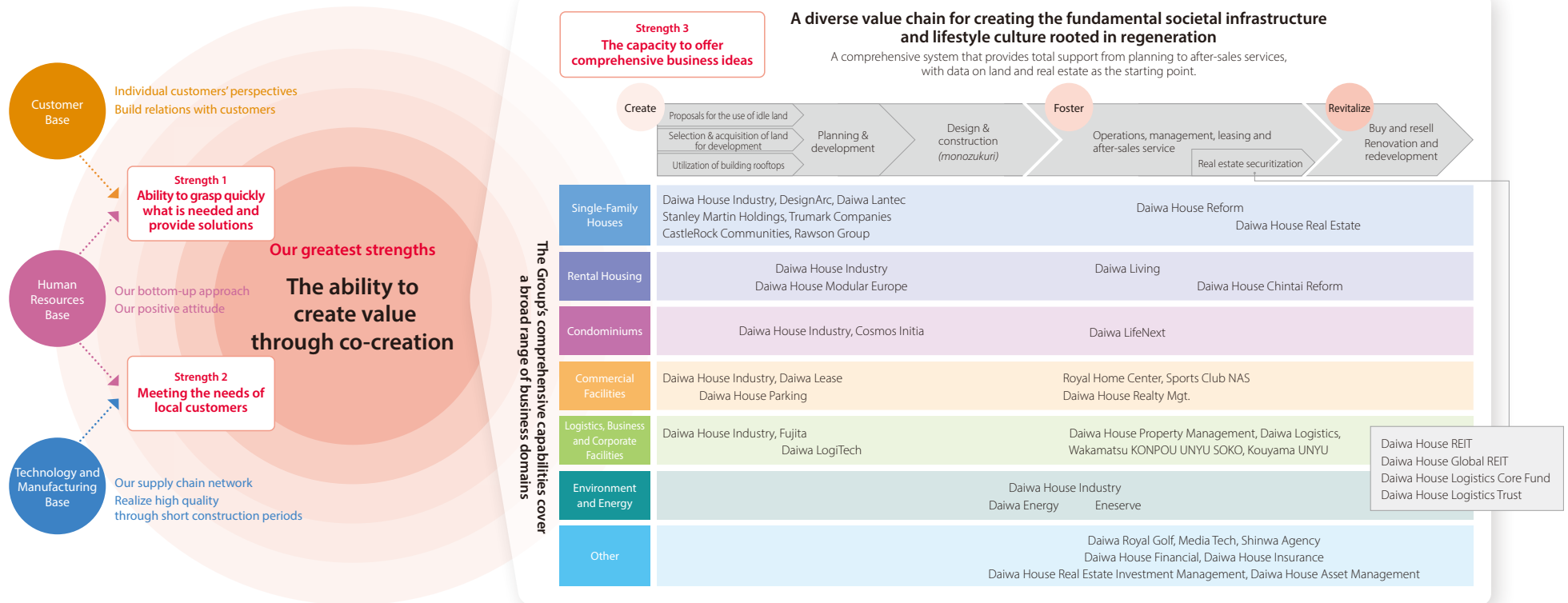
As a group that co-creates value for individuals, communities, and people's lifestyles, we are expanding our interests into new localities and business domains, which will lead to the further strengthening of our three fundamental business resources (our human resources base, customer base and technology and manufacturing base). This is the source of our value creation. While playing our part in creating the fundamental societal infrastructure and lifestyle culture rooted in regeneration, which we set forth in Our Hopes for the Future, we are forging ahead with the goal of making Daiwa House Group into a ¥10 trillion enterprise by 2055, our centennial year.



3 Strengths generated from the source of value creation

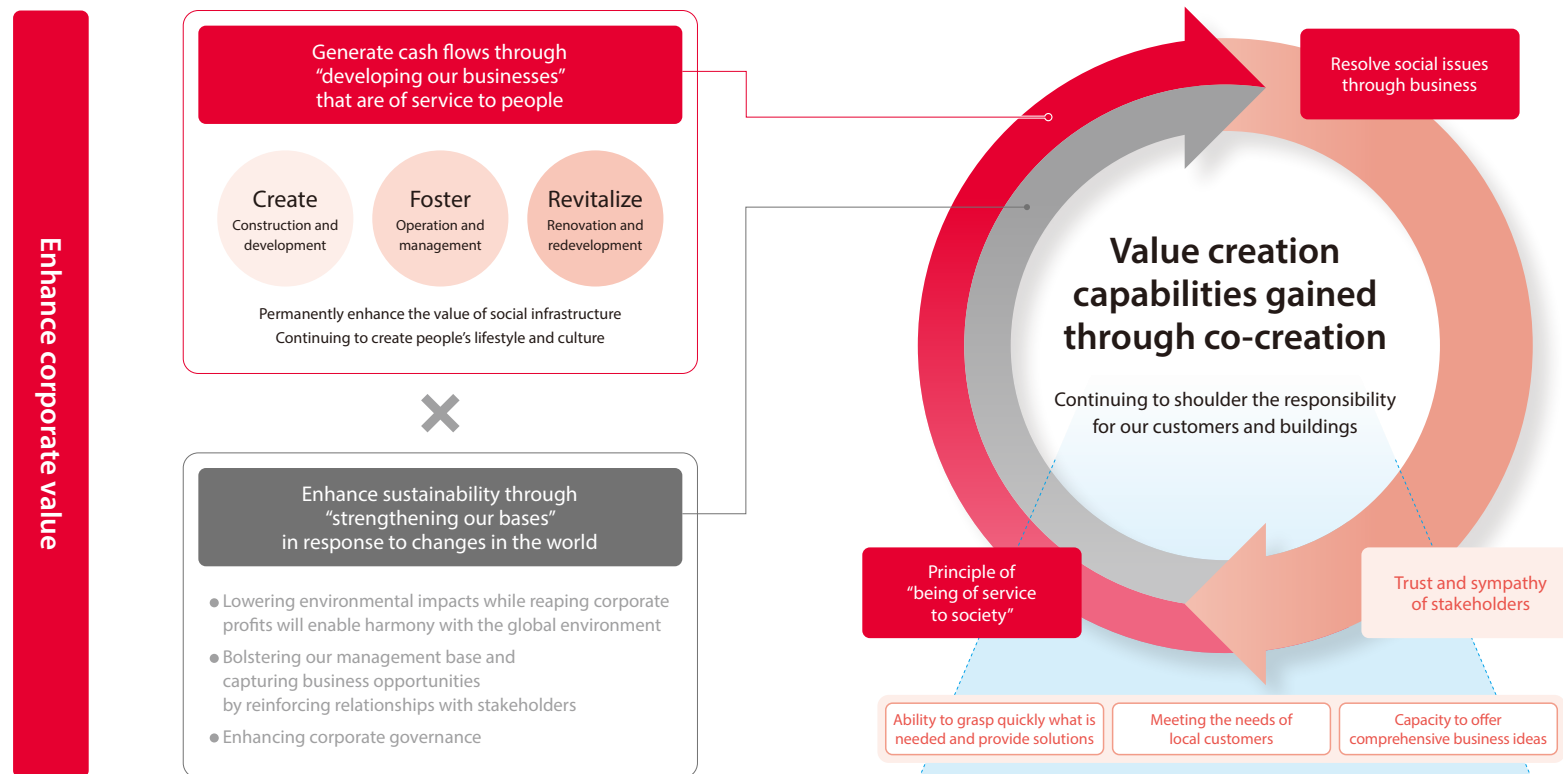
A diverse value chain to “Create,” “Foster,” and “Revitalize” in a wide range of business areas

The Group’s strengths, which spring forth from its human resources, customer, and technological and manufacturing bases, which are at the heart of its value creation, are its ability to find solutions quickly based on the customer relationships it has built over the years, as well as its strength of close on-site relations critical to addressing customer needs in the field. Given this, we will make the most of our ability to create value through co-creation generated by the addition of our expertise in making comprehensive business ideas through our wide range of business areas and our one-stop-shop system, while creating the fundamental societal infrastructure and lifestyle culture rooted in regeneration.



4 Business model embodying the founder's spirit – Circular Value Chain Model –

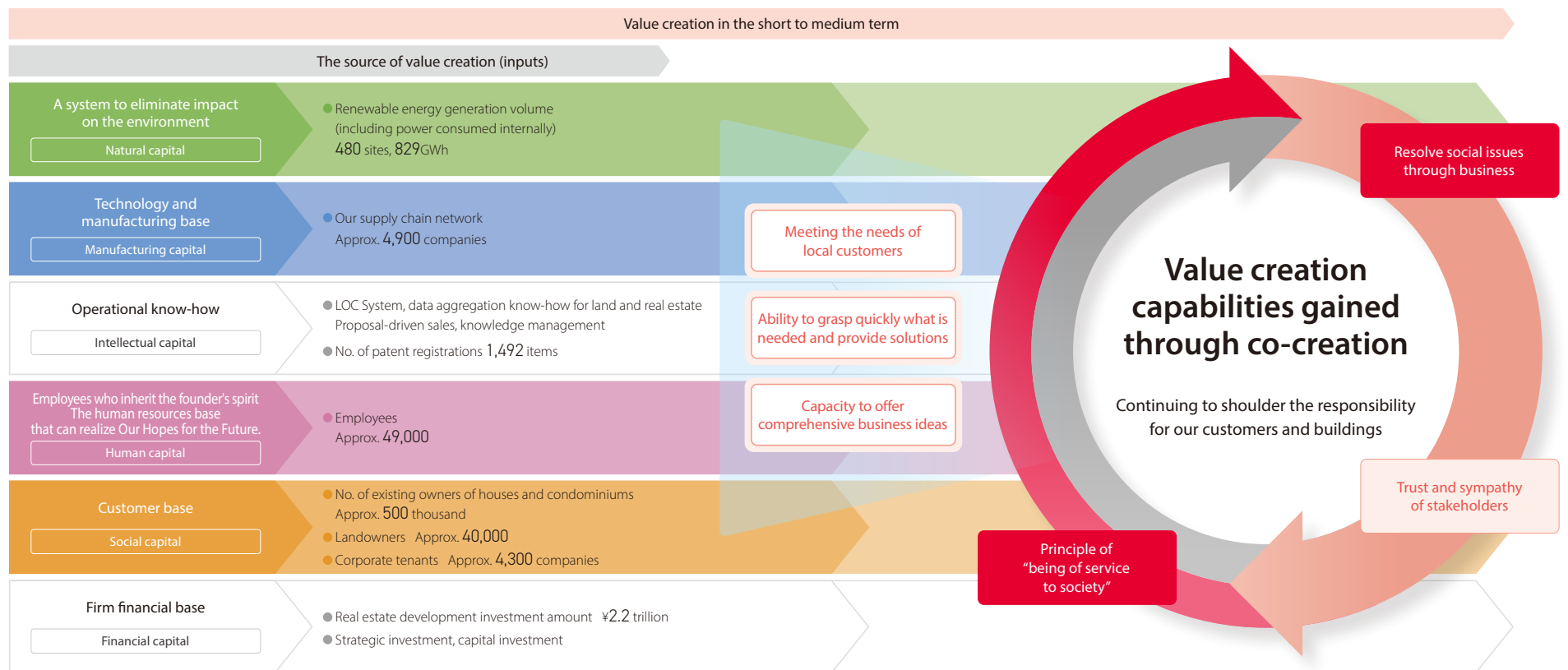
We are committed to maximizing customer LTV* and building LTV by earning the long-term trust and cooperation of customers, local communities, and other stakeholders by both developing our business based on the points of our circular value chain, namely, "Create" (construction and development), "Foster" (operation and management), and "Revitalize" (renovation and redevelopment), as well as by strengthening our bases which we will work to achieve through environmental, social, and governance initiatives. Through the virtuous cycle of our value creation process, we seek to solve issues facing society, and to realize the Group's improved corporate value and Our Hopes for the Future.



*Lifetime value (LTV): The revenue (value) generated from customers and buildings over the lifespan of the relationship.

5 The Daiwa House value creation process

We create value by optimally allocating our six business resources, including our three management bases, and leveraging our unique strengths.



Through the value we create we are making new investments and capital allocations while strengthening our six categories of capital. The accumulation of value generated in the short to medium term will have an impact on society and help us to realize Our Hopes for the Future. While contributing to the creation of the fundamental societal infrastructure and lifestyle culture rooted in regeneration, and to achieving the SDGs, we are pioneering fresh horizons toward sustainable growth and enhanced corporate value.

